AVON PRODUCTS INC
Form 4
May 07, 2007

FORM 4

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

OMB APPROVAL

OMB Number:	3235-0287
Expires:	January 31, 2005
Estimated average burden hours per response...	0.5

Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. *See* Instruction 1(b).

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

(Print or Type Responses)

1. Name and Address of Reporting Person *
MOORE ANN S

(Last) (First) (Middle)

1345 AVENUE OF THE AMERICAS

(Street)

NEW YORK, NY 11735

(City) (State) (Zip)

2. Issuer Name **and** Ticker or Trading Symbol
AVON PRODUCTS INC [AVP]

3. Date of Earliest Transaction (Month/Day/Year)
05/03/2007

4. If Amendment, Date Original Filed(Month/Day/Year)

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

__X__ Director _____ 10% Owner
_____ Officer (give title below) _____ Other (specify below)

6. Individual or Joint/Group Filing(Check Applicable Line)
_X_ Form filed by One Reporting Person
___ Form filed by More than One Reporting Person

Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

1.Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)		4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)			5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Indirect Beneficial Ownership (Instr. 4)
			Code	V	Amount	(A) or (D)	Price			
Common Stock (1)	05/03/2007		A		2,519	A	$ 0	33,823	D	
Common Stock								200	I	By Spouse
Common Stock								200	I	By Son

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

Persons who respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control

SEC 1474 (9-02)

number.

Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned
(*e.g.*, puts, calls, warrants, options, convertible securities)

1. Title of Derivative Security (Instr. 3)	2. Conversion or Exercise Price of Derivative Security	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any (Month/Day/Year)	4. Transaction Code (Instr. 8)		5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)		6. Date Exercisable and Expiration Date (Month/Day/Year)		7. Title and Amount of Underlying Securities (Instr. 3 and 4)		8. Price of Derivative Security (Instr. 5)	9. Nu Deriv Secur Bene Owne Follo Repo Trans (Instr
				Code	V	(A)	(D)	Date Exercisable	Expiration Date	Title	Amount or Number of Shares		

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
MOORE ANN S 1345 AVENUE OF THE AMERICAS NEW YORK, NY 11735	X			

Signatures

By Kim K. Azzarelli, Attorney-In Fact	05/07/2007
**Signature of Reporting Person	Date

Explanation of Responses:

* If the form is filed by more than one reporting person, *see* Instruction 4(b)(v).

** Intentional misstatements or omissions of facts constitute Federal Criminal Violations. *See* 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).

(1) Restricted shares issued as part of each director's annual retainer under the Avon Prodoucts, Inc. Compensation Plan for Non-Employee Directors. Shares are restricted as to transfer for so long as such director serves on the Board of Directors.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure.
Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number. face="Times New Roman" style="font-size:10.0pt;">Other income (expense) net

(5

)

2

3

(2

)

(11

)

(13

)

Segment EBIT (2)

731

(23

)

92

79

2

881

Depreciation, depletion and amortization

(149

)

(129

)

(67

)

(20

)

(33

)

(398

)

Total assets

14,928

4,022

2,303

704

2,618

326

24,901

Nine Months Ended

September 30, 2010

Net sales to external customers

$

21,834

$

3,141

Explanation of Responses:

$

4,815

$

1,196

$

1,995

$

$

32,981

Inter segment revenues

2,753

18

79

41

71

(2,962

)

Gross profit

1,041

131

291

126

93

1,682

Foreign exchange gains (losses)

(15

)

13

(2

)

(1

Explanation of Responses:

)

(17

)

(22

)

Equity in earnings of affiliates

12

(6

)

2

9

17

Noncontrolling interest (1)

(21

)

6

Explanation of Responses:

(3

)

(35

)

33

(20

)

Other income (expense) net

(1

)

(5

)

(5

)

6

(3

)

(8

)

Segment EBIT (1) (2) (3)

Explanation of Responses:

463

43

35

53

2,343

(90
)

2,847

Depreciation, depletion and amortization

(135
)

(79
)

(58
)

(21
)

(33
)

Explanation of Responses:

(326

)

Total assets

13,726

4,393

2,007

693

2,196

86

23,101

---

(1) Includes the noncontrolling interest share of interest and tax to reconcile to consolidated noncontrolling interest. In addition, included in unallocated for the three and nine months ended September 30, 2010, is $90 million loss on extinguishment of debt (see Note 14).

(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.

(3) On May 27, 2010, Bunge closed on the sale of its Brazilian fertilizer nutrients assets. As a result of this transaction, Bunge recorded a pre-tax gain on the sale of $2,440 million.

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

(US$ in millions)	Three Months Ended September 30, 2011	Three Months Ended September 30, 2010	Nine Months Ended September 30, 2011	Nine Months Ended September 30, 2010
Reconciliation of total segment earnings before interest and tax:				
Total segment EBIT	$ 191	$ 340	$ 881	$ 2,847
Interest income	28	20	72	62
Interest expense	(80)	(62)	(222)	(241)
Income tax (expense) benefit	1	(97)	(62)	(648)
Noncontrolling interest share of interest and tax		11	19	33
Net income attributable to Bunge	$ 140	$ 212	$ 688	$ 2,053

22. SUBSEQUENT EVENTS

On November 3, 2011, Bunge announced its agreement with Aceitera General Deheza to form a 50/50 joint venture, ProMaiz,S.A. for the purpose of constructing and operating a corn wet milling plant in Argentina for production of ethanol and by-products. Bunge s share of the total investment is expected to be approximately $100 million. The project will commence immediately and will be carried out in stages. In stage one, corn dry milling volume is expected to reach 1,000 tons per day by the first quarter of 2013. In stage two, processing capacity is expected to reach 1,400 tons per day, with the wet milling and refining processes for corn by-products operating at full speed by the first quarter of 2014. Additionally, the plant is expected to produce 140,000 cubic meters of ethanol and 100,000 tons of vegetable protein for animal feed in addition to gluten feed, gluten meal, corn syrup and starch for the food industry.

On November 1, 2011, Bunge announced its agreement to acquire a 35% ownership interest in PT Bumiraya Investindo (BRI), the Indonesian palm plantation subsidiary of PT Tiga Pilar Sejahtera Food Tbk (TPS Food), for approximately $43 million. The transaction is subject to the approval of TPS Food s shareholders and regulatory approval in Indonesia.

Table of Contents

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: changes in governmental policies and laws affecting our business, including agricultural and trade policies, environmental regulations, as well as tax regulations and biofuels legislation; our funding needs and financing sources; changes in foreign exchange policy or rates; the outcome of pending regulatory and legal proceedings; our ability to complete, integrate and benefit from acquisitions, divestitures, 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; industry conditions, including fluctuations in supply, demand and prices for agricultural commodities and other raw materials and products that we sell and use in our business, fluctuations in energy and freight costs and competitive developments in our industries; weather conditions and the impact of crop and animal disease on our business; global and regional agricultural, economic, financial and commodities market, political, social, and health conditions; operational risks, including industrial accidents and natural disasters; our ability to reduce costs and improve margins in our business 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, 2010, filed with the SEC on March 1, 2011, 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 2011 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, 2010 for a discussion of key factors affecting operating results in each of our business segments.

Segment Overview

Agribusiness Agribusiness segment results for the third quarter of 2011 were lower than the particularly strong third quarter of 2010 as lower margins in our grain merchandising operations more than offset a slight improvement in our oilseed processing operations, primarily in South America. In North America and Europe, which were at the end of their old crop season, oilseed processing results were negatively impacted by a combination of tight raw material supplies and lackluster meal demand. Compared with the same period last year, risk management did not perform as well in a volatile period. Total agribusiness volumes improved over the same period last year driven by grain origination and oilseed processing in Brazil, increased exports from Russia as export restrictions related to the Eastern European drought in the last half of 2010 were lifted and the addition of two new oilseed processing facilities in Asia. The third quarter of 2010 included impairment charges of $22 million related to the write-down of a European oilseed processing and refining facility.

Sugar and Bioenergy Sugar and Bioenergy segment results for the third quarter of 2011 declined compared to the third quarter of 2010 driven by lower milling volumes and yields due to adverse weather conditions

Table of Contents

in Brazil as well as $29 million of unrealized foreign exchange losses from the impact of the devaluation of the Brazilian *real* on foreign exchange derivatives contracts hedging U.S. dollar denominated forward sales of sugar. In addition, our merchandising business reported a loss for the third quarter of 2011.

Edible oil products Edible oil products segment results for the third quarter of 2011 declined slightly when compared to the third quarter of 2010. Margins were lower in our edible oils and margarine businesses in Brazil and Europe due to aggressive competition and also, in the case of Europe, the impact of tight raw material supplies resulting from the drought in Europe in the second half of 2010. Improved results in North America partially offset these declines. Results in the third quarter of 2011 included a gain of $6 million on the sale of an idled facility in Canada. Results in the third quarter of 2010 included $27 million of impairment charges related to the write-down of an oilseed processing and refining facility and closure of another edible oils facility, both in Europe.

Milling products Milling products segment results for the third quarter of 2011 declined when compared to the same period last year as improved results in corn milling were more than offset by lower results in wheat milling primarily due to higher raw material costs and lower volumes. The third quarter of 2010 included a gain of $6 million related to the sale of an idled wheat milling facility in Brazil.

Fertilizer Fertilizer segment results for the third quarter 2011 improved when compared to the third quarter of 2010 driven by improved margins and volumes in South America reflecting strong farmer demand and improvements in our Brazilian operations.

