Bunge LTD
Form 10-Q
May 06, 2014
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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 March 31, 2014

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 May 1, 2014 the number of shares issued of the registrant was:

Common shares, par value $.01 per share: 147,212,227

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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 March 31, 2014	Three Months Ended March 31, 2013
Net sales	$ 13,461	$ 14,785
Cost of goods sold	(13,047)	(14,138)
Gross profit	**414**	**647**
Selling, general and administrative expenses	(366)	(349)
Interest income	19	9
Interest expense	(79)	(76)
Foreign exchange gains (losses)	22	(40)
Other income (expense) net	6	39
Income from continuing operations before income tax	**16**	**230**
Income tax (expense) benefit	(30)	(73)
Income (loss) from continuing operations	(14)	157
Income (loss) from discontinued operations, net of tax	(5)	(9)
Net income (loss)	**(19)**	**148**
Net (income) loss attributable to noncontrolling interests	6	32
Net income (loss) attributable to Bunge	**(13)**	**180**
Convertible preference share dividends and other obligations	(14)	(10)
Net income (loss) available to Bunge common shareholders	**$ (27)**	**$ 170**
Earnings per common share basic (Note 16)		
Net income (loss) from continuing operations	$ (0.15)	$ 1.22
Net income (loss) from discontinued operations	(0.03)	(0.06)
Net income (loss) to Bunge common shareholders	$ (0.18)	$ 1.16

Earnings per common share diluted (Note 16)				
Net income (loss) from continuing operations	$	(0.15)	$	1.21
Net income (loss) from discontinued operations		(0.03)		(0.06)
Net income (loss) to Bunge common shareholders	$	(0.18)	$	1.15
Dividends per common share	$	0.30	$	0.27

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

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BUNGE LIMITED AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

(Unaudited)

(U.S. dollars in millions)

	Three Months Ended March 31, 2014	Three Months Ended March 31, 2013
Net income	$ (19)	$ 148
Other comprehensive income (loss):		
Foreign exchange translation adjustment	131	80
Unrealized gains (losses) on designated cash flow and net investment hedges, net of tax (expense) benefit of $(8) in 2014 and $(1) in 2013	(13)	11
Reclassification of realized net losses (gains) to net income, net of tax expense (benefit) of nil in 2014 and $2 in 2013	1	(3)
Total other comprehensive income (loss)	119	88
Total comprehensive income (loss)	100	236
Less: comprehensive (income) loss attributable to noncontrolling interests	(2)	28
Total comprehensive income (loss) attributable to Bunge	**$ 98**	**$ 264**

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)

	March 31, 2014	December 31, 2013
ASSETS		
Current assets:		
Cash and cash equivalents	**$ 632**	$ 742
Time deposits under trade structured finance program (Note 4)	**3,259**	4,470
Trade accounts receivable (less allowances of $126 and $123) (Note 12)	**2,617**	2,144
Inventories (Note 5)	**6,452**	5,796
Deferred income taxes	**150**	183
Other current assets (Note 6)	**5,091**	4,437
Total current assets	**18,201**	17,772
Property, plant and equipment, net	**6,166**	6,075
Goodwill	**396**	392
Other intangible assets, net	**313**	326
Investments in affiliates	**252**	241
Deferred income taxes	**603**	564
Other non-current assets (Note 7)	**1,503**	1,411
Total assets	**$ 27,434**	**$** 26,781
LIABILITIES AND EQUITY		
Current liabilities:		
Short-term debt	**$ 1,291**	$ 703
Current portion of long-term debt (Note 11)	**765**	762
Letter of credit obligations under trade structured finance program (Note 4)	**3,259**	4,470
Trade accounts payable	**3,828**	3,522
Deferred income taxes	**50**	60
Other current liabilities (Note 9)	**3,302**	3,018
Total current liabilities	**12,495**	12,535
Long-term debt (Note 11)	**3,875**	3,179
Deferred income taxes	**234**	185
Other non-current liabilities	**731**	757
Commitments and contingencies (Note 14)		
Redeemable noncontrolling interests	**38**	37
Equity (Note 15):		
Convertible perpetual preference shares, par value $.01; authorized, issued and outstanding: 2014 and 2013 6,900,000 shares (liquidation preference $100 per share)	**690**	690
Common shares, par value $.01; authorized 400,000,000 shares; issued and outstanding: 2014 147,135,656 shares, 2013 147,796,784 shares	**1**	1
Additional paid-in capital	**4,986**	4,967

Retained earnings		**6,826**		6,891
Accumulated other comprehensive income (loss) (Note 15)		**(2,461)**		(2,572)
Treasury shares, at cost - 2014 - 3,097,286 and 2013 - 1,933,286 shares, respectively		**(212)**		(120)
Total Bunge shareholders equity		**9,830**		9,857
Noncontrolling interests		**231**		231
Total equity		**10,061**		10,088
Total liabilities and equity	**$**	**27,434**	**$**	26,781

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)

