

ARCHER DANIELS MIDLAND CO

Form 11-K

June 20, 2018

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D. C. 20549

FORM 11-K

ANNUAL REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2017

OR

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

For the transition period \_\_\_\_\_ To \_\_\_\_\_

Commission file number 1-44

ARCHER-DANIELS-MIDLAND COMPANY

A. Full title of the plan and the address of the plan, if different from that of the issuer named below:

ADM 401(k) and Employee Stock Ownership Plan for Salaried Employees

ADM 401(k) and Employee Stock Ownership Plan for Hourly Employees

B. Name of the issuer of the securities held pursuant to the plan and the address of its principal executive office:

Archer-Daniels-Midland Company

77 West Wacker Drive

Suite 4600

Chicago, Illinois 60601

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Financial Statements and Supplemental Schedules

ADM 401(k) and Employee Stock Ownership Plan for Salaried Employees and  
ADM 401(k) and Employee Stock Ownership Plan for Hourly Employees  
Years Ended December 31, 2017 and 2016  
With Report of Independent Registered Public Accounting Firm

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ADM 401(k) and Employee Stock Ownership Plan for Salaried Employees and  
ADM 401(k) and Employee Stock Ownership Plan for Hourly Employees

Financial Statements and Supplemental Schedules

Years Ended December 31, 2017 and 2016

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Exhibit:

Consent of Independent Registered Public Accounting Firm Exhibit 23

Report of Independent Registered Public Accounting Firm

To the Plan Participants and the Plan Administrator of the ADM 401(k) and Employee Stock Ownership Plan for Salaried Employees and the ADM 401(k) and Employee Stock Ownership Plan for Hourly Employees

Opinion on the Financial Statements

We have audited the accompanying statements of net assets available for benefits of the ADM 401(k) and Employee Stock Ownership Plan for Salaried Employees and the ADM 401(k) and Employee Stock Ownership Plan for Hourly Employees (the "Plans") as of December 31, 2017 and 2016, and the related statements of changes in net assets available for benefits for the year ended December 31, 2017, and the related notes (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the net assets available for benefits of the Plans at December 31, 2017 and 2016, and the changes in their net assets available for benefits for the year ended December 31, 2017, in conformity with U.S. generally accepted accounting principles.

Basis for Opinion

These financial statements are the responsibility of the Plans' management. Our responsibility is to express an opinion on the Plans' financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Plans in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Plans are not required to have, nor were we engaged to perform, an audit of their internal control over financial reporting. As part of our audits we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Plans' internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the financial statement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Supplemental Schedules

The accompanying supplemental schedules of assets (held at end of year) as of December 31, 2017, have been subjected to audit procedures performed in conjunction with the audits of the Plans' financial statements. The information in the supplemental schedules is the responsibility of the Plans' management. Our audit procedures included determining whether the information reconciles to the financial statements or the underlying accounting and other records, as applicable, and performing procedures to test the completeness and accuracy of the information presented in the supplemental schedules. In forming our opinion on the information, we evaluated whether such information, including its form and content, is presented in conformity with the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

/s/ Ernst & Young LLP

We have served as the Plans' auditor since at least 1979, but we are unable to determine the specific year.

St. Louis, Missouri

June 20, 2018

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ADM 401(k) and Employee Stock Ownership Plan for Salaried Employees and  
 ADM 401(k) and Employee Stock Ownership Plan for Hourly Employees

Statements of Net Assets Available for Benefits

	December 31, 2017	
	Salaried Plan	Hourly Plan
Assets		
Interest in Master Trust	\$ 1,658,400,705	\$ 520,623,258
Notes receivable from participants	25,654,888	29,860,884
Contributions receivable from employer	2,581,370	1,938,938
Net assets available for benefits	\$ 1,686,636,963	\$ 552,423,080

	December 31, 2016	
	Salaried Plan	Hourly Plan
Assets		
Interest in Master Trust	\$ 1,543,938,632	\$ 478,358,613
Notes receivable from participants	25,814,280	28,448,275
Contributions receivable from employer	2,763,880	2,161,279
Net assets available for benefits	\$ 1,572,516,792	\$ 508,968,167

See accompanying notes.

