

ARCHER DANIELS MIDLAND CO

Form S-3ASR

August 27, 2007

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As filed with the Securities and Exchange Commission on August 27, 2007

Registration No. 333-

**SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549
FORM S-3
REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933
ARCHER-DANIELS-MIDLAND COMPANY
(Exact name of the Registrant as specified in its charter)**

Delaware

41-0129150

(State or Other Jurisdiction of Incorporation)

(I.R.S. Employer Identification Number)

**4666 Faries Parkway, Box 1470
Decatur, Illinois 62525
(217) 424-5200**

(Address and telephone number of the Registrant's principal executive offices)

**David J. Smith
Executive Vice President, Secretary and General Counsel
Archer-Daniels-Midland Company
4666 Faries Parkway, Box 1470
Decatur, Illinois 62525
(217) 424-5200**

(Name, address and telephone number of agent for service)

Copies to:

Steven C. Kennedy
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2200 Wells Fargo Center
90 South Seventh Street

Minneapolis, Minnesota 55402-3901

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71 South Wacker Drive
Chicago, Illinois 60603

Approximate date of commencement of proposed sale to the public: From time to time after the effective date of this registration statement.

If the only securities being registered on this form are being offered pursuant to dividend or interest reinvestment plans, check the following box.

If any of the securities being registered on this form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, other than securities offered only in connection with dividend or interest reinvestment plans, check the following box.

If this form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. _____

If this form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. _____

If this Form is a registration statement pursuant to General Instruction I.D. or a post-effective amendment thereto that shall become effective upon filing with the Commission pursuant to Rule 462(e) under the Securities Act, check the following box:

If this Form is a post-effective amendment to a registration statement filed pursuant to General Instruction I.D. filed to register additional securities or additional classes of securities pursuant to Rule 413(b) under the Securities Act, check the following box:

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered	Amount to be Registered	Proposed Maximum Offering Price Per Unit	Proposed Maximum Offering Price(1)	Amount of Registration Fee
0.875% Convertible Senior Notes due 2014	\$1,150,000,000	100%	\$1,150,000,000	\$35,305
Common Stock, no par value	26,259,445(2)			
Total				\$35,305

(1) Equals the aggregate principal amount of the notes being registered. Estimated solely for the purpose of calculating the registration fee pursuant to Rule 457(o) under the Securities Act of 1933, as amended.

(2) Represents the number of shares of common stock issuable upon conversion of the notes registered hereby at a conversion rate corresponding to the initial conversion rate of 22.8343

shares of our
common stock
per \$1,000
principal
amount of
0.875%
Convertible
Senior Notes
due 2014.
Pursuant to
Rule 416 under
the Securities
Act, the
registrant is also
registering such
indeterminate
number of
shares of
common stock
as may be
issued from
time to time
upon conversion
of the notes as a
result of the
anti-dilution
provisions
thereof. No
additional
consideration
will be received
for the common
stock, and
therefore no
registration fee
is required
pursuant to Rule
457(i) under the
Securities Act.

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PROSPECTUS

\$1,150,000,000

Archer-Daniels-Midland Company
0.875% Convertible Senior Notes due 2014

On February 22, 2007 we issued \$1,150,000,000 principal amount of 0.875% Convertible Senior Notes due 2014 (the notes) in a private transaction. Selling securityholders may use this prospectus to resell from time to time their notes and the shares of common stock issuable upon conversion of the notes. We will not receive any proceeds from these resales.

Interest on the notes will be payable in cash semi-annually in arrears on February 15 and August 15 of each year, beginning August 15, 2007. The notes are our senior unsecured obligations and rank equally with all of our existing and future senior unsecured indebtedness. Holders may convert their notes based on a conversion rate of 22.8343 shares of our common stock per \$1,000 principal amount of notes (which is equal to an initial conversion price of approximately \$43.79 per share), subject to adjustment, only under the following circumstances: (1) if the closing price of our common stock reaches a specified threshold, (2) if the average trading price per \$1,000 principal amount of the notes is equal to or less than 98% of the average conversion value of such notes during the relevant note measurement period, (3) if specified distributions to holders of our common stock are made or specified corporate transactions occur, or (4) during the last month prior to stated maturity of the notes. Upon conversion, in lieu of shares of our common stock, for each \$1,000 principal amount of notes a holder will receive an amount in cash equal to the lesser of (i) \$1,000 and (ii) the conversion value, determined in the manner set forth in this prospectus, of the notes. If the conversion value exceeds \$1,000, we will also deliver, at our election, cash or common stock or a combination of cash and common stock for the conversion value in excess of \$1,000. If a holder elects to convert its notes in connection with a change in control, we will pay a make-whole premium by increasing the conversion rate applicable to such notes. Additionally, if we experience a change in control, holders may require us to purchase for cash all or a portion of their notes, at a price equal to 100% of the principal amount of the notes plus accrued and unpaid interest, if any, to the change in control purchase date.

Our common stock is listed on the New York Stock Exchange, Inc. under the symbol ADM. On August 24, 2007, the last reported sale price of our common stock was \$33.08 per share.

Investing in the notes involves risks that are described in the Risk Factors section beginning on page 4 of this prospectus.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The date of this prospectus is August 27, 2007.

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Unless otherwise stated or the context otherwise requires, in this prospectus, the words ADM, company, we, our, ours and us refer to Archer-Daniels-Midland Company, the obligor on the notes and the issuer of the common stock.

You should rely only on the information contained or incorporated by reference in this prospectus and in any prospectus supplement that supplements this prospectus. We have not authorized any other person to provide you with different information. If anyone other than us provides you with different or inconsistent information, you should not rely on it. You should assume that the information appearing in this prospectus and the documents incorporated by reference herein is accurate only as of their respective dates. Our business, financial condition, results of operations and prospects may have changed since those dates.

WHERE YOU CAN FIND MORE INFORMATION

We file annual, quarterly and special reports, proxy statements and other information with the Securities and Exchange Commission, or the SEC. Our SEC filings are available to the public over the Internet at the SEC's website at <http://www.sec.gov>. You may also read and copy any document we file with the SEC at its public reference room at 100 F Street, N.E., Washington, D.C. 20549. You can also obtain copies of the documents at prescribed rates by writing to the Public Reference Section of the SEC at 100 F Street, N.E., Washington, D.C. 20549. Please call the SEC at 1-800-SEC-0330 for further information on the operation of the public reference room. Our SEC filings are also available at the offices of the New York Stock Exchange and Chicago Stock Exchange. For further information on obtaining copies of our public filings at the New York Stock Exchange, you should call (212) 656-5060, and for further information on obtaining copies of our public filings at the Chicago Stock Exchange, you should call (312) 663-2423. In addition, we post our filed documents on our website at <http://www.admworld.com>. The information on our website is not part of this prospectus.

We incorporate by reference into this prospectus the information we file with the SEC, which means that we can disclose important information to you by referring you to those documents. The information incorporated by reference is an important part of this prospectus. Some information contained in this prospectus updates the information incorporated by reference, and information that we file subsequently with the SEC will automatically update this prospectus. In other words, in the case of a conflict or inconsistency between information set forth in this prospectus

and information incorporated by reference into this prospectus, you should rely on the information contained in the document that was filed later.

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We incorporate by reference our Annual Report on Form 10-K for the year ended June 30, 2007 and our Current Report on Form 8-K filed on February 22, 2007. We also incorporate by reference any filings we make with the SEC under Sections 13(a), 13(c), 14 or 15(d) of the Exchange Act after the date of this prospectus and prior to the time that all the securities offered by this prospectus have been sold.

You may request a copy of these filings, other than an exhibit to a filing unless that exhibit is specifically incorporated by reference into that filing, at no cost, by writing to or telephoning us at the following address:

Secretary
Archer-Daniels-Midland Company
4666 Faries Parkway
Decatur, Illinois 62526
Phone: (217) 424-5200

CAUTIONARY STATEMENT CONCERNING FORWARD-LOOKING STATEMENTS

This prospectus and other documents incorporated by reference into this prospectus contain forward-looking statements based on our current expectations. Words such as expect, anticipate, target, goal, project, intend, believe, seek, estimate, continue, may, variations of such words, and similar expressions are intended to identify forward-looking statements. In addition, any statements that refer to projections of our future financial performance, our anticipated trends in our businesses, and other characterizations of future events or circumstances are forward-looking statements. These statements are not guarantees of future performance and involve risks, uncertainties and assumptions that are difficult to predict. Our actual results may differ materially from those suggested by these forward-looking statements for various reasons. Given these risks and uncertainties, you are cautioned not to place undue reliance on forward-looking statements. The forward-looking statements included in this prospectus and the documents incorporated by reference therein are made only as of their respective dates. Except as required under federal securities laws and the rules and regulations of the SEC, we do not undertake any obligation to update publicly any forward-looking statements after the distribution of this prospectus, whether as a result of new information, future events, changes in assumptions or otherwise. We note these factors for investors as permitted by the Private Securities Litigation Reform Act of 1995. It is not possible to predict or identify all such factors and, therefore, you should not consider any of the above risks to be a complete statement of all the potential risks or uncertainties that we face.

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SUMMARY

The following is a summary and may not contain all the information that is important to you. You should read this entire prospectus, as well as the documents incorporated by reference.

Archer-Daniels-Midland Company

We are the world leader in BioEnergy and have a premier position in the agricultural processing value chain. We are one of the world's largest processors of soybeans, corn, wheat and cocoa. We are a leading manufacturer of biodiesel, ethanol, soybean oil and meal, corn sweeteners, flour and other value-added food and feed ingredients.

We were incorporated in Delaware in 1923 as the successor to a business formed in 1902. Our executive offices are located at 4666 Faries Parkway, Box 1470, Decatur, Illinois 62525. Our telephone number is (217) 424-5200. We maintain an Internet website at <http://www.admworld.com>.

The Offering

The following is a brief summary of certain terms of this offering. For a more complete description of the terms of the notes, see "Description of the Notes" in this prospectus.

Issuer	Archer-Daniels-Midland Company, or ADM
Securities Offered	\$1,150,000,000 aggregate principal amount of 0.875% Convertible Senior Notes due 2014
Maturity Date	February 15, 2014
Interest	Interest will accrue on the notes from February 22, 2007 and will be payable in cash on February 15 and August 15 of each year, beginning on August 15, 2007.
Conversion Rights	<p> Holders may convert their notes prior to the close of business on the business day before the stated maturity date based on the applicable conversion rate only under the following circumstances:</p> <ul style="list-style-type: none"> during any calendar quarter beginning after March 31, 2007 (and only during such calendar quarter), if the closing price of our common stock for at least 20 trading days in the 30 consecutive trading days ending on the last trading day of the immediately preceding calendar quarter is more than 140% of the conversion price per share, which is \$1,000 divided by the then applicable conversion rate; during the five consecutive business days immediately after any five consecutive trading day period (the "note measurement period") in which the average trading price per \$1,000 principal amount of the notes was equal to or less than 98% of the average conversion value of the notes during the note measurement period; if specified distributions to holders of our common stock are made, or specified corporate transactions occur; or

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at any time on or after January 15, 2014, through the business day preceding the stated maturity date.

The initial conversion rate is 22.8343 shares of common stock per \$1,000 principal amount of notes. This is equivalent to an initial conversion price of approximately \$43.79 per share of common stock.

Upon conversion, a holder will receive for each \$1,000 principal amount of notes an amount in cash equal to the lesser of (i) \$1,000 and (ii) the conversion value, determined in the manner set forth in this prospectus, of the note. If the conversion value exceeds \$1,000 on the conversion date, we will also deliver, at our election, cash or common stock or a combination of cash and common stock for the conversion value in excess of \$1,000. See Description of the Notes Conversion Rights. Holders who convert their notes in connection with a change in control, as defined herein, may be entitled to a make-whole premium in the form of an increase in the conversion rate. See Description of the Notes Adjustment to Conversion Rate Adjustment to Conversion Rate Upon a Change in Control.

