Bunge LTD
Form 10-Q
November 06, 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 September 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 (State or other jurisdiction of incorporation or organization)	**98-0231912** (I.R.S. Employer Identification No.)
50 Main Street, White Plains, New York (Address of principal executive offices)	**10606** (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 (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 November 2, 2012 the number of shares issued of the registrant was:

Common shares, par value $.01 per share: 146,171,736

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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 September 30, 2012	Three Months Ended September 30, 2011	Nine Months Ended September 30, 2012	Nine Months Ended September 30, 2011
Net sales	$ 17,293	$ 15,616	$ 45,829	$ 42,298
Cost of goods sold	(16,434)	(14,910)	(43,789)	(40,306)
Gross profit	**859**	**706**	**2,040**	**1,992**
Selling, general and administrative expenses	(416)	(394)	(1,231)	(1,121)
Interest income	13	28	60	72
Interest expense	(86)	(80)	(230)	(222)
Foreign exchange gain (loss)	20	(127)	104	(8)
Other income (expense) net	(9)	(1)	(46)	(8)
Gain on sales of investments in affiliates			85	37
Gain on acquisition of controlling interest			36	
Income before income tax	**381**	**132**	**818**	**742**
Income tax (expense) benefit	(80)	1	(162)	(62)
Net income	**301**	**133**	**656**	**680**
Net loss (income) attributable to noncontrolling interest	(4)	7	7	8
Net income attributable to Bunge	**297**	**140**	**663**	**688**
Convertible preference share dividends	(8)	(8)	(25)	(25)
Net income available to Bunge common shareholders	**$ 289**	**$ 132**	**$ 638**	**$ 663**
Earnings per common share basic (Note 20)				
Earnings to Bunge common shareholders	$ 1.97	$ 0.90	$ 4.37	$ 4.51

Earnings per common share diluted (Note 20)								
Earnings to Bunge common shareholders	$	1.92	$	0.89	$	4.29	$	4.42
Dividends per common share	$	0.27	$	0.25	$	0.79	$	0.73

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 September 30, 2012	Three Months Ended September 30, 2011	Nine Months Ended September 30, 2012	Nine Months Ended September 30, 2011
Net income	$ 301	$ 133	$ 656	$ 680
Other comprehensive income (loss):				
Foreign exchange translation adjustment	67	(1,666)	(731)	(1,008)
Unrealized gains (losses) on commodity futures and foreign exchange contracts designated as cash flow hedges, net of tax (expense) benefit of $(10) and $(2) in 2012, $8 and $1 in 2011	19	(18)	3	(5)
Unrealized gains (losses) on investments, net of tax (expense) benefit of $1 and $(5) in 2012, $3 and $0 in 2011	(2)	(3)	9	
Reclassification of realized net losses (gains) to net income, net of tax expense (benefit) of $(11) and $(11) in 2012, $0 and $7 in 2011	1	(2)	22	(15)
Pension adjustment, net of tax (expense) benefit of nil in all periods			1	(2)
Total other comprehensive income (loss)	85	(1,689)	(696)	(1,030)
Total comprehensive income (loss)	386	(1,556)	(40)	(350)
Less: comprehensive (income) loss attributable to noncontrolling interest	(32)	53	5	36
Total comprehensive income (loss) attributable to Bunge	**$ 354**	**$ (1,503)**	**$ (35)**	**$ (314)**

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)

	September 30, 2012	December 31, 2011
ASSETS		
Current assets:		
Cash and cash equivalents	$ 690	$ 835
Trade accounts receivable (less allowances of $118 and $113) (Note 14)	3,772	2,459
Inventories (Note 4)	8,115	5,733
Deferred income taxes	275	305
Other current assets (Note 5)	5,194	3,796
Total current assets	18,046	13,128
Property, plant and equipment, net	5,841	5,517
Goodwill (Note 6)	878	893
Other intangible assets, net	303	220
Investments in affiliates (Note 8)	282	600
Deferred income taxes	1,326	1,211
Other non-current assets (Note 9)	1,959	1,706
Total assets	**$ 28,635**	**$ 23,275**
LIABILITIES AND EQUITY		
Current liabilities:		
Short-term debt	$ 3,476	$ 719
Current portion of long-term debt (Note 13)	314	14
Trade accounts payable	3,701	3,173
Deferred income taxes	303	152
Other current liabilities (Note 11)	3,793	2,889
Total current liabilities	11,587	6,947
Long-term debt (Note 13)	4,142	3,348
Deferred income taxes	105	134
Other non-current liabilities	745	771
Commitments and contingencies (Note 17)		
Redeemable noncontrolling interest (Note 18)	47	
Equity (Note 19):		
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 146,108,602 shares, 2011 145,610,029 shares	1	1

Additional paid-in capital		4,896		4,829
Retained earnings		7,440		6,917
Accumulated other comprehensive income (loss) (Note 19)		(1,306)		(610)
Treasury shares, at cost - 1,933,286 shares		(120)		(120)
Total Bunge shareholders equity		11,601		11,707
Noncontrolling interest		408		368
Total equity		12,009		12,075
Total liabilities and equity	**$**	**28,635**	**$**	**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)

	Nine Months Ended September 30, 2012	Nine Months Ended September 30, 2011
OPERATING ACTIVITIES		
Net income	$ 656	$ 680
Adjustments to reconcile net income to cash provided by (used for) operating activities:		
Impairment charges	44	
Gain on sales of investments in affiliates	(85)	(37)
Gain on acquisition of controlling interest	(36)	
Foreign exchange loss (gain) on debt	(75)	103
Bad debt expense	40	15
Depreciation, depletion and amortization	414	398
Stock-based compensation expense	44	40
Deferred income taxes	(54)	73
Other, net	2	(20)
Changes in operating assets and liabilities, excluding the effects of acquisitions:		
Trade accounts receivable	(1,233)	287
Inventories	(2,665)	63
Prepayments and advances to suppliers	(395)	(313)
Trade accounts payable and accrued liabilities	947	(355)
Net unrealized gain/loss on derivative contracts	(79)	401
Margin deposits	(53)	560
Other, net	(344)	(532)
Cash provided by (used for) operating activities	(2,872)	1,363
INVESTING ACTIVITIES		
Payments made for capital expenditures	(667)	(705)
Acquisitions of businesses (net of cash acquired)	(287)	(104)
Proceeds from sales of investments in affiliates	483	70
Payments for investments in affiliates	(111)	(28)
Other, net	56	51
Cash provided by (used for) investing activities	(526)	(716)
FINANCING ACTIVITIES		
Net change in short-term debt with maturities of 90 days or less	1,751	207
Proceeds from short-term debt with maturities greater than 90 days	1,421	671
Repayments of short-term debt with maturities greater than 90 days	(491)	(1,195)
Proceeds from long-term debt	4,505	2,209
Repayments of long-term debt	(3,761)	(1,795)
Proceeds from sale of common shares	13	19
Repurchases of common shares		(120)
Dividends paid	(138)	(129)
Other, net	(2)	27

