Bunge LTD
Form 10-Q
August 10, 2009
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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-Q

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

For the quarterly period ended June 30, 2009

OR

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

For the transition period from to

Commission File Number 001-16625

BUNGE LIMITED

(Exact name of registrant as specified in its charter)

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

(914) 684-2800

(Registrant s telephone number, including area code)

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

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

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

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

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

As of August 3, 2009 the number of common shares issued and outstanding of the registrant was:

Common shares, par value $.01: 122,060,670

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BUNGE LIMITED

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PART I FINANCIAL INFORMATION

Item 1. FINANCIAL STATEMENTS

BUNGE LIMITED AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF INCOME

(Unaudited)

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2009	2008	2009	2008
Net sales	$10,994	$14,365	$20,192	$26,834
Cost of goods sold	(10,582)	(12,914)	(19,645)	(24,516)
Gross profit	**412**	**1,451**	**547**	**2,318**
Selling, general and administrative expenses	(309)	(460)	(603)	(862)
Interest income	40	54	76	102
Interest expense	(66)	(90)	(133)	(188)
Foreign exchange gains	320	258	301	265
Other income (expense) net	(1)	(9)	(8)	(12)
Income from operations before income tax	**396**	**1,204**	**180**	**1,623**
Income tax expense	(79)	(337)	(45)	(454)
Income from operations after income tax	**317**	**867**	**135**	**1,169**
Equity in earnings of affiliates	5	(7)	11	13
Net income	**322**	**860**	**146**	**1,182**
Net income attributable to noncontrolling interest	(9)	(109)	(28)	(142)
Net income attributable to Bunge	**313**	**751**	**118**	**1,040**
Convertible preference share dividends	(20)	(20)	(39)	(39)
Net income available to Bunge common shareholders	**$ 293**	**$ 731**	**$ 79**	**$ 1,001**
Earnings per common share basic (Note 13)				
Earnings to Bunge common shareholders	**$ 2.40**	**$ 6.01**	**$ 0.65**	**$ 8.24**
Earnings per common share diluted (Note 13)				
Earnings to Bunge common shareholders	**$ 2.28**	**$ 5.45**	**$ 0.64**	**$ 7.56**
Dividends per common share	$ 0.21	$ 0.19	$ 0.40	$ 0.36

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

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BUNGE LIMITED AND SUBSIDIARIES

CONDENSED CONSOLIDATED BALANCE SHEETS

(Unaudited)

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

	June 30, 2009	December 31, 2008
ASSETS		
Current assets:		
Cash and cash equivalents	$ 489	$ 1,004
Trade accounts receivable (less allowance of $197 and $164)	2,098	2,350
Inventories (Note 3)	6,690	5,653
Deferred income taxes	321	268
Other current assets (Note 4)	3,728	3,901
Total current assets	13,326	13,176
Property, plant and equipment, net	4,584	3,969
Goodwill (Note 5)	376	325
Other intangible assets, net	114	107
Investments in affiliates	781	761
Deferred income taxes	978	864
Other non-current assets	1,649	1,028
Total assets	**$21,808**	**$20,230**
LIABILITIES AND SHAREHOLDERS EQUITY		
Current liabilities:		
Short-term debt	$1,035	$473
Current portion of long-term debt	294	78
Trade accounts payable	3,361	4,158
Deferred income taxes	104	104
Other current liabilities (Note 6)	3,096	3,261
Total current liabilities	7,890	8,074
Long-term debt	3,921	3,032
Deferred income taxes	145	132
Other non-current liabilities	942	864
Commitments and contingencies (Note 11)		
Shareholders equity:		
Mandatory convertible preference shares, par value $.01; authorized 862,500; issued and outstanding: 2009 and 2008 862,455 shares (liquidation preference $1,000 per share)	863	863
Convertible perpetual preference shares, par value $.01; authorized issued and outstanding: 2009 and 2008 6,900,000 shares (liquidation preference $100 per share)	690	690
Common shares, par value $.01; authorized 400,000,000 shares; issued and outstanding: 2009 122,036,920 shares, 2008 121,632,456 shares	1	1
Additional paid-in capital	2,857	2,849
Retained earnings	3,852	3,844
Accumulated other comprehensive loss	(152)	(811)
Total Bunge shareholders equity	8,111	7,436
Noncontrolling interest	799	692
Total equity	8,910	8,128
Total liabilities and shareholders equity	**$21,808**	**$20,230**

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

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BUNGE LIMITED AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(Unaudited)

(U.S. dollars in millions)

	Six Months Ended June 30, 2009	Six Months Ended June 30, 2008
OPERATING ACTIVITIES		
Net income	$ 146	$ 1,182
Adjustments to reconcile net income to cash used for operating activities:		
Foreign exchange gain on debt	(359)	(295)
Impairment of assets		5
Bad debt expense	23	50
Depreciation, depletion and amortization	200	227
Stock-based compensation expense	16	40
Recoverable taxes provision	37	(9)
Deferred income taxes	(104)	22
Equity in earnings of affiliates	(11)	(13)
Changes in operating assets and liabilities, excluding the effects of acquisitions:		
Trade accounts receivable	361	(658)
Inventories	(528)	(2,362)
Prepaid commodity purchase contracts	(211)	38
Secured advances to suppliers	257	169
Trade accounts payable	(1,111)	924
Advances on sales	21	111
Unrealized net loss (gain) on derivative contracts	213	(208)
Margin deposits	(279)	(82)
Accrued liabilities	(69)	55
Other net	(356)	321
Cash used for operating activities	(1,754)	(483)
INVESTING ACTIVITIES		
Payments made for capital expenditures	(346)	(372)
Investments in affiliates		(79)
Acquisitions of businesses (net of cash acquired)	(19)	(19)
Related party loans	(19)	(48)
Proceeds from investments	60	2
Proceeds from disposal of property, plant and equipment	5	28
Change in restricted cash	(28)	
Cash used for investing activities	(347)	(488)
FINANCING ACTIVITIES		
Net change in short-term debt with maturities of 90 days or less	364	(42)
Proceeds from short-term debt with maturities greater than 90 days	784	1,143
Repayments of short-term debt with maturities greater than 90 days	(625)	(294)
Proceeds from long-term debt	2,857	1,353
Repayment of long-term debt	(1,754)	(1,032)
Proceeds from sale of common shares	1	30
Dividends paid to preference shareholders	(39)	(42)
Dividends paid to common shareholders	(46)	(41)
Dividends paid to noncontrolling interest	(8)	(63)
Other	(3)	
Cash provided by financing activities	1,531	1,012
Effect of exchange rate changes on cash and cash equivalents	55	78
Net (decrease) increase in cash and cash equivalents	(515)	119
Cash and cash equivalents, beginning of period	1,004	981
Cash and cash equivalents, end of period	$ 489	$ 1,100