Change in Control

Upon a change in control, the holders may require us to purchase for cash all or a portion of their notes at a purchase price equal to 100% of the principal amount of the notes, plus accrued and unpaid interest, if any, to the change in control purchase date. See Description of the Notes Change in Control Permits Purchase of Notes by ADM at the Option of the Holder.

Ranking

The notes rank:

equal in right of payment to all of our other existing and future senior unsecured indebtedness;

senior in right of payment to all of our existing and future subordinated indebtedness; and

effectively subordinated in right of payment to all of our subsidiaries obligations (including secured and unsecured obligations) and effectively subordinated in right of payment to our secured obligations, to the extent of the assets securing such obligations.

Use of Proceeds

We will not receive any of the proceeds from the sale by the selling securityholders of the notes or common stock issuable upon conversion of the notes.

Registration Rights

We prepared this prospectus in connection with our obligations under a registration rights agreement with respect to the resale of the notes and the shares of our common stock issuable upon conversion of the notes. Pursuant to such registration rights agreement, we will use our reasonable efforts to keep the shelf registration statement of which this prospectus is a part effective until February 22, 2009 or until the earlier of (i) the sale or transfer pursuant to the

shelf registration statement of the notes and the common stock issuable upon conversion of the notes, and (ii) the date when holders, other than holders that are our affiliates, of the notes and the common stock issuable upon conversion of the notes are able to sell all such securities immediately without restriction pursuant to the volume

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limit provisions of Rule 144 under the Securities Act of 1933, as amended (the Securities Act) or any successor rule or otherwise. We will be required to pay additional interest, subject to some limitations, to the holders of the notes if we fail to comply with our obligations to register the notes and the common stock issuable upon conversion of the notes within the specified time periods. See Description of the Notes Registration Rights.

DTC Eligibility

The notes were issued in fully registered book-entry form and are represented by permanent global notes. The notes are evidenced by global notes deposited with the trustee for the notes, as a custodian for the Depository Trust Company, or DTC. Beneficial interests in global notes will be shown on, and transfers thereof will be effected only through, records maintained by DTC and its direct and indirect participants, and your interest in any global note may not be exchanged for certificated notes, except in limited circumstances described herein. See Description of the Notes Global Notes; Book-Entry; Form.

Form and Denomination

The notes have been issued in denominations of \$1,000 and integral multiples thereof.

Trading

Prior to this offering, the notes have been eligible for trading on the Private Offerings, Resales and Trading through Automated Linkages (PORTAL) system of the National Association of Securities Dealers, Inc. Notes sold by means of this prospectus will not remain eligible for trading on PORTAL. We do not intend to list the notes for trading on any national securities exchange.

NYSE Symbol for Common Stock ADM

Shares of Common Stock Outstanding

As of August 24, 2007, there were 644,400,507 shares of our common stock outstanding.

Risk Factors

See Risk Factors and other information included or incorporated by reference in this prospectus for a discussion of the factors you should carefully consider before deciding to invest in the notes.

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RISK FACTORS

Investing in the notes involves a high degree of risk. You should carefully consider the following risk factors and all other information contained or incorporated by reference in this prospectus before making an investment decision. The occurrence of any one or more of the following could materially adversely affect your investment in the notes or our business and operating results.

Risks Relating to the Notes

The convertible note hedge and warrant transactions may affect the value of the notes and our common stock.

We have entered into convertible note hedge transactions with Citibank, N.A., Deutsche Bank AG, JPMorgan Chase Bank, National Association, and Merrill Lynch International, as described in our current report on Form 8-K filed with the SEC on February 22, 2007, which is incorporated herein by reference. We also entered into warrant transactions with Citibank, N.A., Deutsche Bank AG, JPMorgan Chase Bank, National Association, and Merrill Lynch International. Taken together these transactions are intended to reduce the potential dilution upon future conversions of the notes. We used approximately \$299 million of the net proceeds of the offering to fund the cost of the convertible note hedge transactions. In connection with hedging these transactions, Citibank, N.A., Deutsche Bank AG, JPMorgan Chase Bank, National Association, and Merrill Lynch International:

entered into various over-the-counter derivative transactions with respect to our common stock, and purchased our common stock concurrently with and shortly after the pricing of the notes; and

may enter into, or may unwind, various over-the-counter derivatives and/or purchase or sell our common stock in secondary market transactions following the pricing of the notes (including during any conversion reference period related to a conversion of notes).

Such activities could have the effect of increasing, or preventing a decline in, the price of our common stock concurrently with or following the pricing of the notes. Such effect is expected to be greater in the event we elect to settle converted notes entirely in cash. Citibank, N.A., Deutsche Bank AG, JPMorgan Chase Bank, National Association, and Merrill Lynch International are likely to modify their hedge positions from time to time prior to conversion or maturity of the notes or termination of the transactions by purchasing and selling shares of our common stock, our other securities, or other instruments they may wish to use in connection with such hedging. In particular, such hedging modification may occur during any conversion reference period for a conversion of notes, which may have a negative effect on the value of the consideration received in relation to the conversion of those notes. In addition, we intend to exercise options we hold under the convertible note hedge transactions whenever notes are converted. In order to unwind their hedge position with respect to those exercised options, Citibank, N.A., Deutsche Bank AG, JPMorgan Chase Bank, National Association, and Merrill Lynch International expect to sell shares of our common stock in secondary market transactions or unwind various over-the-counter derivative transactions with respect to our common stock during the conversion reference period for the converted notes.

The effect, if any, of any of these transactions and activities on the market price of our common stock or the notes will depend in part on market conditions and cannot be ascertained at this time, but any of these activities could adversely affect the value of our common stock and the value of the notes and, as a result, the number of shares and value of the common stock you will receive upon the conversion of the notes.

Fluctuations in the price of our common stock may prevent you from being able to convert the notes and may impact the price of the notes and make them more difficult to resell.

The ability of holders of the notes to convert the notes is conditioned on the closing price of our common stock reaching a specified threshold or the occurrence of specified corporate transactions. If the closing price threshold for conversion of the notes is satisfied during a calendar quarter, holders may convert the notes only during the subsequent calendar quarter. If such closing price threshold is not satisfied and the other specified corporate events that would permit a holder to convert notes do not occur, holders would not be able to convert notes except during the one-month period prior to the stated maturity date.

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Because the notes are convertible into shares of our common stock, volatility or depressed prices for our common stock could have a similar effect on the trading price of the notes and could limit the amount of cash payable upon conversion of the notes. Holders who receive common stock upon conversion of the notes will also be subject to the risk of volatility and depressed prices of our common stock.

The make-whole premium that may be payable upon a change in control may not adequately compensate you for the lost option time value of your notes as a result of such change in control.

If you convert notes in connection with a change in control, we may be required to issue a make-whole premium by increasing the conversion rate applicable to your notes, as described under Description of the Notes Adjustment to Conversion Rate Adjustment to Conversion Rate Upon a Change in Control. While these increases in the applicable conversion rate are designed to compensate you for the lost option time value of your notes as a result of a change in control, such increases are only an approximation of such lost value and may not adequately compensate you for such loss. In addition, our obligation to deliver the make-whole premium could be considered a penalty, in which case the enforceability thereof would be subject to general principles of reasonableness of economic remedies.

Because your right to require repurchase of the notes is limited, the market prices of the notes may decline if we enter into a transaction that is not a change in control under the indenture.

The term change in control is limited and may not include every event that might cause the market prices of the notes to decline or result in a downgrade of the credit rating of the notes. Our obligation to repurchase the notes upon a change in control may not preserve the value of the notes in the event of a highly leveraged transaction, reorganization, merger or similar transaction. See Description of the Notes Change in Control Permits Purchase of Notes by ADM at the Option of the Holder.

If you hold notes, you are not entitled to any rights with respect to our common stock, but you are subject to all changes made with respect to our common stock.

If you hold notes, you are not entitled to any rights with respect to our common stock (including, without limitation, voting rights and rights to receive any dividends or other distributions on our common stock), but you are subject to all changes affecting the common stock. You will only be entitled to rights on the common stock if and when we deliver shares of common stock to you in exchange for your notes and in limited cases under the anti-dilution adjustments of the notes. For example, in the event that an amendment is proposed to our certificate of incorporation or bylaws requiring stockholder approval and the record date for determining the stockholders of record entitled to vote on the amendment occurs prior to delivery of the common stock, you will not be entitled to vote on the amendment, although you will nevertheless be subject to any changes in the powers, preferences or special rights of our common stock.

You should consider the U.S. federal income tax consequences of owning the notes.

The U.S. federal income tax treatment of the conversion of the notes into a combination of our common stock and cash is uncertain. You are urged to consult your tax advisors with respect to the U.S. federal income tax consequences resulting from the conversion of notes into a combination of cash and common stock. A discussion of the U.S. federal income tax consequences of ownership and disposition of the notes is contained in this prospectus under Material United States Federal Income Tax Considerations.

You may have to pay taxes with respect to distributions on our common stock that you do not receive.

The conversion rate of the notes is subject to adjustment for certain events arising from stock splits and combinations, stock dividends, cash dividends and certain other actions by us that modify our capital structure. If, for example, the conversion rate is adjusted as a result of a distribution that is taxable to holders of our common stock, such as a cash dividend, you may be required to include an amount in income for U.S. federal income tax purposes, notwithstanding the fact that you do not receive an actual distribution. In addition, holders of the notes may, in certain circumstances, be deemed to have received a distribution subject to U.S. federal withholding taxes

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(including backup withholding taxes or withholding taxes for payments to foreign persons). If we pay withholding taxes on behalf of a holder, we may, at our option, set off such payments against payments of cash and common stock on the notes. See *Material United States Federal Income Tax Considerations Consequences to U.S. Holders Constructive Distributions* and *Material United States Federal Income Tax Considerations Consequences to Non-U.S. Holders Dividends and Constructive Distributions* for more details.

We may not be able to raise the funds necessary to finance a change in control purchase.

Upon the occurrence of a change in control, holders of notes may require us to purchase their notes. However, it is possible that we would not have sufficient funds at that time to make the required purchase of notes. In addition, certain significant corporate events, such as leveraged recapitalizations that would increase the level of our indebtedness, would not constitute a change in control under the indenture. See *Description of the Notes Change in Control Permits Purchase of Notes by ADM at the Option of the Holder*. The change in control purchase feature of the notes may delay or prevent an otherwise beneficial takeover attempt of our company.

Provisions of our governing documents and Delaware law may delay or prevent an otherwise beneficial acquisition of our company.

Our governing documents and Delaware law include certain anti-takeover protections. These protections may discourage a future acquisition of our company even if stockholders would receive an attractive value for their shares or if a significant number of our stockholders believed such transfer to be in their best interests. See *Description of Capital Stock Anti-Takeover Effects of Our Certificate and Bylaws and Delaware Law*.

An active trading market for the notes may not develop.

In February 2007, we issued the notes to the initial purchasers in a private placement. The initial purchasers then sold the notes to qualified institutional buyers pursuant to the exemption from registration provided in Rule 144A under the Securities Act. The notes are a new issue of securities for which there is currently no public market. Any trading of the notes may be at a discount from their initial offering price, depending on prevailing interest rates, the market for similar securities, the price and volatility in the price of our shares of common stock, our performance and other factors. In addition, we do not know whether an active trading market will develop for the notes. To the extent that an active trading market does not develop, the liquidity and trading prices for the notes may be adversely affected.