Cash provided by (used for) financing activities		3,298		(106)
Effect of exchange rate changes on cash and cash equivalents		(45)		(64)
Net (decrease) increase in cash and cash equivalents		(145)		477
Cash and cash equivalents, beginning of period		835		578
Cash and cash equivalents, end of period	**$**	**690**	**$**	**1,055**

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)

	Redeemable Noncontrolling Interest	Convertible Preference Shares Shares	Convertible Preference Shares Amount	Common Shares Shares	Common Shares Amount	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Treasury Shares	Non Controlling Interest	Total Equity
Balance, January 1, 2011	$	6,900,000	$ 690	146,635,083	$ 1	$ 4,793	$ 6,153	$ 583	$	$ 334	$ 12,554
Net income							688			(8)	680
Other comprehensive income (loss)								(1,002)		(28)	(1,030)
Dividends on common shares							(107)				(107)
Dividends on preference shares							(25)				(25)
Dividends to noncontrolling interest on subsidiary common stock										(16)	(16)
Return of capital to noncontrolling interest										(7)	(7)
Capital contributions from noncontrolling interest										64	64
Acquisition of noncontrolling interest						(31)				12	(19)
Stock-based compensation expense						40					40
Repurchase of common shares				(1,933,286)					(120)		(120)
Issuance of common shares				813,784		15					15
Balance, September 30, 2011	**$**	**6,900,000**	**$ 690**	**145,515,581**	**$ 1**	**$ 4,817**	**$ 6,709**	**$ (419)**	**$ (120)**	**$ 351**	**$ 12,029**

	Redeemable Noncontrolling Interest	Convertible Preference Shares Shares	Convertible Preference Shares Amount	Common Shares Shares	Common Shares Amount	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Treasury Shares	Non Controlling Interest	Total Equity
Balance, January 1, 2012	$	6,900,000	$ 690	145,610,029	$ 1	$ 4,829	$ 6,917	$ (610)	$ (120)	$ 368	$ 12,075
Net income	(2)						663			(5)	658
Other comprehensive income (loss)								(696)			(696)
Dividends on common shares							(115)				(115)
Dividends on preference shares							(25)				(25)
Dividends to noncontrolling interest on subsidiary common stock										(6)	(6)

Capital contributions from noncontrolling interest	1									11	11
Acquisition of noncontrolling interest (Note 3)	48									40	40
Stock-based compensation expense						44					44
Issuance of common shares				498,573		23					23
Balance, September 30, 2012	**$ 47**	**6,900,000**	**$ 690**	**146,108,602**	**$ 1**	**$ 4,896**	**$ 7,440**	**$ (1,306)**	**$ (120)**	**$ 408**	**$ 12,009**

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 nine months ended September 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, 2012.

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 September 30, 2012 in the amounts of $355 million, $333 million and $40 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 21).

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 July 2012, Bunge acquired a 55% interest in an newly formed oilseed processing venture in Eastern Europe, which it consolidates, in its agribusiness segment for $54 million comprised of $11 million in cash, $40 million in redeemable noncontrolling interest and $3 million in contingent consideration. In conjunction with the formation of the venture, Bunge entered into an agreement to acquire the remaining 45% interest at either Bunge s or the noncontrolling interest s option in the future for which the exercise date and price are reasonably determinable. As a result, Bunge has classified the noncontrolling interest as redeemable noncontrolling interest on its condensed consolidated balance sheet as of September 30, 2012. The preliminary purchase price allocation includes $3 million of inventory, $24 million of other current assets, $133 million of property, plant and equipment, $17 million of other current liabilities and $89 million of long-term debt. Bunge has not recognized any goodwill as a result of this transaction (see Note 18).

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 in cash (net of cash acquired) and $8 million in redeemable noncontrolling interest. Prior to this transaction, Bunge had an existing 31.5% interest in the entity which was accounted for as an equity method investment. Upon completion of the transaction, Bunge has a 95% interest in the entity, which it consolidates. Upon assuming control of the entity, Bunge recorded a non-cash, non-taxable gain of $36 million to adjust its previously existing noncontrolling interest to its fair value of $52 million. The preliminary purchase price allocation includes $21 million of inventories, $35 million of other current assets, $71 million of property, plant and equipment, $32 million of finite-lived intangible assets, $18 million of other liabilities, $24 million of deferred tax liabilities and $45 million of goodwill (see Notes 8 and 18).

In March 2012, Bunge acquired an asset management business in Europe in its agribusiness segment for $9 million, net of cash acquired. Bunge has been and is continuing to review the asset valuation models and their associated impact on the transaction accounting and financial statement classification; as a result, Bunge has reclassified approximately $222 million of noncontrolling interest to long-term debt on its condensed consolidated balance sheet as of September 30, 2012. The preliminary purchase price allocation includes $27 million of other assets, $344 million of long-term investments, $21 million of other finite-lived intangible assets, $27 million of other liabilities, $316 million of long-term debt and $40 million of noncontrolling interest. Of these amounts, $14 million of other net assets, $344 million of long-term investments, $316 million of long-term debt and $40 million of noncontrolling interest are attributed to certain managed investment funds, which Bunge consolidates as it is deemed to be the primary beneficiary (see Notes 1, 9 and 13).

In February 2012, Bunge acquired an edible oils and fats business in India in its edible oil products 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 finite-lived 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 three transactions in North America and Africa 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)		September 30, 2012		December 31, 2011
Agribusiness (1)	$	6,090	$	4,080
Sugar and bioenergy (2)		508		465
Edible oil products (3)		625		489
Milling products (4)		210		130
Fertilizer (4)		682		569
Total	**$**	**8,115**	**$**	**5,733**

(1) Includes readily marketable agricultural commodity inventories at fair value of $5,792 million and $3,724 million at September 30, 2012 and December 31, 2011, respectively. All other agribusiness segment inventories are carried at lower of cost or market.

