Bunge LTD
Form 10-Q
August 01, 2012
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# UNITED STATES
# SECURITIES AND EXCHANGE COMMISSION

**WASHINGTON, D.C. 20549**

# FORM 10-Q

x **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

**For the quarterly period ended June 30, 2012**

**OR**

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

**For the transition period from to**

**Commission File Number 001-16625**

# BUNGE LIMITED

(Exact name of registrant as specified in its charter)

| | |
|---|---|
| **Bermuda**<br>(State or other jurisdiction of incorporation or organization) | **98-0231912**<br>(I.R.S. Employer Identification No.) |
| **50 Main Street, White Plains, New York**<br>(Address of principal executive offices) | **10606**<br>(Zip Code) |

**(914) 684-2800**

(Registrant s telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes x No o

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes x No o

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See the definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act. (Check one):

| | |
|---|---|
| Large accelerated filer x | Accelerated filer o |
| Non-accelerated filer o<br>(Do not check if a smaller reporting company) | Smaller reporting company o |

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Securities Exchange Act of 1934). Yes o No x

As of July 27, 2012 the number of shares issued of the registrant was:

Common shares, par value $.01 per share: 146,055,782

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**BUNGE LIMITED**

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## PART I   FINANCIAL INFORMATION

## ITEM 1.   FINANCIAL STATEMENTS

## BUNGE LIMITED AND SUBSIDIARIES

## CONDENSED CONSOLIDATED STATEMENTS OF INCOME

**(Unaudited)**

**(U.S. dollars in millions, except per share data)**

| | Three Months Ended June 30, 2012 | Three Months Ended June 30, 2011 | Six Months Ended June 30, 2012 | Six Months Ended June 30, 2011 |
|---|---|---|---|---|
| Net sales | $ 15,090 | $ 14,488 | $ 28,536 | $ 26,682 |
| Cost of goods sold | (14,430) | (13,841) | (27,355) | (25,396) |
| **Gross profit** | **660** | **647** | **1,181** | **1,286** |
| Selling, general and administrative expenses | (396) | (383) | (815) | (727) |
| Interest income | 21 | 23 | 47 | 44 |
| Interest expense | (82) | (70) | (144) | (142) |
| Foreign exchange gain (loss) | 18 | 77 | 84 | 119 |
| Other income (expense) net | (8) | 1 | (37) | (7) |
| Gain on sale of investments in affiliates | 85 | 37 | 85 | 37 |
| Gain on acquisition of controlling interest | 36 | | 36 | |
| **Income before income tax** | **334** | **332** | **437** | **610** |
| Income tax expense | (68) | (20) | (82) | (63) |
| **Net income** | **266** | **312** | **355** | **547** |
| Net loss (income) attributable to noncontrolling interest | 8 | 4 | 11 | 1 |
| **Net income attributable to Bunge** | **274** | **316** | **366** | **548** |
| Convertible preference share dividends | (9) | (9) | (17) | (17) |
| **Net income available to Bunge common shareholders** | **$ 265** | **$ 307** | **$ 349** | **$ 531** |
| **Earnings per common share basic (Note 19)** | | | | |
| Earnings to Bunge common shareholders | $ 1.82 | $ 2.08 | $ 2.39 | $ 3.61 |
| **Earnings per common share diluted (Note 19)** | | | | |

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| Earnings to Bunge common shareholders | $ | 1.78 | $ | 2.02 | $ | 2.37 | $ | 3.51 |
| | | | | | | | | |
| Dividends per common share | $ | 0.27 | $ | 0.25 | $ | 0.52 | $ | 0.48 |

The accompanying notes are an integral part of these condensed consolidated financial statements.

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**BUNGE LIMITED AND SUBSIDIARIES**

**CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)**

**(Unaudited)**

**(U.S. dollars in millions)**

| | Three Months Ended June 30, 2012 | Three Months Ended June 30, 2011 | Six Months Ended June 30, 2012 | Six Months Ended June 30, 2011 |
|---|---|---|---|---|
| Net income | $ 266 | $ 312 | $ 355 | $ 547 |
| Other comprehensive income (loss): | | | | |
| Foreign exchange translation adjustment | (1,133) | 361 | (798) | 658 |
| Unrealized gains (losses) on commodity futures and foreign exchange contracts designated as cash flow hedges, net of tax (expense) benefit of $12 and $8 in 2012, $(7) and $(7) in 2011 | (25) | 9 | (16) | 13 |
| Unrealized gains (losses) on investments, net of tax (expense) benefit of $1 and $(6) in 2012, $(2) and $(2) in 2011 | (2) | 3 | 11 | 3 |
| Reclassification of realized net losses (gains) to net income, net of tax expense (benefit) of $(1) and $0 in 2012, $7 and $7 in 2011 | 21 | (13) | 21 | (13) |
| Pension adjustment, net of tax (expense) benefit of nil in all periods | | | 1 | (2) |
| Total other comprehensive income (loss) | (1,139) | 360 | (781) | 659 |
| Total comprehensive income (loss) | (873) | 672 | (426) | 1,206 |
| Less: comprehensive (income) loss attributable to noncontrolling interest | 47 | (6) | 37 | (17) |
| **Total comprehensive income (loss) attributable to Bunge** | **$ (826)** | **$ 666** | **$ (389)** | **$ 1,189** |

The accompanying notes are an integral part of these condensed consolidated financial statements.

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**BUNGE LIMITED AND SUBSIDIARIES**

**CONDENSED CONSOLIDATED BALANCE SHEETS**

**(Unaudited)**

**(U.S. dollars in millions, except share data)**

| | | June 30, 2012 | | December 31, 2011 |
|---|---|---|---|---|
| **ASSETS** | | | | |
| Current assets: | | | | |
| Cash and cash equivalents | $ | 467 | $ | 835 |
| Trade accounts receivable (less allowances of $117 and $113) (Note 13) | | 2,805 | | 2,459 |
| Inventories (Note 4) | | 7,930 | | 5,733 |
| Deferred income taxes | | 394 | | 305 |
| Other current assets (Note 5) | | 4,764 | | 3,796 |
| Total current assets | | 16,360 | | 13,128 |
| | | | | |
| Property, plant and equipment, net | | 5,596 | | 5,517 |
| Goodwill (Note 6) | | 880 | | 893 |
| Other intangible assets, net | | 306 | | 220 |
| Investments in affiliates (Note 7) | | 278 | | 600 |
| Deferred income taxes | | 1,276 | | 1,211 |
| Other non-current assets (Note 8) | | 2,017 | | 1,706 |
| **Total assets** | **$** | **26,713** | **$** | **23,275** |
| | | | | |
| **LIABILITIES AND EQUITY** | | | | |
| Current liabilities: | | | | |
| Short-term debt | $ | 2,332 | $ | 719 |
| Current portion of long-term debt (Note 12) | | 315 | | 14 |
| Trade accounts payable | | 3,048 | | 3,173 |
| Deferred income taxes | | 275 | | 152 |
| Other current liabilities (Note 10) | | 3,704 | | 2,889 |
| Total current liabilities | | 9,674 | | 6,947 |
| | | | | |
| Long-term debt (Note 12) | | 4,247 | | 3,348 |
| Deferred income taxes | | 155 | | 134 |
| Other non-current liabilities | | 765 | | 771 |
| | | | | |
| Commitments and contingencies (Note 16) | | | | |
| | | | | |
| Equity (Note 17): | | | | |
| Convertible perpetual preference shares, par value $.01; authorized, issued and outstanding: 2012 and 2011 6,900,000 shares (liquidation preference $100 per share) | | 690 | | 690 |
| Common shares, par value $.01; authorized 400,000,000 shares; issued and outstanding: 2012 146,035,349 shares, 2011 145,610,029 shares | | 1 | | 1 |
| Additional paid-in capital | | 4,868 | | 4,829 |
| Retained earnings | | 7,190 | | 6,917 |

| | | |
|---|---|---|
| Accumulated other comprehensive income (loss) (Note 17) | (1,365) | (610) |
| Treasury shares, at cost - 1,933,286 shares | (120) | (120) |
| Total Bunge shareholders equity | 11,264 | 11,707 |
| Noncontrolling interest (Note 18) | 608 | 368 |
| Total equity | 11,872 | 12,075 |
| **Total liabilities and equity** | **$ 26,713** | **$ 23,275** |

The accompanying notes are an integral part of these condensed consolidated financial statements.

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**BUNGE LIMITED AND SUBSIDIARIES**

**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**

**(Unaudited)**

**(U.S. dollars in millions)**

| | Six Months Ended June 30, 2012 | Six Months Ended June 30, 2011 |
|---|---|---|
| **OPERATING ACTIVITIES** | | |
| Net income | $ 355 | $ 547 |
| Adjustments to reconcile net income to cash provided by (used for) operating activities: | | |
| Gain on sale of investments in affiliates | (85) | (37) |
| Gain on acquisition of controlling interest | (36) | |
| Foreign exchange loss (gain) on debt | (49) | (78) |
| Bad debt expense | 29 | 9 |
| Depreciation, depletion and amortization | 264 | 247 |
| Stock-based compensation expense | 31 | 26 |
| Deferred income taxes | (108) | (136) |
| Other, net | | (7) |
| Changes in operating assets and liabilities, excluding the effects of acquisitions: | | |
| Trade accounts receivable | (434) | (64) |
| Inventories | (2,513) | (86) |
| Prepayments and advances to suppliers | (687) | (239) |
| Trade accounts payable and accrued liabilities | 186 | (431) |
| Net unrealized gain/loss on derivative contracts | 214 | 129 |
| Margin deposits | (63) | 390 |
| Other, net | 197 | (6) |
| Cash provided by (used for) operating activities | (2,699) | 264 |
| **INVESTING ACTIVITIES** | | |
| Payments made for capital expenditures | (473) | (454) |
| Acquisitions of businesses (net of cash acquired) | (277) | (83) |
| Proceeds from sale of investments in affiliates | 483 | 70 |
| Payments for investments in affiliates | (89) | (10) |
| Other, net | 73 | 37 |
| Cash provided by (used for) investing activities | (283) | (440) |
| **FINANCING ACTIVITIES** | | |
| Net change in short-term debt with maturities of 90 days or less | 1,618 | (294) |
| Proceeds from short-term debt with maturities greater than 90 days | 369 | 439 |
| Repayments of short-term debt with maturities greater than 90 days | (367) | (983) |
| Proceeds from long-term debt | 2,761 | 1,377 |
| Repayments of long-term debt | (1,638) | (440) |
| Proceeds from sale of common shares | 10 | 16 |
| Dividends paid | (89) | (85) |
| Other, net | | 28 |
| Cash provided by (used for) financing activities | 2,664 | 58 |
| Effect of exchange rate changes on cash and cash equivalents | (50) | 10 |

| | | | | |
|---|---|---|---|---|
| Net (decrease) increase in cash and cash equivalents | | (368) | | (108) |
| Cash and cash equivalents, beginning of period | | 835 | | 578 |
| **Cash and cash equivalents, end of period** | **$** | **467** | **$** | **470** |

The accompanying notes are an integral part of these condensed consolidated financial statements.