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

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BUNGE LIMITED AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF SHAREHOLDERS EQUITY

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

	Convertible Preference Shares		**Common Shares**		**Additional Paid-in**	**Retained**	**Accumulated Other Comprehensive Income**	**Non-Controlling**	**Total**	**Comprehensive Income**
	Shares	**Amount**	**Shares**	**Amount**	**Capital**	**Earnings**	**(Loss)**	**Interest**	**Equity**	**(Loss)**
Balance, January 1, 2008	7,762,500	$1,553	121,225,963	$1	$2,760	$2,962	$669	$752	$8,697	
Comprehensive income 2008:										
Net income						1,040		142	1,182	$1,182
Other comprehensive income (loss):										
Foreign exchange translation adjustment, net of tax expense of $0							520	80		600
Unrealized gains on commodity futures and foreign exchange contracts, net of tax expense of $13							27			27
Unrealized investment losses, net of tax benefit of $2							(5)			(5)
Reclassification of realized net gains to net income, net of tax benefit of $7							(11)			(11)
Total comprehensive income							531	80	611	$1,793
SFAS No. 158 measurement date adjustment, net of tax benefit of $2						(4)			(4)	
Dividends on common shares						(41)			(41)	
Dividends on preference shares						(52)			(52)	
Dividends paid to noncontrolling interest on subsidiary common stock								(65)	(65)	
Capital contribution related to exchange of subsidiaries stock in connection with merger of subsidiaries					13			(33)	(20)	
Stock-based compensation expense					39				39	
Issuance of common shares: stock options and award plans, net of shares withheld for taxes			370,497		4				4	
Balance, June 30, 2008	**7,762,500**	**$1,553**	**121,596,460**	**$1**	**$2,816**	**$3,905**	**$1,200**	**$876**	**$10,351**	

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	Convertible Preference Shares		Common Shares		Additional Paid-in	Retained	Accumulated Other Comprehensive Income	Non-Controlling	Total	Comprehensive Income
	Shares	Amount	Shares	Amount	Capital	Earnings	(Loss)	Interest	Equity	(Loss)
Balance, January 1, 2009	7,762,455	$1,553	121,632,456	$1	$2,849	$3,844	$(811)	$692	$8,128	
Comprehensive income 2009:										
Net income						118		28	146	$146
Other comprehensive income (loss):										
Foreign exchange translation adjustment, net of tax expense of $0							596	101		697
Unrealized gains on commodity futures and foreign exchange contracts, net of tax expense of $12							32			32
Unrealized investment gains, net of tax expense of $1							2			2
Reclassification of realized net losses (gains) to net income, net of tax of $18							33	(2)		31
Pension adjustment, net of tax benefit of $5							(4)	(6)		(10)
Total comprehensive income							659	93	752	$898
Dividends on common shares						(71)			(71)	
Dividends on preference shares						(39)			(39)	
Dividends paid to noncontrolling interest on subsidiary common stock								(17)	(17)	
Return of capital to noncontrolling interest								(43)	(43)	
Capital contribution from noncontrolling interest								41	41	
Consolidation of subsidiary								5	5	
Purchase of additional shares in subsidiary from noncontrolling interest					(4)				(4)	
Stock-based compensation expense					16				16	
Issuance of common shares: stock options and award plans, net of shares withheld for taxes			404,464		(4)				(4)	
Balance, June 30, 2009	**7,762,455**	**$1,553**	**122,036,920**	**$1**	**$2,857**	**$3,852**	**$(152)**	**$799**	**$8,910**	

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

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BUNGE LIMITED AND SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited)

1. BASIS OF PRESENTATION

The accompanying unaudited condensed consolidated financial statements of Bunge Limited and its subsidiaries (Bunge) have been prepared in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP) for interim financial information and the instructions to Form 10-Q and Article 10 of Regulation S-X of the Securities Exchange Act of 1934, as amended (Exchange Act). Accordingly, they do not include all of the information and footnotes required by U.S. GAAP for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring adjustments) necessary for a fair presentation have been included. The consolidated balance sheet at December 31, 2008 has been derived from Bunge s audited consolidated financial statements at that date. Operating results for the three and six months ended June 30, 2009 are not necessarily indicative of the results to be expected for the year ending December 31, 2009. The financial statements should be read in conjunction with the audited consolidated financial statements and notes thereto for the year ended December 31, 2008, forming part of Bunge s 2008 Annual Report on Form 10-K included in Bunge s Current Report on Form 8-K filed with the Securities and Exchange Commission (SEC) on June 4, 2009.

Reclassifications Certain reclassifications were made to the prior period condensed consolidated financial statements to conform to the current period presentation. See Note 2 Adoption of New Accounting Pronouncements of the notes to the condensed consolidated financial statements.