We have no plans to list the notes on a securities exchange. The notes currently trade on NASDAQ's screen-based automated trading system known as PORTAL. Notes sold by means of this prospectus will not remain eligible for trading on PORTAL. The initial purchasers are not obligated to make a market in the notes. Any market-making activity, if initiated, may be discontinued at any time, for any reason or for no reason, without notice. If the initial purchasers cease to act as the market makers for the notes, we cannot assure you another firm or person will make a market in the notes.

The liquidity of any market for the notes will depend upon the number of holders of the notes, our results of operations and financial condition, the market for similar securities, the interest of securities dealers in making a market in the notes and other factors. An active or liquid trading market for the notes may not develop.

USE OF PROCEEDS

The selling securityholders will receive all of the proceeds from the sale under this prospectus of the notes and the common stock issuable upon conversion of the notes. We will not receive any proceeds from these sales.

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RATIO OF EARNINGS TO FIXED CHARGES

Set forth below is the consolidated ratio of earnings to fixed charges for each of the periods presented.

	Fiscal Year Ended June 30,				
2003	2004	2005	2006	2007	
2.54x	2.60x	4.75x	5.23x	6.71x	

The ratio of earnings to fixed charges is calculated as follows:

(earnings)

(fixed charges)

For purposes of calculating the ratios, earnings consist of:

pre-tax income from continuing operations before adjustment for minority interests in income from consolidated subsidiaries or income or loss from equity investees;

fixed charges;

amortization of capitalized interest;

distributed income of equity investees; and

our share of pre-tax losses of equity investees for which charges arising from guarantees are included in fixed charges;

minus capitalized interest;

minus preference security dividend requirements of consolidated subsidiaries; and

minus the minority interest in pre-tax income of subsidiaries that have not incurred fixed charges.

For purposes of calculating the ratios, fixed charges consist of:

interest expensed and capitalized;

amortized premiums, discounts and capitalized expenses related to indebtedness;

an estimate of the interest portion of rental expense on operating leases; and

preference security dividend requirements of consolidated subsidiaries.

DESCRIPTION OF THE NOTES

We have summarized the material provisions of the indenture and the notes below. The following summary does not purport to be a complete description of the notes and is subject to the detailed provisions of, and qualified in its entirety by reference to, the indenture. You may obtain a copy of the indenture upon request.

General

The notes were issued under an indenture dated as of February 22, 2007 between us and The Bank of New York, as trustee. The notes were issued in the aggregate principal amount of \$1,150,000,000.

The notes are our general unsecured and senior obligations. The notes rank:

equal in right of payment to all of our other existing and future senior unsecured indebtedness;

senior in right of payment to all of our existing and future subordinated indebtedness; and

effectively subordinated in right of payment to all of our subsidiaries' obligations (including secured and unsecured obligations) and subordinated in right of payment to our secured obligations, to the extent of the assets securing such obligations.

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The notes mature on February 15, 2014. The notes bear cash interest at the rate of 0.875% per year. Interest on the notes accrues from February 22, 2007, or from the most recent date to which interest has been paid or provided for. Interest will be payable semi-annually in arrears on February 15 and August 15 of each year, beginning on August 15, 2007, to holders of record at the close of business on the February 1 or the August 1 immediately preceding such interest payment date. Each payment of cash interest on the notes will include interest accrued for the period commencing on and including the immediately preceding interest payment date (or, if none, February 22, 2007) through the day before the applicable interest payment date or stated maturity date or earlier change in control purchase date, as the case may be. Interest will be calculated using a 360-day year composed of twelve 30-day months. Any payment required to be made on any day that is not a business day will be made on the next succeeding business day with the same force and effect as if made on the interest payment date, stated maturity date or change in control purchase date, as the case may be, and without any interest or other payment with respect to the delay. A

business day is any weekday that is not a day on which banking institutions in The City of New York are authorized or obligated to close. Interest will cease to accrue on a note upon its stated maturity, conversion (except as provided in the indenture) or purchase by us at the option of a holder. The notes will be payable at the principal corporate trust office of the paying agent, which will initially be an office or agency of the trustee, or an agency or office maintained by us for such purpose in The City of New York.

Notes may be presented for conversion at the office of the conversion agent and for exchange or registration of transfer at the office of the registrar. The conversion agent and the registrar shall initially be the trustee. No service charge will be made for any registration of transfer or exchange of notes. However, we may require the holder to pay any tax, assessment or other governmental charge payable as a result of such transfer or exchange.

We may, to the extent permitted by applicable law, at any time purchase the notes in the open market or by tender at any price or by private agreement.

In connection with the offering of the notes, we entered into separate convertible note hedge and warrant transactions. For further discussion of these transactions, see our current report on Form 8-K filed with the SEC on February 22, 2007, which is incorporated herein by reference.

Conversion Rights***General***

Holders may convert their notes prior to maturity based on an initial conversion rate of 22.8343 shares of our common stock per \$1,000 principal amount of notes (equivalent to an initial conversion price (as defined below) of approximately \$43.79 per share), only if the conditions for conversion described below are satisfied. Except as set forth below under Exchange in Lieu of Conversion, holders who convert will receive cash and, at our option as described below, shares of our common stock. The conversion rate will be subject to adjustment as described in

Adjustment to Conversion Rate below. A note for which a holder has delivered a change in control purchase notice, as described below, requiring us to purchase the note may be surrendered for conversion only if such notice is withdrawn in accordance with the indenture. A holder may convert fewer than all of such holder's notes so long as the notes converted are an integral multiple of \$1,000 principal amount.

The conversion price per share of common stock as of any day will equal the result obtained by dividing \$1,000 by the then applicable conversion rate (as defined below).

The applicable conversion rate means, on any trading day (as defined below), the conversion rate on such trading day; provided, however, that for purposes of determining the conversion value, the applicable conversion rate shall mean the conversion rate on the conversion date (as defined below).

The conversion date with respect to a note means the date on which the holder of the note has complied with all requirements under the indenture to convert such note.

Rather than receiving shares of our common stock upon conversion of any note, a holder will receive, for each \$1,000 principal amount of notes surrendered for conversion:

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cash in an amount equal to the lesser of (1) \$1,000 and (2) the conversion value, as defined below (the required cash amount); and

if the conversion value is greater than \$1,000, a number of shares of our common stock (the remaining shares) equal to the sum of the daily share amounts (as defined below) for each of the 15 consecutive trading days in the conversion reference period (as defined below), appropriately adjusted to reflect stock splits, stock dividends, combinations or similar events occurring during the conversion reference period, subject to our right to deliver cash in lieu of all or a portion of such remaining shares as described below.

Conversion value means the product of (1) the applicable conversion rate multiplied by (2) the average of the volume weighted average price (as defined below) per share of our common stock on each of the trading days during the conversion reference period.

The daily share amounts means, for each trading day of the conversion reference period and each \$1,000 principal amount of notes surrendered for conversion, a number of shares (but in no event less than zero) determined by the following formula:

$$\left(\begin{array}{l} \text{volume weighted average price} \\ \text{per share for such trading day} \end{array} \right) \times \left(\begin{array}{l} \text{conversion rate in} \\ \text{effect on} \\ \text{such trading day} \end{array} \right) - \$1,000$$

$$\text{volume weighted average price per share for such trading day} \times 15$$

The volume weighted average price per share of our common stock on any trading day means such price as displayed on Bloomberg (or any successor service) page ADM.N <equity> VAP in respect of the period from 9:30 a.m. to 4:00 p.m., New York City time, on such trading day; or, if such price is not available, the volume weighted average price means the market value per share of our common stock on such day as determined by a nationally recognized independent investment banking firm retained for this purpose by us.

A trading day is any day on which (i) there is no market disruption event (as defined below) and (ii) the New York Stock Exchange or, if our common stock is not listed on the New York Stock Exchange, the principal national securities exchange on which our common stock is listed, is open for trading or, if the common stock is not so listed, admitted for trading or quoted, any business day. A trading day only includes those days that have a scheduled closing time of 4:00 p.m. (New York City time) or the then standard closing time for regular trading on the relevant exchange or trading system.

A market disruption event means the occurrence or existence for more than one half-hour period in the aggregate on any scheduled trading day for our common stock of any suspension or limitation imposed on trading (by reason of movements in price exceeding limits permitted by the principal national securities exchange on which our common stock is listed or otherwise) in our common stock or in any options, contracts or future contracts relating to our common stock, and such suspension or limitation occurs or exists at any time before 1:00 p.m. (New York City time) on such day.

The conversion reference period means:

for notes that are converted during the period beginning on the 30th day prior to the stated maturity date of the notes, the 15 consecutive trading days beginning on and including the 17th scheduled trading day prior to the stated maturity date; and

in all other instances, the 15 consecutive trading days beginning on the third trading day following the conversion date.

Scheduled trading day means a day that is scheduled to be a trading day on the primary United States national securities exchange or market on which our common stock is listed or admitted to trading.

On any day prior to the first trading day of the applicable conversion reference period, we may specify a percentage of the daily share amounts that will be settled in cash (the cash percentage) and we will notify you of

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such cash percentage by notifying the trustee (the "cash percentage notice") who will forward such notice to you. If we elect to specify a cash percentage, the amount of cash that we will deliver in respect of each trading day in the applicable conversion reference period will equal the product of: (1) the cash percentage, (2) the daily share amount for such trading day and (3) the volume weighted average price of our common stock for such trading day (provided that after the consummation of a change in control (as defined below) in which the consideration is comprised entirely of cash, the amount used in this clause (3) will be the cash price per share received by holders of our common stock in such change in control). The number of shares deliverable in respect of each trading day in the applicable conversion reference period will be a percentage of the daily share amount equal to 100% minus the cash percentage. If we do not specify a cash percentage by the start of the applicable conversion reference period, we must settle 100% of the daily share amount for each trading day in the applicable conversion reference period with shares of our common stock; provided, however, that we will pay cash in lieu of fractional shares as described below. We may, at our option, revoke any cash percentage notice by notifying the trustee provided that we revoke such notice prior to the start of the applicable conversion reference period.

The cash and any shares of our common stock due upon conversion of the notes will be delivered through the conversion agent as promptly as practicable following the end of the conversion reference period applicable to the notes being converted.

A holder of a note otherwise entitled to a fractional share will receive cash equal to the applicable portion of the arithmetic average of the volume weighted average price of our common stock for each of the 15 consecutive trading days of the conversion reference period.

The ability to surrender notes for conversion will expire at the close of business on the business day immediately preceding the stated maturity date.

Upon determining that the holders are entitled to convert their notes in accordance with the provisions described below, we will promptly (1) issue a press release and use our reasonable efforts to post such information on our website or otherwise publicly disclose this information or (2) provide notice to the holders of the notes in a manner contemplated by the indenture, including through the facilities of DTC.

Conversion Based on Common Stock Price

Holders may surrender notes for conversion in any calendar quarter commencing at any time after March 31, 2007, and only during such calendar quarter, if the closing price of our common stock for at least 20 trading days in a period of 30 consecutive trading days ending on the last trading day of the preceding calendar quarter is more than 140% of the conversion price per share of common stock on the last day of such preceding calendar quarter, which we refer to as the "conversion trigger price."

The conversion trigger price immediately following issuance of the notes is \$61.31, which is 140% of the initial conversion price per share of common stock. The foregoing conversion trigger price assumes that no events have occurred that would require an adjustment to the conversion rate.

We will determine at the beginning of each calendar quarter commencing at any time after March 31, 2007 whether the notes are convertible as a result of the price of our common stock and notify the conversion agent and the trustee.

Conversion Based on Trading Price

Prior to the stated maturity date or earlier change in control purchase date, holders may surrender their notes for conversion during the five consecutive business days immediately after any five consecutive trading day period (the "note measurement period") in which the average trading price (calculated using the trading price for each of the days in the note measurement period) per \$1,000 principal amount of the notes, as determined following a request by a holder of notes in accordance with the procedures described below, was equal to or less than 98% of the average conversion value of the notes during the note measurement period. We refer to this condition as the "trading price condition."