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**BUNGE LIMITED AND SUBSIDIARIES**

**CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**

**(Unaudited)**

**(U.S. dollars in millions, except share data)**

| | Convertible Preference Shares | | Common Shares | | Additional Paid-in Capital | Retained Earnings | Accumulated Other Comprehensive Income (Loss) | Treasury Shares | Non Controlling Interest | Total Equity |
|---|---|---|---|---|---|---|---|---|---|---|
| | Shares | Amount | Shares | Amount | | | | | | |
| Balance, January 1, 2011 | 6,900,000 | $ 690 | 146,635,083 | $ 1 | $ 4,793 | $ 6,153 | $ 583 | $ | $ 334 | $ 12,554 |
| Net income | | | | | | 548 | | | (1) | 547 |
| Other comprehensive income (loss) | | | | | | | 641 | | 18 | 659 |
| Dividends on common shares | | | | | | (71) | | | | (71) |
| Dividends on preference shares | | | | | | (17) | | | | (17) |
| Dividends to noncontrolling interest on subsidiary common stock | | | | | | | | | (12) | (12) |
| Capital contributions from noncontrolling interest | | | | | | | | | 53 | 53 |
| Stock-based compensation expense | | | | | 26 | | | | | 26 |
| Issuance of common shares | | | 709,526 | | 12 | | | | | 12 |
| **Balance, June 30, 2011** | **6,900,000** | **$ 690** | **147,344,609** | **$ 1** | **$ 4,831** | **$ 6,613** | **$ 1,224** | **$** | **$ 392** | **$ 13,751** |

| | Convertible Preference Shares | | Common Shares | | Additional Paid-in Capital | Retained Earnings | Accumulated Other Comprehensive Income (Loss) | Treasury Shares | Non Controlling Interest | Total Equity |
|---|---|---|---|---|---|---|---|---|---|---|
| | Shares | Amount | Shares | Amount | | | | | | |
| Balance, January 1, 2012 | 6,900,000 | $ 690 | 145,610,029 | $ 1 | $ 4,829 | $ 6,917 | $ (610) | $ (120) | $ 368 | $ 12,075 |
| Net income | | | | | | 366 | | | (11) | 355 |
| Other comprehensive income (loss) | | | | | | | (755) | | (26) | (781) |
| Dividends on common shares | | | | | | (76) | | | | (76) |
| Dividends on preference shares | | | | | | (17) | | | | (17) |
| Dividends to noncontrolling interest on subsidiary common stock | | | | | | | | | (6) | (6) |
| Capital contributions from noncontrolling interest | | | | | | | | | 10 | 10 |
| Noncontrolling interest at acquisition | | | | | | | | | 273 | 273 |
| Stock-based compensation expense | | | | | 31 | | | | | 31 |
| Issuance of common shares | | | 425,320 | | 8 | | | | | 8 |
| **Balance, June 30, 2012** | **6,900,000** | **$ 690** | **146,035,349** | **$ 1** | **$ 4,868** | **$ 7,190** | **$ (1,365)** | **$ (120)** | **$ 608** | **$ 11,872** |

The accompanying notes are an integral part of these condensed consolidated financial statements.

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**BUNGE LIMITED AND SUBSIDIARIES**

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

**(Unaudited)**

## 1. BASIS OF PRESENTATION AND PRINCIPLES OF CONSOLIDATION

The accompanying unaudited condensed consolidated financial statements include the accounts of Bunge Limited (Bunge), its subsidiaries and variable interest entities (VIEs) in which it is considered the primary beneficiary. The financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP) for interim financial information and the instructions to Form 10-Q and Article 10 of Regulation S-X under the Securities Exchange Act of 1934, as amended (Exchange Act) and include the assets, liabilities, revenues and expenses of all entities in which Bunge has a controlling financial interest or is otherwise deemed to be the primary beneficiary. Certain information and footnote disclosures normally included in annual financial statements prepared in accordance with U.S. GAAP have been condensed or omitted pursuant to Securities and Exchange Commission (SEC) rules. In the opinion of management, all adjustments (consisting of normal recurring adjustments) necessary for a fair presentation have been included. The condensed consolidated balance sheet at December 31, 2011 has been derived from Bunge s audited consolidated financial statements at that date. Operating results for the three and six months ended June 30, 2012 are not necessarily indicative of the results to be expected for the year ending December 31, 2012. The financial statements should be read in conjunction with the audited consolidated financial statements and notes thereto for the year ended December 31, 2011, forming part of Bunge s 2011 Annual Report on Form 10-K filed with the SEC on February 27, 2011.

As described in Note 3, Bunge acquired an asset management business in Europe on March 19, 2012. Based on the accounting requirements of Accounting Standards Codification (ASC) Topic 810-10, *Consolidation*, Bunge concluded that restrictions on certain subsidiaries of this asset management business that serve as general partners in certain investment funds managed by that business to sell, transfer or encumber their partnership interests without advance approval of specified majorities of limited partner investors, and similar restrictions on such limited partner investors to sell, transfer or encumber their interests in the funds without prior approval of the general partner, result in a potential de facto principal/agency relationship as defined under accounting requirements and therefore Bunge is required to consolidate these investment funds, although it does not have significant equity at risk in these investment funds. The consolidation of these investment funds into Bunge s financial statements impacts primarily investments, long-term debt and noncontrolling interest in Bunge s condensed consolidated balance sheet as of June 30, 2012 in the amounts of $335 million, $92 million and $253 million, respectively. Bunge does not provide performance guarantees and has no financial obligation to provide funding to these investment funds.

Certain prior year amounts have been reclassified to conform to the current year presentation (see Notes 6 and 20).

## 2. NEW ACCOUNTING PRONOUNCEMENTS

***Adoption of New Accounting Pronouncements*** In May 2011, the Financial Accounting Standards Board (FASB) amended the guidance in ASC Topic 820, *Fair Value Measurement*. This guidance is intended to result in convergence between U.S. GAAP and IFRS requirements for measurement of, and disclosures about, fair value. The amendment clarifies or changes certain fair value measurement principles and enhances the disclosure requirements particularly for Level 3 fair value measurements. The adoption of this standard on January 1, 2012 did not have a material impact on Bunge s condensed consolidated financial statements.

**3. BUSINESS ACQUISITIONS**

In June 2012, Bunge acquired sugarcane milling assets in Brazil in its sugar and bioenergy segment for $61 million in cash. The preliminary purchase price allocation includes $10 million of biological assets, $43 million of property, plant and equipment, $1 million of finite-lived intangible assets and $7 million of goodwill.

In May 2012, Bunge acquired an additional 63.5% interest in a wheat mill and bakery dry mix operation in North America in its milling products segment for $102 million, net of cash acquired. Bunge had an existing 31.5% interest in the entity which was accounted for as an equity method investment. Upon completion of the transaction,

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Bunge has a 95% interest in the entity which it consolidates. Upon assuming control of the entity Bunge recorded a non-cash gain of $36 million to adjust its previously existing noncontrolling interest to its fair value of $52 million. The preliminary purchase price allocation includes $19 million of inventories, $35 million of other current assets, $71 million of property, plant and equipment, $32 million of finite-lived intangible assets, $21 million of other liabilities, $27 million of deferred tax liabilities, $6 million of noncontrolling interest and $51 million of goodwill (see Notes 7 and 18).

In March 2012, Bunge acquired an asset management business in Europe in its agribusiness segment for $9 million, net of cash acquired. The preliminary purchase price allocation includes $25 million of current assets, $346 million of long-term investments, $21 million of other finite-lived intangible assets, $25 million of other liabilities, $94 million of debt and $264 million of noncontrolling interest. Of these amounts, $14 million of other net assets, $344 million of long-term investments, $94 million of long-term debt and $264 million of noncontrolling interest are attributed to certain managed investment funds, which Bunge consolidates as it is deemed to be the primary beneficiary.

In February 2012, Bunge acquired an edible oils and fats business in India in its edible oils segment for $94 million, net of cash acquired. The purchase price consisted of $77 million in cash and $17 million of acquired debt. The preliminary purchase price allocation includes $15 million of inventories, $4 million of current assets, $27 million of property, plant and equipment, $53 million of intangible assets (primarily trademark and brands) and $5 million of other liabilities.

Also in 2012, Bunge acquired finite-lived intangible assets and property, plant and equipment in two transactions in North America in its agribusiness segment for $24 million in cash.

## 4. INVENTORIES

Inventories by segment are presented below. Readily marketable inventories refers to inventories that are readily convertible to cash because of their commodity characteristics, widely available markets and international pricing mechanisms.

| **(US$ in millions)** | **June 30, 2012** | **December 31, 2011** |
|---|---|---|
| Agribusiness (1) | $ 5,902 | $ 4,080 |
| Sugar and bioenergy (2) | 422 | 465 |
| Edible oil products (3) | 618 | 489 |
| Milling products (4) | 151 | 130 |
| Fertilizer (4) | 837 | 569 |
| **Total** | **$ 7,930** | **$ 5,733** |

(1) Includes readily marketable agricultural commodity inventories at fair value of $5,574 million and $3,724 million at June 30, 2012 and December 31, 2011, respectively. All other agribusiness segment inventories are carried at lower of cost or market.

(2) Includes readily marketable sugar inventories of $85 million and $139 million at June 30, 2012 and December 31, 2011, respectively. Of these sugar inventories, $57 million and $83 million are carried at fair value at June 30, 2012 and December 31, 2011, respectively, in Bunge s trading and merchandising business. Sugar and ethanol inventories in Bunge s industrial production business are carried at lower of cost or market.

(3) Edible oil products inventories are generally carried at lower of cost or market, with the exception of readily marketable inventories of bulk soybean oil which are carried at fair value in the aggregate amount of $217 million and $212 million at June 30, 2012 and December 31, 2011, respectively.