2. NEW ACCOUNTING PRONOUNCEMENTS

Adoption of New Accounting Pronouncements In May 2009, the Financial Accounting Standards Board (FASB) issued Statement of Financial Accounting Standards (SFAS) No. 165, *Subsequent Events* (SFAS No. 165). SFAS No. 165 establishes general standards of accounting for and disclosure of events that occur after the balance sheet date but before financial statements are issued (for public companies) or are available to be issued. SFAS No. 165 defines two types of subsequent events, recognized or nonrecognized, and requires disclosure of the date through which an entity has evaluated subsequent events and the basis for that date (i.e., the date the financial statements were issued or available to be issued). SFAS No. 165 is effective prospectively for interim or annual financial periods ending after June 15, 2009. Bunge adopted SFAS No. 165 prospectively for its quarter ended June 30, 2009. As of August 10, 2009, the date of issuance of Bunge s condensed consolidated financial statements as of and for the three and six months ended June 30, 2009, Bunge did not have significant subsequent events or transactions that require disclosure.

In April 2009, the FASB issued FASB Staff Position (FSP) No. FAS 157-4, *Determining the Fair Value When the Volume and Level of Activity for the Asset or Liability Have Significantly Decreased and Identifying Transactions That Are Not Orderly* (FSP No. FAS 157-4), FSP No. FAS 107-1 and APB 28-1, *Interim Disclosures about Fair Value of Financial Instruments* (FSP No. FAS 107-1 and APB 28-1), and FSP No. FAS 115-2 and FAS 124-2, *Recognition and Presentation of Other-Than-Temporary Impairments* (FSP No. FAS 115-2 and FAS 124-2).

FSP No. FAS 157-4 provides additional guidance on estimating fair value when the volume and level of activity for an asset or liability have significantly decreased in relation to normal market activity for the asset or liability within the scope of SFAS No. 157, *Fair Value Measurements*, and also provides additional guidance on circumstances which may indicate that a transaction is not orderly (emphasizing that an orderly transaction is not a forced transaction, such as a liquidation or distressed sale). FSP FAS No. 157-4 amends SFAS No. 157 to require interim disclosures of the inputs and valuation techniques used to measure fair value reflecting changes in the valuation techniques and related inputs, if any, on an interim basis applicable to items measured on a recurring and nonrecurring basis. FSP No. FAS 157-4 is effective prospectively for interim and annual reporting periods ending after June 15, 2009. Bunge s adoption of FSP No. FAS 157-4 did not have a material impact on its condensed consolidated financial statements.

FSP No. FAS 107-1 and APB 28-1 extends the requirements of SFAS No. 107, *Disclosures about Fair Value of Financial Instruments* (SFAS No. 107) to interim financial statements of publicly-traded companies. Prior

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to FSP No. FAS 107-1 and APB 28-1, fair values for these assets and liabilities were only disclosed once a year. FSP No. FAS 107-1 and APB 28-1 requires that disclosures provide qualitative and quantitative information on fair value estimates for all financial instruments not measured on the balance sheet at fair value, when practicable, with the exception of certain financial instruments listed in SFAS No. 107. FSP No. FAS 107-1 and APB 28-1 is effective prospectively for interim reporting periods ending after June 15, 2009. In the quarterly period ended June 30, 2009, Bunge adopted FSP No. FAS 107-1 and APB 28-1. See Notes 7 and 8 of the notes to the condensed consolidated financial statements.

FSP No. FAS 115-2 and FAS 124-2, provides guidance on the recognition and presentation of other-than-temporary impairments of debt securities classified as available-for-sale and held-to-maturity. It also expands and increases the frequency of disclosures about other-than-temporary impairments in both debt and equity securities within the scope of SFAS No. 115*, Accounting for Certain Investments in Debt and Equity Securities,* and FSP No. FAS 115-1/FAS 124-1, *The Meaning of Other-Than-Temporary Impairment and Its Application to Certain Investments*. FSP No. FAS 115-2 and FAS 124-2 is effective prospectively for interim and annual reporting periods ending after June 15, 2009. Bunge s adoption of FSP No. FAS 115-2 and FAS 124-2 did not have a material impact on its condensed consolidated financial statements.

In May 2008, the FASB issued SFAS No. 162, *The Hierarchy of Generally Accepted Accounting Principles* (SFAS No. 162). SFAS No. 162 identifies the sources of accounting principles and the framework for selecting principles to be used in the preparation of financial statements of nongovernmental entities presented in conformity with U.S. generally accepted accounting principles (U.S. GAAP) (the GAAP hierarchy). SFAS No. 162 makes the U.S. GAAP hierarchy explicitly and directly applicable to preparers of financial statements and sets the stage for making the framework of the FASB Concepts Statements fully authoritative. The effective date for SFAS No. 162 is 60 days following the SEC s approval of the Public Company Accounting Oversight Board s related amendments to remove the U.S. GAAP hierarchy from auditing standards, where it has resided for some time. The SEC s approval date was November 15, 2008. Bunge s adoption of SFAS No. 162 in January 2009 did not have a material impact on its condensed consolidated financial statements.

In April 2008, the FASB issued FSP No. FAS 142-3, *Determination of the Useful Life of Intangible Assets* (FSP No. FAS 142-3). FSP No. FAS 142-3 amends the factors that should be considered in developing renewal or extension assumptions used to determine the useful life of a recognized intangible asset under SFAS No. 142, *Goodwill and Other Intangible Assets*. The FSP is effective for financial statements issued for fiscal years beginning after December 15, 2008, and interim periods within those fiscal years. Bunge s adoption of FSP No. FAS 142-3 in January 2009 did not have a material impact on its condensed consolidated financial statements.