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(2) Includes readily marketable sugar inventories of $164 million and $139 million at September 30, 2012 and December 31, 2011, respectively. Of these sugar inventories, $90 million and $83 million are carried at fair value at September 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 $193 million and $212 million at September 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:

(US$ in millions)	September 30, 2012	December 31, 2011
Prepaid commodity purchase contracts (1)	$ 508	$ 206
Secured advances to suppliers, net (2)	366	349
Unrealized gains on derivative contracts at fair value	2,084	1,283
Recoverable taxes, net	530	528
Margin deposits (3)	408	352
Marketable securities	98	50
Deferred purchase price receivable (4)	125	192
Prepaid expenses	443	369
Restricted cash (5)	12	43
Other	620	424
Total	**$ 5,194**	**$ 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 $3 million at both September 30, 2012 and December 31, 2011.

Interest earned on secured advances to suppliers of $5 million and $5 million for the three months ended September 30, 2012 and 2011, respectively, and $18 million and $17 million for the nine months ended September 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 14) 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		45		52
Reallocation of acquired goodwill (2)	(1)		(13)		1	(13)
Tax benefit on goodwill amortization (3)	(4)					(4)
Foreign exchange translation	(12)	(43)	3	2		(50)
Balance, September 30, 2012	**$ 199**	**$ 524**	**$ 100**	**$ 53**	**$ 2**	**$ 878**

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(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.

(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. IMPAIRMENT AND RESTRUCTURING CHARGES

Impairment In the third quarter of 2012, Bunge recorded pretax non-cash impairment charges of $29 million and $10 million in selling, general and administrative expenses and other income (expense)-net, respectively, in its condensed consolidated statements of income, which was allocated to its sugar and bioenergy segment, relating to the write down of an equity investment in and an affiliate loan to a North American corn ethanol joint venture. Declining results of operations at this joint venture s only facility led to the announced suspension of operations in the venture.

Restructuring In the three and nine months ended September 30, 2012, Bunge recorded no significant restructuring charges.

The following table summarizes assets measured at fair value on a nonrecurring basis subsequent to initial recognition. For additional information on Level 1, 2 and 3 inputs (see Note 12).

(US$ in millions)	Three Months Ended September 30, 2012	Fair Value Measurements Using Level 1	Level 2	Level 3	Impairment Losses Three Months Ended September 30, 2012
Affiliate loans	$ 9	$	$	$ 9	$ (29)
Investment in affiliates	$	$	$	$	$ (10)

(US$ in millions)	Nine Months Ended September 30, 2012	Fair Value Measurements Using Level 1	Level 2	Level 3	Impairment Losses Nine Months Ended September 30, 2012
Affiliate loans	$ 9	$	$	$ 9	$ (29)
Investment in affiliates	$	$	$	$	$ (10)

8. INVESTMENTS IN AFFILIATES

In September 2012, Bunge recorded a $10 million impairment charge related to its equity investment in a North American corn ethanol joint venture reducing the investment value to zero (see Note 7). During the nine months ended September 30, 2012 total contributions made by Bunge to this joint venture were $18 million primarily funding its share of the joint venture s operating losses.

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In April 2012, Bunge entered into a joint venture agreement for the construction and operation of a renewable oils production facility in its sugar and bioenergy segment in Brazil. Bunge has a 49.9% interest in this entity and contributed $10 million in July 2012.

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 and has contributed $21 million during the nine months ended September 30, 2012. Bunge accounts for this equity method investment in its sugar and bioenergy segment. Also during the nine months ended September 30, 2012, Bunge made contributions totaling $19 million to its Paraguay oilseed processing facility joint venture.

In May 2012, Bunge completed the acquisition of an additional 63.5% voting interest in a North American wheat mill and bakery dry mix operation (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 condensed consolidated financial statements. Upon assuming control of this entity, Bunge recognized a non-cash, non-taxable 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 pretax 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.

9. OTHER NON-CURRENT ASSETS

Other non-current assets consist of the following:

(US$ in millions)		September 30, 2012		December 31, 2011
Recoverable taxes, net	$	464	$	386
Long-term receivables from farmers in Brazil, net		220		284
Judicial deposits		166		167
Income taxes receivable		439		565
Affiliate loans receivable, net		54		63
Long-term investments		432		37
Other		184		204
Total	**$**	**1,959**	**$**	**1,706**

Recoverable taxes, net Recoverable taxes are reported net of valuation allowances of $43 million and $41 million at September 30, 2012 and December 31, 2011, respectively.

Long-term receivables from farmers in Brazil, net 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.

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.

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(US$ in millions)	September 30, 2012	December 31, 2011
Legal collection process (1)	$ 274	$ 358
Renegotiated amounts:		
Current on repayment terms	137	125
Total	**$ 411**	**$ 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 nine months ended September 30, 2012 and the year ended December 31, 2011 was $461 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.

	September 30, 2012		December 31, 2011	
(US$ in millions)	Recorded Investment	Allowance	Recorded Investment	Allowance
For which an allowance has been provided:				
Legal collection process	$ 154	$ 140	$ 162	$ 147
Renegotiated amounts	71	51	64	52
For which no allowance has been provided:				
Legal collection process	120		196	
Renegotiated amounts	66		61	
Total	**$ 411**	**$ 191**	**$ 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 September 30,		Nine Months Ended September 30,	
(US$ in millions)	2012	2011	2012	2011
Beginning balance	$ 198	$ 215	$ 199	$ 201
Bad debt provisions	8	10	34	14
Recoveries	(7)	(5)	(16)	(10)
Write-offs	(8)		(9)	
Transfers (1)		(2)		
Foreign exchange translation		(34)	(17)	(21)
Ending balance	$ 191	$ 184	$ 191	$ 184

(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 September 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, net Affiliate loans receivable, net are primarily interest bearing receivables net of allowances from unconsolidated affiliates with an initial maturity of greater than one year. In the three and nine months ended September 30, 2012, Bunge recorded a reserve of $29 million related to a loan receivable from a North American corn ethanol joint venture (see Note 7).

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 and result in Bunge s consolidation of the associated entities.

These investments of $355 million at September 30, 2012 are recorded at fair value (a Level 3 measurement) which was determined using proprietary pricing models and discounted cash flow analyses.

10. 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 realized. During the three months ended September 30, 2012, Bunge decreased its liability for unrecognized tax benefits by $21 million and recorded a favorable adjustment to the tax provision of $8 million as a result of the expiration of certain statutes of limitations. There were no other material changes to uncertain tax positions for the nine months ended September 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 ended 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 ended 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 ended 2005 to 2007. The proposed adjustments totaled

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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.