(4) Milling products and fertilizer inventories are carried at lower of cost or market.

**5. OTHER CURRENT ASSETS**

Other current assets consist of the following:

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| (US$ in millions) | | June 30, 2012 | | December 31, 2011 |
|---|---|---|---|---|
| Prepaid commodity purchase contracts (1) | $ | 835 | $ | 206 |
| Secured advances to suppliers, net (2) | | 337 | | 349 |
| Unrealized gains on derivative contracts at fair value | | 1,624 | | 1,283 |
| Recoverable taxes, net | | 495 | | 528 |
| Margin deposits (3) | | 417 | | 352 |
| Marketable securities | | 69 | | 50 |
| Deferred purchase price receivable (4) | | 156 | | 192 |
| Prepaid expenses | | 368 | | 369 |
| Restricted cash (5) | | | | 43 |
| Other | | 463 | | 424 |
| **Total** | **$** | **4,764** | **$** | **3,796** |

(1) Prepaid commodity purchase contracts represent advance payments against fixed price contracts for future delivery of specified quantities of agricultural commodities. These contracts are recorded at fair value based on prices of the underlying agricultural commodities.

(2) Bunge provides cash advances to suppliers, primarily Brazilian farmers of soybeans, to finance a portion of the suppliers production costs. Bunge does not bear any of the costs or risks associated with the related growing crops. The advances are largely collateralized by future crops and physical assets of the suppliers, carry a local market interest rate and settle when the farmer s crop is harvested and sold. The secured advances to farmers are reported net of allowances of $4 million at June 30, 2012 and $3 million at December 31, 2011.

Interest earned on secured advances to suppliers of $5 million for both the three months ended June 30, 2012 and 2011, respectively, and $13 million and $12 million for the six months ended June 30, 2012 and 2011, respectively, is included in net sales in the condensed consolidated statements of income.

(3) Margin deposits include U.S. treasury securities at fair value and cash.

(4) Deferred purchase price receivable represents additional credit support for the investment conduits in Bunge s accounts receivables sales program (see Note 13) and is recognized at its estimated fair value.

(5) Restricted cash at December 31, 2011, includes an escrowed cash deposit related to an equity investment, which was completed in the first quarter of 2012.

**6. GOODWILL**

The table below summarizes the carrying amount of goodwill by segment.

| (US$ in millions) | Agribusiness | Sugar and Bioenergy | Edible Oil Products | Milling Products | Fertilizer | Total |
|---|---|---|---|---|---|---|
| Balance, December 31, 2010 | $ 215 | $ 631 | $ 80 | $ 7 | $ 1 | $ 934 |
| Acquired goodwill | 34 | | 41 | | | 75 |
| Reallocation of acquired goodwill | (5) | | | | | (5) |
| Tax benefit on goodwill amortization (3) | (7) | | | | | (7) |
| Foreign exchange translation | (21) | (71) | (11) | (1) | | (104) |
| Balance, December 31, 2011 | $ 216 | $ 560 | $ 110 | $ 6 | $ 1 | $ 893 |
| Acquired goodwill (1) | | 7 | | 51 | | 58 |
| Reallocation of acquired goodwill (2) | (1) | | (13) | | 1 | (13) |
| Tax benefit on goodwill amortization (3) | (3) | | | | | (3) |
| Foreign exchange translation | (11) | (40) | (1) | (3) | | (55) |
| **Balance, June 30, 2012** | **$ 201** | **$ 527** | **$ 96** | **$ 54** | **$ 2** | **$ 880** |

(1) See Note 3.

(2) Beginning in the first quarter of 2012, the management responsibilities for certain Brazilian port facilities were moved from the agribusiness segment to the fertilizer segment. Accordingly, $1 million of goodwill attributable to these port facilities was reclassified to conform to the 2012 segment presentation. Also in the first quarter of 2012, the purchase price allocation for the 2011 edible oil products acquisition was revised resulting in a reduction of goodwill of $13 million, a reduction of inventories of $6 million, an increase in finite-lived intangibles of $14 million and a reduction of deferred tax liabilities of $5 million.

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(3) Bunge s Brazilian subsidiary s tax deductible goodwill is in excess of its book goodwill. For financial reporting purposes, for goodwill acquired prior to 2009, the tax benefits attributable to the excess tax goodwill are first used to reduce associated goodwill and then other intangible assets to zero, prior to recognizing any income tax benefit in the condensed consolidated statements of income.

## 7. INVESTMENTS IN AFFILIATES

In June 2012, Bunge entered into a joint venture agreement for the construction and operation of a corn wet mill in Argentina. Bunge has a 50% interest in this joint venture for $14 million. Bunge accounts for this equity method investment in its sugar and bioenergy segment. Also during the six months ended June 30, 2012, Bunge made contributions of $18 million and $15 million to its North American biofuels and Paraguay oilseed processing facility joint ventures, respectively.

In May 2012, Bunge completed the acquisition of an additional 63.5% voting interest in a North American wheat mill and bakery dry mix operations (see Note 3) in which it previously had a 31.5% interest, and which it reported as an equity method investment in its milling products segment. Upon completion of the transaction, Bunge began to consolidate this entity in its consolidated financial statements. Upon assuming control of this entity, Bunge recognized a non-cash gain of $36 million to adjust its previously existing investment to fair value.

In April 2012, Bunge sold its 28.06% interest in The Solae Company (Solae) to E.I. du Pont de Nemours and Company for $448 million in cash exclusive of a special cash dividend of $35 million. Bunge recognized a pre-tax gain of $85 million in its agribusiness segment related to this transaction.

In January 2012, Bunge completed the acquisition in its agribusiness segment of a 35% interest in PT Bumiraya Investindo, an Indonesian palm plantation company, for $43 million which is reported as an equity method investment.

## 8. OTHER NON-CURRENT ASSETS

Other non-current assets consist of the following:

| (US$ in millions) | | June 30, 2012 | | December 31, 2011 |
|---|---|---|---|---|
| Recoverable taxes, net | $ | 473 | $ | 386 |
| Long-term receivables from farmers in Brazil, net | | 225 | | 284 |
| Judicial deposits | | 162 | | 167 |
| Income taxes receivable | | 462 | | 565 |
| Affiliate loans receivable | | 80 | | 63 |
| Long-term investments | | 417 | | 37 |
| Other | | 198 | | 204 |

| | | | | |
|---|---|---|---|---|
| **Total** | **$** | **2,017** | **$** | **1,706** |

*Recoverable taxes* Recoverable taxes are reported net of valuation allowances of $36 million and $41 million at June 30, 2012 and December 31, 2011, respectively.

*Long-term receivables from farmers in Brazil* Bunge provides financing to farmers in Brazil, primarily through secured advances against farmer commitments to deliver agricultural commodities (primarily soybeans) upon harvest of the then-current year s crop and through credit sales of fertilizer to farmers.

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The table below summarizes Bunge s recorded investment in long-term receivables from farmers in Brazil for amounts in the legal collection process and renegotiated amounts.

| (US$ in millions) | | June 30, 2012 | | December 31, 2011 |
|---|---|---|---|---|
| Legal collection process (1) | $ | 313 | $ | 358 |
| Renegotiated amounts: | | | | |
| Current on repayment terms | | 110 | | 125 |
| **Total** | **$** | **423** | **$** | **483** |

(1) All amounts in legal process are considered past due upon initiation of legal action.

The average recorded investment in long-term receivables from farmers in Brazil for the six months ended June 30, 2012 and the year ended December 31, 2011 was $485 million and $561 million, respectively. The table below summarizes Bunge s recorded investment in long-term receivables from farmers in Brazil and the related allowance amounts.

| | June 30, 2012 | | | | December 31, 2011 | | | |
|---|---|---|---|---|---|---|---|---|
| (US$ in millions) | | Recorded Investment | | Allowance | | Recorded Investment | | Allowance |
| **For which an allowance has been provided:** | | | | | | | | |
| Legal collection process | $ | 157 | $ | 143 | $ | 162 | $ | 147 |
| Renegotiated amounts | | 68 | | 55 | | 64 | | 52 |
| **For which no allowance has been provided:** | | | | | | | | |
| Legal collection process | | 156 | | | | 196 | | |
| Renegotiated amounts | | 42 | | | | 61 | | |
| **Total** | **$** | **423** | **$** | **198** | **$** | **483** | **$** | **199** |

The table below summarizes the activity in the allowance for doubtful accounts related to long-term receivables from farmers in Brazil.

| | Three Months Ended June 30, | | | | Six Months Ended June 30, | | | |
|---|---|---|---|---|---|---|---|---|
| (US$ in millions) | | 2012 | | 2011 | | 2012 | | 2011 |
| Beginning balance | $ | 215 | $ | 205 | $ | 199 | $ | 201 |
| Bad debt provisions | | 11 | | 3 | | 26 | | 4 |
| Recoveries | | (5) | | (4) | | (9) | | (5) |
| Write-offs | | (1) | | | | (1) | | |
| Transfers (1) | | | | 2 | | | | 2 |
| Foreign exchange translation | | (22) | | 9 | | (17) | | 13 |
| Ending balance | $ | 198 | $ | 215 | $ | 198 | $ | 215 |

(1) Represents reclassifications from allowance for doubtful accounts current for secured advances to suppliers.

*Judicial deposits* Judicial deposits are funds that Bunge has placed on deposit with the courts in Brazil. These funds are held in judicial escrow relating to certain legal proceedings pending legal resolution and bear interest at the SELIC rate (benchmark rate of the Brazilian central bank).

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*Income taxes receivable* Income taxes receivable at June 30, 2012 and December 31, 2011 includes overpayments of current income taxes plus accrued interest. These income tax prepayments are expected to be utilized for settlement of future income tax obligations. Income taxes receivable in Brazil bear interest at the SELIC rate.

*Affiliate loans receivable* Affiliate loans receivable are primarily interest bearing receivables from unconsolidated affiliates with an initial maturity of greater than one year.

*Long-term investments* Long-term investments primarily relate to investments held by certain managed investment funds (see Note 1) for which Bunge has been deemed the primary beneficiary, resulting in Bunge s consolidation of the associated entities.