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For the purpose of this trading price condition, the conversion value per \$1,000 principal amount of notes on a trading day is the product of the closing price per share of our common stock and the conversion rate of the notes in effect on that trading day.

Except as described below, the trading price of the notes on any day means the average secondary market bid quotations obtained by the bid solicitation agent for \$5.0 million principal amount of notes at approximately 4:00 p.m., New York City time, on such day from three independent nationally recognized securities dealers we select. However, if the bid solicitation agent can reasonably obtain only two such bids, then the average of the two bids will instead be used, and if the bid solicitation agent can reasonably obtain only one such bid, then that one bid will be used. Even still, if on a given day:

the bid solicitation agent cannot reasonably obtain at least one bid for \$5.0 million principal amount of notes from an independent nationally recognized securities dealer; or

in our reasonable, good faith judgment, the bid quotation or quotations that the bid solicitation agent has obtained are not indicative of the secondary market value of the notes, then the trading price per \$1,000 principal amount of the notes will be deemed to be equal to 98% of the product of the closing price of our common stock on that day and the conversion rate in effect on that day.

The bid solicitation agent will have no obligation to determine the trading price of the notes unless we have requested it to do so, and we will have no obligation to make such request unless a holder of at least \$5.0 million aggregate principal amount of notes provides us with reasonable evidence that the trading price per \$1,000 principal amount of the notes would be equal to or less than 98% of the conversion value of the notes.

At such time, we will instruct the bid solicitation agent to determine the trading price of the notes for each of the next five trading days and on each following trading day until the trading price condition is no longer satisfied.

Conversion Upon Occurrence of Specified Corporate Transactions

If we elect to distribute to all holders of our common stock:

certain rights or warrants entitling them to subscribe for or purchase, for a period expiring within 60 days of the record date for such distribution, our common stock at less than the average of the closing prices for the five consecutive trading days ending on the date immediately preceding the first public announcement of the distribution; or

cash, debt securities (or other evidence of indebtedness) or other assets (excluding dividends or distributions described in clauses (1) and (2) under Adjustment to Conversion Rate), which distribution, together with all other distributions within the preceding 12 months, has a per share value exceeding 15% of the average of the closing prices for the five consecutive trading days ending on the date immediately preceding the first public announcement of the distribution,

we must notify the holders of the notes at least 20 days prior to the ex-dividend date for such distribution. Once we have given such notice, holders may surrender their notes for conversion at any time until the earlier of the close of business on the business day prior to the ex-dividend date or our announcement that such distribution will not take place, even if the notes are not convertible at that time. No adjustment to the ability of the holders to convert will be made if the holders are entitled to participate in the distribution without conversion.

In addition, if we are a party to a change in control or a consolidation, merger, binding share exchange, transfer or lease of all or substantially all of our assets, pursuant to which our common stock would be converted into cash, securities or other assets, the notes may be surrendered for conversion at any time from or after the date which is 15 days prior to the anticipated effective time of the transaction until 35 days after the actual date of such transaction or, if such transaction is a change in control, until the change in control purchase date (as defined below). After the effective time of the transaction, settlement of the conversion value will be based on the kind and amount

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of cash, securities or other assets of ADM or another person that a holder of our common stock received in the transaction; provided that, for the avoidance of doubt, the conversion value will be paid in cash and, at our election, cash, securities or a combination of cash and securities in accordance with the applicable procedures set forth above under Conversion Rights General. In the event holders of our common stock have the opportunity to elect the form of consideration to be received in such transaction, then from and after the effective date of such transaction, the notes shall be convertible into the consideration that a majority of the holders of our common stock who made such an election received in such transaction. We will notify the holders, the trustee and the conversion agent as promptly as practicable following the date we publicly announce such transaction but in no event less than 15 days prior to the anticipated effective date of such transaction.

In the case of a change in control, (i) the conversion rate will be adjusted as set forth below under Adjustment to Conversion Rate Adjustment to Conversion Rate Upon a Change in Control and (ii) the holder can require us to purchase all or a portion of its notes as described under Change in Control Permits Purchase of Notes by ADM at the Option of the Holder.

Conversion During Month Prior to Stated Maturity

Notwithstanding anything herein to the contrary, holders may surrender the notes for conversion at any time on or after January 15, 2014 until the close of business on the business day immediately preceding the stated maturity date.

Conversion Procedures

To convert a note represented by a global security, a holder must convert by book-entry transfer to the conversion agent (which will initially be the trustee) through the facilities of DTC.

To convert a note that is represented by a certificated security (as defined below), a holder must:
complete and manually sign a conversion notice, a form of which is on the back of the note, and deliver the conversion notice to the conversion agent;

surrender the note to the conversion agent;

if required by the conversion agent, furnish appropriate endorsement and transfer documents; and

if required, pay all transfer or similar taxes.

On conversion of a note, a holder will not receive, except as described below, any cash payment representing accrued interest. Instead, accrued interest will be deemed paid by the cash and/or shares of common stock received by the holder on conversion. Delivery to the holder of such cash and/or shares will thus be deemed:

to satisfy our obligation to pay the principal amount of a note; and

to satisfy our obligation to pay accrued and unpaid interest.

As a result, accrued interest is deemed paid in full rather than cancelled, extinguished or forfeited. Holders of notes surrendered for conversion during the period from the close of business on any regular record date next preceding any interest payment date to the opening of business of such interest payment date will receive the semi-annual interest payable on such notes on the corresponding interest payment date notwithstanding the conversion, and such notes upon surrender must be accompanied by funds equal to the amount of such payment; provided that no such payment need be made:

in connection with any conversion following the regular record date immediately preceding the final interest payment date;

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if we have specified a change in control purchase date that is after a record date and on or prior to the corresponding interest payment date; or

to the extent of any overdue interest, if any overdue interest exists at the time of conversion with respect to such note.

We will not be required to convert any notes that are surrendered for conversion without payment of interest as required by this paragraph.

Exchange in Lieu of Conversion

When a holder surrenders notes for conversion, we may direct the conversion agent to surrender, on or prior to the commencement of the conversion reference period, such notes to a financial institution designated by us for exchange in lieu of conversion. In order to accept any notes surrendered for conversion, the designated institution must agree to deliver, in exchange for such notes, all cash or a combination of cash and shares of our common stock equal to the consideration due upon conversion, as determined above under **Conversion Rights General**, at the option of the designated financial institution. By the close of business on the trading day immediately preceding the start of the conversion reference period, we will notify the holder surrendering notes for conversion that we have directed the designated financial institution to make an exchange in lieu of conversion and such financial institution will be required to notify the conversion agent whether it will deliver, upon exchange, cash or a combination of cash and shares of common stock.

If the designated institution accepts any such notes, it will deliver the appropriate number of shares of our common stock or cash, or any combination thereof, to the conversion agent and the conversion agent will deliver those shares or cash, or combination thereof, as the case may be, to you. Any notes exchanged by the designated institution will remain outstanding. If the designated institution agrees to accept any notes for exchange but does not timely deliver the related consideration, or if such designated financial institution does not accept the notes for exchange, we will, as promptly as practical thereafter, but not later than the third business day following determination of the conversion value, convert the notes into cash and shares, if any, of our common stock, as described above under **Conversion Rights General**.

Our designation of an institution to which the notes may be submitted for exchange does not require the institution to accept any notes. We will not pay any consideration to, or otherwise enter into any agreement with, the designated institution for or with respect to such designation.

Adjustment to Conversion Rate

General

The conversion rate on the notes will be adjusted for:

- (1) dividends or distributions on shares of our common stock payable in shares of common stock or other capital stock of ours;
- (2) subdivisions, combinations or certain reclassifications of shares of our common stock;
- (3) distributions to all holders of shares of our common stock of certain rights to purchase shares of our common stock for a period expiring within 60 days after the record date for such distribution at less than the average of the closing prices for the five consecutive trading days immediately preceding the first public announcement of the distribution;
- (4) distributions to all holders of shares of our common stock of our assets (including shares of any subsidiary or business unit of ours) or debt securities or certain rights to purchase our securities (excluding dividends or distributions specified above, rights specified above and cash dividends or other cash distributions);

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(5) cash dividends or other cash distributions to all or substantially all holders of our common stock, other than (a) any quarterly cash dividend on our common stock to the extent that such dividend equals \$0.115 per share of our common stock, as adjusted in the manner specified below (the dividend threshold amount), (b) any cash that is distributed as part of a distribution referred to in clause (4) above, (c) any dividend or distribution in connection with our liquidation, dissolution or winding-up, and (d) distributions described in clause (6) below; and

(6) distributions of cash or other consideration by us or any of our subsidiaries in respect of a tender offer or exchange offer for our common stock, where such cash and the value of any such other consideration per share of our common stock validly tendered or exchanged exceed the closing price of our common stock on the trading day following the last date on which tenders or exchanges may be made pursuant to the tender or exchange offer.

In the event we elect to make a distribution described in clause (3) or (4) of the preceding paragraph which, in the case of (4), has a per share value equal to more than 15% of the closing price of shares of our common stock on the day preceding the declaration date for such distribution, we will be required to give notice to the holders of notes at least 20 days prior to the ex-dividend date for such distribution. In the event that we pay a dividend or make a distribution on shares of our common stock consisting of capital stock of, or similar equity interests in, a subsidiary or other business unit of ours, the conversion rate will be adjusted based on the market value of the securities so distributed relative to the market value of our common stock, in each case based on the average closing prices of those securities for the 15 trading days commencing on and including the fifth trading day after the date on which ex-dividend trading commences for such dividend or distribution on the principal United States securities exchange or market on which the securities are then listed or quoted.

Subject to the provisions of the indenture, if we distribute cash in accordance with clause (5) above, then we will adjust the conversion rate based on the following formula:

where,

CR_1 = the conversion rate in effect on and after the ex-dividend date for such distribution;

CR_0 = the conversion rate in effect immediately prior to the ex-dividend date for such distribution;

SP_0 = the average of the closing prices of our common stock over the 15 consecutive trading day period ending on the business day immediately preceding the ex-dividend date for such distribution;

T = the dividend threshold amount, which shall initially be \$0.115 per quarter (appropriately adjusted to reflect stock splits, stock dividends, combinations and similar events), as adjusted to account for any change in the frequency of payment of our regular dividend; provided that the dividend threshold amount shall be deemed to be zero if the dividend is not a regularly scheduled dividend; and

C = the amount in cash per share that we distribute to holders of our common stock.

If we fail to pay a cash dividend or distribution for a period in which a regularly scheduled quarterly dividend has previously been paid in accordance with past practice, the conversion rate shall be adjusted using the formula set forth above, with the ex-dividend date being deemed to be the second to last trading day in the second month of the calendar quarter in question, and C being deemed to be zero.

To the extent that we have a rights plan in effect upon conversion of the notes into common stock, you will receive, in addition to the common stock, the rights under the rights plan, unless prior to any conversion, the rights have separated from the common stock, in which case the conversion rate will be adjusted at the time of separation as if we distributed to all holders of our common stock, shares of the capital stock, evidences of indebtedness or assets as described in clause (4) above, subject to readjustment in the event of the expiration, termination or redemption of such rights.

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No adjustment to the conversion rate will be made if holders of the notes will participate in the transaction without conversion or in certain other cases.

In the event of an adjustment of a conversion rate the holders of the notes may, in certain circumstances, be deemed to have received a distribution subject to U.S. federal income tax as a dividend.

