MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

TABULAR DISCLOSURE OF CONTRACTUAL OBLIGATIONS

The following table summarizes our scheduled contractual obligations and their expected maturities at December 31, 2004, and the effect such obligations are expected to have on our liquidity and cash flows in the future periods indicated.

(US$ in millions)

					December 31, 2004
Contractual Obligations	**Total**	**Less than 1 Year**	**1–3 Years**	**4–5 Years**	**After 5 Years**
Commercial paper borrowings (1)	$ 401	$ 401	$ –	$ –	$ –
Other short-term borrowings (1)	140	140	–	–	–
Long-term debt (1)	2,740	140	850	70	1,680
Freight supply agreements (2)	5,883	547	871	575	3,890
Non-cancelable lease obligations	456	92	202	102	60
Inventory purchase commitments	193	193	–	–	–
Total contractual obligations	$ 9,813	$ 1,513	$ 1,923	$ 747	$ 5,630

(1) We also have interest obligations on our outstanding borrowings.

(2) In the ordinary course of business, we enter into purchase commitments for time on ocean freight vessels and freight service on railroad lines for the purpose of transporting agricultural commodities. In addition, we sell time on these ocean freight vessels when excess freight capacity is available. These agreements range from two months to six years in the case of ocean freight vessels and 10 to 23 years in the case of railroad services. Actual amounts paid under these contracts may differ due to the variable components of these agreements and the amount of income earned by us on the sale of excess capacity. The cost of our freight supply agreements is passed through to our customers in the ordinary course of business, and as a result, such amounts are expected to be fully recovered.

EMPLOYEE BENEFIT PLANS We expect to contribute $17 million to our defined benefit plans and $2 million to our postretirement healthcare benefit plans in 2005.

QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

RISK MANAGEMENT As a result of our global operating and financing activities, we are exposed to changes in agricultural commodity prices, foreign currency exchange rates, interest rates and energy and transportation costs which may affect our results of operations and financial position. We use derivative financial instruments for the purpose of managing the risks and/or costs associated with fluctuations in commodity prices, foreign exchange, interest rates and transportation costs. While these hedging instruments are subject to fluctuations in value, those fluctuations are generally offset by the value of the underlying exposures being hedged. The counter-parties to these contractual arrangements are primarily major financial institutions or, in the case of commodity futures and options, a commodity exchange. As a result, credit risk arising from these contracts is not significant and we do not anticipate any significant losses. Our board of directors' finance and risk management committee supervises, reviews and periodically revises our overall risk management policies and risk limits. We only enter into derivatives that are related to our inherent business and financial exposure as a global agribusiness company.

COMMODITIES RISK We operate in many areas of the food industry from agricultural raw materials to the production and sale of branded food products. As a result, we use and produce various materials, many of which are agricultural commodities, including soybeans, soybean oil, soybean meal, wheat and corn. Agricultural commodities are subject to price fluctuations due to a number of unpredictable factors that may create price risk. We are also subject to the risk of counter-party defaults under forward purchase or sale contracts.

We enter into various derivative contracts, primarily exchange-traded futures, with the objective of managing our exposure to adverse price movements in the agricultural commodities used for our business operations. We have established policies that limit the amount of unhedged fixed-price agricultural commodity positions permissible for our operating companies, which are a combination of quantity and value at risk limits. We measure and review our sensitivity to our net commodities position on a daily basis.

We use a sensitivity analysis to estimate our daily exposure to market risk on our agricultural commodity position. The daily net agricultural commodity position consists of inventory, related purchase and sale contracts, and exchange-traded contracts, including those used to hedge portions of our production requirements. The fair value of that position is a summation of the fair