	Three Months Ended March 31, 2014	Three Months Ended March 31, 2013
OPERATING ACTIVITIES		
Net income	$ (19)	$ 148
Adjustments to reconcile net income to cash provided by (used for) operating activities:		
Foreign exchange loss (gain) on debt	42	77
Bad debt expense	6	6
Depreciation, depletion and amortization	124	121
Stock-based compensation expense	18	4
Deferred income tax expense (benefit)	(11)	(56)
Other, net	(9)	(4)
Changes in operating assets and liabilities, excluding the effects of acquisitions:		
Trade accounts receivable	(488)	(583)
Inventories	(658)	415
Prepayments and advances to suppliers	(62)	(171)
Trade accounts payable and accrued liabilities	331	302
Net unrealized gain/loss on derivative contracts	(53)	165
Margin deposits	(115)	(66)
Other, net	(163)	(255)
Cash provided by (used for) operating activities	(1,057)	103
INVESTING ACTIVITIES		
Payments made for capital expenditures	(165)	(224)
Acquisitions of businesses (net of cash acquired)	(12)	(11)
Proceeds from investments	30	13
Payments for investments	(39)	(6)
Payment for investments in affiliates	(13)	(14)
Other, net	(9)	(40)
Cash provided by (used for) investing activities	(208)	(282)
FINANCING ACTIVITIES		
Net change in short-term debt with maturities of 90 days or less	334	(64)
Proceeds from short-term debt with maturities greater than 90 days	366	115
Repayments of short-term debt with maturities greater than 90 days	(71)	(78)
Proceeds from long-term debt	2,357	1,452
Repayments of long-term debt	(1,675)	(972)
Proceeds from sale of common shares	6	9
Repurchases of common shares	(92)	
Dividends paid	(53)	(48)
Other, net	(14)	
Cash provided by (used for) financing activities	1,158	414
Effect of exchange rate changes on cash and cash equivalents	(3)	(3)

Net increase (decrease) in cash and cash equivalents		(110)		232
Cash and cash equivalents, beginning of period		742		569
Cash and cash equivalents, end of period	**$**	**632**	**$**	**801**

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

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BUNGE LIMITED AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY AND REDEEMABLE NONCONTROLLING INTERESTS

(Unaudited)

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

	Redeemable Noncontrolling Interests	Convertible Preference Shares		Common Shares		Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Treasury Shares	Noncontrolling Interests	Total Equity
		Shares	Amount	Shares	Amount						
Balance, January 1, 2013	$ 38	6,900,000	$ 690	146,348,499	$ 1	$ 4,909	$ 6,792	$ (1,410)	$ (120)	$ 393	$ 11,255
Net income (loss)	(8)						180			(32)	148
Accretion of noncontrolling interest	2					(2)					(2)
Other comprehensive income (loss)								84		4	88
Dividends on common shares							(40)				(40)
Dividends on preference shares							(8)				(8)
Dividends to noncontrolling interests on subsidiary common stock										(1)	(1)
Capital contributions from noncontrolling interests										1	1
Stock-based compensation expense						4					4
Issuance of common shares				716,925		9					9
Balance, March 31, 2013	**$ 32**	**6,900,000**	**$ 690**	**147,065,424**	**$ 1**	**$ 4,920**	**$ 6,924**	**$ (1,326)**	**$ (120)**	**$ 365**	**$ 11,454**

	Redeemable Noncontrolling Interests	Convertible Preference Shares		Common Shares		Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Treasury Shares	Noncontrolling Interests	Total Equity
		Shares	Amount	Shares	Amount						
Balance, January 1, 2014	$ 37	6,900,000	$ 690	147,796,784	$ 1	$ 4,967	$ 6,891	$ (2,572)	$ (120)	$ 231	$ 10,088
Net income (loss)	(5)						(13)			(6)	(19)
Accretion of noncontrolling	6					(6)					(6)

interests											
Other comprehensive income (loss)								111		8	119
Dividends on common shares							(44)				(44)
Dividends on preference shares							(8)				(8)
Dividends to noncontrolling interests on subsidiary common stock										(1)	(1)
Return of capital to noncontrolling interests										(1)	(1)
Stock-based compensation expense						18					18
Repurchase of common shares				(1,164,000)					(92)		(92)
Issuance of common shares				502,872		7					7
Balance, March 31, 2014	**$ 38**	**6,900,000**	**$ 690**	**147,135,656**	**$ 1**	**$ 4,986**	**$ 6,826**	**$ (2,461)**	**$ (212)**	**$ 231**	**$ 10,061**

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

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BUNGE LIMITED AND SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited)

1. BASIS OF PRESENTATION AND PRINCIPLES OF CONSOLIDATION

The accompanying unaudited condensed consolidated financial statements include the accounts of Bunge Limited (Bunge), its subsidiaries and variable interest entities (VIEs) in which Bunge is considered to be the primary beneficiary, and as a result, include the assets, liabilities, revenues and expenses of all entities over which Bunge exercises control. The financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) for interim financial information and the instructions to Form 10-Q and Article 10 of Regulation S-X under the Securities Exchange Act of 1934, as amended (Exchange Act). Certain information and footnote disclosures normally included in annual financial statements prepared in accordance with GAAP have been condensed or omitted pursuant to Securities and Exchange Commission (SEC) rules. In the opinion of management, all adjustments (consisting of normal recurring adjustments) necessary for a fair presentation have been included. The condensed consolidated balance sheet at December 31, 2013 has been derived from Bunge s audited consolidated financial statements at that date. Operating results for the three months ended March 31, 2014 are not necessarily indicative of the results to be expected for the year ending December 31, 2014. The financial statements should be read in conjunction with the audited consolidated financial statements and notes thereto for the year ended December 31, 2013, forming part of Bunge s 2013 Annual Report on Form 10-K filed with the SEC on March 1, 2014.