**9. INCOME TAXES**

Income tax expense is provided on an interim basis based upon management s estimate of the annual effective income tax rate and includes the tax effects of certain discrete items, such as changes in tax laws or tax rates or other unusual or nonrecurring tax adjustments, in the interim period in which they occur. In addition, jurisdictions with a projected loss for the year or a year-to-date loss where no tax benefit can be recognized are excluded from the estimated annual effective tax rate. The effective tax rate is highly dependent upon the geographic distribution of Bunge s worldwide earnings or losses and tax regulations in each jurisdiction. Management regularly monitors the assumptions used in estimating its annual effective tax rate and adjusts estimates accordingly. If actual results differ from management s estimates, reported income tax expense in future periods could be materially affected.

As a global enterprise, Bunge files income tax returns that are subject to periodic examination and challenge by federal, state and foreign tax authorities. In many jurisdictions, income tax examinations, including settlement negotiations or litigation, may take several years to finalize. While it is often difficult to predict the final outcome or timing of resolution of any particular matter with the various tax authorities, management believes that the condensed consolidated financial statements reflect the largest amount of tax benefit that will be more likely than not be realized. There were no material changes to uncertain tax positions for the six months ended June 30, 2012 and 2011. It is reasonably possible that the amount of unrecognized tax benefit will increase or decrease during the next 12 months; however, management does not expect a material effect on results of operations or financial position.

During the first quarter 2012, the Brazilian tax authorities proposed certain adjustments to the income tax returns for one of Bunge s Brazilian subsidiaries for the years 2008 and 2009. The proposed adjustments totaled approximately $62 million plus applicable interest and penalties. Management, in consultation with external legal advisors, has reviewed and responded to the proposed adjustments and believes that it is more likely than not that it will prevail and therefore, has not recorded an uncertain tax liability.

In 2011, the Brazilian tax authorities commenced an examination of the income tax returns of one of Bunge s Brazilian subsidiaries for the years 2005 to 2009 and proposed adjustments totaling approximately $160 million plus applicable interest and penalties. Management, in consultation with external legal advisors, has reviewed and responded to the proposed adjustments and believes that it is more likely than not that it will prevail and therefore, has not recorded an uncertain tax liability.

In 2010, the Brazilian tax authorities had proposed certain significant adjustments to the income tax returns of one of Bunge s Brazilian subsidiaries for the years 2005 to 2007. The proposed adjustments totaled approximately $525 million plus applicable interest and penalties. In the fourth quarter of 2011, Bunge received a decision from the Tax Inspector that dismissed approximately $170 million of this tax claim against Bunge. Management is appealing the remainder of the case, and has not changed its position that it is more likely than not that it will prevail and therefore, has not recorded an uncertain tax liability.

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## 10. OTHER CURRENT LIABILITIES

Other current liabilities consist of the following:

| (US$ in millions) | | June 30, 2012 | | December 31, 2011 |
|---|---|---|---|---|
| Accrued liabilities | $ | 1,179 | $ | 1,179 |
| Unrealized losses on derivative contracts at fair value | | 1,907 | | 1,370 |
| Advances on sales | | 567 | | 283 |
| Other | | 51 | | 57 |
| **Total** | **$** | **3,704** | **$** | **2,889** |

## 11. FINANCIAL INSTRUMENTS AND FAIR VALUE MEASUREMENTS

Bunge s various financial instruments include certain components of working capital such as cash and cash equivalents, trade accounts receivable and trade accounts payable. Additionally, Bunge uses short and long-term debt to fund operating requirements. Cash and cash equivalents, trade accounts receivable, trade accounts payable and short-term debt are stated at their carrying value, which is a reasonable estimate of fair value. See Note 13 for deferred purchase price receivable (DPP) related to sales of trade receivables. See Note 8 for long-term receivables from farmers in Brazil, net and see Note 12 for long-term debt. Bunge s financial instruments also include derivative instruments and marketable securities, which are stated at fair value.

Fair value is the expected price that would be received for an asset or paid to transfer a liability (an exit price) in Bunge s principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. Bunge determines the fair values of its readily marketable inventories, derivatives, and certain other assets based on the fair value hierarchy established in ASC Topic 820, *Fair Value Measurements and Disclosures*, which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. Observable inputs are inputs based on market data obtained from sources independent of Bunge that reflect the assumptions market participants would use in pricing the asset or liability. Unobservable inputs are inputs that are developed based on the best information available in circumstances that reflect Bunge s own assumptions based on market data and on assumptions that market participants would use in pricing the asset or liability. The standard describes three levels within its hierarchy that may be used to measure fair value.

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities. Level 1 assets and liabilities include exchange traded derivative contracts.

Level 2: Observable inputs, including Level 1 prices (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 corroborated by observable market data for substantially the full term of the assets or liabilities. Level 2 assets and liabilities include readily marketable inventories and over-the-counter (OTC) commodity purchase and sale contracts and other OTC derivatives whose value is determined using pricing models with inputs that are generally based on exchange traded prices, adjusted for location specific inputs that are primarily observable in the market or can be derived principally from or 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. In evaluating the significance of fair value inputs, Bunge gives consideration to items that individually, or when aggregated with other inputs, generally represent more than 10% of the fair value of the assets or liabilities. For such identified inputs which are primarily related to inland transportation costs, judgments are required when evaluating both quantitative and qualitative factors in the determination of significance for purposes of fair value level classification and disclosure. Level 3 assets and liabilities include assets and liabilities whose value is determined using proprietary pricing models, discounted cash flow methodologies, or similar techniques, as well as assets and liabilities for which the determination of fair value requires significant management judgment or estimation. Bunge believes a change in these inputs would not result in a significant change in the fair values.

The majority of Bunge s exchange traded agricultural commodity futures are settled daily generally through its clearing subsidiary and therefore, such futures are not included in the table below. Assets and liabilities are classified in their entirety based on the lowest level of input that is a significant component of the fair value measurement. The lowest level of input is considered Level 3. Bunge s assessment of the significance of a

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particular input to the fair value measurement requires judgment, and may affect the classification of fair value assets and liabilities within the fair value hierarchy levels. The following table sets forth, by level, Bunge s assets and liabilities that were accounted for at fair value on a recurring basis.

| | Fair Value Measurements at Reporting Date | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | June 30, 2012 | | | | December 31, 2011 | | | |
| **(US$ in millions)** | **Level 1** | **Level 2** | **Level 3** | **Total** | **Level 1** | **Level 2** | **Level 3** | **Total** |
| **Assets:** | | | | | | | | |
| Readily marketable inventories (Note 4) | $ | $ 4,028 | $ 1,820 | $ 5,848 | $ | $ 3,736 | $ 283 | $ 4,019 |
| Unrealized gain on designated derivative contracts (1): | | | | | | | | |
| Foreign exchange | | 3 | | 3 | | 13 | | 13 |
| Unrealized gain on undesignated derivative contracts (1): | | | | | | | | |
| Foreign exchange | | 262 | | 262 | | 451 | 1 | 452 |
| Commodities | 157 | 849 | 333 | 1,339 | 75 | 586 | 125 | 786 |
| Freight | | | | | 5 | | 1 | 6 |
| Energy | 12 | 4 | 4 | 20 | 11 | 13 | 2 | 26 |
| Deferred purchase price receivable (Note 13) | | 156 | | 156 | | 192 | | 192 |
| Other (2) | 248 | 46 | | 294 | 146 | 34 | | 180 |
| **Total assets** | **$ 417** | **$ 5,348** | **$ 2,157** | **$ 7,922** | **$ 237** | **$ 5,025** | **$ 412** | **$ 5,674** |
| **Liabilities:** | | | | | | | | |
| Unrealized loss on designated derivative contracts (3): | | | | | | | | |
| Foreign exchange | $ | $ 32 | $ | $ 32 | $ | $ 45 | $ | $ 45 |
| Unrealized loss on undesignated derivative contracts (3): | | | | | | | | |
| Interest rate | | | | | | 2 | | 2 |
| Foreign exchange | | 580 | | 580 | | 617 | | 617 |
| Commodities | 200 | 914 | 142 | 1,256 | 147 | 417 | 116 | 680 |
| Freight | | | | | 1 | | | 1 |
| Energy | 30 | | 8 | 38 | 4 | 6 | 15 | 25 |
| **Total liabilities** | **$ 230** | **$ 1,526** | **$ 150** | **$ 1,906** | **$ 152** | **$ 1,087** | **$ 131** | **$ 1,370** |

(1) Unrealized gains on designated and undesignated derivative contracts are generally included in other current assets. There are no such amounts included in other non-current assets at June 30, 2012 and December 31, 2011.

(2) Other assets include primarily the fair values of U.S. Treasury securities held as margin deposits and other marketable securities.

(3) Unrealized losses on designated and undesignated derivative contracts are generally included in other current liabilities. There are no such amounts included in other non-current liabilities at June 30, 2012 and December 31, 2011.

*Derivatives* Exchange traded futures and options contracts are valued based on unadjusted quoted prices in active markets and are classified within Level 1. Bunge s forward commodity purchase and sale contracts are classified as derivatives along with other OTC derivative instruments relating primarily to freight, energy, foreign exchange and interest rates, and are classified within Level 2 or Level 3 as described below. Bunge estimates fair values based on exchange quoted prices, adjusted as appropriate for differences in local markets. These differences are generally valued using inputs from broker or dealer quotations, or market transactions in either the listed or OTC markets. In such cases, these derivative contracts are classified within Level 2. Changes in the fair values of these contracts are recognized in the condensed consolidated financial statements as a component of cost of goods sold,

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foreign exchange gains (losses), interest income (expense), other income (expense), net or other comprehensive income (loss).

OTC derivative contracts include swaps, options and structured transactions that are valued at fair value generally determined using quantitative models that require the use of multiple market inputs including quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets which are not highly active, other observable inputs relevant to the asset or liability, and market inputs corroborated by correlation or other means. These valuation models include inputs such as interest rates, prices and indices to generate continuous yield or pricing curves and volatility factors. Where observable inputs are available for substantially the full term of the asset or liability, the instrument is categorized in Level 2. Certain OTC derivatives trade in less active markets with less availability of pricing information and certain structured transactions can require internally developed model inputs that might not be observable in or corroborated by the market. When unobservable inputs have a significant impact on the measurement of fair value, the instrument is categorized in Level 3.

Bunge s policy is to only classify exchange traded or cleared derivative contracts in Level 1, thus transfers of assets and liabilities into and/or out of Level 1 occur infrequently. Transfers into Level 1 would generally only be expected to occur when an exchange-cleared derivative contract historically valued using a valuation model as the result of a lack of observable inputs becomes sufficiently observable, resulting in the valuation price being essentially the exchange traded price. There were no significant transfers into or out of Level 1 during the periods presented.

