

**Notice to Employees of Archer Daniels Midland Company
of Application for Authorization under
Prohibited Transaction Exemption 96-62, as Amended**

You are hereby notified that Archer Daniels Midland Company ("ADM") has applied *to the U.S. Department of Labor* (the "DO!]) for authorization of a reinsurance transaction. The transaction involves the reinsurance of risks and the receipt of premiums by Agrinational Insurance Company (" Agrlnational"), a subsidiary of ADM, from insurance *contracts that will fund* ADM's long-term disability insurance programs. The purpose of the authorization is to exempt the transaction from certain of the prohibited transaction rules of the *Employee Retirement Income Security Act of 1974*, as amended ("ERISA"). The authorization is necessary because Agrinational is an affiliate of ADM. Due to the relationship between Agrinational and ADM, such reinsurance might otherwise constitute a prohibited transaction under ERISA. This notice informs you of the application to the DOL and certain changes to the ADM Omnibus Health & Welfare Plan *for Hourly Employees* and the ADM Omnibus Health & Welfare Plan for Salaried Employees (the "Plans"), and describes your right *to comment* to the DOL about the proposed transaction.

The Plans

ADM is the sponsor of the Plans. The Plans provide long-term disability benefits to eligible participants. The Plans will provide this benefit to eligible participants under an insurance policy (the "Policy"), issued by Aetna Life Insurance Company ("Aetna"), an unaffiliated insurer which is licensed to conduct disability insurance business and has an A or better rating *from A.M. Best Company* or the equivalent from a similar rating agency.

Changes to the Plan

Agrinational intends to enter into an arrangement with Aetna, in which Aetna will reinsure with Agrinational up to 100% of Aetna's risk under the Policy. Participants who **are** eligible to receive benefits under the Policy, pursuant to the provisions of the Plans, will not be adversely affected by the proposed reinsurance arrangement, as Aetna will remain fully liable for the payment of long-term disability benefits under the Policy. In addition, in anticipation of the Proposed Transaction, ADM is adding an enhanced benefit to the Plans by providing financial planning services consultations with Ayco, L.P., a division of the Goldman Sachs Group, Inc., **for all non-collectively bargained hourly and salaried employees participating in the long-term disability insurance programs under the Plans without cost** to the participants. The value of this enhanced benefit for each participant is in a range of \$240 per year to \$1,500 per year. ADM **will implement these** changes for bargaining unit employees if they are agreed to during negotiations by the unions representing these hourly employees. In addition to the benefit enhancement, the Plans will extend long-term disability benefit coverage eligibility to all non-collectively bargained hourly employees and increase the minimum monthly long-term insurance benefit from \$50 to \$100 for all non-collectively bargained hourly employees and salaried employees.

The financial planning services benefit will provide all non-collectively bargained hourly and salaried employees participating in the long-term disability insurance programs under the Plans with Company-paid financial planning services, including personalized phone-based financial counseling, financial planning web tools and financial education seminars. The Plans do not presently provide a financial planning services benefit

As stated above, the terms of the reinsurance agreement will not adversely affect the Plans' benefits in any way, as it is simply an internal arrangement between Agrinational and Aetna. Aetna will insure the long-term disability benefits provided under the Plans.

Overview of Exemption, Conditions and Representations

The following are the principal conditions and representations imposed by the DOL authorization (a full version of the draft authorization is set forth in the attached "Pending Authorization" Appendix):