11. OTHER CURRENT LIABILITIES

Other current liabilities consist of the following:

(US$ in millions)		September 30, 2012		December 31, 2011
Accrued liabilities	$	1,211	$	1,179
Unrealized losses on derivative contracts at fair value		2,068		1,370
Advances on sales		392		283
Other		122		57
Total	**$**	**3,793**	**$**	**2,889**

12. 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 14 for deferred purchase price receivable (DPP) related to sales of trade receivables. See Note 9 for long-term receivables from farmers in Brazil, net and other long-term investments, see Note 13 for long-term debt and see Note 18 for redeemable noncontrolling interest. 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

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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 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							
	September 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)	$	$ 4,948	$ 1,127	$ 6,075	$	$ 3,736	$ 283	$ 4,019
Unrealized gain on designated derivative contracts (1)								
Foreign exchange		14		14		13		13
Unrealized gain on undesignated derivative contracts (1)								
Foreign exchange		210		210		451	1	452
Commodities	164	1,166	496	1,826	75	586	125	786
Freight	7			7	5		1	6
Energy	20	4	3	27	11	13	2	26
Deferred purchase price receivable (Note 14)		125		125		192		192
Other (2)	210	49		259	146	34		180
Total assets	**$ 401**	**$ 6,516**	**$ 1,626**	**$ 8,543**	**$ 237**	**$ 5,025**	**$ 412**	**$ 5,674**
Liabilities:								
Unrealized loss on designated derivative contracts (3)								
Foreign exchange	$	$ 13	$	$ 13	$	$ 45	$	$ 45
Unrealized loss on undesignated derivative contracts (3)								
Interest rate						2		2
Foreign exchange	1	158		159		617		617
Commodities	321	1,340	210	1,871	147	417	116	680
Freight	3			3	1			1
Energy	10		12	22	4	6	15	25
Total liabilities	**$ 335**	**$ 1,511**	**$ 222**	**$ 2,068**	**$ 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 September 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 September 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

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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, 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

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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 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 September 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 September 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 September 30, 2012		
(US$ in millions)	**Derivatives, Net (1)**	**Readily Marketable Inventories**	**Total**
Balance, July 1, 2012	$ 187	$ 1,820	$ 2,007
Total gains and (losses) (realized/unrealized) included in cost of goods sold	93	(176)	(83)
Purchases		(293)	(293)
Sales	2	(250)	(248)
Issuances	(1)		(1)

Settlements		(93)				(93)
Transfers into Level 3		4		197		201
Transfers out of Level 3		85		(171)		(86)
Balance, September 30, 2012	**$**	**277**	**$**	**1,127**	**$**	**1,404**

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

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	Level 3 Instruments: Fair Value Measurements Three Months Ended September 30, 2011		
(US$ in millions)	**Derivatives, Net (1)**	**Readily Marketable Inventories**	**Total**
Balance, July 1, 2011	$ 134	$ 722	$ 856
Total gains and (losses) (realized/unrealized) included in cost of goods sold	(42)	65	23
Total gains and (losses) (realized/unrealized) included in foreign exchange gains (losses)	2		2
Purchases	24	264	288
Sales	(1)	(749)	(750)
Issuances	(30)		(30)
Settlements	17		17
Transfers into Level 3	1	124	125
Transfers out of Level 3	(27)	(73)	(100)
Balance, September 30, 2011	**$ 78**	**$ 353**	**$ 431**

(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 nine months ended September 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 Nine Months Ended September 30, 2012		
(US$ in millions)	**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	339	54	393
Purchases	3	984	987
Sales	3	(1,126)	(1,123)
Issuances	(4)		(4)
Settlements	(177)		(177)
Transfers into Level 3	46	1,177	1,223
Transfers out of Level 3	69	(245)	(176)
Balance, September 30, 2012	**$ 277**	**$ 1,127**	**$ 1,404**

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

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(US$ in millions)	Level 3 Instruments: Fair Value Measurements Nine Months Ended September 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	(160)	157	(3)
Total gains and (losses) (realized/unrealized) included in foreign exchange gains (losses)	2		2
Purchases	95	1,750	1,845
Sales	(1)	(2,111)	(2,112)
Issuances	(89)		(89)
Settlements	(40)		(40)
Transfers into Level 3	15	398	413
Transfers out of Level 3	(51)	(105)	(156)
Balance, September 30, 2011	**$ 78**	**$ 353**	**$ 431**

(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 September 30, 2012 and 2011 for Level 3 assets and liabilities that were held at September 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 September 30, 2012			
Cost of goods sold	$ 159	$ (628)	$ (469)
Foreign exchange gains (losses)	$	$	$
Changes in unrealized gains and (losses) relating to assets and liabilities held at September 30, 2011			
Cost of goods sold	$ (15)	$ 30	$ 15
Foreign exchange gains (losses)	$ 2	$	$ 2

(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 nine months ended September 30, 2012 and 2011 for Level 3 assets and liabilities that were held at September 30, 2012 and 2011.

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(US$ in millions)	Level 3 Instruments: Fair Value Measurements Nine Months Ended Derivatives, Net (1)	Readily Marketable Inventories	Total
Changes in unrealized gains and (losses) relating to assets and liabilities held at September 30, 2012			
Cost of goods sold	$ 280	$ 734	$ 1,014
Foreign exchange gains (losses)	$	$	$
Changes in unrealized gains and (losses) relating to assets and liabilities held at September 30, 2011			
Cost of goods sold	$ (30)	$ 244	$ 214
Foreign exchange gains (losses)	$ 3	$	$ 3

(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.

	September 30, 2012		
	Exchange Traded Net (Short)	Non-exchange Traded	Unit of

(US$ in millions)	& Long (1)	(Short) (2)	Long (2)	Measure
Foreign Exchange:				
Options	$ 1	$ (234)	$ 178	Delta
Forwards	(62)	(6,888)	16,531	Notional
Swaps		(6)	38	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.

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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 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.

	September 30, 2012			
	Exchange Traded Net (Short) & Long (1)	Non-exchange Traded (Short) (2)	Non-exchange Traded Long (2)	Unit of Measure
Agricultural Commodities				
Futures	(2,160,748)			Metric Tons
Options	(1,134,974)	(216)		Metric Tons
Forwards		(34,488,016)	33,570,076	Metric Tons
Swaps		(9,567,368)	2,722	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.

	September 30, 2012
	Exchange Cleared

	Net (Short) & Long (1)	Non-exchange Cleared (Short) (2)	Non-exchange Cleared Long (2)	Unit of Measure
Ocean Freight				
FFA	(755)			Hire Days
FFA Options	(1,106)			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.

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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.