Bunge may designate certain derivative instruments as either fair value hedges or cash flow hedges and assesses, both at inception of the hedge and on an ongoing basis, whether derivatives that are designated as hedges are highly effective in offsetting changes in the hedged items or anticipated cash flows.

*Readily marketable inventories* The majority of Bunge s readily marketable commodity inventories are valued at fair value. These agricultural commodity inventories are readily marketable, have quoted market prices and may be sold without significant additional processing. Changes in the fair values of these inventories are recognized in the condensed consolidated statements of income as a component of cost of goods sold.

Readily marketable inventories reported at fair value are valued based on commodity futures exchange quotations, broker or dealer quotations, or market transactions in either listed or OTC markets with appropriate adjustments for differences in local markets where Bunge s inventories are located. In such cases, the inventory is classified within Level 2. Certain inventories may utilize significant unobservable data related to local market adjustments to determine fair value. In such cases, the inventory is classified as Level 3.

If Bunge used different methods or factors to determine fair values, amounts reported as unrealized gains and losses on derivative contracts and readily marketable inventories at fair value in the condensed consolidated balance sheets and condensed consolidated statements of income could differ. Additionally, if market conditions change subsequent to the reporting date, amounts reported in future periods as unrealized gains and losses on derivative contracts and readily marketable inventories at fair value in the condensed consolidated balance sheets and condensed consolidated statements of income could differ.

*Level 3 Valuation* Bunge s assessment of the significance of a particular input to the fair value measurement requires judgment and may affect the classification of assets and liabilities within the fair value hierarchy. In evaluating the significance of fair value inputs, Bunge gives consideration to items that individually, or when aggregated with other inputs, represent more than 10% of the fair value of the asset or liability. For such identified inputs, judgments are required when evaluating both quantitative and qualitative factors in the determination of significance for purposes of fair value level classification and disclosure. Because of differences in the availability of market pricing data over their terms, inputs for some assets and liabilities may fall into any one of the three levels in the fair value hierarchy or some combination thereof. While FASB guidance requires Bunge to classify these assets and liabilities in the lowest level in the hierarchy for which inputs are significant to the fair value measurement, a portion of that measurement may be determined using inputs from a higher level in the hierarchy.

The significant unobservable inputs resulting in Level 3 classification relate to freight in the interior of Brazil and the lack of market corroborated information in Canada. In both situations, Bunge uses proprietary information such as purchase and sale contracts and contracted prices for freight, premiums and discounts to value

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its contracts. Movements in the price of these unobservable inputs alone would not have a material effect on Bunge s financial statements as these contracts do not typically exceed one future crop cycle.

Transfers in and/or out of Level 3 represent existing assets or liabilities that were either previously categorized as a higher level for which the inputs to the model became unobservable or assets and liabilities that were previously classified as Level 3 for which the lowest significant input became observable during the period. Bunge s policy regarding the timing of transfers between levels is to record the transfers at the beginning of the reporting period.

*Level 3 Derivatives* Level 3 derivative instruments utilize both market observable and unobservable inputs within the fair value measurements. These inputs include commodity prices, price volatility factors, interest rates, volumes and locations. In addition, with the exception of the exchange cleared instruments where Bunge clears trades through an exchange, Bunge is exposed to loss in the event of the non-performance by counterparties on over-the-counter derivative instruments and forward purchase and sale contracts. Adjustments are made to fair values on occasions when non-performance risk is determined to represent a significant input in Bunge s fair value determination. These adjustments are based on Bunge s estimate of the potential loss in the event of counterparty non-performance. Bunge did not have significant allowances related to non-performance by counterparties at June 30, 2012.

*Level 3 Readily marketable inventories* Readily marketable inventories are considered Level 3 when at least one significant assumption or input is unobservable. These assumptions or unobservable inputs include certain management estimations regarding costs of transportation and other local market or location-related adjustments.

The tables below present reconciliations for all assets and liabilities measured at fair value on a recurring basis using significant unobservable inputs (Level 3) during the three months ended June 30, 2012 and 2011. Level 3 instruments presented in the tables include readily marketable inventories and derivatives. These instruments were valued using pricing models that, in management s judgment, reflect the assumptions that would be used by a marketplace participant to determine fair value.

| | Level 3 Instruments: Fair Value Measurements Three Months Ended June 30, 2012 | | |
|---|---|---|---|
| **(US$ in millions)** | **Derivatives, Net (1)** | **Readily Marketable Inventories** | **Total** |
| Balance, April 1, 2012 | $ 62 | $ 677 | $ 739 |
| Total gains and (losses) (realized/unrealized) included in cost of goods sold | 172 | 190 | 362 |
| Total gains and (losses) (realized/unrealized) included in foreign exchange gains (losses) | | | |
| Purchases | 1 | 511 | 512 |
| Sales | 1 | (351) | (350) |
| Issuances | (1) | | (1) |
| Settlements | (101) | | (101) |
| Transfers into Level 3 | 55 | 802 | 857 |
| Transfers out of Level 3 | (2) | (9) | (11) |
| **Balance, June 30, 2012** | **$ 187** | **$ 1,820** | **$ 2,007** |

(1) Derivatives, net include Level 3 derivative assets and liabilities.

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| (US$ in millions) | Level 3 Instruments: Fair Value Measurements Three Months Ended June 30, 2011 Derivatives, Net (1) | Readily Marketable Inventories | Total |
|---|---|---|---|
| Balance, April 1, 2011 | $ 237 | $ 796 | $ 1,033 |
| Total gains and (losses) (realized/unrealized) included in cost of goods sold | (76) | 130 | 54 |
| Total gains and (losses) (realized/unrealized) included in foreign exchange gains (losses) | (1) | | (1) |
| Purchases | 34 | 614 | 648 |
| Sales | | (962) | (962) |
| Issuances | (33) | | (33) |
| Settlements | (6) | | (6) |
| Transfers into Level 3 | 10 | 157 | 167 |
| Transfers out of Level 3 | (31) | (13) | (44) |
| **Balance, June 30, 2011** | **$ 134** | **$ 722** | **$ 856** |

(1) Derivatives, net include Level 3 derivative assets and liabilities.

The tables below present reconciliations for all assets and liabilities measured at fair value on a recurring basis using significant unobservable inputs (Level 3) during the six months ended June 30, 2012 and 2011. Level 3 instruments presented in the tables include readily marketable inventories and derivatives. These instruments were valued using pricing models that, in management s judgment, reflect the assumptions that would be used by a marketplace participant to determine fair value.

| (US$ in millions) | Level 3 Instruments: Fair Value Measurements Six Months Ended June 30, 2012 Derivatives, Net (1) | Readily Marketable Inventories | Total |
|---|---|---|---|
| Balance, January 1, 2012 | $ (2) | $ 283 | $ 281 |
| Total gains and (losses) (realized/unrealized) included in cost of goods sold | 246 | 230 | 476 |
| Purchases | 3 | 1,276 | 1,279 |
| Sales | 1 | (876) | (875) |
| Issuances | (3) | | (3) |
| Settlements | (83) | | (83) |
| Transfers into Level 3 | 41 | 981 | 1,022 |
| Transfers out of Level 3 | (16) | (74) | (90) |
| **Balance, June 30, 2012** | **$ 187** | **$ 1,820** | **$ 2,007** |

(1) Derivatives, net include Level 3 derivative assets and liabilities.

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| (US$ in millions) | Level 3 Instruments: Fair Value Measurements Six Months Ended June 30, 2011 Derivatives, Net (1) | Readily Marketable Inventories | Total |
|---|---|---|---|
| Balance, January 1, 2011 | $ 307 | $ 264 | $ 571 |
| Total gains and (losses) (realized/unrealized) included in cost of goods sold | (119) | 92 | (27) |
| Purchases | 71 | 1,486 | 1,557 |
| Sales | | (1,362) | (1,362) |
| Issuances | (58) | | (58) |
| Settlements | (57) | | (57) |
| Transfers into Level 3 | 14 | 274 | 288 |
| Transfers out of Level 3 | (24) | (32) | (56) |
| **Balance, June 30, 2011** | **$ 134** | **$ 722** | **$ 856** |

(1) Derivatives, net include Level 3 derivative assets and liabilities.

The table below summarizes changes in unrealized gains or (losses) recorded in earnings during the three months ended June 30, 2012 and 2011 for Level 3 assets and liabilities that were held at June 30, 2012 and 2011.

| (US$ in millions) | Level 3 Instruments: Fair Value Measurements Three Months Ended Derivatives, Net (1) | Readily Marketable Inventories | Total |
|---|---|---|---|
| **Changes in unrealized gains and (losses) relating to assets and liabilities held at June 30, 2012** | | | |
| Cost of goods sold | $ 145 | $ 600 | $ 745 |
| Foreign exchange gains (losses) | $ | $ | $ |
| **Changes in unrealized gains and (losses) relating to assets and liabilities held at June 30, 2011** | | | |
| Cost of goods sold | $ 21 | $ 459 | $ 480 |
| Foreign exchange gains (losses) | $ (1) | $ | $ (1) |

(1) Derivatives, net include Level 3 derivative assets and liabilities.

The table below summarizes changes in unrealized gains or (losses) recorded in earnings during the six months ended June 30, 2012 and 2011 for Level 3 assets and liabilities that were held at June 30, 2012 and 2011.

**Level 3 Instruments:**
**Fair Value Measurements**
**Six Months Ended**

| (US$ in millions) | Derivatives, Net (1) | Readily Marketable Inventories | Total |
|---|---|---|---|
| **Changes in unrealized gains and (losses) relating to assets and liabilities held at June 30, 2012** | | | |
| Cost of goods sold | $ 193 | $ 1,473 | $ 1,666 |
| Foreign exchange gains (losses) | $ | $ | $ |
| **Changes in unrealized gains and (losses) relating to assets and liabilities held at June 30, 2011** | | | |
| Cost of goods sold | $ 24 | $ 578 | $ 602 |
| Foreign exchange gains (losses) | $ | $ | $ |

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(1) Derivatives, net include Level 3 derivative assets and liabilities.