2. ACCOUNTING PRONOUNCEMENTS

Adoption of Accounting Pronouncements In July 2013, the FASB issued guidance in ASC Topic 740, (Topic 740) *Income Taxes* (Topic 740). Topic 740 provided guidance regarding the presentation of an unrecognized tax benefit when a net operating loss carryforward, a similar tax loss, or a tax credit carryforward exist at the reporting date. The adoption of this amendment on January 1, 2014 did not have a significant impact on Bunge s condensed consolidated financial statements.

In February 2013, the FASB issued guidance in ASC (Topic 405) *Liabilities*: *Obligations Resulting from Joint and Several Liability Arrangements for which the Total Amount of the Obligation Is Fixed at the Reporting Date*. The amended guidance addresses the recognition, measurement, and disclosure of certain obligations resulting from joint and several arrangements including debt arrangements, other contractual obligations, and settled litigation and judicial rulings. The ASU is effective for public entities for fiscal years, and interim periods within those years, beginning after December 15, 2013. The adoption of this amendment on January 1, 2014 did not have a significant impact on Bunge s condensed consolidated financial statements.

New Accounting Pronouncements In April 2014, the FASB amended existing guidance in ASC (Topic 205) P*resentation of Financial Statements* and ASC (Topic 360) *Property, Plant and Equipment*. The amendments in this Update improve the definition of discontinued operations by limiting discontinued operations reporting to disposals of components of an entity that represent strategic shifts that have (or will have) a major effect on an entity s operations and financial results and requires expanded disclosures for discontinued operations. The amendments in this Update include several changes to Topic 360 to improve the organization and readability of Subtopic 205-20 and Subtopic 360-10, *Property, Plant, and Equipment* Overall. The adoption of these amendments would expand Bunge s disclosures but is not expected to impact Bunge s consolidated financial position or results of operations.

3. BUSINESS ACQUISITIONS

In February 2014, Bunge acquired the assets of Corn Flour Producers, LLC (CFP) for $12 million in cash. The purchase price allocation resulted in $12 million, primarily property, plant and equipment with the remainder in working capital. CFP produces corn flour products and is located in Indiana in the United States.

In January 2013, Bunge acquired two biodiesel facilities adjacent to existing Bunge facilities from its European biodiesel joint venture for $11 million in cash, net of cash acquired. The preliminary purchase price allocation resulted in $4 million of inventory, $17 million of other current assets, $10 million of property, plant and

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equipment, $19 million of other current liabilities and $1 million of long-term deferred taxes. There were no changes to the joint venture ownership or governance structure as a result of this transaction.

4. TRADE STRUCTURED FINANCE PROGRAM

Bunge engages in various trade structured finance activities to leverage the value of its trade flows across its operating regions. These activities include a Program under which a Bunge entity generally obtains U.S. dollar-denominated letters of credit (LCs) (each based on an underlying commodity trade flow) from financial institutions, as well as foreign exchange forward contracts, and time deposits denominated in the local currency of the financial institution counterparties, all of which are subject to legally enforceable set-off agreements. The LCs and foreign exchange contracts are presented within the line item letter of credit obligations under trade structured finance program on the condensed consolidated balance sheets as of March 31, 2014 and December 31, 2013. The net return from activities under this Program, including fair value changes, is included as a reduction of cost of goods sold in the accompanying condensed consolidated statements of income.

At March 31, 2014 and December 31, 2013, time deposits (with weighted-average interest rates of 8.55% and 8.36%, respectively) and LCs (including foreign exchange contracts) totaled $3,259 million and $4,470 million, respectively. In addition, at March 31, 2014 and December 31, 2013, the fair values of the time deposits (Level 2 measurements) totaled approximately $3,259 million and $4,470 million, respectively, and the fair values of the LCs (Level 2 measurements) totaled approximately $3,026 million and $4,360 million, respectively. The fair values approximated the carrying amount of the related financial instruments due to their short-term nature. The fair values of the foreign exchange forward contracts (Level 2 measurements) were losses of $233 million and $110 million at March 31, 2014 and December 31, 2013, respectively.

For the three months ended March 31, 2014 and 2013, total proceeds from issuances of LCs were $1,397 million and $2,417 million, respectively. These cash inflows are offset by the related cash outflows resulting from placement of the time deposits and repayment of the LCs. All cash flows related to the Program are included in operating activities in the condensed consolidated statements of cash flows.

5. INVENTORIES

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

(US$ in millions)		**March 31, 2014**		**December 31, 2013**
Agribusiness (1)	**$**	**5,185**	$	4,498
Sugar and Bioenergy (2)		**486**		549
Edible Oil Products (3)		**485**		487
Milling Products (4)		**238**		210
Fertilizer (4)		**58**		52
Total	**$**	**6,452**	$	5,796

(1) Includes readily marketable agricultural commodity inventories carried at fair value of $4,866 million and $4,163 million at March 31, 2014 and December 31, 2013, respectively. Of these amounts $3,631 million and $2,927 million can be attributable to merchandising activities at March 31, 2014 and December 31, 2013, respectively. All other agribusiness segment inventories are carried at lower of cost or market.

(2) Includes readily marketable sugar inventories of $131 million and $182 million at March 31, 2014 and December 31, 2013, respectively. Of these sugar inventories, $115 million and $109 million, respectively, are carried at fair value in Bunge s trading and merchandising business. Sugar and ethanol inventories in Bunge s industrial production business are carried at lower of cost or market.