	September 30, 2012			
	Exchange Traded Net (Short) & Long (1)	Non-exchange Cleared (Short) (2)	Non-exchange Cleared Long (2)	Unit of Measure (3)
Natural Gas (3)				
Futures	(866,457)			MMBtus
Swaps			1,220,379	MMBtus
Options	(55,247)			MMBtus
Energy Other				
Futures	83,151			Metric Tons
Forwards		(186,418)	4,081,000	Metric Tons
Swaps	38,150		6,139	Metric Tons
Options	(664,056)	(132,221)	120,320	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 nine months ended September 30, 2012 and 2011.

		Gain or (Loss) Recognized in Income on Derivative Instruments Nine Months Ended September 30,	
(US$ in millions)	Location	2012	2011
Designated Derivative Contracts:			
Interest Rate	Interest income/Interest expense	$	$
Foreign Exchange	Cost of goods sold		

Commodities	Cost of goods sold				
Freight	Cost of goods sold				
Energy	Cost of goods sold				
Total		**$**		**$**	
Undesignated Derivative Contracts:					
Interest Rate	Interest income/Interest expense	$		$	1
Interest Rate	Other income (expense)-net				
Foreign Exchange	Foreign exchange gains (losses)		(88)		(31)
Foreign Exchange	Cost of goods sold		23		(26)
Commodities	Cost of goods sold		(689)		(67)
Freight	Cost of goods sold		7		117
Energy	Cost of goods sold		(8)		(2)
Total		**$**	**(755)**	**$**	**(8)**

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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 nine months ended September 30, 2012.

			Nine Months Ended September 30, 2012			
		Gain or (Loss) Recognized in Accumulated	Gain or (Loss) Reclassified from Accumulated OCI into Income (1)		Amount of Gain (Loss) Recognized in Income on Derivative (Ineffective Portion and Amount Excluded from Effectiveness Testing)	
(US$ in millions)	**Notional Amount**	**OCI (1)**	**Location**	**Amount**	**Location**	**Amount (2)**
Cash Flow Hedge:						
Foreign Exchange (3)	$ 684	$ 3	Cost of goods sold	$ (3)	Cost of goods sold	$
Total	**$ 684**	**$ 3**		**$ (3)**		**$**

(1) The gain or (loss) recognized relates to the effective portion of the hedging relationship. At September 30, 2012, Bunge expects to reclassify into income in the next 12 months $3 million after tax gains related to its foreign exchange cash flow hedges. As of September 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 nine months ended September 30, 2011.

			Nine Months Ended September 30, 2011			
		Gain or (Loss) Recognized in Accumulated	Gain or (Loss) Reclassified from Accumulated OCI into Income (1)		Amount of Gain (Loss) Recognized in Income on Derivative (Ineffective Portion and Amount Excluded from Effectiveness Testing)	
(US$ in millions)	**Notional Amount**	**OCI (1)**	**Location**	**Amount**	**Location**	**Amount (2)**
Cash Flow Hedge:						
Foreign Exchange (3)	$ 450	$ (16)	Cost of goods sold	$	Cost of goods sold	$
Commodities		11	Cost of goods sold	14	Cost of goods sold	5

Total	**$**	**450**	**$**	**(5)**		**$**	**14**		**$**	**5**
Net Investment Hedge:(4)										
Foreign Exchange	$	289	$	27	Foreign exchange gains (losses)	$		Foreign exchange gains (losses)	$	
Total	**$**	**289**	**$**	**27**		**$**			**$**	

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(1) The gain or (loss) recognized relates to the effective portion of the hedging relationship. At September 30, 2011, Bunge expected to reclassify into income in the next 12 months approximately $2 million of after tax gains related to its agricultural commodities cash flow hedges and $(2) million of after tax losses related to its foreign exchange cash flow and net investment hedges.

(2) The amount of gain recognized in income is $5 million as of September 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.

13. DEBT

In August 2012, the $300 million 3.32% fixed rate term loan credit facility due 2013 was amended to include additional borrowing capacity of $100 million carrying a variable rate of interest of LIBOR plus 1.38%.

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 $333 million as of September 30, 2012. The debt acquired primarily consists of third party debt and loans from limited partners in certain of the investment funds. Bunge has elected to fair value the loans from the limited partners on a recurring basis. The fair value of the debt was $333 million at September 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:

(US$ in millions)	September 30, 2012 Carrying Value	Fair Value (Level 2)	Fair Value (Level 3)	December 31, 2011 Carrying Value	Fair Value (Level 2)
Long-term debt, including current portion	$ 4,456	$ 4,607	$ 237	$ 3,362	$ 3,676

14. 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 September 30, 2012 and December 31, 2011, $804 million and $716 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 $9,727 million and $3,755 million for the nine months ended September 30, 2012 and the period from inception of the program (June 1, 2011) through September 30, 2011, respectively. In addition, cash collections from customers on receivables previously sold were $9,886 million and $3,014 million for the nine months ended September 30, 2012 and the period from inception of the program through September 30, 2011. 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 nine months ended September 30, 2012 and the period from inception of the program through September 30, 2011 were $9,921 million and $2,915 million, respectively. These sales resulted in discounts of $2 million for both the three months ended September 30, 2012 and 2011, respectively, and $6 million and $2 million for the nine months ended September 30, 2012 and the period from inception of the program through September 30, 2011, which were included

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in SG&A in the condensed consolidated statements of income. 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 $125 million and $192 million at September 30, 2012 and December 31, 2011, respectively, and is 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 nine months ended September 30, 2012 and the period from inception of the program through September 30, 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 nine months ended September 30, 2012 and 2011, including changes in the fair value of the deferred purchase price of $5 million and $1 million for the nine months ended September 30, 2012 and the period from inception of the program through September 30, 2011.

15. RELATED PARTY TRANSACTIONS

Bunge purchased commodities and commodity products and fertilizer products from certain of its investees, totaling $190 million and $227 million for the three months ended September 30, 2012 and 2011, respectively, and $540 million and $640 million for the nine months ended September 30, 2012 and 2011, respectively. Bunge also sold commodities and commodity products to certain of its investees, totaling $150 million and $131 million for the three months ended September 30, 2012 and 2011, respectively, and $414 million and $331 million for the nine months ended September 30, 2012 and 2011, respectively.