In March 2008, the FASB issued SFAS No. 161, *Disclosures About Derivative Instruments and Hedging Activities an amendment of FASB Statement No. 133* (SFAS No. 161), which amends SFAS No. 133, *Accounting for Derivative Instruments and Hedging Activities*, by requiring expanded disclosures about a company s derivative instruments and hedging activities, including increased qualitative, quantitative, and credit-risk disclosures, but does not change the scope or accounting of SFAS No. 133. SFAS No. 161 also amends SFAS No. 107, *Disclosures about Fair Value of Financial Instruments*, to clarify that derivative instruments are subject to the concentration-of-credit-risk disclosures of SFAS No. 107. SFAS No. 161 is effective for financial statements issued for fiscal years and interim periods beginning after November 15, 2008, with early adoption permitted. On January 1, 2009, Bunge adopted the provisions of SFAS No. 161. See Note 7 of the notes to the condensed consolidated financial statements.

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In December 2007, the FASB issued SFAS No. 141 (revised 2007), *Business Combinations* (SFAS No. 141(R)). SFAS No. 141(R) seeks to improve the relevance, representational faithfulness, and comparability of the information that a reporting entity provides in its financial reports about a business combination and its effects. SFAS No. 141(R) generally requires an acquirer to recognize the assets acquired, liabilities assumed, and any noncontrolling interest in the acquiree at the acquisition date, measured at their fair values as of that date. It also requires an acquirer in a business combination achieved in stages to recognize the identifiable assets and liabilities, as well as the noncontrolling interest in the acquiree, at the full amounts of their fair values. In addition, SFAS No. 141(R) requires an acquirer to recognize adjustments made during the measurement period to the acquired assets and liabilities as if they had occurred on the acquisition date and revise prior period financial statements in subsequent filings for changes. SFAS No. 141(R) further requires that all acquisition related costs be expensed as incurred, rather than capitalized as part of the purchase price, and that restructuring costs that an acquirer expected but was not obligated to incur be expensed separately from the business combination. SFAS No. 141(R) applies prospectively to business combinations with an acquisition date on or after the beginning of the first annual reporting period beginning on or after December 15, 2008. Bunge s prospective adoption of SFAS No. 141(R) on January 1, 2009 did not have a material impact on its condensed consolidated financial statements.

New Accounting Pronouncements In June 2009, the FASB issued SFAS No. 168, *The FASB Accounting Standards Codification and the Hierarchy of Generally Accepted Accounting Principles, a replacement of FASB Statement No. 162* (SFAS No. 168). The FASB Accounting Standards Codification (Codification) will become the source of authoritative U.S. generally accepted accounting principles (U.S. GAAP) recognized by the FASB to be applied by nongovernmental entities. Rules and interpretive releases of the SEC under authority of federal securities law are also sources of authoritative U.S. GAAP for SEC registrants. On the effective date of SFAS No. 168, the Codification will supersede all then-existing non-SEC accounting and reporting standards. All other non-grandfathered non-SEC accounting literature not included in the Codification will become nonauthoritative. Following SFAS No. 168, FASB will not issue new standards in the form of Statements (SFAS s) FASB Staff Positions (FSP s) or Emerging Issues Task Force Abstracts (EITF s), but rather it will issue Accounting Standards Updates (ASU s). FASB will not consider ASU s as authoritative in their own right as they will only serve to update the Codification, provide background information about guidance and provide the bases for conclusions on the changes in the Codification. SFAS No. 168 is effective for the financial statements issued for interim and annual periods ending after September 15, 2009. Bunge expects to revise the disclosure of the U.S. GAAP source references in its financial reporting upon the adoption of SFAS No. 168.

In June 2009, the FASB issued SFAS No. 167, *Amendments to FASB Interpretation No. 46(R)* (SFAS No. 167). SFAS No. 167 amends the consolidation guidance that applies to all variable interest entities (VIEs) within the scope of FASB Interpretation No. 46(R), *Consolidation of Variable Interest Entities* (FIN 46(R)) with focus on structured finance entities, as well as qualifying special-purpose entities currently outside the scope of FIN 46(R). SFAS No. 167 requires an enterprise to 1) determine whether an entity is a VIE, 2) whether the enterprise has controlling financial interest/is a primary beneficiary in a VIE, and 3) provide enhanced disclosures about an enterprise s involvement in VIEs. SFAS No. 167 is effective as of the beginning of the first fiscal year that begins after November 15, 2009. Bunge is evaluating the impact SFAS No. 167 will have on its consolidated financial statements.

In June 2009, the FASB issued SFAS No. 166, *Accounting for Transfers of Financial Assets-an amendment of FASB Statement No. 140* (SFAS No. 166). SFAS No. 166 amends the de-recognition guidance in SFAS 140, *Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities* (SFAS No. 140) and addresses improvements in accounting and disclosures required by SFAS No. 140. The disclosure provisions of SFAS No. 166 are required to be applied to transfers that occurred both before and after the effective date of SFAS No. 166. SFAS No. 166 is effective for financial asset transfers occurring after the beginning of a company s first fiscal year that begins after November 15, 2009. Bunge is evaluating the impact SFAS No. 166 will have on its consolidated financial statements.

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3. INVENTORIES

Inventories consist of the following:

(US$ in millions)	June 30, 2009	December 31, 2008
Agribusiness Readily marketable inventories at fair value (1)	$ 4,264	$2,619
Fertilizer (2)	1,467	1,875
Edible oils (3)	424	444
Milling (3)	112	113
Other (4)	423	602
Total	$ 6,690	$5,653

(1) Readily marketable inventories are agricultural commodities inventories that are readily convertible to cash because of their commodity characteristics, widely available markets and international pricing mechanisms.

(2) Fertilizer inventories carried at lower of cost or market.