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)	**2011**	**2010**	**2011**	**2010**
Volumes (in thousands of metric tons):				
Agribusiness	31,142	28,466	84,643	82,801
Sugar and Bioenergy	2,372	1,651	6,072	6,202
Edible oil products	1,535	1,495	4,398	4,427
Milling products	1,113	1,172	3,494	3,564
Fertilizer	1,873	1,768	4,239	6,032
Total	38,035	34,552	102,846	103,026
Net sales:				
Agribusiness	$ 10,025	$ 7,783	$ 27,800	$ 21,834
Sugar and Bioenergy	1,731	1,153	4,212	3,141
Edible oil products	2,337	1,664	6,553	4,815
Milling products	525	407	1,516	1,196
Fertilizer	998	655	2,217	1,995
Total	$ 15,616	$ 11,662	$ 42,298	$ 32,981

Cost of goods sold:				
Agribusiness	$ (9,563)	$ (7,341)	$ (26,517)	$ (20,793)
Sugar and Bioenergy	(1,712)	(1,090)	(4,114)	(3,010)
Edible oil products	(2,230)	(1,558)	(6,218)	(4,524)
Milling products	(469)	(349)	(1,349)	(1,070)
Fertilizer	(936)	(612)	(2,108)	(1,902)
Total	$ (14,910)	$ (10,950)	$ (40,306)	$ (31,299)

33

Table of Contents

(US$ in millions)	Three Months Ended September 30, 2011	2010	Nine Months Ended September 30, 2011	2010
Gross profit:				
Agribusiness	$ 462	$ 442	$ 1,283	$ 1,041
Sugar and Bioenergy	19	63	98	131
Edible oil products	107	106	335	291
Milling products	56	58	167	126
Fertilizer	62	43	109	93
Total	$ 706	$ 712	$ 1,992	$ 1,682
Selling, general and administrative expenses:				
Agribusiness	$ (202)	$ (185)	$ (571)	$ (553)
Sugar and Bioenergy	(39)	(31)	(121)	(96)
Edible oil products	(84)	(73)	(241)	(246)
Milling products	(33)	(25)	(90)	(80)
Fertilizer	(36)	(43)	(98)	(144)
Total	$ (394)	$ (357)	$ (1,121)	$ (1,119)
Gain on sale of fertilizer nutrients assets	$	$	$	$ 2,440
Foreign exchange gains (losses):				
Agribusiness	$ (113)	$ 62	$ (10)	$ (15)
Sugar and Bioenergy	(20)	6	3	13
Edible oil products	1	2		(2)
Milling products		(1)		(1)
Fertilizer	5	8	(1)	(17)
Total	$ (127)	$ 77	$ (8)	$ (22)
Equity in earnings of affiliates:				
Agribusiness	$ 1	$ 5	$ 36	$ 12
Sugar and Bioenergy	(1)	(4)	(1)	(6)
Edible oil products				
Milling products	2	1	4	2
Fertilizer	(1)	6	3	9
Total	$ 1	$ 8	$ 42	$ 17
Noncontrolling interest:				
Agribusiness	$ 10	$ (6)	$ (2)	$ (21)
Sugar and Bioenergy	(2)		(4)	6
Edible oil products	(1)	1	(5)	(3)
Milling products				
Fertilizer				(35)
Total	$ 7	$ (5)	$ (11)	$ (53)
Other income (expense):				
Agribusiness	$ 1	$ (5)	$ (5)	$ (1)
Sugar and Bioenergy			2	(5)
Edible oil products	5	(6)	3	(5)
Milling products	(1)	6	(2)	6
Fertilizer	(7)		(11)	(3)
Total	$ (2)	$ (5)	$ (13)	$ (8)
Loss on extinguishment of debt:				
Unallocated	$	$ (90)	$	$ (90)

34

Table of Contents

(US$ in millions)	Three Months Ended September 30, 2011		Three Months Ended September 30, 2010		Nine Months Ended September 30, 2011		Nine Months Ended September 30, 2010	
Segment earnings before interest and tax:								
Agribusiness	$	159	$	313	$	731	$	463
Sugar and Bioenergy		(43)		34		(23)		43
Edible oil products		28		30		92		35
Milling products		24		39		79		53
Fertilizer		23		14		2		2,343
Unallocated				(90)				(90)
Total (1)	$	191	$	340	$	881	$	2,847
Depreciation, depletion and amortization:								
Agribusiness	$	(52)	$	(44)	$	(149)	$	(135)
Sugar and Bioenergy		(55)		(33)		(129)		(79)
Edible oil products		(26)		(18)		(67)		(58)
Milling products		(6)		(7)		(20)		(21)
Fertilizer		(12)		(9)		(33)		(33)
Total	$	(151)	$	(111)	$	(398)	$	(326)

---

(1) 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. Total segment EBIT is not a measure of consolidated operating results under U.S. GAAP and should not be considered as an alternative to net income or any other measure of consolidated operating results under U.S. GAAP.

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

(US$ in millions)	Three Months Ended September 30, 2011		Three Months Ended September 30, 2010		Nine Months Ended September 30, 2011		Nine Months Ended September 30, 2010	
Total segment EBIT	$	191	$	340	$	881	$	2,847
Interest income		28		20		72		62
Interest expense		(80)		(62)		(222)		(241)
Income tax (expense) benefit		1		(97)		(62)		(648)
Noncontrolling share of interest and tax				11		19		33
Net income attributable to Bunge	$	140	$	212	$	688	$	2,053

Three Months Ended September 30, 2011 Compared to Three Months Ended September 30, 2010

Agribusiness Segment. Agribusiness segment net sales increased by 29% compared to the third quarter of 2010 due primarily to higher average selling prices for major agricultural commodities, including corn and wheat as well as higher volumes. These increased prices were attributable to strong global demand for these commodities and related products combined with tight global supplies resulting from the severe drought in Eastern Europe in the second half of 2010. Volumes in the third quarter of 2011 were 9% higher when compared to the same period in 2010 primarily due to strong grain origination and oilseed processing volumes in Brazil and distribution volumes in Europe as export restrictions put in place as a result of the 2010 drought were lifted. Oilseed processing volumes also improved in Asia as a result of the expansion of our

operations when compared to last year.

Cost of goods sold increased 30% primarily due to the increase in average market prices for agricultural commodity raw materials and the expansion of our business in Asia. Cost of goods sold was also favorably impacted by the effect of the weaker Brazilian *real* on the mark-to-market valuation of readily marketable commodity inventories in Brazil at market prices linked to the U.S. dollar. The Brazilian *real* depreciated during the third quarter of 2011, while it appreciated in the same period of 2010.

Gross profit increased 5% to $462 million in the third quarter of 2011 compared to $442 million in the comparable period of 2010. Strong oilseed processing margins in South America and the favorable impact of the devaluation of the Brazilian *real* on the quarter end mark-to-market valuation of readily marketable inventories in

Table of Contents

Brazil were substantially offset by lower oilseed processing margins in North America, lower margins in our merchandising business and risk management which did not perform as well in the third quarter of 2011 as it did in the same period of 2010.

SG&A expenses increased 9% when compared to the same period of 2010 due to the expansion of our oilseed processing operations in Asia and the negative impact of a stronger average Brazilian *real* during the 2011 period compared to last year. The third quarter of 2010 included approximately $4 million of restructuring charges related to the consolidation of our Brazilian operations.

Foreign exchange losses were $113 million in the third quarter of 2011 compared to gains of $62 million in the third quarter of 2010 and related primarily to the weakening of global currencies, primarily the Brazilian *real*, relative to the U.S. dollar during the third quarter of 2011. Foreign exchange results for both periods were substantially offset by mark-to-market adjustments on dollar-linked commodity inventories, which are included in cost of goods sold.

Equity in earnings of affiliates was $1 million in the third quarter of 2011 compared to $5 million in the same quarter of 2010.

Noncontrolling interest was $10 million in the third quarter of 2011 compared to $(6) million in the third quarter of 2010 and represents the noncontrolling interest share of period (income) loss. The loss in the third quarter of 2011 was driven by losses in our Asian operations.

Segment EBIT decreased by $154 million to $159 million in the third quarter of 2011 from $313 million in the third quarter of 2010 due primarily to lower risk management performance and higher SG&A expenses.

Sugar and Bioenergy Segment. Sugar and Bioenergy segment net sales increased 50% when compared to the third quarter of 2010 primarily due to higher sugar and ethanol prices and the operation of all eight of our sugarcane mills, some of which were still in process of construction/expansion in the same quarter of 2010. Volumes increased 44% driven by higher volumes in our sugar merchandising business.

Cost of goods sold increased 57% when compared to the third quarter of 2010 primarily due to higher sugarcane prices and the impact of the operation of all of our sugarcane mills during the third quarter of 2011.

Gross profit was $19 million in the third quarter of 2011 compared to $63 million in the third quarter of 2010. Lower margins in our merchandising business more than offset improved margins in our industrial business.

SG&A expenses increased to $39 million in the third quarter of 2011 from $31 million in the comparable period of 2010 primarily due to the continued growth of our business. The stronger average Brazilian *real* also resulted in increased expenses when translated into U.S. dollars.

Foreign exchange losses in the third quarter of 2011 were $20 million compared to gains of $6 million in the third quarter of 2010 and were driven primarily by $29 million of unrealized foreign exchange losses resulting from the impact of the devaluation of the Brazilian *real* on foreign exchange derivatives contracts hedging U.S. dollar denominated forward sales of sugar.

Equity in earnings of affiliates was a loss of $1 million in the third quarter of 2011 compared to a loss of $4 million in the same quarter of 2010 due to improved results from our North American bioenergy investments.

Noncontrolling interest was $2 million in the third quarter of 2011 and zero in the same quarter of 2010 and represents the noncontrolling interest share of period income from our non-wholly owned Brazilian sugarcane mills.

Segment EBIT decreased by $77 million to a loss of $43 million in the third quarter of 2011 from income of $34 million in the third quarter of 2010 driven by the factors described above.

Edible Oil Products Segment. Edible oil products segment net sales increased 40% in the third quarter of 2011 compared to the third quarter of 2010, driven by higher average selling prices for edible oil products and a volume increase of 3% from the same period last year, primarily in Brazil.

Table of Contents

Cost of goods sold increased 43% primarily due to an increase in raw material costs relative to the same period last year resulting from higher commodity prices. The third quarter of 2010 included impairment charges of approximately $27 million.

Gross profit increased 1% when compared to the third quarter of 2010 primarily due to strong margins in North America. The improvements in profitability in North America were largely offset by lower margins in Brazil and Europe as the impacts of higher raw material costs and aggressive pricing from competitors more than offset increases in selling prices and higher volumes.

SG&A expenses in the third quarter of 2011 increased to $84 million compared to $73 million in the same period of 2010 primarily as a result of the foreign exchange translation of functional currency expenses into U.S. dollars.

Foreign exchange results in the third quarter of 2011 were $1 million compared to $2 million for the same period in 2010.

Noncontrolling interest in the third quarter of 2011 was $(1) million compared to $1 million in the same quarter of 2010 representing the noncontrolling interest share of period (income) loss in our European operations.

Other income/expense was income of $5 million in the third quarter of 2011 compared to expense of $6 million in the comparable period of 2010. The third quarter of 2011 included a $6 million gain related to the sale of an idled facility in Canada.