If we make a distribution to holders of our common stock and the applicable conversion rate is increased, this increase may be deemed to be the receipt of taxable income by holders of the notes and may result in withholding taxes for holders (including backup withholding taxes or withholding taxes on payments to foreign persons). Because this deemed income would not give rise to any cash from which any applicable withholding tax could be satisfied, if we pay withholding taxes on behalf of a holder, we may, at our option, set-off such payments against payments of cash and common stock on the notes. See the discussions under the headings *Material United States Federal Income Tax Considerations Consequences to U.S. Holders Distributions*, *Material United States Federal Income Tax Considerations Consequences to U.S. Holders Constructive Distributions* and *Material United States Federal Income Tax Considerations Consequences to Non-U.S. Holders Dividends and Constructive Distributions* for more details.

Notwithstanding anything in this section *Adjustment to Conversion Rate* to the contrary, we will not be required to adjust the conversion rate unless the adjustment would result in a change of at least 1% of the conversion rate. However, we will carry forward any adjustments that are less than 1% of the conversion rate and take them into account when determining subsequent adjustments. In addition, we will make any carry forward adjustments not otherwise effected upon conversion of the notes, upon required purchases of the notes in connection with a change in control and five business days prior to the stated maturity of the notes.

Except as set forth in this section *Adjustment to Conversion Rate*, the conversion rate will not be adjusted for the issuance of our common stock or any securities convertible into or exchangeable for our common stock or carrying the right to purchase our common stock or any such security or for any other event.

The conversion rate on the notes will not be adjusted for accrued interest. For a discussion of the tax treatment of a holder receiving cash or cash and shares of our common stock upon surrendering notes for conversion, see *Material United States Federal Income Tax Considerations*.

Notwithstanding anything in this section *Adjustment to Conversion Rate* to the contrary, the conversion rate shall not exceed 27.9720 per \$1,000 principal amount of the notes, other than as a result of proportional adjustments to the conversion rate in the manner set forth in clauses (1) through (4) above.

Adjustment to Conversion Rate Upon a Change in Control

If a change in control occurs and a holder elects to convert its notes in connection with such change in control, we will increase the applicable conversion rate for the notes surrendered for conversion by a number of additional shares of our common stock (the *make-whole shares*), as described below. A conversion of notes will be deemed for these purposes to be in connection with such a change in control transaction if the notice of conversion of the notes is received by the conversion agent from and including the effective date of the change in control up to and including the trading day prior to the related change in control purchase date.

The number of make-whole shares will be determined by reference to the table below and is based on the date on which such change in control transaction becomes effective (the *change in control effective date*) and the price (the *stock price*) paid per share of common stock in such transaction. If the holders of our common stock receive only cash in the change in control transaction, the stock price shall be the cash amount paid per share of common stock. Otherwise, the stock price shall be the average of the closing prices of our common stock on the 15 consecutive trading days up to but excluding the change in control effective date.

The stock prices set forth in the first column of the table will be adjusted as of any date on which the conversion rate of the notes is adjusted. The adjusted stock prices will equal the stock prices applicable immediately prior to such adjustment multiplied by a fraction, the numerator of which is the applicable conversion rate immediately prior to the adjustment giving rise to the stock price adjustment and the denominator of which is the

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applicable conversion rate as so adjusted. In addition, the number of make-whole shares will be subject to adjustment in the same manner as the applicable conversion rate as set forth above under Adjustment to Conversion Rate General.

The following table sets forth the stock price and number of make-whole shares of our common stock to be received per \$1,000 principal amount of notes:

Stock Price on Effective Date	Effective Date							
	February 22, 2007	February 15, 2008	February 15, 2009	February 15, 2010	February 15, 2011	February 15, 2012	February 15, 2013	February 15, 2014
\$ 35.75	5.1377	5.1377	5.1377	5.1377	5.1377	5.1377	5.1377	5.1377
\$ 37.50	4.5937	4.7056	4.7896	4.8296	4.7941	4.6410	4.2890	3.8324
\$ 40.00	3.9353	4.0041	4.0409	4.0285	3.9335	3.7086	3.2436	2.1657
\$ 45.00	2.9373	2.9458	2.9188	2.8394	2.6743	2.3744	1.8167	0.0000
\$ 50.00	2.2349	2.2079	2.1453	2.0327	1.8402	1.5267	0.9936	0.0000
\$ 55.00	1.7291	1.6817	1.6012	1.4755	1.2806	0.9862	0.5332	0.0000
\$ 60.00	1.3575	1.2992	1.2114	1.0846	0.9003	0.6401	0.2816	0.0000
\$ 65.00	1.0795	1.0165	0.9278	0.8065	0.6392	0.4180	0.1465	0.0000
\$ 70.00	0.8683	0.8045	0.7186	0.6061	0.4579	0.2741	0.0741	0.0000
\$ 75.00	0.7061	0.6432	0.5623	0.4602	0.3307	0.1804	0.0369	0.0000
\$ 100.00	0.2838	0.2387	0.1867	0.1303	0.0701	0.0252	0.0027	0.0000
\$ 150.00	0.0736	0.0544	0.0368	0.0214	0.0096	0.0029	0.0009	0.0000

The exact stock prices and effective dates may not be set forth in the above table, in which case:

if the stock price is between two stock price amounts in the table or the effective date is between two dates in the table, the make-whole shares issued upon conversion of the notes will be determined by straight-line interpolation between the number of make-whole shares set forth for the higher and lower stock price amounts and the two dates, as applicable, based on a 365-day year;

if the stock price is in excess of \$150.00 per share of common stock (subject to adjustment), no make-whole shares will be issued upon conversion of the notes; and

if the stock price is less than \$35.75 per share of common stock (subject to adjustment), no make-whole shares will be issued upon conversion of the notes.

Our obligation to deliver the make-whole shares could be considered a penalty, in which case the enforceability thereof would be subject to general principles of reasonableness of economic remedies.

The adjustments described in this section are subject to the limitations described above under Adjustment to Conversion Rate General.

Change in Control Permits Purchase of Notes by ADM at the Option of the Holder

In the event of any change in control, each holder will have the right, at the holder's option, subject to the terms and conditions of the indenture, to require us to purchase for cash all or any portion of the holder's notes in integral multiples of \$1,000 principal amount at a price (the change in control purchase price) equal to 100% of the principal amount of the notes to be purchased, plus accrued and unpaid interest to, but excluding, the change in control purchase date unless the change in control purchase date is after a regular record date and on or prior to the interest payment date to which it relates, in which case interest accrued to the interest payment date will be paid to holders of the notes as of the preceding record date. Upon a valid exercise of such an option, we will be required to purchase the notes as of the date that is no later than 35 business days after the occurrence of such change in control (a change in control purchase date).

As promptly as practicable following the date we publicly announce such transaction but in no event less than 15 days prior to the anticipated effective date of a change in control, we are obligated to mail to the trustee and to all

holders of notes at their addresses shown in the register of the registrar, a notice regarding the change in control, which notice shall state, among other things, as applicable:

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the events causing a change in control;

the date of such change in control;

the last date on which the purchase right may be exercised;

the change in control purchase price;

the change in control purchase date;

the name and address of the paying agent and the conversion agent;

the applicable conversion rate and any adjustments to the applicable conversion rate;

that notes with respect to which a change in control purchase notice is given by the holder may be converted only if the change in control purchase notice has been withdrawn in accordance with the terms of the indenture; and

the procedures that holders must follow to exercise these rights.

To exercise this right, the holder must deliver a written notice to the paying agent prior to the close of business on the change in control purchase date. The required purchase notice upon a change in control shall state: if certificated notes have been issued, the certificate number of the notes (if your notes are not certificated, your notice must comply with appropriate DTC procedures);

the portion of the principal amount of notes to be purchased, which portion must be \$1,000 or an integral multiple of \$1,000; and

that we are to purchase such notes pursuant to the applicable provisions of the notes.

A holder may withdraw any change in control purchase notice by delivering to the paying agent a written notice of withdrawal prior to the close of business on the change in control purchase date. The notice of withdrawal shall state:

the principal amount being withdrawn;

the certificate numbers of the notes being withdrawn (if your notes are not certificated, your notice must comply with appropriate DTC procedures); and

the principal amount, if any, of the notes that remain subject to a change in control purchase notice.

Our obligation to pay the change in control purchase price for a note for which a change in control purchase notice has been delivered and not validly withdrawn is conditioned upon delivery of the note, together with all necessary endorsements and compliance by the holder with all DTC procedures, as applicable, to the paying agent at any time after the delivery of such change in control purchase notice. Payment of the change in control purchase price for such note will be made on the third business day following the later of the change in control purchase date or the time of delivery of such note.

If the paying agent holds money sufficient to pay the change in control purchase price of the note on the third business day following the change in control purchase date in accordance with the terms of the indenture, then, immediately after the change in control purchase date, interest on such note will cease to accrue, whether or not the note is delivered to the paying agent, and all other rights of the holder shall terminate, other than the right to receive the change in control purchase price upon delivery of the note.

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A change in control means the following events:

any person or group, other than ADM, its subsidiaries or any employee benefit plan of ADM or its subsidiaries, files a Schedule 13D (or any successor schedule, form or report) pursuant to the Securities Exchange Act of 1934, as amended (the Exchange Act), disclosing that such person has become the beneficial owner of 50% or more of the voting power of our common stock then outstanding or other capital stock into which our common stock is reclassified or changed, with certain exceptions; or

ADM consolidates with or merges with or into another person (other than a subsidiary of ADM), or sells, conveys, transfers or leases all or substantially all of its properties and assets to any person (other than a subsidiary of ADM), or any person (other than a subsidiary of ADM) consolidates with or merges with or into ADM, and the outstanding voting common stock of ADM is reclassified into, converted for or converted into the right to receive any property or security, provided that none of these circumstances will be a change in control if the persons that beneficially own the voting stock of ADM immediately prior to the transaction own, directly or indirectly, shares with a majority of the total voting power of all outstanding voting securities of the surviving or transferee person that are entitled to vote generally in the election of that person's board of directors, managers or trustees immediately after the transaction.

For purposes of defining a change in control:

the term person and the term group have the meanings given by Section 13(d) and 14(d) of the Exchange Act or any successor provisions;

the term group includes any group acting for the purpose of acquiring, holding or disposing of securities within the meaning of Rule 13d-5(b)(1) under the Exchange Act or any successor provision; and

the term beneficial owner is determined in accordance with Rules 13d-3 and 13d-5 under the Exchange Act or any successor provisions, except that a person will be deemed to have beneficial ownership of all shares that person has the right to acquire irrespective of whether that right is exercisable immediately or only after the passage of time.

Notwithstanding the foregoing, it will not constitute a change in control if at least 90% of the consideration for our common stock (excluding cash payments for fractional shares and cash payments made in respect of dissenters appraisal rights and cash payment of the required cash payment, if any) in the transaction or transactions constituting the change in control consists of common stock traded on a United States national securities exchange, or which will be so traded when issued or exchanged in connection with the change in control, and as a result of such transaction or transactions the notes become convertible solely into such common stock.

In connection with any purchase offer in the event of a change in control, to the extent required by applicable law, we will:

comply with the provisions of Rule 13e-4, Rule 14e-1 and any other tender offer rules under the Exchange Act which may then be applicable; and

otherwise comply with all federal and state securities laws as necessary under the indenture to effect a change in control purchase of notes by us at the option of a holder.

We could, in the future, enter into certain transactions, including certain recapitalizations, that would not constitute a change in control with respect to the change in control purchase feature of the notes, but that would increase the amount of our outstanding indebtedness or the outstanding indebtedness of our subsidiaries. No notes may be purchased by us at the option of holders upon a change in control if there has occurred and is continuing an event of default with respect to the notes, other than a default in the payment of the change in control purchase price with respect to the notes.