(3) Includes readily marketable inventories at fair value in the aggregate amount of $80 million and $122 million at June 30, 2009 and December 31, 2008, respectively.

(4) Agribusiness inventories carried at lower of cost or market.

4. OTHER CURRENT ASSETS

Other current assets consist of the following:

(US$ in millions)	**June 30, 2009**	**December 31, 2008**
Prepaid commodity purchase contracts (1)	$ 381	$ 115
Secured advances to suppliers (2)	209	423
Unrealized gain on derivative contracts	1,340	1,810
Recoverable taxes (3)	474	518
Margin deposits	580	301
Marketable securities	20	14
Other	724	720
Total	$3,728	$3,901

(1) Prepaid commodity purchase contracts represent advance payments for obligations to producers for future delivery of specified quantities of agricultural commodities. Prepaid commodity purchase contracts are recorded at fair value based on market prices of the underlying agricultural commodities.

(2) Bunge provides cash advances to suppliers, primarily Brazilian farmers of soybeans and other agricultural commodities, to finance a portion of the suppliers production costs. These advances are strictly financial in nature. Bunge does not bear any of the costs or risks associated with the related growing crops. The advances are largely collateralized by future crops and physical assets of the suppliers, carry a local market interest rate and settle when the farmer s crop is harvested and sold. In addition to current secured advances, Bunge has non-current secured advances to suppliers, primarily farmers in Brazil, in the amount of $243 million and $253 million at June 30, 2009 and December 31, 2008, respectively, that are included in other non-current assets in the condensed consolidated balance sheets. The repayment terms of the non-current secured advances generally range from two to three years. Included in the secured advances to suppliers recorded in other current assets are advances that were renegotiated from their original terms, equal to an aggregate of $43 million and $46 million at June 30, 2009 and December 31, 2008, respectively. Included in the secured advances to suppliers recorded in other non-current assets are advances that were renegotiated from their original terms, equal to an aggregate of $14 million and $33 million at June 30, 2009 and December 31, 2008, respectively. These renegotiated advances are largely collateralized by a farmer s future crops and a mortgage on the land, buildings and equipment.

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Also included in non-current secured advances to suppliers are advances for which Bunge has initiated legal action to collect the outstanding balance, equal to an aggregate of $211 million and $182 million at June 30, 2009 and December 31, 2008, respectively. The allowance for uncollectible advances totaled $54 million and $37 million at June 30, 2009 and December 31, 2008, respectively.

Interest earned on secured advances to suppliers of $9 million and $10 million for the three months ended June 30, 2009 and 2008, respectively, and $25 million and $23 million for the six months ended June 30, 2009 and 2008, respectively, is included in net sales in the condensed consolidated statements of income.

(3) Bunge has an additional recoverable taxes balance of $766 million and $266 million at June 30, 2009 and December 31, 2008, respectively, which is included in other non-current assets in the condensed consolidated balance sheets. The balance of current and non-current recoverable taxes is net of the allowance for recoverable taxes of $128 million and $104 million at June 30, 2009 and December 31, 2008, respectively.

5. GOODWILL

At June 30, 2009, the changes in the carrying value of goodwill by segment are as follows:

(US$ in millions)	Agribusiness	Edible Oil Products	Milling Products	Total
Balance, December 31, 2008	$269	$37	$19	$325
Acquired goodwill				
Allocation of acquired goodwill				
Tax benefit on goodwill amortization (1)	(3)			(3)
Foreign exchange translation	52	(2)	4	54
Balance, June 30, 2009	**$318**	**$35**	**$23**	**$376**

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

6. OTHER CURRENT LIABILITIES

Other current liabilities consist of the following:

(US$ in millions)	**June 30, 2009**	**December 31, 2008**
Accrued liabilities	$1,057	$1,110
Unrealized loss on derivative contracts	1,607	1,775
Advances on sales	282	261
Other	150	115
Total	$3,096	$3,261

7. FINANCIAL INSTRUMENTS AND FAIR VALUE MEASUREMENTS

Bunge s various financial instruments include certain components of working capital such as cash and cash equivalents, trade accounts receivable and trade accounts payable. Additionally, Bunge uses short- and long-term debt to fund operating requirements and derivative instruments to manage its foreign exchange, interest rate, commodity price, freight and energy cost exposures. Bunge also uses derivative instruments to reduce volatility in its income tax expense that results from foreign exchange gains and losses on certain U.S. dollar denominated loans in Brazil. Cash and cash equivalents, trade accounts receivable and accounts payable and short-term debt are stated at their carrying value, which is a reasonable estimate of fair value. For long-term debt, see Note 8 of the notes to the

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condensed consolidated financial statements. All derivative instruments and marketable securities are stated at fair value.

Adoption of SFAS No. 161, Disclosures about Derivative Instruments and Hedging Activities an amendment of FASB Statement No. 133
Effective January 1, 2009, Bunge adopted SFAS No. 161, which amends SFAS No. 133 by expanding the disclosure requirements. The disclosure provisions of SFAS No. 161 apply to all entities with derivative instruments subject to SFAS No. 133 and also apply to related hedged items and other instruments that are designated and qualify as hedging instruments. SFAS No. 161 requires an entity to disclose how and why it uses derivative instruments; how derivative instruments and related hedged items are accounted for under SFAS No. 133; and how derivative instruments and related hedged items affect the entity s financial position, financial performance, and cash flows. Entities are required to provide tabular disclosures of the location, by line item, of amounts of gains and losses reported in the statement of income.