Segment EBIT decreased to $28 million in the third quarter of 2011 compared to $30 million in the third quarter of 2010 primarily as a result of the increase in SG&A expenses. The third quarter of 2010 included impairment charges of $27 million.

Milling Products Segment. Milling products segment net sales increased 29% primarily due to higher average selling prices in both wheat and corn milling as pricing reflected higher average global agricultural commodity prices during the third quarter of 2011. Volumes declined 5% driven by lower volumes in both corn and wheat milling.

Cost of goods sold increased 34% primarily as a result of higher raw material costs when compared to the third quarter of 2010, particularly in wheat milling where much of our inventory in 2010 was purchased prior to the rise in global wheat prices.

Gross profit decreased by 3% compared with the third quarter of 2010 primarily due to higher average raw material costs in wheat milling which were partially offset by improved margins in corn milling.

SG&A expenses increased $8 million during the third quarter of 2011 when compared to the third quarter of 2010 primarily due to higher selling expenses in Brazil and the unfavorable impact of the stronger average Brazilian *real* on the translation of functional currency expenses into U.S. dollars.

Other income/expense was an expense of $1 million in the third quarter of 2011 compared to income of $6 million in the comparable period of 2010. The third quarter of 2010 included a $6 million gain related to the sale of an idled wheat milling facility.

Segment EBIT decreased by $15 million to $24 million in the third quarter of 2011 from $39 million in the third quarter of 2010 primarily as a result of lower gross profit, primarily in wheat milling and higher SG&A expenses. The third quarter of 2010 included a gain of $6 million related to the sale of an idled facility.

Fertilizer Segment. Fertilizer segment net sales increased 52% for the third quarter of 2011 when compared to the third quarter of 2010 primarily due to rising international fertilizer prices. Volumes increased 6% driven primarily by strong farmer demand in both Brazil and Argentina.

Cost of goods sold increased 53% primarily as a result of increased volumes and higher raw material costs compared to the third quarter of 2010 primarily related to higher international fertilizer prices.

Table of Contents

Gross profit improved to $62 million in the third quarter of 2011 from $43 million in the comparable period of 2010. The improvement in gross profit was primarily a result of improved margins in our Brazilian and Argentine operations.

SG&A declined by $7 million to $36 million in the third quarter of 2011 from $43 million in the comparable period of 2010 benefiting from our cost saving initiatives.

Foreign exchange gains were $5 million in the third quarter of 2011 compared to $8 million in the third quarter of 2010.

Equity in earnings of affiliates was a loss of $1 million in the third quarter of 2011 compared to income of $6 million in the third quarter of 2010 due to lower results in our Moroccan phosphate joint venture.

Segment EBIT increased $9 million to $23 million from $14 million in the third quarter of 2011 compared to the same period of 2010 primarily as a result of improved volumes and margins during the third quarter of 2011.

Loss on Extinguishment of Debt. In the third quarter of 2010, we recorded an expense of approximately $90 million, primarily related to make-whole payments made in connection with the early repayment of approximately $827 million of debt.

Interest. A summary of consolidated interest income and expense for the periods indicated follows:

(US$ in millions)	Three Months Ended September 30, 2011	Three Months Ended September 30, 2010
Interest income	$ 28	$ 20
Interest expense	(80)	(62)

Interest income was $28 million and $20 million for the three months ended September 30, 2011 and 2010, respectively. Interest expense increased 29% when compared to the same period last year, as lower average borrowing costs were more than offset by higher working capital usage, primarily resulting from higher commodity prices.

Income Tax Expense. In the quarter ended September 30, 2011, we recorded an income tax benefit of $1 million compared to income tax expense of $97 million in the quarter ended September 30, 2010. The effective tax rate for the three months ended September 30, 2011 was (1)%, compared to 33% for the three months ended September 30, 2010 and reflects the cumulative impact of a decrease in our projected full year effective tax rate based on the forecasted geographic mix of earnings for 2011. The significantly higher effective rate for the three months ended September 30, 2010 resulted from higher segment EBIT and the impact of foreign exchange gains of approximately $197 million related to permanently invested intercompany loans in Brazil.

Net Income Attributable to Bunge. For the quarter ended September 30, 2011, net income attributable to Bunge was $140 million compared to net income of $212 million in the quarter ended September 30, 2010. This decrease was primarily the result of weaker results in our agribusiness and sugar and bioenergy businesses.

Nine Months Ended September 30, 2011 Compared to Nine Months Ended September 30, 2010

Agribusiness Segment. Agribusiness segment net sales increased by 27% for the nine months ended September 30, 2011, primarily due to an increase in average selling prices for agricultural commodities attributable to strong global demand for these commodities and tight global supplies that were pressured by a severe drought in Eastern Europe in the second half of 2010. Volumes increased 2% primarily as a result of higher distribution volumes, primarily in Europe which were partially offset by lower grain origination and crushing volumes, primarily in Europe.

Cost of goods sold in the nine months ended September 30, 2011 increased 28% compared to the same period of 2010, due primarily to higher average market prices for agricultural commodity raw materials and the unfavorable impact of the strengthening of global currencies relative to the U.S. dollar throughout most of the first nine months of 2011. The nine months ended September 30, 2010 included impairment and restructuring costs of

Table of Contents

$37 million which were primarily related to the write-down of an oilseed processing and refining facility in Europe and the closure of an older, less efficient oilseed processing facility in the United States.

Gross profit increased 23% driven by strong first half of 2011 grain origination margins and volumes, which benefited from a large South American harvest, and improved North American oilseed processing margins compared with a weak first half of 2010. Also contributing to the results for the nine months ended September 30, 2011 were strong oilseed processing margins and volumes in South America during the third quarter and the favorable impact in that quarter of the devaluation of the Brazilian *real* on the mark-to-market valuation of readily marketable inventories in Brazil.

SG&A expenses were $571 million for the nine months ended September 30, 2011 compared to $553 million for the same period of 2010. This increase is primarily related to the expansion of our oilseed processing operations in Asia and the unfavorable impact of a stronger average Brazilian *real* on the translation of functional currency costs into U.S. dollars. Approximately $4 million of restructuring charges related to the consolidation of our Brazilian operations were included in SG&A for the nine months ended September 30, 2010.

Foreign exchange losses for the nine months ended September 30, 2011 were $10 million compared to losses of $15 million for the nine months ended September 30, 2010 related primarily to the volatility of many global currencies relative to the U.S. dollar during both periods. Foreign exchange losses in both 2011 and 2010 were partially offset by inventory mark-to-market adjustments, which are included in cost of goods sold.

Equity in earnings of affiliates increased to income of $36 million in the nine months ended September 30, 2011 from $12 million in the comparable period of 2010 due to a gain of $37 million on the sale of our interest in a European oilseed processing facility joint venture.

Noncontrolling interest declined by $19 million to $2 million in the first nine months of 2011 compared to $21 million in the first nine months of 2010 and represents the noncontrolling interest share of period income. The decline was primarily due to the noncontrolling interest share of losses in our Asian operations in the nine months ended September 30, 2011.

Segment EBIT increased by $268 million to $731 million in the nine months ended September 30, 2011 from $463 million in the nine months ended September 30, 2010 largely due to higher gross profit.

Sugar and Bioenergy Segment. Sugar and Bioenergy segment net sales increased 34% when compared to the first nine months of 2010 largely due to higher selling prices for sugar and ethanol. Volumes decreased 2% primarily due to lower volumes in our sugar merchandising business. This decline was partially offset by expansion of our industrial activities when compared to the same period of 2010.

Cost of goods sold increased 37% due to an increase in global sugar prices and the expansion of our industrial activities. In addition, cost of goods sold for the first half of 2011 included approximately $20 million of charges related to counterparty valuation adjustments as certain millers that supply a portion of our sugar merchandising volumes were not able to meet commitments due to the impact of the 2010 drought in Brazil on sugarcane availablility.

Gross profit declined to $98 million in the nine months ended September 30, 2011 compared to $131 million in the comparable period of 2010 primarily as a result of losses in our sugar merchandising business during the nine months ended 2011 compared to profits in the same period of 2010. The weak performance of our sugar merchandising business for the nine month period ended 2011 more than offset significantly improved margins from the same period last year in our industrial business, which benefitted from strong demand in global sugar and Brazil ethanol.

SG&A expenses increased to $121 million in the nine months ended September 30, 2011 from $96 million in the comparable period of 2010 primarily due to the expansion of our business and the impact of the stronger average Brazilian *real* during the first nine months of 2011. SG&A expenses for the nine months ended September 30, 2010 included approximately $11 million of Moema acquisition-related expenses and $3 million of restructuring charges associated with the consolidation of our Brazilian operations.

Foreign exchange gains in the nine months ended September 30, 2011 were $3 million compared to $13 million for the comparable period of 2010 resulting primarily from continued volatility of the Brazilian *real*.

Equity in earnings of affiliates was a loss of $1 million in the nine months ended September 30, 2011 compared to a loss of $6 million in the same period of 2010 and represents improved results of our North American bioenergy investments.

Table of Contents

Noncontrolling interest of $(4) million in the nine months ended September 30, 2011 and $6 million in the comparable period of 2010 was the noncontrolling interest share of period (income) loss at our non-wholly owned Brazilian sugarcane mills.

Segment EBIT for the nine months ended September 30, 2011 decreased by $66 million to a loss of $23 million from income of $43 million in the nine months ended September 30, 2010 primarily due to lower gross profit and higher SG&A as described above.

Edible Oil Products Segment. Edible oil products segment net sales increased 36% in the nine months ended September 30, 2011 driven by higher selling prices for edible oil products. Volumes declined by 1%.

Cost of goods sold increased 37% due to higher raw material costs. Cost of goods sold for the first nine months of 2010 included impairment and restructuring charges of approximately $30 million.

Gross profit increased 15% due to stronger margins for packaged oils, primarily in North America and Europe, resulting from improved pricing and a higher value product mix.

SG&A expenses declined 2% when compared to the first nine months of 2010 which included a provision of $12 million for expiring tax credits in Brazil and $2 million of restructuring charges related to the consolidation of our Brazilian operations. SG&A for the nine months ended September 30, 2011 was also unfavorably impacted by the weaker average U.S. dollar on the translation of functional currency costs into U.S. dollars.

Foreign exchange results for the nine months ended September 30, 2011 and 2010 were zero and a loss of $2 million, respectively.

Noncontrolling interest of $5 million and $3 million, respectively, in the nine months ended September 30, 2011 and the comparable period of 2010 was the noncontrolling interest share of period income, primarily in our European operations.