- Agrinational is a party in interest with respect to the Plans, as described in section 3(14)(E) of ERISA, by virtue of its stock affiliation with ADM;
- Agrinational is licensed to sell insurance or conduct reinsurance operations in at least one State as defined in section 3(10) of ERISA.¹ For purposes of this transaction, Agrinational is currently licensed to sell insurance or conduct reinsurance operations in the State of Vermont;
- Agrinational has obtained a Certificate of Authority from the insurance commissioner of the State of Vermont to transact the business of a captive insurance company, which has neither been revoked nor suspended;
- Agrinational has undergone an examination by the independent certified public accounting firm of Saslow Lufkin & Buggy, LLP for its last completed taxable year immediately prior to the taxable year of the reinsurance transaction.
- Agrinational is licensed to conduct reinsurance transactions by a State whose law requires that an actuarial review of reserves be conducted annually by an independent firm of actuaries and reported to the appropriate regulatory authority;
- The Plans will pay no more than adequate consideration for the insurance contracts;
- No commissions will be paid by the Plans with respect to the insurance or the reinsurance;
- In the initial year of any contract for coverage of the long-term disability benefits involving Agrinational, there will be an immediate and objectively determined benefit enhancement for those participants and beneficiaries eligible for participation in the long-term disability benefits in the form of increased benefits;

¹ Section 3(10) of ERISA defines "State" to include any State of the United States, the District of Columbia, Puerto Rico, the Virgin Islands, American Samoa, Guam, Wake Island and the Canal Zone.

In subsequent years, the formula used to calculate premiums by Aetna or any successor insurer will be similar to formulae used by other insurers providing comparable coverage under similar programs, the premium charge calculated under the formula will be reasonable, and the premiums will be comparable to the premium charged by the insurer and its competitors with the same or better rating providing the same coverage under comparable programs;

- The Plans will only contract for coverage of the long-term disability benefits with insurers with a rating of A or better from A.M. Best Company or the equivalent rating from another rating agency. The reinsurance arrangement between Aetna and Agrinational will be indemnity reinsurance only (i.e., Aetna is not relieved of liability to the Plans should Agrinational be unable or unwilling to cover any liability arising from the reinsurance arrangement); and
- ***Agrinational will retain an*** independent fiduciary (the "Independent Fiduciary"), at ADM's expense, to analyze the transaction and render ***an*** opinion that the ***requirements*** listed above have been met. For purposes of this transaction, the Independent Fiduciary is a person who:
 1. Is not directly or indirectly, through one or more intermediaries, controlling, controlled by, or under common control with ADM or Agrinational (this relationship hereinafter referred to as an "Affiliate");
 2. Is not an officer, director, employee of, or partner in, ADM or Agrinational (or any Affiliate of either);
 3. Is not a corporation or partnership in which ADM or Agrinational has an ownership interest or is a partner;
 4. Does not have an ownership interest in ADM or Agrinational, or any of either's Affiliates;
 5. Was not a fiduciary with respect to the long-term disability insurance program prior to the appointment in connection with the ***proposed*** transaction;
 6. Has acknowledged in writing acceptance of fiduciary responsibility and has agreed not to participate in any decision with respect to any transaction in which the Independent Fiduciary has an interest that might affect its best judgments as a fiduciary;
 7. Has not received gross income from ADM or Agrinational, or their Affiliates (including amounts received for services as Independent Fiduciary under any prohibited transaction exemption granted by the DOL) for this fiscal year in excess of five percent of its annual gross income from all sources for such fiscal year; and

8. Has not acquired any property from, sold any property to, or borrowed funds from ADM or Agrinational, or their Affiliates, during the period that it serves as an Independent Fiduciary and continuing for a period of six months after it ceases to be an Independent Fiduciary, or negotiates any such transaction during the period that it serves as an Independent Fiduciary.

Independent Fiduciary

For purposes of this transaction, Agrinational has retained Milliman, Inc. ("Milliman") to serve as the Independent Fiduciary. Milliman will represent the interests of the Plans as the Independent Fiduciary at all times with respect to the proposed transaction. Milliman will monitor compliance by the *parties* with the terms and conditions of the proposed transaction, and will take whatever action is necessary and appropriate to safeguard the interest of the Plans and their participants and beneficiaries, with respect thereto, and to insure that the proposed transaction remains in the interest of the Plans and its participants and beneficiaries.