***Derivative Instruments***

*Interest rate derivatives* Interest rate swaps used by Bunge as hedging instruments are recorded at fair value in the condensed consolidated balance sheets with changes in fair value recorded contemporaneously in earnings. Certain of these swap agreements may be designated as fair value hedges. The carrying amount of the associated hedged debt is also adjusted through earnings for changes in the fair value arising from changes in benchmark interest rates. Ineffectiveness is recognized to the extent that these two adjustments do not offset. Bunge may enter into interest rate swap agreements for the purpose of managing certain of its interest rate exposures. Bunge may also enter into interest rate basis swap agreements that do not qualify as hedges for accounting purposes. Changes in fair value of such interest rate basis swap agreements are recorded in earnings.

*Foreign exchange derivatives* Bunge uses a combination of foreign exchange forward, swap and option contracts in certain of its operations to mitigate the risk from exchange rate fluctuations in connection with certain commercial and balance sheet exposures. The foreign exchange forward and option contracts may be designated as cash flow hedges. Bunge may also use net investment hedges to partially offset the translation adjustments arising from the remeasurement of its investment in certain of its foreign subsidiaries.

Bunge assesses, both at the inception of the hedge and on an ongoing basis, whether the derivatives that are used in hedge transactions are highly effective in offsetting changes in the hedged items.

The table below summarizes the notional amounts of open foreign exchange positions.

| | June 30, 2012 | | | |
|---|---|---|---|---|
| | Exchange Traded | Non-exchange Traded | | |
| (US$ in millions) | Net (Short) & Long (1) | (Short) (2) | Long (2) | Unit of Measure |
| **Foreign Exchange:** | | | | |
| Options | $ | $ (341) | $ 99 | Delta |
| Forwards | 103 | (4,913) | 14,305 | Notional |
| Swaps | | (39) | 32 | Notional |

(1) Exchange traded futures and options are presented on a net (short) and long position basis.

(2) Non-exchange traded swaps, options and forwards are presented on a gross (short) and long position basis.

*Commodity derivatives* Bunge uses derivative instruments to manage its exposure to movements associated with agricultural commodity prices. Bunge generally uses exchange traded futures and options contracts to minimize the effects of changes in the prices of agricultural commodities on its agricultural commodity inventories and forward purchase and sale contracts, but may also from time to time enter into OTC commodity transactions, including swaps, which are settled in cash at maturity or termination based on exchange-quoted futures prices. Changes in fair values of exchange traded futures contracts representing the unrealized gains and/or losses on these instruments are settled daily generally through Bunge s wholly-owned futures clearing subsidiary. Forward purchase and sale contracts are primarily settled through delivery of agricultural commodities. While Bunge considers these exchange traded futures and forward purchase and sale contracts to be effective economic hedges, Bunge does not designate or account for the majority of its commodity contracts as hedges. Changes in fair values of these contracts and related readily marketable agricultural commodity inventories are included in cost of goods

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sold in the condensed consolidated statements of income. The forward contracts require performance of both Bunge and the contract counterparty in future periods. Contracts to purchase agricultural commodities generally relate to current or future crop years for delivery periods quoted by regulated commodity exchanges. Contracts for the sale of agricultural commodities generally do not extend beyond one future crop cycle.

The table below summarizes the volumes of open agricultural commodities derivative positions.

| | June 30, 2012 | | | |
|---|---|---|---|---|
| | Exchange Traded Net (Short) & Long (1) | Non-exchange Traded (Short) (2) | Non-exchange Traded Long (2) | Unit of Measure |
| **Agricultural Commodities** | | | | |
| Futures | (8,544,856) | | | Metric Tons |
| Options | 323,271 | (5,299) | | Metric Tons |
| Forwards | | (25,165,822) | 32,391,195 | Metric Tons |
| Swaps | | (5,403,523) | | Metric Tons |

(1) Exchange traded futures and options are presented on a net (short) and long position basis.

(2) Non-exchange traded swaps, options and forwards are presented on a gross (short) and long position basis.

*Ocean freight derivatives* Bunge uses derivative instruments referred to as freight forward agreements, or FFAs, and FFA options, to hedge portions of its current and anticipated ocean freight costs. A portion of the ocean freight derivatives may be designated as fair value hedges of Bunge s firm commitments to purchase time on ocean freight vessels. Changes in the fair value of the ocean freight derivatives that are qualified, designated and highly effective as a fair value hedge, along with the gain or loss on the hedged firm commitments to purchase time on ocean freight vessels that is attributable to the hedged risk, are recorded in earnings. Changes in the fair values of ocean freight derivatives that are not designated as hedges are also recorded in earnings.

The table below summarizes the open ocean freight positions.

| | June 30, 2012 | | | |
|---|---|---|---|---|
| | Exchange Cleared Net (Short) & Long (1) | Non-exchange Cleared (Short) (2) | Non-exchange Cleared Long (2) | Unit of Measure |
| **Ocean Freight** | | | | |
| FFA | (2,079) | | | Hire Days |
| FFA Options | (833) | | | Hire Days |

(1) Exchange cleared futures and options are presented on a net (short) and long position basis.

(2) Non-exchange cleared options and forwards are presented on a gross (short) and long position basis.

*Energy derivatives* Bunge uses derivative instruments for various purposes including to manage its exposure to volatility in energy costs. Bunge s operations use substantial amounts of energy, including natural gas, coal and fuel oil, including bunker fuel.

The table below summarizes the open energy positions.

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| | June 30, 2012 | | | |
|---|---|---|---|---|
| | Exchange Traded Net (Short) & Long (1) | Non-exchange Cleared (Short) (2) | Long (2) | Unit of Measure (3) |
| **Natural Gas (3)** | | | | |
| Futures | (778,610) | | | MMBtus |
| Swaps | | | 822,085 | MMBtus |
| Options | (33,422) | | | MMBtus |
| **Energy Other** | | | | |
| Futures | 78,891 | | | Metric Tons |
| Forwards | | (2,274,718) | 6,477,976 | Metric Tons |
| Swaps | 195,000 | (11,000) | 6,139 | Metric Tons |
| Options | (2,114,818) | (218,919) | 220,883 | Metric Tons |

(1) Exchange traded and exchange cleared futures and options are presented on a net (short) and long position basis.

(2) Non-exchange cleared swaps, options and forwards are presented on a gross (short) and long position basis.

(3) Million British Thermal Units (MMBtus) are the standard unit of measurement used to denote an amount of natural gas.

***The Effect of Derivative Instruments on the Condensed Consolidated Statements of Income***

The table below summarizes the effect of derivative instruments that are designated as fair value hedges and also derivative instruments that are undesignated on the condensed consolidated statements of income for the six months ended June 30, 2012 and 2011.

| | | Gain or (Loss) Recognized in Income on Derivative Instruments Six Months Ended June 30, | |
|---|---|---|---|
| **(US$ in millions)** | **Location** | **2012** | **2011** |
| Designated Derivative Contracts: | | | |
| Interest Rate | Interest income/Interest expense | $ | $ |
| Interest Rate | Interest income/Interest expense | | |
| Foreign Exchange | Cost of goods sold | | |
| Commodities | Cost of goods sold | | 28 |
| Freight | Cost of goods sold | | |
| Energy | Cost of goods sold | | |
| **Total** | | **$** | **$ 28** |
| Undesignated Derivative Contracts: | | | |
| Interest Rate | Interest income/Interest expense | $ | $ 1 |
| Interest Rate | Other income (expense)-net | | |
| Foreign Exchange | Foreign exchange gains (losses) | (72) | 14 |
| Foreign Exchange | Cost of goods sold | (26) | 32 |

| | | | |
|---|---|---|---|
| Commodities | Cost of goods sold | (578) | 104 |
| Freight | Cost of goods sold | (9) | 86 |
| Energy | Cost of goods sold | (8) | 7 |
| **Total** | | **$ (693)** | **$ 244** |

The table below summarizes the effect of derivative instruments that are designated and qualify as cash flow hedges on the condensed consolidated statement of income for the six months ended June 30, 2012.

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| | | | | | | | |
|---|---|---|---|---|---|---|---|
| | | | **Six Months Ended June 30, 2012** | | | | |
| **(US$ in millions)** | **Notional Amount** | **Gain or (Loss) Recognized in Accumulated OCI (1)** | **Gain or (Loss) Reclassified from Accumulated OCI into Income (1) Location** | **Amount** | **Amount of Gain (Loss) Recognized in Income on Derivative (Ineffective Portion and Amount Excluded from Effectiveness Testing) Location** | **Amount (2)** |
| Cash Flow Hedge: | | | | | | |
| Foreign Exchange (3) | $ 475 | $ (16) | Cost of goods sold | $ (2) | Cost of goods sold | $ |
| Commodities | | | Cost of goods sold | | Cost of goods sold | |
| **Total** | **$ 475** | **$ (16)** | | **$ (2)** | | **$** |
| Net Investment Hedge: | | | | | | |
| Foreign Exchange | $ | $ | Foreign exchange gains (losses) | $ | Foreign exchange gains (losses) | $ |
| **Total** | **$** | **$** | | **$** | | **$** |

(1) The gain or (loss) recognized relates to the effective portion of the hedging relationship. At June 30, 2012, Bunge expects to reclassify into income in the next 12 months $18 million after tax losses related to its foreign exchange cash flow hedges. As of June 30, 2012, there were no designated commodities cash flow hedges.

(2) There was no gain or loss recognized in income relating to the ineffective portion of the hedging relationships or relating to amounts excluded from the assessment of hedge effectiveness.

(3) The foreign exchange contracts mature at various dates in 2012 and 2013.

The table below summarizes the effect of derivative instruments that are designated and qualify as cash flow and net investment hedges on the condensed consolidated statement of income for the six months ended June 30, 2011.

| | | | | | | |
|---|---|---|---|---|---|---|
| | | | **Six Months Ended June 30, 2011** | | | |
| **(US$ in millions)** | **Notional Amount** | **Gain or (Loss) Recognized in Accumulated OCI (1)** | **Gain or (Loss) Reclassified from Accumulated OCI into Income (1) Location** | **Amount** | **Amount of Gain (Loss) Recognized in Income on Derivative (Ineffective Portion and Amount Excluded from Effectiveness Testing) Location** | **Amount (2)** |

| | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| Cash Flow Hedge: | | | | | | | | | | |
| Foreign Exchange (3) | $ | 90 | $ | 2 | Cost of goods sold | $ | | Cost of goods sold | $ | |
| Commodities | | | | 12 | Cost of goods sold | | 13 | Cost of goods sold | | 5 |
| **Total** | **$** | **90** | **$** | **14** | | **$** | **13** | | **$** | **5** |
| Net Investment Hedge (4) | | | | | | | | | | |
| Foreign Exchange | $ | 577 | $ | (2) | Foreign exchange gains (losses) | $ | | Foreign exchange gains (losses) | $ | |
| **Total** | **$** | **577** | **$** | **(2)** | | **$** | | | **$** | |

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(1) The gain or (loss) recognized relates to the effective portion of the hedging relationship. At June 30, 2011, Bunge expected to reclassify into income in the next 12 months approximately $4 million of after tax gains related to its agricultural commodities cash flow hedges and no after tax gains related to its foreign exchange cash flow and net investment hedges.