Other income/expense was income of $3 million for the first nine months of 2011 compared to expense of $5 million in the comparable period of 2010. The first nine months of 2011 include a $6 million gain related to the sale of an idled facility in Canada.

Segment EBIT increased to $92 million from $35 million in the comparable period of 2010 as a result of higher gross profit and lower SG&A expenses.

Milling Products Segment. Milling products segment net sales increased 27% primarily due to higher average selling prices as global corn and wheat prices increased significantly compared to the same period of 2010.

Cost of goods sold increased 26% primarily due to the increase in raw material costs for both wheat and corn.

Gross profit increased by 33% for the nine months ended September 30, 2011, compared to the same period of 2010. Wheat milling margins benefited from higher selling prices of wheat milling products and lower cost wheat inventories acquired prior to the price increases. Corn milling gross profit benefited from strong milling production yields and good risk management.

SG&A expenses increased by $10 million to $90 million in the nine months ended September 30, 2011 compared to $80 million in the comparable period of 2010 primarily due to higher selling expenses in Brazil and the unfavorable impact of a stronger average Brazilian *real* on the translation of functional currency costs into U.S. dollars. The nine months ended September 30, 2010 included $3 million of restructuring charges associated with the consolidation of our Brazilian operations.

Other income/expense was an expense of $2 million for the first nine months of 2011 compared to income of $6 million in the comparable period of 2010. The first nine months of 2010 included a $6 million gain related to the sale of an idled facility in Brazil.

Segment EBIT increased $26 million to $79 million for the nine months ended September 30, 2011 from $53 million in the comparable period of 2010 primarily as a result of the significant increase in gross profit.

Table of Contents

Fertilizer Segment. Fertilizer segment net sales increased 11% during the nine months ended September 30, 2011 when compared to the comparable period of 2010 primarily as a result of higher international fertilizer prices. Volumes declined 30% compared to volumes in the same period last year due primarily to the sale of the Brazilian fertilizer nutrients assets, including Fosfertil, in the second quarter of 2010.

Cost of goods sold increased 11% primarily due to higher raw material costs that more than offset lower volumes compared to the first nine months of 2010 which included activities associated with our Brazilian fertilizer nutrients assets that were sold in 2010.

Gross profit was $109 million in the nine months ended September 30, 2011 compared to $93 million in the comparable period of 2010 as a result of improved inventory management and a focus on product and customer rationalization as this business transitions to a distribution business following the 2010 sale of the fertilizer nutrients assets, which included phosphate mining activities.

SG&A decreased to $98 million in the nine months ended September 30, 2011 from $144 million in the comparable period of 2010 primarily as a result of the elimination of certain costs associated with the Brazilian nutrients assets, including Fosfertil, which we sold in the second quarter of 2010 as well as our cost savings initiatives.

Gain on sale of fertilizer nutrients assets was $2,440 million in the nine months ended September 30, 2010. The disposal of our Brazilian nutrients assets including our investments in Fosfertil and Fosbrasil, a phosphoric acid joint venture, was completed during the second quarter of 2010.

Foreign exchange losses of $1 million in the nine months ended September 30, 2011 decreased from losses of $17 million for the nine months ended September 30, 2010, primarily as a result of lower U.S. dollar monetary liability positions funding working capital during 2011 when compared to 2010.

Equity in earnings of affiliates for the nine months ended September 30, 2011 was $3 million when compared to $9 million in the same period of 2010 due to lower results in our Moroccan phosphate joint venture.

Noncontrolling interest was zero in the nine months ended September 30, 2011. In 2010 noncontrolling interest was $35 million which was the noncontrolling interest share of period income at Fosfertil. Our entire investment in Fosfertil was included in the Brazilian nutrients assets sale in the second quarter of 2010.

Segment EBIT decreased to $2 million when compared to income of $2,343 million in the first nine months of 2010. This decrease was primarily the result of the impact of the $2,440 million gain on sale of the Brazilian fertilizer nutrients assets in the second quarter of 2010.

Loss on Extinguishment of Debt. In the nine months ended September 30, 2010 we recorded an expense of approximately $90 million, primarily related to make-whole payments made in connection with the early repayment of approximately $827 million of debt.

Interest. A summary of consolidated interest income and expense for the periods indicated follows:

	Nine Months Ended September 30,	
(US$ in millions)	**2011**	**2010**
Interest income	$ 72	$ 62
Interest expense	(222)	(241)

Interest income increased 16% primarily due to higher average interest bearing cash balances. Interest expense decreased 8% when compared to the same period last year as lower average borrowing costs more than offset higher working capital usage, primarily resulting from higher commodity prices.

Income Tax Expense. In the nine months ended September 30, 2011, we recorded an income tax expense of $62 million compared to income tax expense of $648 million in the nine months ended September 30, 2010. The effective tax rate for the nine months ended

Table of Contents

September 30, 2011 was 8%, compared to 24% for the nine months ended September 30, 2010. Included in income tax expense and the effective tax rate for the nine months ended September 30, 2011, were approximately $21 million of discrete tax charges in the first quarter of 2011 related to certain non-deductible expenses and the provision of a valuation allowance for a subsidiary that management intends to liquidate as part of an internal reorganization. The significantly higher income tax expense and effective tax rate for the nine months ended September 30, 2010 resulted from the $2,440 million gain from the Brazilian fertilizer nutrients assets sale that occurred in May 2010.

Net Income (Loss) Attributable to Bunge. For the nine months ended September 30, 2011, net income attributable to Bunge was $688 million compared to $2,053 million in the nine months ended September 30, 2010, which included $1,901 million after tax gain on the sale of the Brazilian fertilizer nutrients assets in May 2010.

Liquidity

Our primary financial objective is to maintain sufficient liquidity, balance sheet strength and financial flexibility in order to fund the requirements of our business efficiently. We generally finance our ongoing operations with cash flows generated from operations, issuance of commercial paper, borrowings under various revolving credit facilities and term loans, as well as proceeds from the issuance of senior notes. Acquisitions and long-lived assets are generally financed with a combination of equity and long-term debt.

Our current ratio, which is a widely used measure of liquidity, defined as current assets divided by current liabilities was 1.76 and 1.58 at September 30, 2011 and December 31, 2010, respectively.

Cash and Cash Equivalents Cash and cash equivalents were $1,055 million at September 30, 2011 and $578 million at December 31, 2010, an increase of $477 million due primarily to operating activities and preparation for the maturity of our Japanese Yen term loans on October 6, 2011. Cash balances are managed in accordance with our investment policy, the objectives of which are to preserve capital, maximize liquidity and provide appropriate returns. Under our policy, cash balances have been primarily invested in bank time deposits with highly-rated financial institutions and U.S. government securities.

Readily Marketable Inventories Readily marketable inventories are agricultural commodity inventories such as soybeans, soybean meal, soybean oil, corn, wheat and sugar that are readily convertible to cash because of their commodity characteristics, widely available markets and international pricing mechanisms. Readily marketable inventories in our agribusiness segment are reported at fair value and were $4,075 million and $4,540 million at September 30, 2011 and December 31, 2010, respectively. Readily marketable sugar inventories in our sugar and bioenergy segment were $219 million and $86 million at September 30, 2011 and December 31, 2010, respectively. Of these readily marketable sugar inventories, $151 million and $66 million were inventories carried at fair value at September 30, 2011 and December 31, 2010, respectively, in our trading and merchandising business. Sugar inventories in our industrial production business are readily marketable, but are carried at lower of cost or market. Readily marketable inventories at fair value in the aggregate amount of $176 million and $225 million at September 30, 2011 and December 31, 2010, respectively, were included in our edible oil products and milling products segments.

We recorded interest expense on debt financing readily marketable inventories of $84 million and $56 million in the nine months ended September 30, 2011 and 2010, respectively. The increase reflects the significantly higher prices of agricultural commodities and commodity products in the first nine months of 2011 compared with the same period of 2010.

Financing Arrangements and Outstanding Indebtedness We conduct most of our financing activities through a centralized financing structure that enables us and our subsidiaries to borrow more efficiently. This structure includes a master trust facility, the primary assets of which consist of intercompany loans made to Bunge Limited and its subsidiaries. Certain of Bunge Limited s 100% owned finance subsidiaries, Bunge Limited Finance Corp., Bunge Finance Europe B.V., and Bunge Asset Funding Corp., fund the master trust with short and long-term debt obtained from third parties, including through our commercial paper program and certain credit facilities, as well as the issuance of senior notes. Borrowings by these finance subsidiaries carry full, unconditional guarantees by Bunge Limited.

Revolving Credit Facilities. At September 30, 2011, we had $3,325 million of aggregate committed borrowing capacity under our commercial paper program and revolving credit facilities, of which $2,925 million was unused and available. The following table summarizes these facilities as of the periods presented:

Table of Contents

Commercial Paper Program and Revolving Credit Facilities	Maturities	Total Availability September 30, 2011	Borrowings Outstanding September 30, 2011	Borrowings Outstanding December 31, 2010
			(US$ in millions)	
Commercial Paper	2012	$ 575	$	$
Long-Term Revolving Credit Facilities (1)	2012-2014	2,750	400	
Total		$ 3,325	$ 400	$

(1) Borrowings under the revolving credit facilities that have maturities greater than one year from the date of the consolidated balance sheets are classified as long-term debt, consistent with the long-term maturity of the underlying facilities. However, individual borrowings under the revolving credit facilities are generally short-term in nature, bear interest at variable rates and can be repaid or renewed as each such individual borrowing matures.

Our commercial paper program is supported by committed back-up bank credit lines (the liquidity facility) equal to the amount of the commercial paper program provided by lending institutions that are rated at least A-1 by Standard & Poor s and P-1 by Moody s Investors Service. The liquidity facility, which matures in June 2012, permits Bunge, at its option, to set up direct borrowings or issue commercial paper in an aggregate amount of up to $575 million. The cost of borrowing under the liquidity facility would typically be higher than the cost of borrowing under our commercial paper program. No borrowings were outstanding under the commercial paper program at September 30, 2011 and December 31, 2010.