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Events of Default

Event of default, when used in the indenture, means any of the following:
failure to pay interest on any notes for 30 days after the payment is due;

failure to pay the principal of, or any premium on, or the change in control purchase price with respect to any notes when due;

failure to perform any other covenant in the indenture for 90 days after written notice of the failure to perform in the manner specified in the indenture has been given to us;

default in respect of any indebtedness for money borrowed by us or any consolidated subsidiary, or under any mortgage, indenture or instrument under which such indebtedness is issued or secured, which default results in the acceleration of indebtedness with an aggregate outstanding principal amount in excess of \$50,000,000, unless the acceleration is rescinded, or such debt is paid or waived within 10 days after written notice of the default has been given to us in the manner specified in the indenture; or

certain events in bankruptcy, insolvency or reorganization.

If an event of default occurs and continues, the trustee or the holders of at least 25% in aggregate principal amount of the outstanding notes may declare the entire principal of all the notes to be due and payable immediately, except that, if the event of default is caused by certain events in bankruptcy, insolvency or reorganization, the entire principal of all of the notes will become due and payable immediately without any act on the part of the trustee or holders of the notes. If such a declaration occurs, the holders of a majority of the aggregate principal amount of the outstanding notes can, subject to conditions, rescind the declaration.

The indenture requires us to file an officers certificate with the trustee each year that states, to the knowledge of the certifying officers, that no defaults exist under the terms of the indenture. The trustee may withhold notice to the holders of notes of any default, except defaults in the payment of principal or interest, if it considers the withholding of notice to be in the best interests of the holders. For purposes of this paragraph, default means any event which is, or after notice or lapse of time or both would become, an event of default under the indenture with respect to the notes.

Other than its duties in the case of an event of default, the trustee is not obligated to exercise any of its rights or powers under the indenture at the request, order or direction of any holders of notes, unless the holders offer the trustee indemnification satisfactory to it. If satisfactory indemnification is provided, then, subject to other rights of the trustee, the holders of a majority in aggregate principal amount of the outstanding notes of any series may, with respect to the notes, direct the time, method and place of:

conducting any proceeding for any remedy available to the trustee; or

exercising any trust or power conferred upon the trustee.

The holder of a note will have the right to begin any proceeding with respect to the indenture or for any remedy only if:

the holder has previously given the trustee written notice of a continuing event of default with respect to the notes;

the holders of at least 25% in aggregate principal amount of the outstanding notes have made a written request to the trustee to begin such proceeding;

the holder has offered to the trustee indemnification satisfactory to it;

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the trustee has not started such proceeding within 60 days after receiving the request; and

the trustee has not received directions inconsistent with such request from the holders of a majority in aggregate principal amount of the outstanding notes during those 60 days.

However, the holder of any notes will have an absolute right to receive payment of principal of, and any premium and interest on, the notes when due and to institute suit to enforce this payment.

Restrictions on Mergers and Sales of Assets

The indenture generally permits a consolidation or merger between us and another entity. It also permits the sale, transfer or lease by us of our property and assets substantially as an entirety. These transactions are permitted so long as:

the resulting or acquiring entity, if other than us, is organized and existing under the laws of a United States jurisdiction and assumes all of our responsibilities and liabilities under the indenture, including the payment of all amounts due on the notes and performance of the covenants in the indenture;

immediately after the transaction, and giving effect to the transaction, no event of default under the indenture exists; and

we have delivered to the trustee an officers' certificate and an opinion of counsel, each stating that the transaction and, if a supplemental indenture is required in connection with the transaction, the supplemental indenture comply with the indenture and that all conditions precedent to the transaction contained in the indenture have been satisfied.

If we consolidate or merge with or into any other entity or sell or lease our assets substantially as an entirety according to the terms and conditions of the indenture, the resulting or acquiring entity will be substituted for us in the indenture with the same effect as if it had been an original party to the indenture. As a result, such successor entity may exercise our rights and powers under the indenture, in our name and, except in the case of a lease, we will be released from all our liabilities and obligations under the indenture and under the notes.

Notwithstanding the foregoing provisions, we may transfer our property and assets substantially as an entirety to another corporation if, immediately after giving effect to the transfer, such corporation is our wholly-owned subsidiary.

Modification and Waiver

Under the indenture, certain of our rights and obligations and certain of the rights of the holders of the notes may be modified or amended with the consent of the holders of a majority of the total principal amount of the outstanding notes. However, the following modifications and amendments will not be effective against any affected holder without its consent:

a change in the stated maturity date or any date of any payment of interest (including any additional interest);

a change in the principal amount of, change in control purchase price with respect to, or any premium or interest (including additional interest) payable on, any notes;

a change that adversely affects the rights of a holder to convert any note;

a change that adversely affects the rights of a holder to require us to purchase a note;

a change in the place of payment where, or the currency in which, any payment on the notes is payable;

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an impairment of a holder's right to sue us for the enforcement of payments due on the notes or enforcement of conversion of the notes; or

a reduction in the percentage of outstanding notes required to consent to a modification or amendment of the indenture or required to consent to a waiver of compliance with certain provisions of the indenture or certain defaults under the indenture.

Under the indenture, the holders of at least a majority of the total principal amount of the outstanding notes may waive compliance by us with certain restrictive provisions of the indenture, on behalf of all holders of all notes.

Under the indenture, the holders of at least a majority of the total principal amount of the outstanding notes may, on behalf of all holders of such series of debt securities, waive any past default under the indenture, except: a default in the payment of the principal of, or any premium or interest on, any notes; or

a default under any provision of the indenture which itself cannot be modified or amended without the consent of the holders of each outstanding note.

Discharge of the Indenture

We may satisfy and discharge our obligations under the indenture by delivering to the trustee for cancellation all outstanding notes or by depositing with the trustee or the paying agent after the notes have become due and payable, whether at stated maturity or a change in control purchase date, cash sufficient to pay all of the outstanding notes and paying all other sums payable under the indenture by us.

Calculations in Respect of Notes

We are responsible for making all calculations called for under the notes. These calculations include, but are not limited to, the conversion value, the conversion date, the volume weighted average price, the conversion reference period, the trading prices of the notes, the closing price, the conversion price, the required cash amount, the applicable conversion rate and the number of shares of common stock, if any, to be issued upon conversion of the notes. We will make all these calculations in good faith and, absent manifest error, our calculations will be final and binding on the holders of notes, the trustee and the conversion agent. We will provide a schedule of our calculations to the trustee and the conversion agent, and the trustee and the conversion agent are entitled to rely upon the accuracy of our calculations without independent verification.

Governing Law

The indenture and the notes are governed by, and construed in accordance with, the laws of the State of New York.

Information Concerning the Trustee

The Bank of New York is the trustee under the indenture. From time to time, we maintain deposit accounts and conduct other banking transactions with the trustee in the ordinary course of business. The Bank of New York also serves as trustee for certain of our other senior unsecured debt obligations.

Global Notes; Book-Entry; Form

We initially issued the notes in the form of global securities. The global securities were deposited with the trustee as custodian for DTC and registered in the name of a nominee of DTC. Except as set forth below, each global security may be transferred, in whole and not in part, only to DTC or another nominee of DTC. You will hold your beneficial interests in the global securities directly through DTC if you have an account with DTC or indirectly through organizations that have accounts with DTC. Notes in definitive certificated form (called "certificated securities") will be issued only in the limited circumstances described below.

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DTC has advised us that it is:

a limited purpose trust company organized under the laws of the State of New York;

a member of the Federal Reserve System;

a clearing corporation within the meaning of the New York Uniform Commercial Code; and

a clearing agency registered pursuant to the provisions of Section 17A of the Exchange Act.

DTC was created to hold securities of institutions that have accounts with DTC (called participants) and to facilitate the clearance and settlement of securities transactions among its participants in such securities through electronic book-entry changes in accounts of the participants, thereby eliminating the need for physical movement of securities certificates. DTC's participants include securities brokers and dealers, which may include the initial purchasers, banks, trust companies, clearing corporations and certain other organizations. Access to DTC's book-entry system is also available to others such as banks, brokers, dealers and trust companies (called the indirect participants) that clear through or maintain a custodial relationship with a participant, whether directly or indirectly.

We expect that pursuant to procedures established by DTC upon the deposit of the global securities with DTC, DTC will credit, on its book-entry registration and transfer system, the principal amount of notes represented by such global securities to the accounts of participants. The accounts to be credited shall be designated by the initial purchasers. Ownership of beneficial interests in the global securities will be limited to participants or persons that may hold interests through participants. Ownership of beneficial interests in the global securities will be shown on, and the transfer of those beneficial interests will be effected only through, records maintained by DTC (with respect to participants' interests), the participants and the indirect participants.

The laws of some jurisdictions may require that certain purchasers of securities take physical delivery of such securities in definitive form. These laws may impair the ability to transfer or pledge beneficial interests in the global securities.

Owners of beneficial interests in global securities who desire to convert their interests into common stock should contact their brokers or other participants or indirect participants through whom they hold such beneficial interests to obtain information on procedures, including proper forms and cut-off times, for submitting requests for conversion. So long as DTC, or its nominee, is the registered owner or holder of a global security, DTC or its nominee, as the case may be, will be considered the sole owner or holder of the notes represented by the global security for all purposes under the indenture and the notes. In addition, no owner of a beneficial interest in a global security will be able to transfer that interest except in accordance with the applicable procedures of DTC.

Except as set forth below, as an owner of a beneficial interest in a global security, you will not be entitled to have the notes represented by a global security registered in your name, will not receive or be entitled to receive physical delivery of certificated securities and will not be considered to be the owner or holder of any notes under a global security. We understand that under existing industry practice, if an owner of a beneficial interest in a global security desires to take action that DTC, as the holder of the global securities, is entitled to take, DTC would authorize the participants to take such action. Additionally, in such case, the participants would authorize beneficial owners through such participants to take such action or would otherwise act upon the instructions of beneficial owners owning through them.

We will make payments of principal of, premium, if any, and interest (including any additional interest) on the notes represented by the global securities registered in the name of and held by DTC or its nominee to DTC or its nominee, as the case may be, as the registered owner and holder of the global securities. Neither we, the trustee nor any paying agent will have any responsibility or liability for any aspect of the records relating to or payments made on account of beneficial interests in the global securities or for maintaining, supervising or reviewing any records relating to such beneficial interests.

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We expect that DTC or its nominee, upon receipt of any payment of principal of, premium, if any, or interest (including additional interest) of a global security, will credit participants' accounts with payments in amounts proportionate to their respective beneficial interests in the principal amount of the global securities as shown on the records of DTC or its nominee. We also expect that payments by participants or indirect participants to owners of beneficial interests in a global security held through such participants or indirect participants will be governed by standing instructions and customary practices and will be the responsibility of such participants or indirect participants. We will not have any responsibility or liability for any aspect of the records relating to, or payments made on account of, beneficial interests in the global securities for any note or for maintaining, supervising or reviewing any records relating to such beneficial interests or for any other aspect of the relationship between DTC and its participants or indirect participants or the relationship between such participants or indirect participants and the owners of beneficial interests in the global securities owning through such participants.

Transfers between participants in DTC will be effected in the ordinary way in accordance with DTC rules and will be settled in same-day funds.

DTC has advised us that it will take any action permitted to be taken by a holder of notes only at the direction of one or more participants to whose account the DTC interests in the applicable global security is credited and only in respect of such portion of the aggregate principal amount of notes as to which such participant or participants has or have given such direction. However, if DTC notifies us that it is unwilling to be a depository for the global securities or ceases to be a clearing agency or there is an event of default under the notes, DTC will exchange the global securities for certificated securities which it will distribute to its participants and which will be legended, if required, as set forth under applicable securities laws. Although DTC is expected to follow the foregoing procedures in order to facilitate transfers of interests in the global securities among participants of DTC, it is under no obligation to perform or continue to perform such procedures, and such procedures may be discontinued at any time. Neither we nor the trustee will have any responsibility or liability for the performance by DTC or the participants or indirect participants of their respective obligations under the rules and procedures governing their respective operations.