(3) Edible oil products inventories are generally carried at lower of cost or market, with the exception of readily marketable inventories of bulk soybean and canola oil which are carried at fair value in the aggregate amount of $68 million and $67 million at March 31, 2014 and December 31, 2013, respectively.

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

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6. OTHER CURRENT ASSETS

Other current assets consist of the following:

(US$ in millions)		March 31, 2014		December 31, 2013
Prepaid commodity purchase contracts (1)	**$**	**306**	$	220
Secured advances to suppliers, net (2)		**558**		555
Unrealized gains on derivative contracts, at fair value		**2,092**		1,561
Recoverable taxes, net		**385**		442
Margin deposits (3)		**418**		305
Marketable securities, at fair value		**127**		162
Deferred purchase price receivable, at fair value (4)		**90**		96
Prepaid expenses		**303**		261
Other		**812**		835
Total	**$**	**5,091**	$	4,437

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(1) Prepaid commodity purchase contracts represent advance payments against fixed price contracts for future delivery of specified quantities of agricultural commodities.

(2) Bunge provides cash advances to suppliers, primarily Brazilian farmers of soybeans and sugarcane, to finance a portion of the suppliers production costs. Bunge does not bear any of the costs or risks associated with the related growing crops. The advances are largely collateralized by future crops and physical assets of the suppliers, carry a local market interest rate and settle when the farmer s crop is harvested and sold. The secured advances to farmers are reported net of allowances of $19 million and $20 million at March 31, 2014 and December 31, 2013, respectively.

Interest earned on secured advances to suppliers of $11 million and $9 million for the three months ended March 31, 2014 and 2013, respectively, is included in net sales in the condensed consolidated statements of income.

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

(4) Deferred purchase price receivable represents additional credit support for the investment conduits in Bunge s accounts receivables sales program (see Note 12).

7. OTHER NON-CURRENT ASSETS

Other non-current assets consist of the following:

(US$ in millions)		March 31, 2014		December 31, 2013
Recoverable taxes, net (1)	**$**	**330**	$	283
Judicial deposits (1)		**163**		153
Other long-term receivables		**39**		40
Income taxes receivable (1)		**313**		304
Long-term investments		**301**		296
Affiliate loans receivable, net		**37**		25
Long-term receivables from farmers in Brazil, net (1)		**133**		134
Other		**187**		176
Total	**$**	**1,503**	$	1,411

(1) These non-current assets arise primarily from our Brazilian operations and their realization could take in excess of five years.

Recoverable taxes, net Recoverable taxes are reported net of valuation allowances of $49 million and $57 million at March 31, 2014 and December 31, 2013, respectively.

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

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Income taxes receivable Income taxes receivable at March 31, 2014 includes overpayments of current income taxes plus accrued interest. These income tax prepayments are expected to be utilized for settlement of future income tax obligations. Income taxes receivable in Brazil bear interest at the SELIC rate (the benchmark rate of the Brazilian central bank).

Long-term investments Long-term investments represent primarily investments held by certain managed investment funds, which are included in Bunge s condensed consolidated financial statements. The consolidated funds are, for GAAP purposes, investment companies and therefore are not required to consolidate their majority owned and controlled investments. Bunge reflects these investments at fair value. The fair value of these investments (a Level 3 measurement) is $246 million and $238 million at March 31, 2014 and December 31, 2013, respectively.

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

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

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

(US$ in millions)	**March 31, 2014**	**December 31, 2013**
Legal collection process (1)	**$ 199**	$ 213
Renegotiated amounts (2)	**120**	117
Total	**$ 319**	$ 330

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

(2) All renegotiated amounts are current on repayment terms.

The average recorded investment in long-term receivables from farmers in Brazil for the three months ended March 31, 2014 and the year ended December 31, 2013 was $308 million and $363 million, respectively. The table below summarizes Bunge s recorded investment in long-term receivables from farmers in Brazil and the related allowance amounts.

	March 31, 2014	**December 31, 2013**

(US$ in millions)	Recorded Investment	Allowance	Recorded Investment	Allowance
For which an allowance has been provided:				
Legal collection process	**$ 125**	**$ 119**	$ 139	$ 132
Renegotiated amounts	**70**	**66**	84	64
For which no allowance has been provided:				
Legal collection process	**74**		74	
Renegotiated amounts	**50**		33	
Total	**$ 319**	**$ 185**	$ 330	$ 196

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

	Three Months Ended March 31,	
(US$ in millions)	**2014**	**2013**
Beginning balance	**$ 196**	$ 224
Bad debt provisions	**2**	1
Recoveries	**(2)**	(3)
Write-offs	**(21)**	
Transfers	**4**	
Foreign exchange translation	**6**	2
Ending balance	**$ 185**	$ 224

8. INCOME TAXES

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

For the three months ended March 31, 2014 and 2013, income tax expense related to continuing operations was $30 million and $73 million, respectively. The related effective tax rates were 187% and 30%, respectively, and included discrete tax items of $5 million and $31 million, respectively. The high effective tax rate for the quarter ended March 31, 2014 resulted from low net earnings that included profits in higher tax jurisdictions that were largely offset by losses in entities where no tax benefit is recorded as these entities, primarily in Bunge s sugar segment, have cumulative taxable losses.