Adoption of SFAS No. 157, Fair Value Measurements Effective January 1, 2008, Bunge adopted SFAS No. 157. In February 2008, the FASB issued FSP No. FAS 157-2, *Effective Date of SFAS No. 157* (FSP No. FAS 157-2). FSP No. FAS 157-2 delayed the effective date of SFAS No. 157 for all non-financial assets and non-financial liabilities, except those that are recognized or disclosed at fair value in the financial statements on a recurring basis (at least annually). FSP No. FAS 157-2 became effective for Bunge upon adoption of SFAS No. 157 on January 1, 2008, and Bunge is required to disclose all non-financial assets and non-financial liabilities that are carried at fair value beginning January 1, 2009.

SFAS No. 157 defines fair value as the price that would be received for an asset or paid to transfer a liability (an exit price) in Bunge s principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. Bunge determines the fair values of its readily marketable inventories, derivative contracts, and certain other assets based on the fair value hierarchy established in SFAS No. 157, which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. Observable inputs are inputs based on market data obtained from sources independent of the reporting entity that reflect the assumptions market participants would use in pricing the asset or liability developed based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that are developed based on the best information available in circumstances that reflect Bunge s own assumptions based on market data and on assumptions that market participants would use in pricing the asset or liability. The standard describes three levels within its hierarchy that may be used to measure fair value.

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

Level 2: Observable inputs, including Level 1 prices (adjusted); quoted prices for similar assets or liabilities; quoted prices in markets that are less active than traded exchanges; and other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities. Level 2 assets and liabilities include readily marketable inventories and over-the-counter (OTC) commodity purchase and sales contracts and other OTC derivatives whose value is determined using pricing models with inputs that are generally based on exchange traded prices, adjusted for location specific inputs that are primarily observable in the market or can be derived principally from or corroborated by observable market data.

Level 3: Unobservable inputs that are supported by little or no market activity and that are a significant component of the fair value of the assets or liabilities. In evaluating the significance of fair value inputs, Bunge gives consideration to items that individually, or when aggregated with other inputs, generally represent more than 10% of the fair value of the assets or liabilities. For such identified inputs, judgments are required when evaluating both quantitative and qualitative factors in the determination of significance for purposes of fair value level classification and disclosure. Level 3 assets and liabilities include assets and liabilities whose value is determined using pricing models, discounted cash flow methodologies, or similar techniques, as well as assets and liabilities for which the determination of fair value requires significant management judgment or estimation.

The following table sets forth by level Bunge s assets and liabilities that were accounted for at fair value on a recurring basis as of June 30, 2009 and December 31, 2008. Bunge s exchange traded agricultural commodity futures are predominantly settled daily generally through its clearing subsidiary and therefore such futures are not included in the table below. As required by SFAS No. 157, assets and liabilities are classified in their entirety based on the lowest level of input that is a significant component of the fair value measurement. The lowest level of input is considered Level 3. Bunge s assessment of the significance of a particular input to the fair value measurement

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requires judgment, and may affect the classification of fair value assets and liabilities within the fair value hierarchy levels.

	Fair Value Measurements at Reporting Date Using							
	June 30, 2009				December 31, 2008			
(US$ in millions)	**Level 1 (1)**	**Level 2 (2)**	**Level 3 (3)**	**Total**	**Level 1 (1)**	**Level 2 (2)**	**Level 3 (3)**	**Total**
Assets:								
Readily marketable inventories (Note 3)	$	$3,688	$656	$4,344	$	$2,558	$183	$2,741
Unrealized gain on designated derivative contracts (4):								
Interest Rate		8		8		12		12
Foreign Exchange		11		11		41		41
Freight	6			6				
Unrealized gain on undesignated derivative contracts (4):								
Foreign Exchange	1	106	2	109	7	72		79
Commodities	23	908	108	1,039	9	1,259	149	1,417
Freight	1	125		126		4	269	273
Energy	7	41	7	55				
Other (5)	212	7		219	22	11		33
Total assets	**$250**	**$4,894**	**$773**	**$5,917**	**$38**	**$3,957**	**$601**	**$4,596**
Liabilities:								
Unrealized loss on designated derivative contracts (6):								
Interest Rate	$	$ 8	$	$ 8	$	$ 1	$	$ 1
Foreign Exchange		82		82		1		1
Freight						15		15
Unrealized loss on undesignated derivative contracts (6):								
Interest Rate		2		2		1		1
Foreign Exchange		212		212		31	10	41
Commodities	221	725	92	1,038	22	1,117	93	1,232
Freight	9	235	17	261		71	416	487
Energy		38	22	60				
Other (5)		6		6				
Total liabilities	**$230**	**$1,308**	**$131**	**$1,669**	**$22**	**$1,237**	**$519**	**$1,778**

(1) Quoted prices in active markets for identical assets
(2) Significant other observable inputs
(3) Significant unobservable inputs
(4) Unrealized gains on designated and undesignated derivative contracts are generally included in other current assets. At June 30, 2009 and December 31, 2008, $8 million and $12 million, respectively, of designated and undesignated derivative contracts are included in other non-current assets.
(5) Other assets include primarily the fair values of treasury securities held as margin deposits. Other liabilities include ocean freight time charters.
(6) Unrealized losses on designated and undesignated derivative contracts are generally included in other current liabilities. At June 30, 2009 and December 31, 2008, $51 million and $3 million, respectively, of designated and undesignated derivative contracts are included in other non-current liabilities.

Bunge has determined that there are no credit risk related contingent features and nonrecurring non-financial assets and liabilities at June 30, 2009.

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

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

Readily marketable inventories Bunge s readily marketable commodity inventories are valued at fair value. These commodities are readily marketable, have quoted market prices and may be sold without significant additional processing. Bunge determines fair value based on quoted prices on exchange traded futures contracts with appropriate adjustments for differences in local markets where Bunge s inventories are located. Changes in the fair values of these inventories are recognized in the condensed consolidated statements of income as a component of cost of goods sold.