In March 2011, we entered into a syndicated, $1,750 million revolving credit agreement that matures on April 19, 2014. The credit agreement replaced the then existing $632 million three-year and $600 million 17-month revolving credit agreements scheduled to mature on April 16, 2011, which were terminated in accordance with their terms on March 23, 2011. Borrowings under the credit agreement bear interest at LIBOR plus an applicable margin ranging from 1.30% to 2.75%, based generally on the credit ratings of our senior long-term unsecured debt. Amounts under the credit agreement that remain undrawn are subject to a commitment fee payable quarterly on the average undrawn portion of the credit agreement at 35 percent of the applicable margin. Facility financing fees of approximately $16 million were paid at inception of the credit agreement and are amortized to interest expense on a straight-line basis over the three-year term of the credit agreement. There were $400 million of borrowings outstanding under this credit agreement at September 30, 2011.

The $575 million five-year liquidity facility for our commercial paper program and our $1 billion three-year syndicated revolving credit facility are scheduled to mature in June 2012. We intend to replace these facilities prior to their maturity.

In addition to the committed facilities discussed above, from time to time, we enter into uncommitted short-term credit lines as necessary based on our liquidity requirements. At September 30, 2011 and December 31, 2010, respectively, $1,075 million were outstanding under these uncommitted short-term credit lines for both periods.

Short- and Long-Term Debt. Our short and long-term debt increased by $155 million at September 30, 2011 from December 31, 2010, primarily due to higher cash balances.

Generally, our borrowings increase in times of rising commodity prices as we borrow to acquire inventory and fund margin calls on our short futures positions hedging physical inventories. For the nine months ended September 30, 2011, our average short and long-term debt outstanding was $5,129 million, primarily due to higher commodity prices. The outstanding debt balance was $5,036 million at September 30, 2011 compared to $4,881 million at December 31, 2010. The following table summarizes our short-term debt activity at September 30, 2011:

(US$ in millions)	Outstanding Balance at Quarter End	Weighted Average Interest Rate at Quarter End	Highest Balance Outstanding During Quarter (1)	Average Balance During Quarter (1)	Weighted Average Interest Rate During Quarter
Bank Borrowings	$ 1,426	3.38%	$ 1,426	$ 1,059	3.21%
Commercial Paper			43	11	0.30%
Total	$ 1,426	3.38%	$ 1,469	$ 1,070	3.18%

(1) Based on monthly balances.

Table of Contents

In March 2011, we completed the sale of $500 million aggregate principal amount of unsecured senior guaranteed notes, bearing interest at 4.10% per annum and maturing on March 15, 2016. The senior notes were issued by our 100% owned finance subsidiary, Bunge Limited Finance Corp., and are fully and unconditionally guaranteed by Bunge Limited. Interest on the senior notes is payable semi-annually in arrears in March and September of each year, commencing in September 2011. The net proceeds from this offering of approximately $496 million after deducting underwriters commissions and offering expenses were used for general corporate purposes, including working capital.Debt issuance costs of approximately $4 million were paid in conjunction with the issuance of the senior notes and will be amortized to interest expense on a straight-line basis over the five-year term of the senior notes.

Our $475 million term loans matured and were repaid in August 2011.

We may from time to time seek to retire or purchase our outstanding debt in open market purchases, privately negotiated transactions or otherwise. Such repurchases, if any, will depend on prevailing market conditions, our liquidity requirements, contractual restrictions and other factors. In April 2011, we repaid $47 million of subsidiary debt, including interest and principal.

The following table summarizes our short- and long-term indebtedness:

(US$ in millions)	**September 30, 2011**	**December 31, 2010**
Short-term debt:		
Short-term debt(1)	$ 1,426	$ 1,718
Current portion of long-term debt	142	612
Total short-term debt	1,568	2,330
Long-term debt(2)		
Term loans due 2011 LIBOR plus 1.25% to 1.75%(3)		475
Term loan due 2013 fixed interest rate of 3.32%	300	300
Japanese Yen term loan due 2011 Yen LIBOR plus 1.40%(4)	130	123
Revolving credit facility expiry 2014	400	
5.875% Senior Notes due 2013	300	300
5.35% Senior Notes due 2014	500	500
5.10% Senior Notes due 2015	382	382
4.10% Senior Notes due 2016	500	
5.90% Senior Notes due 2017	250	250
8.50% Senior Notes due 2019	600	600
BNDES loans, variable interest rate indexed to TJLP plus 0% to 4.5% and URTJLP plus 9.2% payable through 2016 (5) (6) (7)	67	118
Others	181	115
Subtotal	3,610	3,163
Less: Current portion of long-term debt	(142)	(612)
Total long-term debt	3,468	2,551
Total debt	**$ 5,036**	**$ 4,881**

(1) Includes secured debt of $15 million at December 31, 2010.

(2) Includes secured debt of $70 million and $122 million at September 30, 2011 and December 31, 2010, respectively.

Table of Contents

(3) One, three and six month LIBORs at September 30, 2011 were 0.24%, 0.37% and 0.56% per annum, respectively, and at December 31, 2010 were 0.26%, 0.30% and 0.46% per annum, respectively.

(4) Three month Yen LIBOR at September 30, 2011 was 0.19% per annum and at December 31, 2010 was 0.19% per annum.

(5) Industrial development loans provided by BNDES, an agency of the Brazilian government.

(6) TJLP is a long-term interest rate published by the BNDES on a quarterly basis; TJLP as of September 30, 2011 and December 31, 2010 was 6.00% per annum for both periods.

(7) URTJLP is a long-term interest rate derived from the TJLP interest rate published by BNDES on a quarterly basis; URTJLP as of September 30, 2011 and December 31, 2010 was TJLP minus 6.00% per annum for both periods.

Credit Ratings. Bunge s debt ratings and outlook by major credit rating agency at September 30, 2011 were as follows:

	Short-term Debt	**Long-term Debt**	**Outlook**
Standard & Poor s	A-1	BBB-	Stable
Moody s	P-1	Baa2	Stable
Fitch	Not Rated	BBB	Negative

Our debt agreements do not have any credit rating downgrade triggers that would accelerate the maturity of our debt. However, credit rating downgrades would increase our borrowing costs under our credit facilities and, depending on their severity, could impede our ability to obtain credit facilities or access the capital markets in the future on favorable terms. A significant increase in our borrowing costs could impair our ability to compete effectively in our business relative to competitors with higher credit ratings.

Our credit facilities and certain senior notes require us to comply with specified financial covenants, including minimum net worth, minimum current ratio, a maximum debt to capitalization ratio and limitations on secured indebtedness. We were in compliance with these covenants as of September 30, 2011.

Interest Rate Swap Agreements. We use interest rate swaps as hedging instruments and record the swaps at fair value in the condensed consolidated balance sheets with changes in fair value recorded contemporaneously in earnings. Additionally, the carrying amount of the associated debt is adjusted through earnings for changes in the fair value due to changes in benchmark interest rates. Ineffectiveness, as defined in a FASB issued standard, is recognized to the extent that these two adjustments do not offset.

In August 2011, our $375 million interest rate basis swap agreements matured and our $300 million interest rate swap originally scheduled to mature in December 2013 was terminated.   This interest rate swap was hedging our $300 million term loan maturing in 2013.

In March 2011, we entered into interest rate swap agreements with an aggregate notional principal amount of $500 million for the purpose of managing our interest rate exposure related to our $500 million fixed-rate 4.10% Senior Notes maturing in 2016. Under the terms of the interest rate swap agreements, we make payments based on six month LIBOR and receive payments based on a fixed rate.

We have accounted for these interest rate swaps as fair value hedges in accordance with a FASB issued standard. The following table summarizes the fair value of our outstanding interest rate swap agreements as of September 30, 2011.

(US$ in millions)	Maturity March 2016	Fair Value Gain (Loss) September 30, 2011
Interest rate swap agreements - notional amount	$ 500	$ 27
Weighted average variable rate payable (1)	2.15%	
Weighted average fixed rate receivable (2)	4.10%	

Table of Contents

(US$ in millions)		Maturity November 2011		Fair Value Gain (Loss) September 30, 2011
Interest rate swap agreement - notional amount	$	175	$	
Variable rate payable (3)		0.60%		
Fixed rate receivable (2)		0.76%		

---

(1) Interest is payable in arrears semi-annually based on six month U.S. dollar LIBOR.

(2) Interest is receivable in arrears based on a fixed rate.

(3) Interest is payable in arrears quarterly based on three month U.S. dollar LIBOR.

In addition, we have cross-currency interest rate swap agreements with an aggregate notional principal amount of 10 billion Japanese Yen maturing on October 6, 2011 for the purpose of managing our currency exposure associated with our 10 billion Japanese Yen term loan due on October 6, 2011. Under the terms of the cross-currency interest rate swap agreements, we make U.S. dollar payments based on three month U.S. dollar LIBOR and receive payments based on three month Yen LIBOR. We have accounted for these cross-currency interest rate swap agreements as fair value hedges. At September 30, 2011, the fair value of the cross-currency interest rate swap agreements was a gain of $29 million.

Equity

Total equity was $12,029 million at September 30, 2011 as set forth in the following table:

(US$ in millions)		September 30, 2011		December 31, 2010
Equity:				
Convertible perpetual preference shares	$	690	$	690
Common shares		1		1
Additional paid-in capital		4,817		4,793
Retained earnings		6,709		6,153
Accumulated other comprehensive income		(419)		583
Treasury shares, at cost (2011 - 1,933,286)		(120)		
Total Bunge Shareholders equity		**11,678**		**12,220**
Noncontrolling interest		351		334
Total equity	**$**	**12,029**	**$**	**12,554**

Total Bunge shareholders equity decreased to $11,678 million at September 30, 2011 from $12,220 million at December 31, 2010. The change in equity was due primarily to foreign currency translation losses of $980 million, treasury shares acquired for $120 million and declared dividends to common and preferred shareholders of $107 million and $25 million, respectively, partially offset by net income attributable to Bunge for the nine months ended September 30, 2011 of $688 million.

Noncontrolling interest increased to $351 million at September 30, 2011 from $334 million at December 31, 2010 due primarily to capital contributions totalling $64 million by noncontrolling interest holders, partially offset by dividends of $16 million to noncontrolling interests, and a net redemption valued at $7 million by certain third party investors in a private investment fund consolidated by Bunge. Of these contributions from noncontrolling interest holders, $55 million were related to joint venture operations that have been in process of construction or expansion and Bunge made proportionate contributions, resulting in no changes in ownership percentages related to these entities. In addition, during the nine months ended September 30, 2011, we sold a 10% interest in a consolidated subsidiary that owns and operates a newly constructed oilseed processing facility in Vietnam for $3 million to a third party. Our ownership in this subsidiary was reduced from 100% to 90%. We also formed a trading and merchandising joint venture company, which we consolidate, to expand our market share in Central America. The noncontrolling interest holder contributed $6 million for a 30% interest in the trading company. During the third quarter of 2011, we entered into a joint venture for the purpose of purchasing, chartering and operating ocean freight vessels. We invested $9 million for a 45% interest in the joint venture.