16. EMPLOYEE BENEFIT PLANS

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

	U.S.-Pension Benefits Nine Months Ended September 30,		Foreign-Pension Benefits Nine Months Ended September 30,	
(US$ in millions)	**2012**	**2011**	**2012**	**2011**
Service cost	$ 13	$ 11	$ 6	$ 5
Interest cost	19	19	4	4
Expected return on plan assets	(20)	(19)	(4)	(5)
Amortization of prior service cost	1	1		
Amortization of net loss (gain)	8	4	1	1
Net periodic benefit cost	$ 21	$ 16	$ 7	$ 5

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(US$ in millions)	U.S.-Postretirement Healthcare Benefits Three Months Ended September 30, 2012	2011	Foreign-Postretirement Healthcare Benefits Three Months Ended September 30, 2012	2011
Service cost	$	$	$ 1	$
Interest cost	1		2	3
Amortization of prior service cost				
Amortization of net loss (gain)				
Net periodic benefit cost	$ 1	$	$ 3	$ 3

(US$ in millions)	U.S.-Postretirement Healthcare Benefits Nine Months Ended September 30, 2012	2011	Foreign-Postretirement Healthcare Benefits Nine Months Ended September 30, 2012	2011
Service cost	$	$	$ 1	$ 1
Interest cost	1		7	8
Amortization of prior service cost			(1)	(1)
Amortization of net loss (gain)			1	1
Net periodic benefit cost	$ 1	$	$ 8	$ 9

In the nine months ended September 30, 2012, Bunge made contributions of $10 million and $11 million to its U.S. and foreign defined benefit pension plans, respectively. In the nine months ended September 30, 2011, Bunge made contributions of $18 million and $15 million to its U.S. and foreign defined benefit pension plans, respectively.

In the nine months ended September 30, 2012, Bunge made contributions of less than $1 million to its U.S. postretirement plans and $13 million to its foreign postretirement benefit plans, respectively. In the nine months ended September 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.

17. 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)	September 30, 2012	December 31, 2011
Tax claims	$ 71	$ 70
Labor claims	83	77
Civil and other claims	92	76
Total	**$ 246**	**$ 223**

Tax claims - The tax claims relate principally to claims against Bunge s Brazilian subsidiaries, primarily value-added tax (VAT) 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.

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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 435 million pesos (approximately $90 million as of September 30, 2012). 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 and an inquest proceeding has been initiated in the first quarter of 2012 to determine whether there is any potential criminal culpability relating to these matters. Also during 2011, Bunge paid $112 million of accrued export tax obligations in Argentina under protest while reserving all of its rights in respect of such payment. In the first quarter of 2012, the Argentine tax authorities assessed Bunge interest on these paid export taxes in an amount totaling approximately $80 million. Additionally, in April, 2012, the Argentine government suspended Bunge s Argentine subsidiary from a registry of grain traders and, in October 2012, the government excluded Bunge s subsidiary from this registry in connection with the income tax allegations. These actions primarily result in additional administrative requirements and increased logistical costs on domestic grain shipments within Argentina. While this suspension did not have, and Bunge does not expect the exclusion from the grain registry to have, a material adverse effect on Bunge s business in Argentina, Bunge is challenging the exclusion from the grain registry in the Argentine courts. Management believes that these tax-related allegations and claims are without merit and intends to vigorously defend against them. However, management is, at this time, unable to predict their outcome.

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 September 30, 2012:

(US$ in millions)		**Maximum Potential Future Payments**
Customer financing (1)	$	51
Unconsolidated affiliates financing (2)		25
Residual value guarantee (3)		69
Total	**$**	**145**

(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 September 30, 2012, Bunge had approximately $30 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 September 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, 2013, 2014 and 2017. There are no recourse provisions or collateral that would enable Bunge to recover any amounts paid under these guarantees. At September 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 September 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 September 30, 2012, Bunge s condensed consolidated balance sheet includes debt with a carrying amount of $5,597 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

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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.

18. REDEEMABLE NONCONTROLLING INTEREST

In July 2012, Bunge acquired a controlling interest in a newly formed oilseed processing venture in Europe (see Note 3). As part of the transaction Bunge entered into a variable price put arrangement subject to a floor and ceiling price, whereby the noncontrolling interest holder can require the Company to acquire the remaining shares of the operation during specific option exercise periods from April to May 2016, 2017 and 2018, respectively. Bunge has elected to accrete the changes in the redemption value through additional paid-in capital over the period from the date of issuance to the earliest redemption date following the interest method. At September 30, 2012, $38 million is included in redeemable noncontrolling interest in the condensed consolidated balance sheets. The difference between redemption value and carrying amount was insignificant.

In May 2012, Bunge acquired a controlling interest in a wheat mill and bakery mix operation (see Note 3) and, as part of the transaction, Bunge entered into a variable price put arrangement whereby the noncontrolling interest holder can require Bunge to acquire the remaining shares of the operation on or after May 4, 2015. At September 30, 2012, $9 million is included as redeemable noncontrolling interest in Bunge s condensed consolidated balance sheets. Bunge has elected to record the variable price put at fair value with any excess of the redemption value over carrying value adjusted through a charge to additional paid-in capital. The calculation of the fair value of the variable price put (a Level 3 measurement) is determined by using an undiscounted cash flow analysis based on the Company s forecasts.

19. 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 nine months ended September 30, 2012. During the nine months ended September 30, 2011, Bunge repurchased 1,933,286 common shares for $120 million. Total repurchases under the program from its inception on June 8, 2010 through September 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:

(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)	(731)	38	1	14	(678)
Income tax (expense) benefit		(13)		(5)	(18)

Balance, September 30, 2012	**$**	**(1,191)**	**$**	**1**	**$**	**(123)**	**$**	**7**	**$**	**(1,306)**

(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)		(980)		(28)		(2)				(1,010)
Income tax (expense) benefit				8						8
Balance, September 30, 2011	**$**	**(310)**	**$**	**(22)**	**$**	**(85)**	**$**	**(2)**	**$**	**(419)**

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20. EARNINGS PER COMMON SHARE

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

(US$ in millions, except for share data)	Three Months Ended September 30, 2012	Three Months Ended September 30, 2011 (1)	Nine Months Ended September 30, 2012	Nine Months Ended September 30, 2011 (1)
Net income attributable to Bunge	$ 297	$ 140	$ 663	$ 688
Convertible preference share dividends	(8)	(8)	(25)	(25)
Net income available to Bunge common shareholders	$ 289	$ 132	$ 638	$ 663
Weighted average number of common shares outstanding:				
Basic	146,074,712	146,684,583	145,921,603	146,935,716
Effect of dilutive shares:				
Stock options and awards	986,835	947,140	1,029,573	1,108,797
Convertible preference shares	7,583,790		7,583,790	7,547,220
Diluted **(2)**	154,645,337	147,631,723	154,534,966	155,591,733
Earnings per common share:				
Basic	$ 1.97	$ 0.90	$ 4.37	$ 4.51
Diluted	$ 1.92	$ 0.89	$ 4.29	$ 4.42