Registration Rights

We have entered into a registration rights agreement with the initial purchasers. Pursuant to the registration rights agreement, we agreed to file, at our expense, with the SEC, subject to certain conditions set forth below, a shelf registration statement on such form as we deem appropriate covering resales by holders of all notes and the common stock issuable upon conversion of the notes. We filed the shelf registration statement of which this prospectus is a part pursuant to such registration rights agreement. We will use our reasonable efforts to keep the shelf registration statement effective until February 22, 2009 or until the earlier of (1) the sale or transfer pursuant to the shelf registration statement of the notes and the common stock issuable upon conversion of the notes, and (2) the date when holders, other than holders that are our affiliates, of the notes and the common stock issuable upon conversion of the notes are able to sell all such securities immediately without restriction pursuant to the volume limitation provisions of Rule 144 under the Securities Act or any successor rule thereto or otherwise.

Upon receipt of a completed selling securityholder questionnaire (a form of which is available upon request to ADM), together with such other information as we may reasonably request from a holder of such notes, we will use our reasonable efforts to file such amendments to the shelf registration statement or supplements to this prospectus as are necessary to permit such holder to deliver this prospectus to purchasers of the notes, subject to our right to suspend the use of the prospectus as discussed below; provided, however, that we will not be required to file an amendment or supplement until we have received questionnaires with respect to at least \$100 million aggregate principal amount of notes; provided, further, however, that we will not be required to file an amendment or supplement more than one time in any calendar quarter for all such holders. Any holder that does not complete and deliver a questionnaire or provide such other information will not be named as a selling securityholder in this prospectus and therefore will not be permitted to sell any notes pursuant to the shelf registration statement.

We will be permitted to suspend the use of the prospectus that is part of the shelf registration statement under certain circumstances relating to pending corporate developments, public filings with the SEC and similar events for a period not to exceed 90 consecutive days or an aggregate of 180 days in any 12-month period. We need not specify the nature of the event giving rise to a suspension in any notice of a suspension provided to the holders.

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This summary of the registration rights agreement is not complete. This summary is subject to, and is qualified in its entirety by reference to, all of the provisions of the registration rights agreement filed as an exhibit to our current report on Form 8-K filed with the SEC on February 22, 2007, which is incorporated herein by reference.

DESCRIPTION OF CAPITAL STOCK

General

The following description of our capital stock is subject to and qualified in its entirety by our certificate of incorporation and bylaws, which are incorporated by reference in a registration statement of which this prospectus forms a part, and by the provisions of applicable Delaware law. Under our certificate of incorporation, we are authorized to issue up to 1,000,000,000 shares of common stock without par value and 500,000 shares of preferred stock without par value. As of August 24, 2007, there were 644,400,507 shares of our common stock outstanding.

Voting Rights

Each holder of our common stock is entitled to one vote per share on all matters to be voted upon by the stockholders.

Dividends

Subject to preferences that may be applicable to any outstanding preferred stock, the holders of our common stock are entitled to receive ratably such dividends, if any, as may be declared from time to time by the board of directors out of funds legally available for that purpose.

Rights Upon Liquidation

In the event of our liquidation, dissolution or winding up, the holders of our common stock are entitled to share ratably in all assets remaining after payment of liabilities, subject to prior distribution rights of preferred stock, if any, then outstanding.

Preemptive or Conversion Rights

The holders of our common stock have no preemptive or conversion rights or other subscription rights. There are no redemption or sinking fund provisions applicable to the common stock.

Preferred Stock

The board of directors has the authority, without action by the stockholders, to designate and issue preferred stock in one or more series and to designate certain rights, preferences and privileges of each series, which may be greater than the rights of the common stock. It is not possible to state the actual effect of the issuance of any shares of preferred stock upon the rights of holders of the common stock until the board of directors determines the specific rights of the holders of such preferred stock. However, the effects might include, among other things:

restricting dividends on the common stock;

diluting the voting power of the common stock;

impairing the liquidation rights of the common stock; or

delaying or preventing a change in control of our company without further action by the stockholders.

No shares of preferred stock are outstanding, and we have no present plans to issue any shares of preferred stock.

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Anti-Takeover Effects of Our Certificate and Bylaws and Delaware Law

Some provisions of Delaware law and our certificate of incorporation and bylaws could make the following more difficult:

acquisition of our company by means of a tender offer;

acquisition of our company by means of a proxy contest or otherwise; or

removal of our incumbent officers and directors.

These provisions, summarized below, are expected to discourage coercive takeover practices and inadequate takeover bids. These provisions are also designed to encourage persons seeking to acquire control of our company to first negotiate with our board. We believe that these provisions give our board the flexibility to exercise its fiduciary duties in a manner consistent with the interests of our stockholders.

Stockholder Meetings. Under our bylaws, the board of directors, the chairman of the board, the president or the executive committee of the board may call special meetings of stockholders. Only stockholders owning a majority of our outstanding capital stock may request the secretary to call a special meeting.

Requirements for Advance Notification of Stockholder Nominations and Proposals. Our bylaws establish advance notice procedures with respect to stockholder proposals and the nomination of candidates for election as directors, other than nominations made by or at the direction of the board of directors or a committee of the board of directors.

Delaware Law. We are subject to Section 203 of the Delaware General Corporation Law. In general, Section 203 prohibits a publicly held Delaware corporation from engaging in a business combination with an interested stockholder for a period of three years following the date the person became an interested stockholder, unless the business combination or the transaction in which the person became an interested stockholder is approved in a prescribed manner. Generally, a business combination includes a merger, asset or stock sale, or other transaction resulting in a financial benefit to the interested stockholder. Generally, an interested stockholder is a person who, together with affiliates and associates, owns or within three years prior to the determination of interested stockholder status, did own, 15% or more of a corporation's voting stock. The existence of this provision may have an anti-takeover effect with respect to transactions not approved in advance by the board of directors, including discouraging attempts that might result in a premium over the market price for the shares of common stock held by stockholders.

Certain Requirements for Stockholder Action by Written Consent. Our certificate of incorporation provides that certain procedures, including notifying the board of directors and awaiting a record date, must be followed for stockholders to act by written consent without a meeting.

No Cumulative Voting. Our certificate of incorporation and bylaws do not provide for cumulative voting in the election of directors.

Undesignated Preferred Stock. The authorization of undesignated preferred stock makes it possible for the board of directors to issue preferred stock with voting or other rights or preferences that could impede the success of any attempt to change control of our company. These and other provisions may have the effect of deferring hostile takeovers or delaying changes in control or management of our company.

Transfer Agent and Registrar

The transfer agent and registrar for our common stock is Hickory Point Bank & Trust, fsb.

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MATERIAL UNITED STATES FEDERAL INCOME TAX CONSIDERATIONS

The following is a summary of certain material U.S. federal income tax considerations of the purchase, ownership and disposition of notes and the shares of common stock into which the notes may be converted but is not a complete analysis of all potential tax consequences relating thereto. This summary is based upon provisions of the Internal Revenue Code of 1986, as amended (the Code), applicable U.S. Treasury regulations, administrative rulings and judicial decisions in effect as of the date hereof, any of which may subsequently be changed, possibly retroactively, or interpreted differently by the Internal Revenue Service, or the IRS, so as to result in U.S. federal income tax consequences different from those discussed below. This summary deals only with a note or share of common stock held as a capital asset. This summary does not address all aspects of U.S. federal income taxes and does not deal with all tax consequences that may be relevant to holders in light of their personal circumstances or particular situations, such as:

tax consequences to holders who may be subject to special tax treatment, including dealers in securities or currencies, financial institutions, regulated investment companies, real estate investment trusts, tax-exempt entities, insurance companies or traders in securities that elect to use a mark-to-market method of accounting for their securities;

tax consequences to persons holding notes or common stock as a part of a hedging, integrated, conversion or constructive sale transaction or a straddle;

tax consequences to U.S. Holders (as defined below) of notes or shares of common stock whose functional currency is not the U.S. dollar;

tax consequences to investors in pass-through entities;

alternative minimum tax consequences, if any;

any state, local or foreign tax consequences; and

estate or gift tax consequences, if any.

If a partnership holds notes or shares of common stock, the tax treatment of a partner will generally depend upon the status of the partner and the activities of the partnership. If you are a partner in a partnership holding the notes or shares of common stock, you should consult your tax advisors.

If you are considering the purchase of notes, you should consult your tax advisors concerning the U.S. federal income tax consequences to you in light of your own specific situation, as well as consequences arising under the laws of any other taxing jurisdiction.

As used herein, the term U.S. Holder means a beneficial owner of notes or shares of common stock received upon conversion of the notes that is, for U.S. federal income tax purposes:

an individual citizen or resident of the United States;

a corporation (or any other entity treated as a corporation for U.S. federal income tax purposes) created or organized in or under the laws of the United States, any state thereof or the District of Columbia;

an estate the income of which is subject to U.S. federal income taxation regardless of its source; or

a trust, if it (i) is subject to the primary supervision of a court within the United States and one or more U.S. persons have the authority to control all substantial decisions of the trust, or (ii) has a valid election in effect under applicable U.S. Treasury regulations to be treated as a U.S. person.

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A Non-U.S. Holder is a beneficial owner (other than a partnership) of notes or shares of common stock received upon conversion of the notes that is not a U.S. Holder. Special rules may apply to certain Non-U.S. Holders such as controlled foreign corporations, passive foreign investment companies, corporations that accumulate earnings to avoid U.S. federal income tax or, in certain circumstances, individuals who are U.S. expatriates. Consequently, Non-U.S. Holders should consult their tax advisors to determine the U.S. federal, state, local and other tax consequences that may be relevant to them.

Consequences to U.S. Holders***Payment of Interest***

Interest on a note will be taxable to a U.S. Holder as ordinary interest income at the time it accrues or is received in accordance with the holder's method of accounting for U.S. federal income tax purposes.

Additional Interest

We may be required to pay additional interest to a U.S. Holder in certain circumstances described above under the heading Description of the Notes Registration Rights. We believe (and the rest of this discussion assumes) there is only a remote possibility that we will be obligated to make any such additional payments on the notes, and the notes therefore will not be treated as contingent payment debt instruments. Assuming our position is respected, any such additional interest would generally be taxable to a U.S. Holder at the time such payments are received or accrued, in accordance with the U.S. Holder's method of accounting for U.S. federal income tax purposes.

Our determination that the notes are not contingent payment debt instruments is not binding on the IRS. If the IRS were to successfully challenge our determination and the notes were treated as contingent payment debt instruments, U.S. Holders would be required, among other things, to accrue interest income (regardless of the holder's method of accounting for U.S. federal income tax purposes) at a rate higher than the stated interest rate on the notes, treat as ordinary income, rather than capital gain, any gain recognized on a sale, exchange or redemption of a note, and treat the entire amount of recognized gain upon a conversion of notes as taxable. Our determination that the notes are not contingent payment debt instruments is binding on U.S. Holders unless they disclose their contrary positions to the IRS in the manner that is required by applicable U.S. Treasury regulations. U.S. Holders should consult their tax advisors concerning the tax effects of the possibility of payments of additional interest.

Market Discount

If a U.S. Holder acquires a note at a cost less than the stated redemption price at maturity of the note, the amount of such difference is treated as market discount, unless such difference is less than 0.25% of the stated redemption price at maturity multiplied by the number of complete years from the date of acquisition to maturity of the note. In general, market discount will be treated as accruing on a straight line basis over the remaining term of the note or, at the U.S. Holder's election, under a constant yield method. If such an election is made, it will apply only to the note with respect to which it is made and may not be revoked.

A U.S. Holder may elect to include market discount in income over the remaining term of the note. Once made, this election applies to all market discount obligations acquired by such U.S. Holder on or after the first taxable year to which the election applies and may not be revoked without the consent of the IRS. If a U.S. Holder acquires a note at a market discount and does not elect to include accrued market discount in income over the remaining term of the note, such U.S. Holder may be required to defer the deduction of a portion of the interest on any indebtedness incurred or maintained to purchase or carry the note until maturity or until a taxable disposition of the note.