ADM 401(k) and Employee Stock Ownership Plan for Salaried Employees and  
 ADM 401(k) and Employee Stock Ownership Plan for Hourly Employees

Statements of Changes in Net Assets Available for Benefits

	Year Ended December 31, 2017	
	Salaried Plan	Hourly Plan
Additions:		
Interest income from participant notes receivable	\$1,315,223	\$1,315,127
Contributions from employer	33,766,891	21,867,769
Contributions from participating employees	68,360,022	34,387,436
Net investment gain from plan interest in Master Trust	164,973,094	42,750,670
Transfers	8,341,380	3,774,738
	276,756,610	104,095,740
Deductions:		
Withdrawals	144,033,965	51,036,116
Transfers	3,879,589	9,593,350
	147,913,554	60,629,466
Net increase before transfers to other qualified plans	128,843,056	43,466,274
Transfers to other qualified plans	(14,722,885)	(11,361)
Net increase	114,120,171	43,454,913
Net assets available for benefits at beginning of year	1,572,516,792	508,968,167
Net assets available for benefits at end of year	\$1,686,636,963	\$552,423,080
	Year Ended December 31, 2016	
	Salaried Plan	Hourly Plan
Additions:		
Interest income from participant notes receivable	\$1,204,105	\$1,150,944
Contributions from employer	33,400,099	20,942,982
Contributions from participating employees	65,265,955	32,333,962
Net investment gain from plan interest in Master Trust	171,525,836	54,728,843
Transfers	5,731,130	2,876,026
	277,127,125	112,032,757
Deductions:		
Withdrawals	105,800,594	44,016,898
Transfers	3,135,334	8,892,712
	108,935,928	52,909,610
Net increase before transfers from other qualified plans	168,191,197	59,123,147
Transfers from other qualified plans	3,735,194	810,256
Net increase	171,926,391	59,933,403
Net assets available for benefits at beginning of year	1,400,590,401	449,034,764
Net assets available for benefits at end of year	\$1,572,516,792	\$508,968,167

See accompanying notes.





ADM 401(k) and Employee Stock Ownership Plan for Salaried Employees and  
ADM 401(k) and Employee Stock Ownership Plan for Hourly Employees

Notes to Financial Statements

1. Description of the Plans

General

The ADM 401(k) and Employee Stock Ownership Plan for Salaried Employees (the Salaried Plan) and the ADM 401(k) and Employee Stock Ownership Plan for Hourly Employees (the Hourly Plan) (collectively, the Plans), each of which includes an employee stock ownership component, are defined contribution plans available to all eligible salaried and hourly employees, respectively of Archer-Daniels-Midland Company (ADM or the Company) and its participating affiliates. The Plans are subject to the provisions of the Employee Retirement Income Security Act of 1974, as amended (ERISA). The following description of the Plans provides only general information regarding the Plans as of December 31, 2017. Participants should refer to the appropriate plan document and the prospectus for a more complete description of the applicable plan's provisions.

Employee eligibility varies by employment class, location, and employment status. Complete information regarding employee eligibility is described in the plan documents, summary plan descriptions, and, in certain cases, an appendix to the appropriate plan.

Arrangement with Related Party and Investment in ADM Common Stock

Fidelity Management Trust Company is the trustee for the Plans. ADM management decided to switch trustees during fiscal year 2017. Mercer Trust Company was the trustee through September 30, 2017. Our current trustee, Fidelity Management Trust Company has handled the plans through December 31, 2017. The Plans hold investments in ADM common stock. These transactions qualify as party-in-interest transactions; however, they are exempt from the prohibited transaction rules under ERISA. Furthermore, dividends paid on ADM common stock held in participant accounts are automatically reinvested in additional shares of the Company's common stock purchased on the market unless the participant has elected to receive a distribution of such dividends in cash. The Master Trust held 10,526,490 and 11,020,220 shares of ADM common stock as of December 31, 2017 and 2016, respectively. There is no time requirement for holding common stock purchased with ordinary dividends. The total amount of dividends paid on ADM common stock for the years ended December 31, 2017 and 2016 was \$13,701,807 and \$13,750,594, respectively.