As a global enterprise, Bunge files income tax returns that are subject to periodic examination and challenge by federal, state and foreign tax authorities. In many jurisdictions, income tax examinations, including settlement negotiations or litigation, may take several years to finalize. While it is often difficult to predict the final outcome or timing of resolution of any particular matter, management believes that the condensed consolidated financial statements reflect the largest amount of tax benefit that will be more likely than not realized. During the three months ended March 31, 2014, Bunge increased its liability for uncertain tax positions in North America resulting in a $5 million charge to income tax expense.

As of March 31, 2014 and December 31, 2013, Bunge had received from the Brazilian tax authorities proposed adjustments totaling an aggregate amount of 1,410 million Brazilian *reals* ($623 million and $603 million, respectively) plus applicable interest and penalties, related to multiple examinations of income tax returns for certain subsidiaries for years up to 2009. Management, in consultation with external legal advisors, has reviewed and responded to the proposed adjustments and believes that it is more likely than not that Bunge will prevail on the majority of the proposed adjustments. As of March 31, 2014 and December 31, 2013, Bunge had recognized uncertain tax positions related to these tax assessments of 192 million Brazilian *reals* ($85 million and $82 million), respectively.

In addition, as of March 31, 2014 and December 31, 2013, Bunge s Argentine subsidiary had received an income tax assessment relating to fiscal years 2006 and 2007 with a claim of approximately 436 million Argentine pesos (approximately $54 million and $67 million as of March 31, 2014 and December 31, 2013, respectively), plus previously accrued interest on the outstanding amount due of approximately 789 million and 750 million Argentine pesos as of March 31, 2014 and December 31, 2013, respectively

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(approximately $99 million and $115 million, respectively). Fiscal years 2008 and 2009 are currently being audited by the tax authorities. It is likely that the tax authorities will also audit fiscal years 2010-2012, although no notice has been rendered to Bunge s Argentine subsidiary (see also Note 14).

9. OTHER CURRENT LIABILITIES

Other current liabilities consist of the following:

(US$ in millions)		March 31, 2014		December 31, 2013
Accrued liabilities	$	**1,027**	$	940
Unrealized losses on derivative contracts at fair value		**1,867**		1,401
Advances on sales		**276**		330
Other		**132**		347
Total	**$**	**3,302**	$	3,018

10. FINANCIAL INSTRUMENTS AND FAIR VALUE MEASUREMENTS

Bunge s various financial instruments include certain components of working capital such as cash and cash equivalents, trade accounts receivable and trade accounts payable. Additionally, Bunge uses short and long-term debt to fund operating requirements. Cash and cash equivalents, trade accounts receivable, trade accounts payable and short-term debt are stated at their carrying value, which is a reasonable estimate of fair value. See Note 12 for deferred purchase price receivable (DPP) related to sales of trade receivables. See Note 7 for long-term receivables from farmers in Brazil, net and other long-term investments and Note 11 for long-term debt. Bunge s financial instruments also include derivative instruments and marketable securities, which are stated at fair value.

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

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

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

Level 3: Unobservable inputs that are supported by little or no market activity and that are a significant component of the fair value of the assets or liabilities. In evaluating the significance of fair value inputs, Bunge gives consideration to items that individually or when aggregated with other inputs, generally represent more than 10% of the fair value of the assets or liabilities. For such identified inputs, judgments are required when evaluating both quantitative and qualitative factors in the determination of significance for purposes of fair value level classification and disclosure. Level 3 assets and liabilities include assets and liabilities whose value is determined using proprietary pricing models, discounted cash flow methodologies or similar techniques; as well as, assets and liabilities for which the determination of fair value requires significant management judgment or estimation. Bunge believes a change in these inputs would not result in a significant change in the fair values.

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

The following table sets forth, by level, Bunge s assets and liabilities that were accounted for at fair value on a recurring basis.

	Fair Value Measurements at Reporting Date							
	March 31, 2014				December 31, 2013			
(US$ in millions)	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Assets:								
Readily marketable inventories (Note 5)	$	$ 3,974	$ 1,075	$ 5,049	$	$ 4,041	$ 298	$ 4,339
Trade accounts receivable(1)		1	7	8		5	1	6
Unrealized gain on designated derivative contracts(2):								
Foreign exchange		7		7		7		7
Unrealized gain on undesignated derivative contracts (2):								
Foreign exchange	23	750		773	5	346		351
Commodities	273	774	185	1,232	408	585	138	1,131
Freight	61	3	2	66	59			59
Energy	12		2	14	11		2	13
Deferred purchase price receivable (Note 12)		90		90		96		96
Other (3)	100	97		197	59	22		81
Total assets	$ 469	$ 5,696	$ 1,271	$ 7,436	$ 542	$ 5,102	$ 439	$ 6,083
Liabilities:								
Trade accounts payable(1)	$	$ 393	$ 470	$ 863	$	$ 381	$ 76	$ 457
Unrealized loss on designated derivative contracts (4):								
Foreign exchange		19		19		11		11
Unrealized loss on undesignated derivative contracts (4):								
Interest rate		1		1				
Foreign exchange	46	518		564	5	373		378
Commodities	365	684	98	1,147	361	439	89	889
Freight	83		20	103	81		14	95
Energy	17		17	34	11		17	28
Total liabilities	$ 511	$ 1,615	$ 605	$ 2,731	$ 458	$ 1,204	$ 196	$ 1,858

(1) Trade accounts receivable and payable are generally accounted for at amortized cost, with the exception of $8 million and $863 million, at March 31, 2014 and $6 million and $457 million at December 31, 2013, respectively, related to certain delivered inventory for which the receivable and payable, respectively, fluctuate based on changes in commodity prices. These receivables and payables are hybrid financial instruments for which Bunge has elected the fair value option.