46

Table of Contents

As of September 30, 2011, we had 6,900,000 4.875% cumulative convertible perpetual preference shares outstanding with an aggregate liquidation preference of $690 million. Each convertible perpetual preference share has an initial liquidation preference of $100, which will be adjusted for any accumulated and unpaid dividends. The convertible perpetual preference shares carry an annual dividend of $4.875 per share payable quarterly. As a result of adjustments made to the initial conversion price because cash dividends paid on Bunge Limited s common shares exceeded certain specified thresholds, each convertible perpetual preference share is convertible, at the holder s option, at any time into 1.0938 Bunge Limited common shares, based on the conversion price of $91.4262 per share, subject to certain additional anti-dilution adjustments. At any time on or after December 1, 2011, if the closing price of our common shares equals or exceeds 130% of the conversion price for 20 trading days during any consecutive 30 trading days (including the last trading day of such period), we may elect to cause the convertible perpetual preference shares to be automatically converted into Bunge Limited common shares at the then prevailing conversion price. The convertible preference shares are not redeemable by us at any time.

Cash Flows

Our cash flow from operations varies depending on, among other items, the market prices and timing of the purchase and sale of our inventories. Generally, during periods when commodity prices are rising, our agribusiness operations require increased use of cash to support working capital to acquire inventories and daily settlement requirements on exchange traded futures that we use to minimize price risk related to our inventories.

For the nine months ended September 30, 2011, our cash and cash equivalents increased by $477 million, reflecting the net effect of cash flows from operating, investing and financing activities. For the nine months ended September 30, 2010, our cash and cash equivalents decreased by $203 million, reflecting the net proceeds of $3.5 billion (included in cash provided by investing activities), net of $144 million of transaction costs and $280 million of withholding tax included as a component of cash used for operations, from our Brazilian fertilizer nutrients assets sale, offset by utilization of cash to repay debt, repurchase shares and the net impact of cash flows from operating, investing and financing activities.

Our operating activities generated cash of $1,363 million for the nine months ended September 30, 2011 compared to cash used of $1,620 million for the nine months ended September 30, 2010. The positive cash flow from operating activities for the nine months ended September 30, 2011 was principally due to net income adjusted for non-cash charges for depreciation and amortization. Operating cash flows in the first nine months of 2011 were impacted by the net proceeds of approximately $716 million from sales of accounts receivables under our new global accounts receivable sale program that we entered into in June. In addition, we repaid approximately $500 million of trade accounts payable related to fertilizer imports as we can more efficiently fund fertilizer imports through internal sources, and in September, we paid approximately $112 million of export tax obligations in Argentina, which had been accrued in prior periods. The negative cash flow from operating activities for the nine months ended September 30, 2010 was primarily due to $280 million of withholding taxes and $144 million of transaction closing costs paid related to the sale of our Brazilian fertilizer nutrients assets.

The functional currency of our operating subsidiaries is generally the local currency and the financial statements are calculated in the functional currency and translated into U.S. dollars. U.S. dollar-denominated loans funding certain short-term borrowing needs of our operating subsidiaries are remeasured into their respective functional currencies at exchange rates at the applicable balance sheet date. The resulting gain or loss is included in our condensed consolidated statements of income as a foreign exchange gain or loss. For the nine months ended September 30, 2011 and September 30, 2010, we recognized losses of $103 million and $53 million, respectively, on debt denominated primarily in U.S. dollars at our subsidiaries, which were included as adjustments to reconcile net income to cash used for operating activities in the line item Foreign exchange loss (gain) on debt in our condensed consolidated statements of cash flows. This adjustment is required because the cash flow impacts of these gains or losses are recognized as financing activities when the subsidiary repays the underlying debt and therefore, have no impact on cash flows from operations.

Cash used for investing activities was $716 million in the nine months ended September 30, 2011, compared to cash generated of $2,952 million in the nine months ended September 30, 2010, reflecting the proceeds from the sale of our Brazilian fertilizer nutrients assets. During the first nine months of 2011, we acquired a port terminal in Ukraine for a total purchase price of approximately $100 million (net of $2 million cash acquired), consisting of approximately $83 million in cash, and approximately $17 million of short-term debt and other payables related to assets under construction. In addition, we formed a joint venture to purchase a fertilizer storage terminal in the U.S. for $8 million and a joint venture to construct a grain elevator in the U.S. for $3 million. In

47

Table of Contents

Russia, we received net proceeds of $16 million from the sale of a cost-method investment. We also sold our investment in a European oilseed processing facility joint venture for cash proceeds of $54 million. In the third quarter 2011, we purchased a margarine business in North America for $18 million, grain elevator operations in North America for $10 million and contributed $9 million for an equity method investment. Payments made for capital expenditures of $705 million in the nine months ended September 30, 2011 primarily included investments in property, plant and equipment related to expanding our sugar business in Brazil, investments in our port facility in Washington state in the U.S. and construction of oilseed processing facilities in Vietnam and China. During the nine months ended September 30, 2010, we paid $80 million to acquire the fertilizer division of Petrobras Argentina S.A., $48 million (net of $3 million of cash acquired) in connection with the Moema acquisition and $5 million representing a purchase price adjustment for the working capital true-up for our 2009 Raisio acquisition in Poland.

Cash used for financing activities was $106 million in the nine months ended September 30, 2011, compared to cash used of $1,516 million in the nine months ended September 30, 2010. In the nine months ended September 30, 2011, we had a net increase of $97 million in borrowings due primarily to higher cash balances. In the nine months ended September 30, 2010, we had a net decrease in borrowings of $1,104 million (excluding $555 million of debt assumed in the Moema acquisition which was reflected in the opening balance sheet of the acquisition, and including $496 million of Moema debt repaid following completion of the acquisition). Dividends paid to our common shareholders in the nine months ended September 30, 2011 and September 30, 2010 were $104 million and $92 million, respectively. Dividends paid to holders of our convertible preference shares in the nine months ended September 30, 2011 and September 30, 2010, were $25 and $58 million, respectively. During the nine months ended September 30, 2011, in connection with our common share repurchase program announced on June 8, 2010, we repurchased 1,933,286 shares of our common shares at a cost of $120 million. Bunge repurchased 6,714,573 common shares for $354 million from inception of the program through December 31, 2010.

Off-Balance Sheet Arrangements

Guarantees **-** We have issued or were a party to the following guarantees at September 30, 2011:

(US$ in millions)		**Maximum Potential Future Payments**
Customer financing (1)	$	61
Unconsolidated affiliates financing (2)		52
Total	**$**	**113**

---

(1) We have issued guarantees to third parties in Brazil related to amounts owed to these third parties by certain of our 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 we would be required to perform under the guarantees, we have obtained collateral from the customers. At September 30, 2011, we had approximately $51 million of tangible property that had been pledged as collateral against certain of these refinancing arrangements. We evaluate the likelihood of customer repayments of the amounts due under these guarantees based upon an expected loss analysis and record the fair value of such guarantees as an obligation in our condensed consolidated financial statements. Bunge s recorded obligation related to these outstanding guarantees was $9 million at September 30, 2011.

(2) We issued guarantees to certain financial institutions related to debt of certain of our unconsolidated joint ventures. The terms of the guarantees are equal to the terms of the related financings which have maturity dates in 2012, 2016 and 2018. There are no recourse provisions or collateral that would enable us to recover any amounts paid under these guarantees. At September 30, 2011, Bunge s recorded obligation related to these guarantees was $12 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, 2011, debt with a carrying amount of $4,087 million related to these guarantees is

48

Table of Contents

included in our condensed consolidated balance sheet. This debt includes the senior notes issued by two of our 100% owned finance subsidiaries, Bunge Limited Finance Corp. and Bunge N.A. Finance L.P. There are no significant restrictions on the ability of Bunge Limited Finance Corp., Bunge N.A. Finance L.P. or any other of our subsidiaries to transfer funds to Bunge Limited.

Trade Receivables Securitization Programs In January 2010, we adopted a FASB issued standard that resulted in amounts outstanding under our then existing securitization programs being accounted for as secured borrowings and reflected as short-term debt on our condensed consolidated balance sheet. As a result of this change, we significantly reduced our utilization of these programs and either terminated or allowed them to expire during 2010.

In June 2011, we entered into a new global trade receivable securitization program (Program) with a five-year term subject to annual renewals in order to provide an additional source of liquidity for our operations. Sales under the Program qualify for sale accounting under the updated accounting standards related to transfers of financial assets. The maximum funding availability related to receivables sold under the Program is $700 million. Under the Program, qualifying Bunge subsidiaries sell eligible trade accounts receivable in their entirety on a revolving basis to a consolidated bankruptcy-remote special purpose subsidiary. These trade accounts receivable are then sold without recourse to commercial paper conduits (Purchasers). In connection with these sales of accounts receivable, Bunge receives a portion of the proceeds up front and the remaining amount upon the collection of the underlying receivables (a deferred purchase price), which is expected to be generally 10 to 15 percent of the receivables sold through the Program. Bunge is obligated to repurchase any receivables that were not eligible as originally represented when sold and to fund short-falls in collections for certain non-credit related reasons after the sale. Apart from these obligations, Bunge has no retained interests in the transferred receivables, other than collection and administrative responsibilities and a right to the deferred purchase price receivable. At September 30, 2011, $716 million of accounts receivable sold under the program and outstanding as of that date were derecognized from our condensed consolidated balance sheet. At September 30, 2011, the related deferred purchase price of $155 million was recorded in other current assets. Additional details of the Program are disclosed in Note 13 of the notes to the condensed consolidated financial statements.