(1) Subsequent to the issuance of its third quarter financial statements for 2011, Bunge became aware that net income for the third quarter excluded $33 million, net of tax, related to unrealized gains that were incorrectly excluded from results in the quarter. These mark-to-market gains arose from the impact of fluctuations in the Brazilian *real* at the end of the third quarter on certain foreign exchange derivatives associated with forward commodity contracts with farmers in Brazil. These gains substantially reversed in the first weeks of the fourth quarter, resulting in an offsetting mark-to-market loss of an equal amount that would have been recorded in the fourth quarter if the unrealized gains had been included in the third quarter. Based upon an evaluation of all relevant quantitative and qualitative factors, and after considering the provisions of APB Opinion No. 28, *Interim Financial Reporting*, paragraph 29, SAB No. 99, *Materiality*, and SAB 108, management believes the error was not material to the interim periods affected and therefore has not restated these financial statements.

(2) 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 nine months ended September 30, 2012, respectively. Approximately 3 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 nine months ended September 30, 2011, respectively.

21. 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 September 30, 2012	**Agribusiness**	**Sugar and Bioenergy**	**Edible Oil Products**	**Milling Products**	**Fertilizer**	**Unallocated (1)**	**Total**
Net sales to external customers	$ 11,993	$ 1,522	$ 2,395	$ 485	$ 898	$	$ 17,293
Inter segment revenues	1,369		33		15	(1,417)	
Gross profit	594	50	113	60	42		859
Foreign exchange gains (losses)	32	(15)	(2)	1	4		20
Noncontrolling interest (1)	(13)		1		(1)	9	(4)
Other income (expense) net	(1)	(13)		(1)	6		(9)
Segment EBIT (2)	406	(47)	29	30	23		441
Depreciation, depletion and amortization	(55)	(52)	(22)	(8)	(13)		(150)
Total assets	18,685	3,878	2,787	921	2,364		28,635

Three Months Ended September 30, 2011							
Net sales to external customers	$ 9,995	$ 1,731	$ 2,337	$ 525	$ 1,028	$	$ 15,616
Inter segment revenues	1,227		17		15	(1,259)	
Gross profit	448	19	107	56	76		706
Foreign exchange gains (losses)	(113)	(20)	1		5		(127)
Noncontrolling interest (1)	11	(2)	(1)		(1)		7
Other income (expense) net	2	(1)	5	1	(8)		(1)
Segment EBIT (2)	149	(43)	28	24	33		191
Depreciation, depletion and amortization	(49)	(55)	(26)	(6)	(15)		(151)
Total assets	14,887	4,022	2,303	704	2,659	326	24,901

Nine Months Ended September 30, 2012	**Agribusiness**	**Sugar and Bioenergy**	**Edible Oil Products**	**Milling Products**	**Fertilizer**	**Unallocated (1)**	**Total**
Net sales to external customers	$ 31,890	$ 3,482	$ 6,947	$ 1,333	$ 2,177	$	$ 45,829
Inter segment revenues	3,769		96		49	(3,914)	
Gross profit	1,424	73	317	159	67		2,040
Foreign exchange gains (losses)	106	(15)	(5)	1	17		104
Noncontrolling interest (1)	(10)	4	2		(2)	13	7
Other income (expense) net	10	(20)	2		(38)		(46)
Gain on sale of investments in affiliates	85						85
Gain on acquisition of controlling interest				36			36
Segment EBIT (2)	989	(108)	52	101	(52)		982
Depreciation, depletion and amortization	(160)	(124)	(69)	(21)	(40)		(414)

Total assets	18,685	3,878	2,787	921	2,364		28,635
Nine Months Ended September 30, 2011							
Net sales to external customers	$ 27,721	$ 4,212	$ 6,553	$ 1,516	$ 2,296	$	$ 42,298
Inter segment revenues	3,685		53	49	37	(3,824)	
Gross profit	1,249	98	335	167	143		1,992
Foreign exchange gains (losses)	(10)	3			(1)		(8)
Noncontrolling interest (1)	1	(4)	(5)		(3)	19	8
Other income (expense) net	(6)	1	3	2	(8)		(8)
Gain on sale of investments in affiliates	37						37
Segment EBIT (2)	706	(23)	92	79	27		881
Depreciation, depletion and amortization	(140)	(129)	(67)	(20)	(42)		(398)
Total assets	14,887	4,022	2,303	704	2,659	326	24,901

(1) Includes noncontrolling interest share of interest and tax to reconcile to consolidated noncontrolling interest.

(2) Total segment earnings before interest and taxes (EBIT) is an operating performance measure used by Bunge s management to evaluate segment operating activities. Bunge s management believes total segment EBIT is a useful measure of operating profitability, since the measure allows for an evaluation of the performance of its segments without regard to its financing methods or capital structure. In addition, EBIT is a financial measure that is widely used by analysts and investors in Bunge s industries.

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A reconciliation of total segment EBIT to net income attributable to Bunge follows:

(US$ in millions)	Three Months Ended September 30, 2012	Three Months Ended September 30, 2011	Nine Months Ended September 30, 2012	Nine Months Ended September 30, 2011
Total segment EBIT	$ 441	$ 191	$ 982	$ 881
Interest income	13	28	60	72
Interest expense	(86)	(80)	(230)	(222)
Income tax (expense) benefit	(80)	1	(162)	(62)
Noncontrolling interest share of interest and tax	9		13	19
Net income attributable to Bunge	$ 297	$ 140	$ 663	$ 688

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Cautionary Statement Regarding Forward Looking Statements

This report contains both historical and forward looking statements. All statements, other than statements of historical fact are, or may be deemed to be, forward looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended (Exchange Act). These forward looking statements are not based on historical facts, but rather reflect our current expectations and projections about our future results, performance, prospects and opportunities. We have tried to identify these forward looking statements by using words including may, will, should, could, expect, anticipate, believe, plan, intend, es and similar expressions. These forward looking statements are subject to a number of risks, uncertainties and other factors that could cause our actual results, performance, prospects or opportunities to differ materially from those expressed in, or implied by, these forward looking statements. The following important factors, among others, could affect our business and financial performance, industry conditions, including fluctuations in supply, demand and prices for agricultural commodities and other raw materials and products used in our business, fluctuations in energy and freight costs and competitive developments in our industries; the effects of weather conditions and the outbreak of crop and animal disease on our business; global and regional agricultural, economic, financial and commodities market, political, social and health conditions; the outcome of pending regulatory and legal proceedings; our ability to complete, integrate and benefit from acquisitions, dispositions, joint ventures and strategic alliances; our ability to achieve the efficiencies, savings and other benefits anticipated from our cost reduction, margin improvement and other business optimization initiatives; changes in government policies, laws and regulations affecting our business, including agricultural and trade policies, tax regulations and biofuels legislation; and other factors affecting our business generally.