(2) The amount of gain recognized in income is $5 million as of June 30, 2011 which relates to the ineffective portion of the hedging relationships, and zero, which relates to the amount excluded from the assessment of hedge effectiveness.

(3) The changes in the market value of such futures contracts have historically been, and are expected to continue to be, highly effective at offsetting changes in price movements of the hedged items. The forward exchange forward contracts mature at various dates in 2011 and 2012.

(4) Bunge pays Euros and receives U.S. dollars, offsetting the translation adjustment of its net investment in Euro assets. The swaps mature at various dates in 2011 and 2012.

## 12. DEBT

In June 2012, Bunge completed the sale of $600 million aggregate principal amount of senior unsecured notes (senior notes) bearing interest at 3.20%, maturing on June 15, 2017. The senior notes were issued by Bunge s 100% owned finance subsidiary, Bunge Limited Finance Corp., and are fully and unconditionally guaranteed by Bunge Limited. The offering was made pursuant to a registration statement filed with the U.S. Securities and Exchange Commission. The net proceeds of $595 million were used for general corporate purposes, including, but not limited to, the repayment of outstanding indebtedness, which includes indebtedness under its revolving credit facilities.

In March 2012, Bunge acquired and consolidated an asset management company including certain investment funds for which Bunge has been deemed to be the primary beneficiary. This resulted in an increase in long-term debt attributable to these investment funds of $92 million as of June 30, 2012.

The fair value of Bunge s long-term debt is based on interest rates currently available on comparable maturities to companies with credit standing similar to that of Bunge. The carrying amounts and fair value of long-term debt are as follows:

| | June 30, 2012 | | December 31, 2011 | |
|---|---|---|---|---|
| **(US$ in millions)** | **Carrying Value** | **Fair Value (Level 2)** | **Carrying Value** | **Fair Value (Level 2)** |
| Long-term debt, including current portion | $ 4,562 | $ 4,908 | $ 3,362 | $ 3,676 |

## 13. TRADE RECEIVABLES SECURITIZATION PROGRAM

Bunge accounts for its trade receivables securitization program (the Program ) under the provisions of ASC Topic 860, *Transfers and Servicing*. The securitization program terminates on June 1, 2016. However, each committed purchaser s commitment to fund trade receivables sold under the securitization program will terminate on May 29, 2013 unless extended for additional 364-day periods in accordance with the terms of the receivables transfer agreement.

As of June 30, 2012 and December 31, 2011, $805 million and $836 million, respectively, of receivables sold under the Program were derecognized from Bunge s condensed consolidated balance sheets. Proceeds received in cash related to transfers of receivables under the program totaled $6,454 million and $401 million for the six months ended June 30, 2012 and 2011, respectively. In addition, cash collections from customers on receivables previously sold were $6,643 million for the six months ended June 30, 2012. There were no collections for the six months ended June 30, 2011 as this was the first month of the program. As this is a revolving facility, cash collections from customers are reinvested to fund new receivable sales. Gross receivables sold under the program for the six months ended June 30, 2012 and 2011 were $6,656 million and $840 million, respectively. These sales resulted in discounts of $4 million and $1 million for the six months ended June 30, 2012 and 2011, respectively, which were included in SG&A in the condensed consolidated statements of income. Discounts were $2 million and $1 million for the three months ended June 30, 2012 and 2011, respectively. Servicing fees under the program were not significant in any period.

Bunge s risk of loss following the sale of the accounts receivable is limited to the deferred purchase price receivable, which was $156 million and $192 million at June 30, 2012 and December 31, 2011, respectively, and is

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included in other current assets in the condensed consolidated balance sheets (see Note 5). The deferred purchase price will be repaid in cash as receivables are collected, generally within 30 days. Delinquencies and credit losses on accounts receivable sold under the program during the six months ended June 30, 2012 and 2011 were insignificant. Bunge has reflected all cash flows under the securitization program as operating cash flows in the condensed consolidated statements of cash flows for the six months ended June 30, 2012 and 2011, including changes in the fair value of the deferred purchase price of $2 million for the six months ended June 30, 2012. As the Program was entered into in June 2011, there was no change in the fair value of the deferred purchase price as of June 30, 2011.

## 14. RELATED PARTY TRANSACTIONS

Bunge purchased commodities and commodity products and fertilizer products from certain of its investees, totaling $200 million and $217 million for the three months ended June 30, 2012 and 2011, respectively, and $350 million and $413 million for the six months ended June 30, 2012 and 2011, respectively. Bunge also sold commodities and commodity products to certain of its investees, totaling $155 million and $119 million for the three months ended June 30, 2012 and 2011, respectively, and $264 million and $200 million for the six months ended June 30, 2012 and 2011, respectively.

## 15. EMPLOYEE BENEFIT PLANS

| | U.S.-Pension Benefits Three Months Ended June 30, | | Foreign-Pension Benefits Three Months Ended June 30, | |
|---|---|---|---|---|
| **(US$ in millions)** | **2012** | **2011** | **2012** | **2011** |
| Service cost | $ 5 | $ 4 | $ 3 | $ 2 |
| Interest cost | 7 | 6 | 2 | 2 |
| Expected return on plan assets | (7) | (6) | (2) | (2) |
| Amortization of prior service cost | 1 | | | |
| Amortization of net loss (gain) | 2 | 1 | | |
| Net periodic benefit cost | $ 8 | $ 5 | $ 3 | $ 2 |

| | U.S.-Pension Benefits Six Months Ended June 30, | | Foreign-Pension Benefits Six Months Ended June 30, | |
|---|---|---|---|---|
| **(US$ in millions)** | **2012** | **2011** | **2012** | **2011** |
| Service cost | $ 9 | $ 8 | $ 4 | $ 4 |
| Interest cost | 13 | 13 | 3 | 3 |
| Expected return on plan assets | (13) | (13) | (3) | (3) |
| Amortization of prior service cost | 1 | 1 | | |
| Amortization of net loss (gain) | 5 | 2 | | |
| Net periodic benefit cost | $ 15 | $ 11 | $ 4 | $ 4 |

| | U.S.-Postretirement Healthcare Benefits Three Months Ended June 30, | | Foreign-Postretirement Healthcare Benefits Three Months Ended June 30, | |
|---|---|---|---|---|
| **(US$ in millions)** | **2012** | **2011** | **2012** | **2011** |
| Service cost | $ | $ | $ | $ |

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| Interest cost | | | $ | | | 3 | | 3 |
| Amortization of prior service cost | | | | | | (1) | | |
| Net periodic benefit cost | $ | | $ | | $ | 2 | $ | 3 |

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| (US$ in millions) | U.S.-Postretirement Healthcare Benefits Six Months Ended June 30, 2012 | 2011 | Foreign-Postretirement Healthcare Benefits Six Months Ended June 30, 2012 | 2011 |
|---|---|---|---|---|
| Service cost | $ | $ | $ | $ 1 |
| Interest cost | | 1 | 5 | 5 |
| Amortization of prior service cost | | | (1) | (1) |
| Amortization of net loss (gain) | | | 1 | 1 |
| Net periodic benefit cost | $ | $ 1 | $ 5 | $ 6 |

In the six months ended June 30, 2012, Bunge made contributions of $3 million and $8 million to its U.S. and foreign defined benefit pension plans, respectively. In the six months ended June 30, 2011, Bunge made contributions of $2 million and $7 million to its U.S. and foreign defined benefit pension plans, respectively.

In the six months ended June 30, 2012, Bunge made contributions of less than $1 million to its U.S. postretirement plans and $6 million to its foreign postretirement benefit plans, respectively. In the six months ended June 30, 2011, Bunge made contributions of less than $1 million to its U.S. postretirement benefit plans and $5 million to its foreign postretirement benefit plans, respectively.

## 16. COMMITMENTS AND CONTINGENCIES

Bunge is party to a large number of claims and lawsuits, primarily tax and labor claims in Brazil, arising in the normal course of business. Bunge records liabilities related to its general claims and lawsuits when the exposure item becomes probable and can be reasonably estimated. In addition Bunge periodically updates its evaluation and adjusts its estimated exposure based on these evaluations. After taking into account the recorded liabilities for these matters, management believes that the ultimate resolution of such matters will not have a material effect on Bunge s condensed consolidated financial statements taken as a whole. Included in other non-current liabilities are the following:

| (US$ in millions) | June 30, 2012 | December 31, 2011 |
|---|---|---|
| Tax claims | $ 71 | $ 70 |
| Labor claims | 79 | 77 |
| Civil and other claims | 98 | 76 |
| **Total** | **$ 248** | **$ 223** |

*Tax claims* - The tax claims relate principally to claims against Bunge s Brazilian subsidiaries, primarily value-added tax claims (ICMS, IPI, PIS and COFINS). The determination of the manner in which various Brazilian federal, state and municipal taxes apply to the operations of Bunge is subject to varying interpretations arising from the complex nature of Brazilian tax law.

The Argentine tax authorities have been conducting a review of income and other taxes paid by exporters and processors of cereals and other agricultural commodities in the country. In that regard, in October 2010, the Argentine tax authorities carried out inspections at several of Bunge s locations in Argentina relating to allegations of income tax evasion covering the periods from 2007 to 2009. In July 2011, Bunge received a preliminary income tax audit report from the Argentine tax authorities relating to fiscal years 2006 and 2007 with an estimated claim of approximately $100 million. Additionally, in April 2011, the Argentine tax authorities conducted inspections of Bunge s locations and those of several other grain exporters with respect to allegations of evasion of liability for value-added taxes. Also during 2011, Bunge paid $112 million of accrued export tax obligations in Argentina under protest while reserving all of Bunge s rights in respect of such payment. In the first quarter 2012, the Argentine tax authorities assessed Bunge interest on these paid export taxes in an amount totaling approximately $80 million. Bunge believes that these allegations and claims are without merit and intends to vigorously defend itself against them. However, management is, at this time, unable to predict their outcome.