Tentative Authorization of Proposed Transaction

Authorization of the DOL was requested under a procedure, Prohibited Transaction Exemption 96-62, 61 Fed. Reg. 39988 (July 31, 1996), as amended by 67 Fed. Reg. 44622 (July 3, 2002) ("PTE 96-62" the "EXPRO" exemption), which requires that at least two prior exemptions that are substantially similar to the proposed transaction have been granted by the DOL.

ADM and Agrinational, have represented to the DOL that the proposed transaction is substantially similar to three previous prohibited transaction exemptions that were granted by the DOL within the requisite time period: (i) Prohibited Transaction Exemption 2000-48, 65 Fed. Reg. 60452 (Oct. 11, 2000) (Columbia Energy Group); (ii) Prohibited Transaction Exemption 2003-07, 68 Fed. Reg. 23764 (May 5, 2003) (Archer Daniels Midland Company); and (iii) Final Authorization 2003-32E (Nov. 7, 2003) (International Paper Company). In each of these transactions, the *parties* proposed using their respective *captive* insurance companies to reinsure employee benefits. In each case, the parties agreed to provide improved benefits, retain an independent fiduciary, contract only with insurers with an A rating or better from A.M. Best Company or a similar rating agency, and arrange the transaction with the captive as indemnity insurance only. A further description of the Columbia Energy Group and Archer Daniels Midland Company transactions and the DOL's comments relating thereto may be found in the notice of proposed exemptions published in the Federal Register at the following citations: PTE 2000-48, 65 Fed. Reg. 50237 (Aug. 17, 2000) and PTE 2003-07, 68 Fed. Reg. 10043 (March 3, 2003).

The proposed transaction described in this notice has met all of the requirements for tentative authorization from the DOL under PTE 96-62. Unless the DOL otherwise notifies ADM, final authorization under PTE 96-62 will be effective on January 25, 2009.

Your Right to Comment on Tentative Authorization

All interested persons have *the right* to submit comments, if they choose, on the tentative **authorization. Comments** should be sent to the following address:

Employee **Benefits Security Administration**
Office of Exemption Determinations, Division of Individual Exemptions
U.S. **Department** of Labor
200 Constitution Avenue, N.W., Room N-5700
Washington, D.C. 20210

Anyone should note that it relates to EXPRO Submission No. E-00612. All comments must be received by the Department of Labor by January 20, 2009.

Comments or questions may be faxed or e-mailed to the DOL. The fax number is (202) 219-0204 and the e-mail address is vaughan.anna@dol.gov.

In anticipation of the proposed transaction, ADM implemented the enhanced benefit, financial planning services consultations with Ayco, L.P. ADM will implement these changes for bargaining unit employees if they **are** agreed to during negotiations by the unions representing these hourly employees. Also in anticipation of the proposed transaction, ADM expects to implement the extension of benefit coverage and increase in monthly long term insurance benefits, as discussed above in page 1, effective January 1, 2009. ADM expects to implement the reinsurance arrangement as of *January* 25, 2009, assuming the final authorization of the proposed transaction by the DOL **will** be effective on that date.

APPENDIX

Pending Authorization

The restrictions of sections 406(a) and 406(b) of the Employee Retirement Income Security Act of 1974, as amended (the "Act") shall not apply to the reinsurance of risks and the receipt of premiums therefrom by Agrinational Insurance Company ("Agrinational") in connection with insurance contracts sold by Aetna Life Insurance Company ("Aetna"), or any successor insurance company to Aetna which is unrelated to Archer Daniels Midland Company ("ADM"), to provide long-term disability benefits to participants in the ADM Omnibus Health & Welfare Plan for Hourly Employees and the ADM Omnibus Health & Welfare Plan for Salaried Employees (the "Plans"), provided the following conditions are met:

a. Agrinational -

1. Is a party in interest with respect to the Plans, as described in section 3(14)(E) of ERISA, by virtue of its stock affiliation with ADM;