Readily marketable inventories are valued based on the fair values of the commodities, including exchange quotations, broker or dealer quotations, or market transactions in either listed or OTC markets. In such cases, the inventory is classified within Level 2. Certain inventories may utilize significant unobservable data related to local market adjustments to determine fair value. In such cases, the inventory is classified as Level 3.

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

Level 3 Valuation Bunge s assessment of the significance of a particular input to the fair value measurement requires judgment and may affect the classification of assets and liabilities within the fair value hierarchy. In evaluating the significance of fair value inputs, Bunge gives consideration to items that individually, or when aggregated with other inputs, represent more than 10% of the fair value of the assets or liabilities. For such identified inputs, judgments are required when evaluating both quantitative and qualitative factors in the determination of significance for purposes of fair value level classification and disclosure. Because of differences in the availability of market prices and market liquidity over their terms, inputs for some assets and liabilities may fall into any one of the three levels in the fair value hierarchy or some combination thereof. While SFAS No. 157 requires Bunge to classify these assets and liabilities in the lowest level in the hierarchy for which inputs are significant to the fair value measurement, a portion of that measurement may be determined using inputs from a higher level in the hierarchy.

Transfers in and/or out of Level 3 represent existing assets or liabilities that were either previously categorized as a higher level for which the inputs to the model became unobservable or assets and liabilities that were previously classified as Level 3 for which the lowest significant input became observable during the period.

Level 3 Derivatives The fair values of Level 3 derivative instruments are estimated using pricing information from less active markets. Level 3 derivative instruments utilize both market observable and unobservable inputs within the fair value measurements. These inputs include commodity prices, price volatility factors, interest rates, volumes and locations. In addition, with the exception of the exchange traded instruments where Bunge clears trades through the exchange, Bunge is exposed to loss in the event of the non-performance by counterparties on OTC derivative instruments and forward purchase and sale contracts. Adjustments are made to fair values on occasions when non-performance risk is determined to represent a significant input in our fair value determination. These adjustments are based on Bunge s estimate of the potential loss in the event of counterparty non-performance.

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Level 3 Readily marketable inventories Readily marketable inventories are considered Level 3 when at least one significant assumption or input is unobservable. These assumptions or inputs include exchange quotes and certain management estimations regarding local markets.

The tables below present reconciliations for all assets and liabilities measured at fair value on a recurring basis using significant unobservable inputs (Level 3) for the three and six months ended June 30, 2009 and 2008. Level 3 instruments presented in the tables include readily marketable inventories and derivatives, which were carried at fair value prior to the adoption of SFAS No. 157. These instruments were valued using pricing models that, in management s judgment, reflect the assumptions a marketplace participant would use at June 30, 2009 and 2008.

		Level 3 Instruments: Fair Value Measurements	
(US$ in millions)	**Derivatives, Net (1)**	**Readily Marketable Inventories**	**Total**
Balance, March 31, 2009	**$(102)**	**$367**	**$265**
Total gains and losses (realized/unrealized) included in cost of goods sold	(95)	85	(10)
Purchases, issuances and settlements	48	204	252
Transfers in/out of Level 3	135		135
Balance, June 30, 2009	**$ (14)**	**$656**	**$642**

		Level 3 Instruments: Fair Value Measurements	
(US$ in millions)	**Derivatives, Net (1)**	**Readily Marketable Inventories**	**Total**
Balance, December 31, 2008	$(101)	$183	$ 82
Total gains and losses (realized/unrealized) included in cost of goods sold	61	150	211
Purchases, issuances and settlements	(78)	323	245
Transfers in/out of Level 3	104		104
Balance, June 30, 2009	**$ (14)**	**$656**	**$642**

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

		Level 3 Instruments: Fair Value Measurements	
(US$ in millions)	**Derivatives, Net (1)**	**Readily Marketable Inventories**	**Total**
Balance, March 31, 2008	$25	$174	$199
Total gains and losses (realized/unrealized) included in cost of goods sold	53	24	77
Purchases, issuances and settlements	(50)	609	559
Transfers in/out of Level 3		(57)	(57)
Balance, June 30, 2008	**$28**	**$750**	**$778**

		Level 3 Instruments: Fair Value Measurements	
(US$ in millions)	**Derivatives, Net (1)**	**Readily Marketable Inventories**	**Total**
Balance, January 1, 2008	$107	$133	$240
Total gains and losses (realized/unrealized) included in cost of goods sold	97	65	162

Purchases, issuances and settlements	(176)	609	433
Transfers in/out of Level 3		(57)	(57)
Balance, June 30, 2008	**$28**	**$750**	**$778**

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

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The table below summarizes changes in unrealized gains or losses recorded in earnings during the three months ended June 30, 2009 and 2008 for Level 3 assets and liabilities that were held at June 30, 2009 and 2008:

		Level 3 Instruments: Fair Value Measurements	
(US$ in millions)	**Derivatives, Net (1)**	**Readily Marketable Inventories**	**Total**
Changes in unrealized gains and losses relating to assets and liabilities held at June 30, 2009:			
Cost of goods sold	$(18)	$70	$52
Changes in unrealized gains and losses relating to assets and liabilities held at June 30, 2008:			
Cost of goods sold	$11	$(1)	$10

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

The table below summarizes changes in unrealized gains or losses recorded in earnings during the six months ended June 30, 2009 and 2008 for Level 3 assets and liabilities that were held at June 30, 2009 and 2008:

		Level 3 Instruments: Fair Value Measurements	
(US$ in millions)	**Derivatives, Net (1)**	**Readily Marketable Inventories**	**Total**
Changes in unrealized gains and losses relating to assets and liabilities held at June 30, 2009:			
Cost of goods sold	$12	$114	$126
Changes in unrealized gains and losses relating to assets and liabilities held at June 30, 2008:			
Cost of goods sold	$17	$1	$18

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

Derivative Instruments

Interest rate derivatives The interest rate swaps used by Bunge as hedging instruments have been recorded 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 SFAS No. 133, is recognized to the extent that these two adjustments do not offset. Bunge has entered into interest rate swap agreements for the purpose of managing certain of its interest rate exposure. The swap agreements are assumed to be perfectly effective under the shortcut method of SFAS No. 133. In addition, Bunge has entered into certain interest rate basis swap agreements that do not qualify for hedge accounting in accordance with SFAS No. 133, and therefore Bunge has not designated these swap agreements as hedge instruments for accounting purposes. As a result, changes in fair value of the basis swap agreements are recorded as an adjustment to earnings.