(2) Unrealized gains on designated and undesignated derivative contracts are generally included in other current assets. There are no such amounts included in other non-current assets at March 31, 2014 and December 31, 2013, respectively.

(3) Other includes the fair values of marketable securities and investments in other current assets and other non-current assets.

(4) Unrealized losses on designated and undesignated derivative contracts are generally included in other current liabilities. There are no such amounts included in other non-current liabilities at March 31, 2014 and December 31, 2013, respectively.

Derivatives Exchange traded futures and options contracts are valued based on unadjusted quoted prices in active markets and are classified within Level 1. Bunge s forward commodity purchase and sale contracts are classified as derivatives along with other OTC derivative instruments relating primarily to freight, energy, foreign exchange and interest rates, and are classified within Level 2 or Level 3 as described below. Bunge estimates fair

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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.

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

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

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

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

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

Level 3 Derivatives Level 3 derivative instruments utilize both market observable and unobservable inputs within the fair value measurements. These inputs include commodity prices, price volatility, interest rates, volumes and locations. In addition, with the exception of the exchange cleared instruments, Bunge is exposed to loss in the event of the non-performance by counterparties on over-the-counter derivative instruments and forward purchase and sale contracts. Adjustments are made to fair values on occasions when non-performance risk is determined to represent a significant input in Bunge s fair value determination. These adjustments are based on Bunge s estimate of the potential loss in the event of counterparty non-performance. Bunge did not have significant adjustments related to non-performance by counterparties at March 31, 2014 and December 31, 2013, respectively.

Level 3 Readily marketable inventories and other The significant unobservable inputs resulting in Level 3 classification for readily marketable inventories, physically settled forward purchase and sale contracts, and trade accounts receivable and payable, net, relate to certain management estimations regarding costs of transportation and other local market or location-related adjustments, primarily freight related adjustments in the interior of Brazil and the lack of market corroborated information in Canada. In both situations, Bunge uses proprietary information such as purchase and sale contracts and contracted prices for freight, premiums and discounts to value its contracts. Movements in the price of these unobservable inputs alone would not have a material effect on Bunge s financial statements as these contracts do not typically exceed one future crop cycle.

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The tables below present reconciliations for assets and liabilities measured at fair value on a recurring basis using significant unobservable inputs (Level 3) during the three months ended March 31, 2014 and 2013. These instruments were valued using pricing models that management believes reflect the assumptions that would be used by a marketplace participant.

	Level 3 Instruments Fair Value Measurements Three Months Ended March 31, 2014			
(US$ in millions)	**Derivatives, Net (1)**	**Readily Marketable Inventories**	**Trade Accounts Receivable/ Payable, Net(2)**	**Total**
Balance, January 1, 2014	$ 20	$ 298	$ (75)	$ 243
Total gains and losses (realized/unrealized) included in cost of goods sold	65	12		77
Purchases	13	1,089	(1)	1,101
Sales	(4)	(377)	8	(373)
Issuances			(393)	(393)
Settlements	(32)		(1)	(33)
Transfers into Level 3	(16)	127	(7)	104
Transfers out of Level 3	8	(74)	6	(60)
Balance, March 31, 2014	$ 54	$ 1,075	$ (463)	$ 666

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

(2) Trade Accounts Receivable and Trade Accounts Payable, net, include Level 3 inventory related receivables and payables.

	Level 3 Instruments Fair Value Measurements Three Months Ended March 31, 2013			
(US$ in millions)	**Derivatives, Net (1)**	**Readily Marketable Inventories**	**Trade Accounts Receivable/ Payable, Net (2)**	**Total**
Balance, January 1, 2013	$ 66	$ 436	$ (40)	$ 462
Total gains and losses (realized/unrealized) included in cost of goods sold	(24)	(84)	71	(37)
Purchases		952		952
Sales		(266)		(266)
Issuances			(422)	(422)
Settlements	(73)			(73)
Transfers into Level 3	(1)	149	(58)	90
Transfers out of Level 3	1			1
Balance, March 31, 2013	$ (31)	$ 1,187	$ (449)	$ 707

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

(2) Trade Accounts Receivable and Trade Accounts Payable, net, include Level 3 inventory related receivables and payables.

The table below summarizes changes in unrealized gains or (losses) recorded in earnings during the three months ended March 31, 2014 and 2013 for Level 3 assets and liabilities that were held at March 31, 2014 and 2013.

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(US$ in millions)	Level 3 Instruments Fair Value Measurements Three Months Ended Derivatives, Net (1)	Readily Marketable Inventories	Trade Accounts Receivable and Payable, Net(2)	Total
Changes in unrealized gains and (losses) relating to assets and liabilities held at March 31, 2014				
Cost of goods sold	$ 93	$ 56	$ (51)	$ 98
Changes in unrealized gains and (losses) relating to assets and liabilities held at March 31, 2013				
Cost of goods sold	$ (106)	$ 703	$ (351)	$ 246

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

(2) Trade Accounts Receivable and Trade Accounts Payable, net, include Level 3 inventory related receivables and payables.