2. Is licensed to sell insurance or conduct reinsurance operations in at least one State as defined in section 3(10) of ERISA;

3. Has obtained a Certificate of Authority from the Insurance Commissioner of its domiciliary state which has neither been revoked nor suspended;

4. (A) Has undergone an examination by an independent certified public accountant for its last completed taxable year immediately prior to the taxable year of the reinsurance transaction; or

(B) Has undergone a financial examination (within the meaning of the law of its domiciliary State, Vermont) by the Insurance Commissioner of the State of Vermont within the 5 years prior to the end of the year in which the reinsurance transaction occurred; and

5. Is licensed to conduct reinsurance transactions by a State whose law requires that an actuarial review of reserves be conducted annually by an independent firm of actuaries and reported to the appropriate regulatory authority; and

b. The Plans pay no more than adequate consideration for the insurance contracts;

c. No commissions are paid by the Plans with respect to the insurance or the reinsurance;

d. In the initial year of any contract for coverage of the long-term disability benefits involving Agrinational, there will be an immediate and objectively determined benefit enhancement for those participants and beneficiaries eligible for participation in the long-term disability benefits in the form of increased benefits;

e.. 1n. subsequent years, the formula used to calculate premiums by Aetna or any successor insurer will be similar to formulae used by other insurers providing comparable coverage under similar programs. Furthermore, the premium charge calculated in accordance with the formula will be reasonable and wilt be comparable to the premium charged by the insurer and its competitors with the same or a better rating providing the same coverage under comparable programs;

f. The Plans only contracts for coverage of the long-term disability benefits with insurers with a rating of A or better from A.M. Best Company. The reinsurance arrangement between the insurers and Agrinational will be indemnity reinsurance only (i.e., the insurer will not be relieved of liability to the Plan should Agrinational be unable or unwilling to cover any liability arising from the reinsurance arrangement);

g. Agrinational retains an independent fiduciary (the "Independent Fiduciary"), at ADM's expense, to analyze the transaction and render an opinion that the requirements of sections a. through f. have been met. For purposes of this exemption, the Independent Fiduciary is a person who:

1. Is not directly or indirectly, through one or more intermediaries, controlling, controlled by, or under common control with ADM or Agrinational (this relationship hereinafter referred to as an "Affiliate");

2. Is not an officer, director, employee of, or partner in, ADM or Agrinational **(or any Affiliate of either);**

3. Is not a corporation or partnership in which ADM or Agrinational has an ownership interest or is a partner;

4. Does not have an ownership interest in ADM or Agrinational, or any of either's Affiliates;

5. Is not a fiduciary with respect to the long-term disability insurance program in the Plans prior to the appointment in connection with a transaction involving the long-term disability benefits; and

6. Has acknowledged in writing acceptance of fiduciary responsibility and has agreed not to participate in any decision with respect to any transaction in which the Independent Fiduciary has an interest that might affect its best judgments as a fiduciary.

For purposes of this definition of an "Independent Fiduciary," no organization or individual *may serve as an* Independent Fiduciary for any fiscal year if the gross income received by such *organization or* individual (or partnership or *corporation of which such individual* is an officer, director, or 10 percent or more partner or shareholder) from ADM, Agrinational. *or their Affiliates* (including amounts received for services as Independent Fiduciary under any prohibited transaction exemption granted by the Department) for that fiscal year exceeds 5 percent of that organization or individual's annual gross income from all sources for such fiscal year.

In addition, no organization or individual who is an Independent Fiduciary, and no partnership or corporation of which such organization or individual is an officer, director, or 10 percent or more partner or shareholder, may acquire any property from, sell any property to, or borrow funds from ADM, Agrinational, or their Affiliates during the **period** that such organization or individual serves as Independent Fiduciary, and continuing for a period of six months after such **organization** or individual ceases to be an Independent Fiduciary, or **negotiates** any such transaction **during the period that such organization or individual serves as** Independent Fiduciary.