The following table summarizes Bunge s outstanding interest rate swap agreements as of June 30, 2009:

(US$ in millions)	**Notional Amount of Hedged Obligation**	**Notional Amount of Derivative (4)**
Receive fixed / pay Federal Funds notional principal amount	$250	$250
Weighted average rate payable 1.18% (1)		
Weighted average rate receivable 4.33% (2)		
Receive LIBOR / pay Federal Funds notional principal amount	$375	$375
Weighted average rate payable 0.61% (1)		
Weighted average rate receivable 0.32% (3)		

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(1) Interest is payable in arrears based on the average daily effective Federal Funds rate prevailing during the respective period plus a spread.

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

(3) Interest is receivable in arrears based on one-month U.S. dollar LIBOR.

(4) The interest rate swap agreements mature in 2011.

Foreign exchange derivatives Bunge uses a combination of foreign exchange forward and option contracts in certain of its operations to mitigate the risk from exchange rate fluctuations in connection with anticipated sales denominated in foreign currencies. The foreign exchange forward and option contracts are designated as cash flow hedges in accordance with SFAS No. 133. Bunge also uses net investment hedges to partially offset the translation adjustments arising from the remeasurement of its investment in its Brazilian subsidiaries.

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

The table below summarizes the notional amounts of open foreign exchange positions as of June 30, 2009:

	June 30, 2009			
	Exchange Traded	Non-exchange Traded		
(US$ in millions)	**Net - (Short) & Long (1)**	**(Short) (2)**	**Long (2)**	**Unit of Measure**
Foreign Exchange:				
Options	$	$(162)	$202	Notional
Forwards	67	(4,855)	4,364	Notional
Swaps		(642)	1,775	Notional

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

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

In addition, Bunge has cross currency interest rate swap agreements with an aggregate notional principal amount of 10 billion Japanese Yen maturing in 2011 for the purpose of managing its currency exposure associated with its 10 billion Japanese Yen term loan due 2011. Bunge has accounted for these cross currency interest rate swap agreements as fair value hedges in accordance with SFAS No. 133.

The following table summarizes Bunge s outstanding cross currency interest rate swap agreements as of June 30, 2009:

(US$ in millions)	Notional Amount of Hedged Obligation	Notional Amount of Derivative (1) (2)
U.S. dollar/Yen cross currency interest rate swaps	$104	$104

(1) The cross currency interest rate swap agreements mature in 2011.

(2) Under the terms of the cross currency interest rate swap agreements, interest is payable in arrears based on three-month U.S. dollar LIBOR and is receivable in arrears based on three-month Yen LIBOR.

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

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future periods. Contracts to purchase agricultural commodities generally relate to current or future crop years for delivery periods quoted by regulated commodity exchanges. Contracts for the sale of agricultural commodities generally do not extend beyond one future crop cycle.

In addition, Bunge hedges portions of its forecasted U.S. oilseed processing production requirements, including forecasted purchases of soybeans and sales of soy commodity products, for quantities that usually do not exceed three months of processing capacity. The instruments used are exchange traded futures contracts, which are designated as cash flow hedges.

The table below summarizes the volumes of open agricultural commodities derivative positions as of June 30, 2009:

	June 30, 2009			
	Exchange Traded	**Non-exchange Traded**		
	Net (Short) & Long (1)	**(Short) (2)**	**Long (2)**	**Unit of Measure**
Agricultural Commodities				
Futures	(11,482,067)			Metric Tons
Options	(580,764)			Metric Tons
Forwards		(17,203,855)	23,238,340	Metric Tons
Swaps		(2,385,807)		Metric Tons

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

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

Ocean freight derivatives Bunge uses derivative instruments referred to as freight forward agreements, or FFAs, and FFA options, to hedge portions of its current and anticipated ocean freight costs. A portion of the ocean freight derivatives have been designated as fair value hedges of Bunge s firm commitments to purchase time on ocean freight vessels. Changes in the fair value of the ocean freight derivatives that are qualified, designated and highly effective as a fair value hedge, along with the gain or loss on the hedged firm commitments to purchase time on ocean freight vessels that is attributable to the hedged risk, are recorded in earnings.

The table below summarizes the open ocean freight positions as of June 30, 2009:

	June 30, 2009			
	Exchange Cleared	**Non-exchange Cleared**		
	Net (Short) & Long (1)	**(Short) (2)**	**Long (2)**	**Unit of Measure**
Ocean Freight				
FFA	(9,470)	(5,927)	9,418	Hire Days
FFA Options	(794)		4	Hire Days

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

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

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

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The table below summarizes the open energy positions as of June 30, 2009:

	June 30, 2009			
	Exchange Traded	Non-exchange Traded		
	Net (Short) & Long (1)	(Short) (2)	Long (2)	Unit of Measure
Bunkers / Coal / Ethanol / Emission Credits				
Futures	31,141			Metric Tons
Forwards		(1,751,217)	5,187,931	Metric Tons
Swaps		(67,190)	500	Metric Tons
Options	7,847	(220,236)	168,220	Metric Tons