Contributions

Under the terms of the Plans, employees electing to participate can contribute from 1% up to as much as 75% of their eligible compensation to the plan, subject to certain Internal Revenue Service (IRS) limitations and the respective plan's provisions for the participating location. Participants age 50 or older can make additional "catch-up" contributions, up to the limits allowed under the tax laws. Eligible new hires are automatically initially enrolled at 6% unless they file an affirmative election requesting a higher or lower participation percentage within the terms of the applicable plan.



ADM 401(k) and Employee Stock Ownership Plan for Salaried Employees and  
ADM 401(k) and Employee Stock Ownership Plan for Hourly Employees

Notes to Financial Statements (continued)

1. Description of the Plans (continued)

ADM's matching contributions are made in cash. The Company matches 100% of all contributions up to 2% of compensation, and 50% of all contributions between 3% and 6%. The Company also makes a non-elective contribution of 1% of plan-defined compensation to all eligible employees' accounts, subject to each plan's provisions, which may vary by participating locations.

Vesting

The Company's match and non-elective contributions vest over a two-year period. For the Hourly Plan, the vesting dates may vary for hourly bargaining unit employees. Employees should refer to the plan appendix applicable to their plan and participating location for more complete information regarding employee contributions, employer match, and non-elective contribution eligibility and limitations.

Forfeitures

Participants forfeit their nonvested balances upon the earlier of the full distribution of their vested account following termination of employment or a break in service of five years. If a participant receives a distribution of his or her vested account, and the participant is rehired before incurring a five-year break in service, any nonvested balance that previously was forfeited will be reinstated if the participant repays the vested balance that was distributed. Forfeited balances of terminated participant's nonvested accounts are applied to pay administrative expenses, used to reduce employer contributions, or otherwise applied in accordance with the terms of the applicable plan. As of December 31, 2017, unallocated forfeiture balances for the Salaried and Hourly Plans were \$14,171 and \$27,208, respectively. As of December 31, 2016, unallocated forfeiture balances for the Salaried and Hourly Plans were \$44,451 and \$5,950, respectively. In 2017, forfeitures used to reduce employer contributions for the Salaried and Hourly Plans were \$1,482 and \$18, respectively, and forfeitures used to pay administrative expenses for the Salaried and Hourly Plans were \$21,171 and \$21,227, respectively. In 2016, forfeitures used to reduce employer contributions for the Salaried and Hourly Plans were \$1,125,630 and \$1,005,677, respectively, and forfeitures used to pay administrative expenses for the Salaried and Hourly Plans were \$59,909 and \$56,851, respectively.

Investment Options

Participants may invest their contributions in one or more of the investment options offered by the Plans, including ADM common stock. Participants can elect at any time to convert all or any number of the shares of ADM common stock held in their accounts to cash and have the cash transferred within the plan to be invested in the investment options available under the applicable plan.

Participants can also elect to sell any portion of the investment options in their accounts and reinvest the proceeds in one or more of the other investment options.



ADM 401(k) and Employee Stock Ownership Plan for Salaried Employees and  
ADM 401(k) and Employee Stock Ownership Plan for Hourly Employees

Notes to Financial Statements (continued)

1. Description of the Plans (continued)

Participant Loans

For eligible salaried and hourly employees, loans are allowed for general purposes or for home purchase. General purpose loans are available for terms of up to five years, and home purchase loans are available for terms of up to ten years.

Eligible participants may borrow from their plan accounts a minimum of \$1,000, or the full amount available to them if less, or the amount available to the participant up to the lesser of \$50,000 less the participant's highest outstanding vested loan balance within the past year, 50% of their vested participant account balance, or 100% of their loan-eligible plan accounts. A "loan-eligible plan account" for this purpose is any plan account except an account consisting of Roth contributions (including Roth 401(k) contributions and Roth account rollovers) and earnings thereon. A maximum of one loan may be outstanding to a participant at any time.

The loans are secured by the balance in the participant's account and bear interest at a rate equal to the prime rate at the time of the loan's issuance plus 1%. Principal and interest are repaid ratably through payroll deductions, with payments taken from each paycheck. Eligibility for the general purpose loan varies by each plan's provisions.

Complete information regarding participant loans is described in the plan document, summary plan description, participant loan policy statement, and, in certain cases, an appendix to the appropriate plan.