Derivative Instruments

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

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

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

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

	March 31, 2014			
	Exchange Traded			
	Net (Short)	Non-exchange Traded		Unit of
(US$ in millions)	& Long (1)	(Short) (2)	Long (2)	Measure
Foreign Exchange				
Options	$ (3)	$ (44)	$ 68	Delta
Forwards		(17,525)	15,244	Notional
Futures	(1)			Notional
Swaps		(17)	75	Notional

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

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

Commodity derivatives Bunge uses derivative instruments to manage its exposure to movements associated with agricultural commodity prices. Bunge generally uses exchange traded futures and options contracts to minimize the effects of changes in the prices of agricultural commodities on its agricultural commodity inventories and forward purchase and sale contracts, but may also from time to time enter into OTC commodity transactions, including swaps, which are settled in cash at maturity or termination based on exchange-quoted futures prices. Forward purchase and sale contracts are primarily settled through delivery of agricultural commodities. While Bunge considers these exchange traded futures and forward purchase and sale contracts to be effective economic hedges, Bunge does not designate or account for the majority of its commodity contracts as hedges. The forward contracts require performance of both Bunge and the contract counterparty in future periods. Contracts to

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

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

	March 31, 2014			
	Exchange Traded Net (Short) & Long (1)	Non-exchange Traded (Short) (2)	Non-exchange Traded Long (2)	Unit of Measure
Agricultural Commodities				
Futures	(7,122,877)			Metric Tons
Options	(2,588,486)	(202,310)	843,530	Metric Tons
Forwards	(16,786)	(38,020,243)	27,216,747	Metric Tons
Swaps	25,000			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. Changes in the fair values of ocean freight derivatives that are not designated as hedges are recorded in earnings. There were no designated hedges at March 31, 2014 and December 31, 2013, respectively.

The table below summarizes the open ocean freight positions.

	March 31, 2014			
	Exchange Cleared Net (Short) & Long (1)	Non-exchange Cleared (Short) (2)	Non-exchange Cleared Long (2)	Unit of Measure
Ocean Freight				
FFA	(2,083)			Hire Days
FFA Options	(9,530)			Hire Days

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

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

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

The table below summarizes the open energy positions.

	March 31, 2014			
	Exchange Traded Net (Short) & Long (1)	Non-exchange Cleared (Short) (2)	Non-exchange Cleared Long (2)	Unit of Measure (3)
Natural Gas (3)				
Futures	(4,291,561)			MMBtus
Swaps			303,318	MMBtus
Options	3,276,626			MMBtus
Energy Other				
Futures	584,986			Metric Tons
Forwards		(450)	37,948,884	Metric Tons
Swaps	(25,000)			Metric Tons
Options	(82,829)			Metric Tons

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

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

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

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

The table below summarizes the effect of derivative instruments that are designated as fair value hedges and also derivative instruments that are undesignated on the condensed consolidated statements of income for the three months ended March 31, 2014 and 2013.

		Gain or (Loss) Recognized in Income on Derivative Instruments Three Months Ended March 31,	
(US$ in millions)	**Location**	**2014**	**2013**
Undesignated Derivative Contracts:			
Foreign Exchange	Foreign exchange gains (losses)	**$ 77**	$ 10
Foreign Exchange	Income (loss) from discontinued operations, net of tax		1
Foreign Exchange	Cost of goods sold	**160**	137
Commodities	Cost of goods sold	**(541)**	88
Freight	Cost of goods sold	**(23)**	(10)
Energy	Cost of goods sold		3
Total		**$ (327)**	$ 229

The table below summarizes the effect of derivative instruments that are designated and qualify as cash flow and net investment hedges on the condensed consolidated statement of income for the three months ended March 31, 2014.

		Three Months Ended March 31, 2014				
		Gain or (Loss) Recognized in Accumulated OCI (1)	Gain or (Loss) Reclassified from Accumulated OCI into Income (1)		Gain or (Loss) Recognized in Income on Derivatives	
(US$ in millions)	**Notional Amount**		**Location**	**Amount**	**Location**	**Amount (2)**
Cash Flow Hedge:						
Foreign Exchange (3)	$ 349	$ 15	Foreign exchange gains (losses)	$ (1)	Cost of goods sold	$
Total	**$ 349**	**$ 15**		**$ (1)**		**$**

Net Investment Hedge:									
Foreign Exchange (3)	$	566	$	(28)	Foreign exchange gains (losses)	$		Foreign exchange gains (losses)	$
Total	**$**	**566**	**$**	**(28)**		**$**			**$**

(1) The gain (loss) recognized relates to the effective portion of the hedging relationship. At March 31, 2014, Bunge expects to reclassify into income in the next 12 months $15 million after-tax gain (loss) related to its foreign exchange cash flow hedges.

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

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(3) The foreign exchange contracts mature at various dates in 2014.

The table below summarizes the effect of derivative instruments that are designated and qualify as cash flow hedges on the condensed consolidated statement of income for the three months ended March 31, 2013.