Brazilian Farmer Credit

Background We advance funds to farmers, primarily in Brazil, through secured advances to suppliers and prepaid commodity purchase contracts. We also sell fertilizer to farmers, primarily in Brazil, on credit as described below. All of these activities are generally intended to be short-term in nature. The ability of our customers and suppliers to repay these amounts is affected by agricultural economic conditions in the relevant geography, which are, in turn, affected by commodity prices, currency exchange rates, crop input costs and crop quality and yields. As a result, these arrangements are typically secured by the farmer s crop and, in many cases, the farmer s land and other assets. On occasion, Brazilian farm economics in certain regions and certain years, particularly 2005 and 2006, have been adversely affected by factors including volatility in soybean prices, a steadily appreciating Brazilian *real* and poor crop quality and yields. As a result, certain farmers have defaulted on amounts owed. While Brazilian farm economics have improved, some Brazilian farmers continue to face economic challenges due to high debt levels and a strong Brazilian *real*. Upon farmer default, we generally initiate legal proceedings to recover the defaulted amounts. However, the legal recovery process through the judicial system is a long-term process, generally spanning a number of years. As a result, once accounts have been submitted to the judicial process for recovery, we may also seek to renegotiate certain terms with the defaulting farmer in order to accelerate recovery of amounts owed. In addition, we have tightened our credit policies to reduce exposure to higher risk accounts, and have increased collateral requirements for certain customers.

Because Brazilian farmer credit exposures are denominated in local currency, reported values are impacted by movements in the value of the Brazilian *real* when translated into U.S. dollars. From December 31, 2010 to September 30, 2011, the Brazilian *real* devalued by approximately 10%, decreasing the reported farmer credit exposure balances when translated into U.S. dollars.

Brazilian Fertilizer Trade Accounts Receivable In our Brazilian fertilizer operations, customer accounts receivable are intended to be short-term in nature, and are expected to be repaid either in cash or through delivery to Bunge of agricultural commodities when the related crop is harvested. As the farmer s cash flow is seasonal and is typically generated after the crop is harvested, the actual due dates of the accounts receivable are individually determined based upon when a farmer purchases our fertilizer and the anticipated date for the harvest and sale of the farmer s crop. These receivables may also be secured by the farmer s crop. We initiate legal proceedings against

Table of Contents

customers to collect amounts owed which are in default. In some cases, we have renegotiated amounts that were in legal proceedings, including to secure the subsequent year s crop.

We periodically evaluate the collectability of our trade accounts receivable and record allowances if we determine that collection is doubtful. We base our determination of the allowance on analyses of credit quality of individual accounts, considering also the economic and financial condition of the farming industry and other market conditions as well as the value of any collateral related to amounts owed. We continuously review defaulted farmer receivables for impairment on an individual account basis. We consider all accounts in legal collections processes to be defaulted and past due. For such accounts, we determine the allowance for uncollectible amounts based on the fair value of the associated collateral, net of estimated costs to sell. For all renegotiated accounts (current and past due), we consider changes in farm economic conditions and other market conditions, our historical experience related to renegotiated accounts and the fair value of collateral in determining the allowance for doubtful accounts.

In addition to our fertilizer trade accounts receivable, we issue guarantees to third parties in Brazil relating to amounts owed to these third parties by certain of our customers. These guarantees are discussed under the heading Guarantees .

The table below details our Brazilian fertilizer trade accounts receivable balances and the related allowances for doubtful accounts.

(US$ in millions, except percentages)	**September 30, 2011**	**December 31, 2010**
Trade accounts receivable (current)	$ 198	$ 172
Allowance for doubtful accounts (current)	6	4
Trade accounts receivable (non-current) (1) (2)	225	266
Allowance for doubtful accounts (non-current) (1)	111	117
Total trade accounts receivable (current and non-current)	423	438
Total allowance for doubtful accounts (current and non-current)	117	121
Total allowance for doubtful accounts as a percentage of total trade accounts receivable	28%	28%

---

(1) Included in other non-current assets in the condensed consolidated balance sheets.

(2) Includes certain amounts related to defaults on customer financing guarantees.

Secured Advances to Suppliers and Prepaid Commodity Contracts We purchase soybeans through prepaid commodity purchase contracts (advance cash payments to suppliers against contractual obligations to deliver specified quantities of soybeans in the future) and secured advances to suppliers (advances to suppliers against commitments to deliver soybeans in the future), primarily in Brazil. These financing arrangements are typically secured by the farmer s future crop and mortgages on the farmer s land, buildings and equipment, and are generally settled after the farmer s crop is harvested and sold.

Interest earned on secured advances to suppliers of $5 million and $4 million for the three months ended September 30, 2011 and 2010, respectively, and $17 million and $19 million for the nine months ended September 30, 2011 and 2010, respectively, is included in net sales in the condensed consolidated statements of income.

The table below shows details of prepaid commodity contracts and secured advances to suppliers outstanding at our Brazilian operations as of the dates indicated. See Note 6 and Note 10 of the notes to the condensed consolidated financial statements for more information.

Table of Contents

(US$ in millions)		September 30, 2011		December 31, 2010
Prepaid commodity contracts	$	442	$	255
Secured advances to suppliers (current)		284		248
Total (current)		726		503
Soybeans not yet priced (1)		(371)		(71)
Net		355		432
Secured advances to suppliers (non-current)		260		312
Total (current and non-current)	**$**	**615**	**$**	**744**
Allowance for uncollectible advances (current and non-current)	**$**	**(76)**	**$**	**(87)**

(1) Soybeans delivered by suppliers that are yet to be priced are reflected at prevailing market prices at September 30, 2011.

Critical Accounting Policies

Critical accounting policies are defined as those policies that are both important to the portrayal of our financial condition and results of operations and require management to exercise significant judgment. For a complete discussion of our accounting policies, see our Annual Report on Form 10-K for the year ended December 31, 2010, filed with the Securities and Exchange Commission. There were no material changes to Bunge s critical accounting policies during the nine months ended September 30, 2011.

Inventories Readily marketable inventories consist of agricultural commodity inventories such as soybeans, soybean meal, soybean oil, corn, wheat and sugar that are readily convertible to cash because of their commodity characteristics, widely available markets and international pricing mechanisms. Merchandisable agricultural commodities of our agribusiness, sugar and bioenergy, edible oil products and milling businesses that are freely traded, have quoted market prices, may be sold without significant further processing and have predictable and insignificant disposal costs are generally stated at fair value with the exception of sugar inventories in our industrial production business in Brazil which are carried at lower of cost or market. Changes in the fair values of inventories carried at fair value are recognized in earnings as a component of cost of goods sold.

Inventories other than readily marketable inventories are principally stated at the lower of cost or market. Cost is determined using primarily the weighted-average cost method.

Adoption of New Accounting Pronouncements Receivables, Disclosures about the Credit of Financing Receivables and the Allowance for Credit Losses - In July 2010, the Financial Accounting Standards Board (FASB) issued a standard that amended a previously issued standard requiring an entity to include additional disaggregated disclosures in their financial statements about their financing receivables, including credit risk disclosures and the allowance for credit losses. Entities with financing receivables are required to disclose a rollforward of the allowance for credit losses, certain credit quality information, impaired loan information, modification information and past due information. Trade receivables with maturities of less than one year are excluded from the scope of the new disclosures. Bunge adopted this disclosure as of December 31, 2010. As a result of the adoption of this standard, we have expanded our disclosures (see Note 10 to the condensed consolidated financial statements). The adoption of the standard did not have a material impact on our financial position, results from operations or cash flows.

Recent Accounting Pronouncements In September 2011, the FASB issued Accounting Standards Update (ASU) No. 2011-08**,** *Intangibles Goodwill and Other (Topic 350): Testing Goodwill Impairment.* This guidance provides an entity with an option to perform a qualitative assessment to determine whether it is more likely than not that the fair value of a reporting unit is less than its carrying amount as a basis for determining whether it is necessary to perform the two-step goodwill impairment test. An entity may elect not to perform the qualitative assessment and may proceed directly to the two-step quantitative impairment test. The amendments are effective for interim and annual periods beginning after December 15, 2011. The adoption of this standard is not expected to have a material impact on Bunge s consolidated financial statements.

In June 2011, the FASB issued ASU No. 2011-05, *Presentation of Comprehensive Income*. This guidance eliminates the current option to report other comprehensive income and its components in the statement of changes

Table of Contents

in equity. The guidance allows two presentation alternatives: (1) present items of net income and other comprehensive income in one continuous statement, referred to as the statement of comprehensive income; or (2) in two separate, but consecutive, statements of net income and other comprehensive income. While the new guidance changes the presentation of comprehensive income, there are no changes to the components that are recognized in net income or other comprehensive income under current accounting guidance. The amendment is effective for interim and annual periods beginning after December 15, 2011. The adoption of this standard is not expected to have a material impact on Bunge s consolidated financial statements.

In May 2011, the FASB issued ASU No. 2011-04, *Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in U.S. GAAP and the International Financial Reporting Standards (IFRS).* This guidance is intended to result in convergence between U.S. GAAP and IFRS requirements for measurement of, and disclosures about, fair value. ASU 2011-04 clarifies or changes certain fair value measurement principles and enhances the disclosure requirements particularly for Level 3 fair value measurements. The amendments are to be applied prospectively and are effective during interim and annual periods beginning after December 15, 2011. These amendments are not expected to have a material impact on Bunge s financial results but may require expanded disclosure in Bunge s consolidated financial statements.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Risk Management

As a result of our global operating and financing activities, we are exposed to changes in, among other things, agricultural commodity prices, transportation costs, foreign currency exchange rates, interest rates and energy costs which may affect our results of operations and financial position. We actively monitor and manage these various market risks associated with our business activities. Our risk management discussions take place in various locations but exposure limits are centrally set and monitored. We have a corporate risk management group, headed by our chief risk officer, which analyzes and monitors our risk exposures globally. Additionally, our board of directors finance and risk policy committee supervises, reviews and periodically revises our overall risk management policies and limits.

We use derivative instruments for the purpose of managing the exposures associated with commodity prices, transportation costs, foreign currency exchange rates, interest rates and energy costs and for positioning our overall portfolio relative to expected market movements in accordance with established policies and procedures. We enter into derivative instruments primarily with major financial institutions, commodity exchanges in the case of commodity futures and options, or shipping companies in the case of ocean freight. While these derivative instruments are subject to fluctuations in value, for hedged exposures those fluctuations are generally offset by the changes in fair value of the underlying exposures. The derivative instruments that we use for hedging purposes are intended to reduce the volatility on our results of operations however, they can occasionally result in earnings volatility, which may be material. See Note 12 of the notes to the condensed consolidated financial statements in this Quarterly Report on Form 10-Q for a more detailed discussion of the derivative instruments that we use.