Participant Accounts

Each participant's account contains the participant's contributions, rollover or transferred accounts from other qualified plans, the Company's matching and non-elective contributions, investment earnings and/or losses and an allocation of administrative expenses. The benefit to which a participant is entitled is the vested benefit that can be provided from the participant's account.

Payment of Benefits

Upon separation from service with the Company due to death, disability, retirement, or termination, a participant may elect to receive a lump-sum or may elect a delayed distribution (available for accounts of more than \$5,000). A participant whose vested account balance is \$1,000 or less will automatically receive a lump-sum distribution as soon as administratively practicable.

ADM 401(k) and Employee Stock Ownership Plan for Salaried Employees and  
ADM 401(k) and Employee Stock Ownership Plan for Hourly Employees

Notes to Financial Statements (continued)

1. Description of the Plans (continued)

Withdrawal

In-service withdrawals are available in certain limited circumstances, as defined by the plan. Hardship withdrawals are allowed for participants incurring an immediate and heavy financial need, as defined by the plan. Hardship withdrawals are strictly regulated by the Internal Revenue Service (IRS), and a participant must exhaust all available loan options and available distributions prior to requesting a hardship withdrawal.

Plan Divestitures

In 2017, the Company completed the divestiture of Crop Risk Services. Effective April 30, 2017, the active Crop Risk Services employees were no longer eligible for ADM benefits. Effective August 1, 2017, ADM transitioned the 401(k) plan assets related to Crop Risk Services out of the Plans. The net assets transferred from the Salaried Plan totaled \$14,722,885. The net assets transferred from the Hourly Plan totaled \$11,361.

2. Significant Accounting Policies

Basis of Accounting

The accounting records of the Plans are maintained on the accrual basis.

Use of Estimates

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

Investment Valuation and Income Recognition

Investments in the Master Trust are reported at fair value (except for the Stable Value Fund, the fully-benefit responsive synthetic investment contract). Further information regarding the valuation techniques used to measure the fair value of investment assets held the Master Trust is included in the Fair Value Measurements footnote (see Note 3).

ADM 401(k) and Employee Stock Ownership Plan for Salaried Employees and  
ADM 401(k) and Employee Stock Ownership Plan for Hourly Employees

Notes to Financial Statements (continued)

2. Significant Accounting Policies (continued)

Notes Receivable from Participants

Notes receivable from participants represent participant loans that are recorded at their unpaid principal balance plus any accrued but unpaid interest. Interest income on notes receivable from participants is recorded when it is earned. Related fees are recorded as administrative expenses and are expensed when they are incurred. No allowance for credit losses has been recorded as of December 31, 2017 and 2016. If a participant ceases to make loan repayments and the plan administrator deems the participant loan to be a distribution, the participant loan balance is reduced and a benefit payment is recorded.

New Accounting Pronouncements

In February 2017, the Financial Accounting Standards Boards issued Accounting Standards Update (ASU) 2017-06, Plan Accounting: Defined Benefit Pension Plans (Topic 960), Defined Contribution Pension Plans (Topic 962) Health and Welfare Benefit Plans (Topic 965): Employee Benefit Plan Master Trust Reporting. ASU 2017-06 requires a plan to present its interest in a master trust and the change in that interest in separate line items in the statement of net assets available for benefits and in the statement of changes in net assets available for benefits, respectively. It also requires a plan to disclose the master trust's investments and other assets and liabilities, as well as the dollar amount of its interest in these balances. ASU 2017-06 is effective for entities for fiscal years beginning after December 15, 2018, with retrospective application to all periods presented. Early application is permitted. Management is currently evaluating the impact of the adoption to the Plans' financial statement disclosures and the timing of adoption.

3. Fair Value Measurements

The Plans' assets are valued as required by ASC 820. ASC 820 establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurement) and the lowest priority to unobservable inputs (Level 3 measurement). The three levels are described below:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Observable inputs, including Level 1 prices that have been adjusted; quoted prices for similar assets or liabilities; quoted prices in markets that are less active than traded exchanges; and other inputs that are observable or can be substantially corroborated by observable market data.

Level 3: Unobservable inputs that are supported by little or no market activity and that are a significant component of the fair value of the assets or liabilities.