If a U.S. Holder acquires a note at a market discount, such U.S. Holder will be required to treat any gain recognized on the disposition of the note as ordinary income to the extent of accrued market discount not previously included in income with respect to the note. If a U.S. Holder disposes of a note with market discount in an otherwise non-taxable transaction, such U.S. Holder may be required to include accrued market discount in income as ordinary income as if such U.S. Holder had sold the note at its then fair market value.

Table of Contents***Amortizable Bond Premium***

If a U.S. Holder acquires a note at a cost greater than the sum of all amounts payable on the note after the acquisition date, other than payments of qualified stated interest, such U.S. Holder generally will be considered to have acquired the note with amortizable bond premium, except to the extent such excess is attributable to the note's conversion feature. The amount attributable to the conversion feature of a note may be determined under any reasonable method, including by comparing the note's purchase price to the market price of a similar note without a conversion feature.

A U.S. Holder generally may elect to amortize bond premium from the acquisition date to the note's maturity date under a constant yield method. Once made, this election applies to all debt obligations held or subsequently acquired by such U.S. Holder on or after the first day of the first taxable year to which the election applies and may not be revoked without the consent of the IRS. The amount amortized in any taxable year generally is treated as an offset to interest income on the note and not as a separate deduction.

Sale, Redemption or Other Taxable Disposition of the Notes

Except as provided below under *Conversion of the Notes into Common Stock and Cash*, a U.S. Holder will generally recognize gain or loss upon the sale, redemption or other taxable disposition of a note equal to the difference between the amount realized (less accrued interest which will be taxable as such) upon the sale, redemption or other taxable disposition (including an exchange with a designated financial institution in lieu of a conversion, as described in *Description of the Notes Exchange in Lieu of Conversion*) and such U.S. Holder's adjusted tax basis in the note. A U.S. Holder's tax basis in a note will generally be equal to the amount that the U.S. Holder paid for the note, increased by any market discount previously included in income with respect to the note, and reduced by any premium previously deducted (or used to offset interest income) with respect to the note. Except as set forth above under

Market Discount, any gain or loss recognized on a taxable disposition of the note will be capital gain or loss. If, at the time of the sale, redemption or other taxable disposition of the note, a U.S. holder is treated as holding the note for more than one year, such gain or loss will be a long-term capital gain or loss. Otherwise, such gain or loss will be a short-term capital gain or loss. For some non-corporate U.S. Holders (including individuals), long-term capital gain generally will be subject to a maximum U.S. federal income tax rate of 15%, which maximum tax rate currently is scheduled to increase to 20% for dispositions occurring during the taxable years beginning on or after January 1, 2011. A U.S. Holder's ability to deduct capital losses may be limited.

Conversion of the Notes into Cash

If a U.S. Holder receives solely cash in exchange for notes upon conversion, the U.S. Holder's gain or loss will be determined in the same manner as if the U.S. Holder disposed of the notes in a taxable disposition (as described above under *Sale, Redemption or Other Taxable Disposition of the Notes*).

Conversion of the Notes into Common Stock and Cash

The tax treatment of a conversion of a note into cash and common stock is uncertain, and U.S. Holders should consult their tax advisors regarding the consequences of such a conversion.

Treatment as a Recapitalization. If a combination of cash and stock is received by you upon conversion of notes (excluding an exchange described in *Description of the Notes Exchange in Lieu of Conversion*), we intend to take the position that the notes are securities for U.S. federal income tax purposes and that the conversion would be treated as a recapitalization (although we cannot guarantee that the IRS will not challenge this conclusion). In such case, gain, but not loss, would be recognized equal to the excess of the sum of the fair market value of the common stock and cash received (other than amounts attributable to accrued interest, which will be treated as described under *Payment of Interest* above, and cash in lieu of a fractional share) over a U.S. Holder's tax basis in the notes (excluding the portion of the tax basis that is allocable to any fractional share), but in no event should the gain recognized exceed the amount of cash received (other than cash received in lieu of a fractional share or cash attributable to accrued interest). The amount of gain or loss recognized on the receipt of cash in lieu of a fractional share would be equal to the difference between the amount of cash a U.S. Holder would receive in respect of the

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fractional share and the portion of the U.S. Holder's tax basis in the note that is allocable to the fractional share. Any gain or loss recognized on conversion generally would be capital gain or loss and would be long-term capital gain or loss if, at the time of the conversion, the note has been held for more than one year.

The tax basis of the shares of common stock received upon such a conversion (other than common stock attributable to accrued interest, the tax basis of which would equal the amount of accrued interest with respect to which the common stock was received) would equal the tax basis of the note that was converted (excluding the portion of the tax basis that is allocable to any fractional share), reduced by the amount of any cash received (other than cash received in lieu of a fractional share or cash attributable to accrued interest), and increased by the amount of gain, if any, recognized (other than with respect to a fractional share). A U.S. Holder's holding period for shares of common stock would include the period during which the U.S. Holder held the notes, except that the holding period of any common stock received with respect to accrued interest would commence on the day after the date of receipt.

Alternative Treatment as Part Conversion and Part Redemption. If the above-discussed conversion of a note into cash and common stock were not treated as a recapitalization, the cash payment received would generally be treated as proceeds from the sale of a portion of the note and taxed in the manner described under *Sale, Redemption or Other Taxable Disposition of the Notes* above (or in the case of cash received in lieu of a fractional share, taxed as a disposition of a fractional share), and the common stock received on such a conversion would be treated as received upon a conversion of the note, which generally would not be taxable to a U.S. Holder except to the extent of any common stock received with respect to accrued interest. In that case, the U.S. Holder's tax basis in the note would generally be allocated pro rata among the common stock received, the fractional share that is treated as sold for cash and the portion of the note that is treated as sold for cash. The holding period for the common stock received in the conversion would include the holding period for the notes, except that the holding period of any common stock received with respect to accrued interest would commence on the day after the date of receipt.

Alternative Treatment as Fully Taxable Exchange. Alternatively, the transaction might be treated as a fully taxable exchange of the entire note for a combination of cash and common stock.

Distributions

Distributions, if any, made on our common stock generally will be included in a U.S. Holder's income as ordinary dividend income to the extent of our current and accumulated earnings and profits. However, with respect to dividends received by individuals, for taxable years beginning before January 1, 2009, such dividends are generally taxed at the lower applicable long-term capital gains rates, provided certain holding period requirements are satisfied. Distributions in excess of our current and accumulated earnings and profits will be treated as a return of capital to the extent of a U.S. Holder's tax basis in the common stock and thereafter as capital gain from the sale or exchange of such common stock. Dividends received by a corporation may be eligible for a dividends received deduction, subject to applicable limitations.

Constructive Distributions

The conversion rate of the notes will be adjusted in certain circumstances. Adjustments (or failures to make adjustments) that have the effect of increasing a U.S. Holder's proportionate interest in our assets or earnings and profits may in some circumstances result in a deemed distribution to a U.S. Holder for U.S. federal income tax purposes. Adjustments to the conversion rate made pursuant to a bona fide reasonable adjustment formula that has the effect of preventing the dilution of the interest of the holders of the notes, however, will generally not be considered to result in a deemed distribution to a U.S. Holder. Certain of the possible conversion rate adjustments provided in the notes (including, without limitation, adjustments in respect of taxable dividends to holders of our common stock) will not qualify as being made pursuant to a bona fide reasonable adjustment formula. If such adjustments are made, a U.S. Holder will be deemed to have received a distribution even though the U.S. Holder has not received any cash or property as a result of such adjustments. Any deemed distributions will be taxable as a dividend, return of capital or capital gain in accordance with the description above under *Distributions*. It is not clear whether a constructive dividend deemed paid to a U.S. Holder would be eligible for the preferential rates of U.S. federal income tax applicable in respect of certain dividends received. It is also unclear whether corporate holders would be entitled to claim the dividends received deduction with respect to any such constructive dividends.

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Because a constructive dividend deemed received by a U.S. Holder would not give rise to any cash from which any applicable backup withholding tax could be satisfied, if we pay backup withholding taxes on behalf of a U.S. Holder (because such U.S. Holder failed to establish an exemption from backup withholding), we may, at our option, set off any such payment against payments of cash and common stock payable on the notes (or, in certain circumstances, against any payments on the common stock).

Sale, Certain Redemptions or Other Taxable Dispositions of Common Stock

Upon the sale, certain redemptions or other taxable dispositions of our common stock, a U.S. Holder generally will recognize capital gain or loss equal to the difference between (i) the amount of cash and the fair market value of any property received upon such taxable disposition and (ii) the U.S. Holder's tax basis in the common stock. Such capital gain or loss will be long-term capital gain or loss if a U.S. Holder's holding period in the common stock is more than one year at the time of the taxable disposition. Long-term capital gains recognized by certain non-corporate U.S. Holders (including individuals) will generally be subject to a maximum U.S. federal income tax rate of 15%, which maximum is currently scheduled to increase to 20% for dispositions occurring during taxable years beginning on or after January 1, 2009. The deductibility of capital losses is subject to limitations.

Possible Effect of the Change in Conversion Consideration After a Change in Control

In certain situations, including a consolidation, merger or combination involving us or a transfer of all or substantially all of our property and assets, we may provide for the conversion of the notes into shares of an acquirer. Depending on the circumstances, such an adjustment could result in a deemed taxable exchange to a U.S. Holder and the modified note could be treated as newly issued at that time, potentially resulting in the recognition of taxable gain or loss.

Information Reporting and Backup Withholding

Information reporting requirements generally will apply to payments of interest on the notes and dividends on shares of common stock and to the proceeds of a sale of a note or share of common stock paid to a U.S. Holder unless the U.S. Holder is an exempt recipient such as a corporation. Backup withholding will apply to those payments if the U.S. Holder fails to provide its correct taxpayer identification number, or certification of exempt status, or if the U.S. Holder is notified by the IRS that it has failed to report in full payments of interest and dividend income. Any amounts withheld under the backup withholding rules will be allowed as a refund or a credit against a U.S. Holder's U.S. federal income tax liability provided the required information is furnished timely to the IRS.

Consequences to Non-U.S. Holders

Payments of Interest

The 30% U.S. federal withholding tax will not be applied to any payment of interest on a note to a Non-U.S. Holder provided that:

interest paid on the note is not effectively connected with the Non-U.S. Holder's conduct of a trade or business in the United States (and, if required by an applicable income tax treaty, is not attributable to a U.S. permanent establishment);

the Non-U.S. Holder does not actually or constructively own 10% or more of the total combined voting power of all classes of our stock that are entitled to vote within the meaning of Section 871(h)(3) of the Code;

the Non-U.S. Holder is not a controlled foreign corporation that is related to us (actually or constructively) through stock ownership;

the Non-U.S. Holder is not a bank whose receipt of interest on a note is described in Section 881(c)(3)(A) of the Code; and

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the Non-U.S. Holder provides its name and address, and certifies, under penalties of perjury, that it is not a U.S. person (which certification may be made on an IRS Form W-8BEN (or other applicable form)), or the Non-U.S. Holder holds the notes through certain foreign intermediaries or certain foreign partnerships and the Non-U.S. Holder and the foreign intermediary or foreign partnership satisfy the certification requirements of applicable U.S. Treasury regulations.

Special certification rules apply to Non-U.S. Holders that are pass-through entities.

If a Non-U.S. Holder cannot satisfy the requirements described above, payments of interest will be subject to the 30% U.S. federal withholding tax, unless the Non-U.S. Holder provides us with a properly executed (1) IRS Form W-8BEN (or other applicable form) claiming an exemption from or reduction in withholding under the benefit of an applicabl