Credit and Counterparty Risk

Through our normal business activities, we are subject to significant credit and counterparty risks that arise through normal commercial sales and purchases, including forward commitments to buy or sell, and through various other over-the-counter (OTC) derivative instruments that we utilize to manage risks inherent in our business activities. We define credit and counterparty risk as a potential financial loss due to the failure of

a counterparty to honor its obligations. The exposure is measured based upon several factors, including unpaid accounts receivable from counterparties and unrealized gains from OTC derivative instruments (including forward purchase and sale contracts). Credit and counterparty risk also includes sovereign credit risk. We actively monitor credit and counterparty risk through credit analysis by local credit staffs and review by various local and corporate committees which monitor counterparty performance. We record provisions for counterparty losses from time-to-time as a result of our credit and counterparty analysis.

During periods of tight conditions in global credit markets, downturns in regional or global economic conditions, and/or significant price volatility, credit and counterparty risks are heightened. This increased risk is monitored through, among other things, increased communication with key counterparties, management reviews and specific focus on counterparties or groups of counterparties that we may determine as high risk. In addition, we

Table of Contents

have limited new credit extensions in certain cases and reduced our use of non-exchange cleared derivative instruments.

Commodities Risk

We operate in many areas of the food industry, from agricultural raw materials to the production and sale of branded food ingredients. As a result, we purchase and produce various materials, many of which are agricultural commodities, including soybeans, soybean oil, soybean meal, softseeds (including sunflower seed, rapeseed and canola) and related oil and meal derived from them, wheat and corn. In addition, we grow and purchase sugarcane to produce sugar, ethanol and electricity. Agricultural commodities are subject to price fluctuations due to a number of unpredictable factors that may create price risk. As described above, we are also subject to the risk of counterparty non-performance under forward purchase or sale contracts. From time-to-time we have experienced instances of counterparty non-performance, including as a result of counterparty profitability under these contracts due to significant movements in commodity prices between the time in which the contracts were executed and the contractual forward delivery period.

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

Our daily net agricultural commodity position consists of inventory, forward purchase and sale contracts, over-the-counter and exchange traded derivative instruments, including those used to hedge portions of our production requirements. The fair value of that position is a summation of the fair values calculated for each agricultural commodity by valuing all of our commodity positions at quoted market prices for the period where available or utilizing a close proxy. VaR is calculated on the net position and monitored at the 95% and 99% confidence intervals. In addition, scenario analysis and stress testing are performed. For example, one measure of market risk is estimated as the potential loss in fair value resulting from a hypothetical 10% adverse change in prices. The results of this analysis, which may differ from actual results, are as follows:

	Nine Months Ended September 30, 2011		**Year Ended December 31, 2010**	
(US$ in millions)	**Fair Value**	**Market Risk**	**Fair Value**	**Market Risk**
Highest long position	$ 1,993	$ (199)	$ 2,394	$ (239)
Highest short position	(551)	(55)	(912)	(91)

Ocean Freight Risk

Ocean freight represents a significant portion of our operating costs. The market price for ocean freight varies depending on the supply and demand for ocean vessels, global economic conditions and other factors. We enter into time charter agreements for time on ocean freight vessels based on forecasted requirements for the purpose of transporting agricultural commodities. Our time charter agreements generally have terms ranging from two months to approximately five years. We use financial derivatives, known as freight forward agreements, to hedge portions of our ocean freight costs. The ocean freight derivatives are included in other current assets and other current liabilities on the condensed consolidated balance sheets at fair value.

Energy Risk

We purchase various energy commodities such as bunker fuel, electricity and natural gas that are used to operate our manufacturing facilities and ocean freight vessels. The energy commodities are subject to price risk. We use financial derivatives, including exchange traded and OTC swaps and options for various purposes, including to manage our exposure to volatility in energy costs. These energy derivatives are included in other current assets and other current liabilities on the condensed consolidated balance sheet at fair value.

Table of Contents

Currency Risk

Our global operations require active participation in foreign exchange markets. Our primary foreign currency exposures are the Brazilian *real*, the Euro and other European currencies, the Argentine *peso* and the Chinese *yuan/renminbi*. To reduce the risk arising from foreign exchange rate fluctuations we enter into derivative instruments, such as forward contracts and swaps, and foreign currency options. The changes in market value of such contracts have a high correlation to the price changes in the related currency exposures. The potential loss for such net currency position resulting from a hypothetical 10% adverse change in foreign currency exchange rates as of September 30, 2011 was not material.

When determining our exposure, we exclude intercompany loans that are deemed to be permanently invested. The repayments of permanently invested intercompany loans are not planned or anticipated in the foreseeable future and therefore are treated as analogous to equity for accounting purposes. As a result, the foreign exchange gains and losses on these borrowings are excluded from the determination of net income and recorded as a component of accumulated other comprehensive income (loss) in the condensed consolidated balance sheets. Included in other comprehensive income (loss) are foreign exchange losses of $505 million for the nine months ended September 30, 2011 and gains of $149 million for the nine months ended September 30, 2010, related to permanently invested intercompany loans.

Interest Rate Risk

We have debt in fixed and floating rate instruments. We are exposed to market risk due to changes in interest rates. We enter into interest rate swap agreements to manage our interest rate exposure related to our debt portfolio.

The aggregate fair value of our short and long-term debt, based on market yields at September 30, 2011, was $5,332 million with a carrying value of $5,036 million. There was no significant change in our interest risk at September 30, 2011.

ITEM 4. CONTROLS AND PROCEDURES

Disclosure Controls and Procedures As of September 30, 2011, we carried out an evaluation, under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures, as that term is defined in Exchange Act Rules 13a-15(e) and 15d-15(e) as of the end of the period covered by this Quarterly Report on Form 10-Q. Based upon that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective as of the end of the fiscal quarter covered by this Quarterly Report on Form 10-Q.

Internal Control Over Financial Reporting Following the sale of Bunge s Brazilian fertilizer nutrients assets and in connection with the restructuring of Bunge s activities in Brazil and related local management changes, management is reviewing and, in some cases, implementing new systems and procedures that have led, or are expected to lead, to changes in internal control over financial reporting in Bunge s Brazilian operations.

Except as described above, there has been no change in our internal control over financial reporting during the fiscal quarter ended September 30, 2011 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II. INFORMATION

ITEM 1. LEGAL PROCEEDINGS

The Argentine tax authorities have been conducting a review of income and other taxes paid by large 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 our locations in Argentina relating to allegations of income tax evasion covering the periods from 2007 to 2009. More recently, in July 2011, we

Table of Contents

received a preliminary income tax audit report from the Argentine tax authorities relating to fiscal years 2006 and 2007 with an estimated claim of approximately $100 million. Additionally, in April 2011, the Argentine tax authorities conducted inspections of our locations and those of several other grain exporters with respect to allegations of evasion of liability for value added taxes. We believe that the allegations and claims are without merit, however these matters are at a preliminary stage and therefore, we are, at this time, unable to predict their outcome.

From time-to-time, we are involved in litigation that we consider to be ordinary and incidental to our business. While the outcome of pending legal actions cannot be predicted with certainty, we believe the outcome of these proceedings will not have a material adverse effect on our consolidated financial position, results of operations or liquidity.

ITEM 1A. RISK FACTORS

In addition to the other information set forth in this report, you should carefully consider the factors discussed in Part I, Item 1A. Risk Factors in our 2010 Annual Report on Form 10-K, which could materially affect our business, financial condition or future results. The risks described in our Annual Report on Form 10-K are not the only risks facing our Company. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial also may materially adversely affect our business, financial condition and/or operating results.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

Issuer Purchase of Equity Securities:

On June 8, 2010, Bunge announced that its Board of Directors approved a program for the repurchase of up to $700 million of Bunge s issued and outstanding common shares. The program runs through December 31, 2011.

The following table sets forth information relating to the share repurchase program for the three months ended September 30, 2011:

Period	Total Number of Shares (or Units) Purchased		Average Price Paid per Share (or Unit)	Total Number of Shares (or Units) Purchased as Part of Publicly Announced Plans or Programs		Maximum Number (or Approximate Dollar Value) of Shares that May Yet Be Purchased Under the Plans or Programs
August 19, 2011 August 31, 2011	1,371,922	$	61.58	1,371,922	$	262,000,000
September 1, 2011 September 12, 2011	561,364	$	63.27	561,364	$	226,000,000
Total	**1,933,286**	**$**	**62.07**	**1,933,286**	**$**	**226,000,000**

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. [RESERVED]

Table of Contents

ITEM 5. OTHER INFORMATION

None.

ITEM 6. EXHIBITS

(a) The exhibits in the accompanying Exhibit Index on page E-1 are filed or furnished as part of this Quarterly Report.

Table of Contents

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

BUNGE LIMITED

Date: November 9, 2011	By:	/s/ ANDREW J. BURKE Andrew J. Burke Chief Financial Officer and Global Operational Excellence Officer
		/s/ KAREN D. ROEBUCK Karen D. Roebuck Controller and Principal Accounting Officer

Table of Contents

EXHIBIT INDEX

10.1 Employment Offer Letter for Raul Padilla dated September 24, 2010 effective as of July 1, 2010.

31.1 Certification of Chief Executive Officer pursuant to Rule 13a-14(a)/15d-14(a) of the Securities Exchange Act of 1934, as amended, as adopted pursuant to Section 302 of the Sarbanes Oxley Act of 2002

31.2 Certification of Chief Financial Officer pursuant to Rule 13a-14(a)/15d-14(a) of the Securities Exchange Act of 1934, as amended, as adopted pursuant to Section 302 of the Sarbanes Oxley Act of 2002

32.1 Certification of Chief Executive Officer pursuant to 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes Oxley Act of 2002

32.2 Certification of Chief Financial Officer pursuant to 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes Oxley Act of 2002

101 The following financial information from Bunge Limited s Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2011 formatted in Extensible Business Reporting Language (XBRL): (i) the Condensed Consolidated Statements of Income, (ii) the Condensed Consolidated Statements of Comprehensive Income, (iii) the Condensed Consolidated Balance Sheets, (iv) the Condensed Consolidated Statements of Cash Flows, (v) the Condensed Consolidated Statements of Changes in Equity, and (vi) the Notes to the Condensed Consolidated Financial Statements.*

---

* Users of this interactive data file are advised pursuant to Rule 406T of Regulation S-T that this interactive data file is deemed not filed or part of a registration statement or prospectus for purposes of sections 11 or 12 of the Securities Act of 1933, is deemed not filed for purposes of section 18 of the Securities Exchange Act of 1934, and otherwise is not subject to liability under these sections.