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*Labor claims* - The labor claims relate principally to claims against Bunge s Brazilian subsidiaries. The labor claims primarily relate to dismissals, severance, health and safety, salary adjustments and supplementary retirement benefits.

*Civil and other* - The civil and other claims relate to various disputes with third parties, including suppliers and customers and includes $27 million relating to a legacy environmental claim in Brazil from 1998, which was recorded in the first quarter of 2012.

*Guarantees* - Bunge has issued or was a party to the following guarantees at June 30, 2012:

| **(US$ in millions)** | | **Maximum Potential Future Payments** |
|---|---|---|
| Customer financing (1) | $ | 38 |
| Unconsolidated affiliates financing (2) | | 25 |
| Residual value guarantee (3) | | 69 |
| **Total** | **$** | **132** |

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(1) Bunge has issued guarantees to third parties in Brazil related to amounts owed to these third parties by certain of Bunge s customers. The terms of the guarantees are equal to the terms of the related financing arrangements, which are generally one year or less, with the exception of guarantees issued under certain Brazilian government programs, primarily from 2006 and 2007, where terms are up to five years. In the event that the customers default on their payments to the third parties and Bunge would be required to perform under the guarantees, Bunge has obtained collateral from the customers. At June 30, 2012, Bunge had approximately $25 million of tangible property that had been pledged to Bunge as collateral against certain of these financing arrangements. Bunge evaluates the likelihood of customer repayments of the amounts due under these guarantees based upon an expected loss analysis and records the value of such guarantees as an obligation in its condensed consolidated financial statements. Bunge s recorded obligation related to these outstanding guarantees was $15 million at June 30, 2012.

(2) Bunge issued guarantees to certain financial institutions related to debt of certain of its unconsolidated joint ventures. The terms of the guarantees are equal to the terms of the related financings which have maturity dates in 2012, 2014 and 2017. There are no recourse provisions or collateral that would enable Bunge to recover any amounts paid under these guarantees. At June 30, 2012, Bunge had no outstanding recorded obligation related to these guarantees.

(3) Bunge issued guarantees to certain financial institutions which are party to certain operating lease arrangements for railcars and barges. These guarantees provide for a minimum residual value to be received by the lessor at conclusion of the lease term. These leases expire in 2016. At June 30, 2012, Bunge s recorded obligation related to these guarantees was $5 million.

In addition, Bunge Limited has provided full and unconditional parent level guarantees of the indebtedness outstanding under certain senior credit facilities and senior notes entered into, or issued by, its 100% owned subsidiaries. At June 30, 2012, Bunge s condensed consolidated balance sheet includes debt with a carrying amount of $5,432 million related to these guarantees. This debt includes the senior notes issued by two of Bunge s 100% owned finance subsidiaries, Bunge Limited Finance Corp. and Bunge N.A. Finance L.P. There are no significant restrictions on the ability of Bunge Limited Finance Corp., Bunge N.A. Finance L.P. or any other Bunge subsidiary to transfer funds to Bunge Limited.

## 17. EQUITY

*Share repurchase program* Bunge has established a program for the repurchase of up to $700 million of Bunge s issued and outstanding common shares. The program runs through December 31, 2012. There were no share repurchases under the program during the six months ended June 30, 2012 or 2011. Total repurchases under the program from inception through June 30, 2012 were 8,647,859 shares for $474 million.

*Accumulated other comprehensive income (loss) attributable to Bunge* The following table summarizes the balances of related after tax components of accumulated other comprehensive income (loss) attributable to Bunge:

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| (US$ in millions) | Foreign Exchange Translation Adjustment | Deferred Gain (Loss) on Hedging Activities | Pension And Other Postretirement Liability Adjustments | Unrealized Gain (Loss) on Investments | Accumulated Other Comprehensive Income (Loss) |
|---|---|---|---|---|---|
| Balance, December 31, 2011 | $ (460) | $ (24) | $ (124) | $ (2) | $ (610) |
| Other comprehensive income (loss) | (772) | (2) | 1 | 17 | (756) |
| Income tax benefit (expense) | | 7 | | (6) | 1 |
| **Balance, June 30, 2012** | **$ (1,232)** | **$ (19)** | **$ (123)** | **$ 9** | **$ (1,365)** |

| (US$ in millions) | Foreign Exchange Translation Adjustment | Deferred Gain (Loss) on Hedging Activities | Pension And Other Postretirement Liability Adjustments | Unrealized Gain (Loss) on Investments | Accumulated Other Comprehensive Income (Loss) |
|---|---|---|---|---|---|
| Balance, December 31, 2010 | $ 670 | $ (2) | $ (83) | $ (2) | $ 583 |
| Other comprehensive income (loss) | 640 | | (2) | 5 | 643 |
| Income tax benefit (expense) | | | | (2) | (2) |
| **Balance, June 30, 2011** | **$ 1,310** | **$ (2)** | **$ (85)** | **$ 1** | **$ 1,224** |

## 18. TRANSFERS (TO) FROM NONCONTROLLING INTERESTS

Bunge has a 51% controlling interest in a joint venture with two third party companies related to a grain terminal in Longview, Washington, U.S., which it consolidates. During the six months ended June 30, 2012, Bunge and the noncontrolling interest holders, which have a 49% interest, made proportionate capital contributions, resulting in no ownership percentage change. The total contribution from the noncontrolling interest holders was $6 million.

In May 2012, Bunge acquired an additional 63.5% ownership interest of a wheat mill and bakery dry mix operation in North America resulting in Bunge having a 95% controlling interest in the entity. Upon consolidation, Bunge recognized noncontrolling interest of $6 million representing the fair value of the noncontrolling interest (see Note 3).

Bunge has a 50% controlling interest in a joint venture in South Africa. In May 2012, Bunge and the noncontrolling interest holders made proportionate capital contributions resulting in no ownership percentage change. The total contribution from the noncontrolling interest holder was $4 million.

In March 2012, Bunge consolidated an acquired asset management company and recorded $267 million of noncontrolling interest related to certain managed investment funds (see Note 1) in which the management company was determined to be the primary beneficiary.

## 19. EARNINGS PER COMMON SHARE

The following table sets forth the computation of basic and diluted earnings per common share.

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| (US$ in millions, except for share data) | Three Months Ended June 30, 2012 | Three Months Ended June 30, 2011 | Six Months Ended June 30, 2012 | Six Months Ended June 30, 2011 |
|---|---|---|---|---|
| Net income attributable to Bunge | $ 274 | $ 316 | $ 366 | $ 548 |
| Convertible preference share dividends | (9) | (9) | (17) | (17) |
| Net income available to Bunge common shareholders | $ 265 | $ 307 | $ 349 | $ 531 |
| Weighted average number of common shares outstanding: | | | | |
| Basic | 145,974,965 | 147,281,549 | 145,846,544 | 147,063,364 |
| Effect of dilutive shares: | | | | |
| Stock options and awards | 917,117 | 1,348,059 | 963,943 | 1,338,085 |
| Convertible preference shares | 7,583,790 | 7,547,220 | 7,583,790 | 7,547,220 |
| Diluted (1) | 154,475,872 | 156,176,828 | 154,394,277 | 155,948,669 |
| Earnings per common share: | | | | |
| Basic | $ 1.82 | $ 2.08 | $ 2.39 | $ 3.61 |
| Diluted | $ 1.78 | $ 2.02 | $ 2.37 | $ 3.51 |

(1) Approximately 4 million outstanding stock options and contingently issuable restricted stock units were not dilutive and not included in the weighted-average number of common shares outstanding for the three and six months ended June 30, 2012, respectively. Approximately 1 million and 2 million outstanding stock options and contingently issuable restricted stock units were not dilutive and not included in the weighted-average number of common shares outstanding for the three and six months ended June 30, 2011, respectively.

## 20. SEGMENT INFORMATION

Bunge has five reportable segments agribusiness, sugar and bioenergy, edible oil products, milling products and fertilizer which are organized based upon similar economic characteristics and are similar in nature of products and services offered, the nature of production processes, the type and class of customer and distribution methods. The agribusiness segment is characterized by both inputs and outputs being agricultural commodities and thus high volume and low margin. The sugar and bioenergy segment involves sugarcane growing and milling in Brazil, sugar merchandising in various countries, as well as sugarcane-based ethanol production and corn-based ethanol investments and related activities. The edible oil products segment involves the manufacturing and marketing of products derived from vegetable oils. The milling products segment involves the manufacturing and marketing of products derived primarily from wheat and corn.

Beginning in the first quarter of 2012, the management responsibilities for certain Brazilian port facilities were moved from the agribusiness segment to the fertilizer segment. Accordingly, amounts for prior periods presented have been reclassified to conform to the current period segment presentation.

The Unallocated column in the following table contains the reconciliation between the totals for reportable segments and Bunge consolidated totals, which consist primarily of corporate items not allocated to the operating segments and inter-segment eliminations. Transfers between the segments are generally valued at market. The revenues generated from these transfers are shown in the following table as Inter-segment revenues segments or inter-segment eliminations.

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**(US$ in millions)**

| Three Months Ended June 30, 2012 | Agribusiness | Sugar and Bioenergy | Edible Oil Products | Milling Products | Fertilizer | Unallocated (1) | Total |
|---|---|---|---|---|---|---|---|
| Net sales to external customers | $ 10,580 | $ 1,079 | $ 2,331 | $ 421 | $ 679 | $ | $ 15,090 |
| Inter segment revenues | 1,340 | | 33 | | 16 | (1,389) | |
| Gross profit | 478 | 15 | 91 | 43 | 33 | | 660 |
| Foreign exchange gains (losses) | 20 | (5) | (2) | | 5 | | 18 |
| Noncontrolling interest (1) | 5 | 3 | 1 | | (1) | | 8 |
| Other income (expense) net | 4 | (4) | | (1) | (7) | | (8) |
| Gain on sale of investments in affiliates | 85 | | | | | | 85 |
| Gain on acquisition of controlling interest | | | | 36 | | | 36 |
| Segment EBIT (2) | 386 | (28) | 2 | 44 | (1) | | 403 |
| Depreciation, depletion and amortization | (56) | (45) | (23) | (6) | (14) | | (144) |
| Total assets | 16,777 | 3,925 | 2,737 | 846 | 2,428 | | 26,713 |

**Three Months Ended**
**June 30, 2011**