The forward looking statements included in this report are made only as of the date of this report, and except as otherwise required by federal securities law, we do not have any obligation to publicly update or revise any forward looking statements to reflect subsequent events or circumstances.

You should refer to Item 1A. Risk Factors in our Annual Report on Form 10-K for the year ended December 31, 2011, filed with the SEC on February 27, 2012, and Part II Item 1A. Risk Factors in this Quarterly Report on Form 10-Q for a more detailed discussion of these factors.

ITEM 2. MANAGEMENT S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Third Quarter 2012 Overview

You should refer to Item 7. Management s Discussion and Analysis of Financial Condition and Results of Operations Factors Affecting Operating Results in our Annual Report on Form 10-K for the year ended December 31, 2011 for a discussion of key factors affecting operating results in each of our business segments.

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

Segment Overview

Agribusiness Agribusiness segment results of $406 million in the third quarter of 2012 were significantly higher than the $149 million reported for the third quarter of 2011 primarily due to strong results in oilseed processing in our North American, European and Asian operations. Our grain merchandising operations benefited from the combination of strong export demand and large South American grain supplies. Total agribusiness volumes increased 15% compared to the same period last year. This increase resulted from increased grain merchandising business in Europe due to increased supplies, compared to a weak prior year period which was affected by a drought in the region, as well as the ramp up of our port terminal facility in the Black Sea. In addition, our U.S. Pacific Northwest port terminal and related grain origination facilities contributed to the volume increase. Oilseed processing volumes were also higher, in part due to our additional oilseed processing capacity in Asia and the resumption of oilseed processing at our Mannheim, Germany facility after a fire in 2010.

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Sugar and Bioenergy Sugar and bioenergy segment results in the third quarter of 2012 were a loss of $47 million compared with a loss of $43 million in the third quarter of 2011. Impairment charges of $39 million related to a North American corn ethanol joint venture in the third quarter of 2012 more than offset improved results in both our sugar industrial and merchandising operations. The increase in total sales volumes compared to the same period of 2011 is primarily attributable to higher merchandising volumes.

Edible oil products Edible oil products segment results of $29 million in the third quarter of 2012 were slightly higher than the $28 million reported for the third quarter of 2011 as improvements in our European and Brazilian operations more than offset lower results in our North American operations. Results in the third quarter of 2011 included a $6 million gain on the sale of an idled facility in North America.

Milling products Milling products segment results in the third quarter of 2012 were $30 million compared to $24 million in the third quarter of 2011. Wheat milling margins in Brazil improved when compared to the same period of last year and operating expenses were lower, but these positive factors were partially offset by lower volumes. Our acquisition of a controlling interest in a North American wheat mill in the second quarter of 2012 also contributed to the higher results. Our corn milling business performed well, consistent with last year.

Fertilizer Fertilizer segment results of $23 million for the third quarter of 2012 were lower than the $33 million reported in the third quarter of 2011 as volumes and margins were weaker in Brazil. The lower results in Brazil were partially offset by improved results in our Moroccan joint venture which had higher production volumes.

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Segment Results

A summary of certain items in our condensed consolidated statements of income and volumes by reportable segment for the periods indicated is set forth below.

	Three Months Ended September 30,		Nine Months Ended September 30,	
(US$ in millions, except volumes)	**2012**	**2011**	**2012**	**2011**
Volumes (in thousands of metric tons):				
Agribusiness	35,770	31,142	101,143	84,643
Sugar and Bioenergy	2,855	2,372	5,990	6,072
Edible oil products	1,692	1,535	4,876	4,398
Milling products	1,097	1,113	3,230	3,494
Fertilizer	1,795	1,873	4,321	4,239
Total	43,209	38,035	119,560	102,846
Net sales:				
Agribusiness	$ 11,993	$ 9,995	$ 31,890	$ 27,721
Sugar and Bioenergy	1,522	1,731	3,482	4,212
Edible oil products	2,395	2,337	6,947	6,553
Milling products	485	525	1,333	1,516
Fertilizer	898	1,028	2,177	2,296
Total	$ 17,293	$ 15,616	$ 45,829	$ 42,298
Cost of goods sold:				
Agribusiness	$ (11,399)	$ (9,547)	$ (30,466)	$ (26,472)
Sugar and Bioenergy	(1,472)	(1,712)	(3,409)	(4,114)
Edible oil products	(2,282)	(2,230)	(6,630)	(6,218)
Milling products	(425)	(469)	(1,174)	(1,349)
Fertilizer	(856)	(952)	(2,110)	(2,153)
Total	$ (16,434)	$ (14,910)	$ (43,789)	$ (40,306)
Gross profit:				
Agribusiness	$ 594	$ 448	$ 1,424	$ 1,249
Sugar and Bioenergy	50	19	73	98
Edible oil products	113	107	317	335
Milling products	60	56	159	167
Fertilizer	42	76	67	143
Total	$ 859	$ 706	$ 2,040	$ 1,992
Selling, general and administrative expenses:				
Agribusiness	$ (206)	$ (199)	$ (626)	$ (565)
Sugar and Bioenergy	(69)	(39)	(150)	(121)
Edible oil products	(83)	(84)	(264)	(241)
Milling products	(30)	(33)	(95)	(90)
Fertilizer	(28)	(39)	(96)	(104)
Total	$ (416)	$ (394)	$ (1,231)	$ (1,121)
Foreign exchange gains (losses):				
Agribusiness	$ 32	$ (113)	$ 106	$ (10)
Sugar and Bioenergy	(15)	(20)	(15)	3
Edible oil products	(2)	1	(5)	

Milling products		1				1		
Fertilizer		4		5		17		(1)
Total	$	20	$	(127)	$	104	$	(8)
Noncontrolling interest:								
Agribusiness	$	(13)	$	11	$	(10)	$	1
Sugar and Bioenergy				(2)		4		(4)
Edible oil products		1		(1)		2		(5)
Milling products								
Fertilizer		(1)		(1)		(2		