			Three Months Ended March 31, 2013			
(US$ in millions)	Notional Amount	Gain or (Loss) Recognized in Accumulated OCI (1)	Gain or (Loss) Reclassified from Accumulated OCI into Income (1) Location	Amount	Gain or (Loss) Recognized in Income on Derivatives Location	Amount (2)
Cash Flow Hedge:						
Foreign Exchange (3)	$ 186	$ 2	Cost of goods sold	$	Cost of goods sold	$
Total	**$ 186**	**$ 2**		**$**		**$**
Net Investment Hedge:						
Foreign Exchange (3)	$ 300	$ 9	Foreign exchange gains (losses)	$	Foreign exchange gains (losses)	$
Total	**$ 300**	**$ 9**		**$**		**$**

(1) The gain or (loss) recognized relates to the effective portion of the hedging relationship. At March 31, 2013, Bunge expected to reclassify into income in the next 12 months approximately $2 million of after-tax gains related to its foreign exchange cash flow hedges.

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

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

11. DEBT

On March 17, 2014, Bunge entered into an unsecured $1,750 million three-year syndicated revolving credit facility (the Facility) with an option to request an extension of the maturity date for two additional one-year periods. Each lender in its sole discretion may agree to any such request. Borrowings under the Facility will bear interest at LIBOR plus a margin, which will vary from 0.70% to 1.70%, based on the credit ratings of Bunge s senior long-term unsecured debt. The Company is also required to pay fees that vary from 0.10% to 0.40% based on the utilization of the Facility. Amounts under the Facility that remain undrawn are subject to a commitment fee payable quarterly in arrears at a rate of 35% of the margin specified above, which will vary based on the rating level at each quarterly payment date. Bunge may, from time to time, with the consent of the Facility agent, request one or more of the existing lenders or new lenders to increase the total commitments under the Facility by up to $250 million pursuant to an accordion provision. This Facility replaced the $1,750 million revolving facility agreement dated March 23, 2011. There were no borrowings outstanding under this Facility at March 31, 2014.

Bunge s commercial paper program is supported by an identical amount of committed back-up bank credit lines (the Liquidity Facility) provided by banks that are rated at least A-1 by Standard & Poor s Financial Services and P-1 by Moody s Investors Service. The Liquidity Facility, which matures in November 2016, permits Bunge, at its option, to set up direct borrowings or issue commercial paper. The cost of borrowing under the Liquidity Facility would typically be higher than the cost of borrowing under Bunge s commercial paper program. At March 31, 2014, there was $150 million outstanding under the commercial paper program and no borrowings under the Liquidity Facility. At December 31, 2013, there was $100 million outstanding under the commercial paper program and no borrowings under the Liquidity Facility.

At March 31, 2014, Bunge had $3,550 million of unused and available borrowing capacity under its committed credit facilities with a number of lending institutions.

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

	March 31, 2014			December 31, 2013		
(US$ in millions)	**Carrying Value**	**Fair Value (Level 2)**	**Fair Value (Level 3)**	**Carrying Value**	**Fair Value (Level 2)**	**Fair Value (Level 3)**
Long-term debt, including current portion	$ 4,640	$ 4,622	$ 278	$ 3,941	$ 3,917	$ 257

12. TRADE RECEIVABLES SECURITIZATION PROGRAM

Bunge and certain of its subsidiaries participate in a trade receivables securitization program (the Program) with a financial institution, as administrative agent, and certain commercial paper conduit purchasers and committed purchasers (collectively, the Purchasers) that provides for funding up to $700 million against receivables sold into the Program. The securitization program is designed to enhance Bunge s financial flexibility by providing an additional source of liquidity for its operations. In connection with the Program, certain of Bunge s U.S. and non-U.S. subsidiaries that originate trade receivables may sell eligible receivables in their entirety on a revolving basis to a consolidated bankruptcy remote special purpose entity, Bunge Securitization B.V. (BSBV) formed under the laws of The Netherlands. BSBV in turn sells such purchased trade receivables to the administrative agent (acting on behalf of the Purchasers) pursuant to a receivables transfer agreement. In connection with these sales of accounts receivable, Bunge receives a portion of the proceeds up front and an additional amount upon the collection of the underlying receivables (DPP), which is expected to be generally between 10% and 15% of the aggregate amount of receivables sold through the Program.

Bunge Finance B.V. (BFBV), a wholly-owned subsidiary of Bunge, acts as master servicer, responsible for servicing and collecting the accounts receivable for the Program. The Program terminates on June 1, 2016. However, each committed purchaser s commitment to fund trade receivables sold under the Program will terminate on May 28, 2014 unless extended for an additional period in accordance with the terms of the receivables transfer agreement. The trade receivables sold under the Program are subject to specified eligibility criteria, including eligible currencies, country and obligor concentration limits. At March 31, 2014 and December 31, 2013, BSBV had short-term liabilities to the administrative agent of $48 million and $54 million, respectively.

As of March 31, 2014 and December 31, 2013, $683 million and $696 million, respectively, of receivables sold under the Program were derecognized from Bunge s condensed consolidated balance sheets. Proceeds received in cash related to transfers of receivables under the Program totaled $3,007 million and $3,017 million for the three months ended March 31, 2014 and 2013, respectively. In addition, cash collections from customers on receivables previously sold were $3,066 million and $3,177 million, respectively. As this is a revolving facility, cash collections from customers are reinvested to fund new receivable sales. Gross receivables sold under the Program for the three months ended March 31, 2014 and 2013 were $3,115 million and $3,174 million, respectively. These sales resulted in discounts of $2 million for each of the three month periods ended March 31, 2014 and 2013, which were included in SG&A in the condensed consolidated statements of income. Servicing fees under the Program were not significant in any period.

Bunge s risk of loss following the sale of the accounts receivable is limited to the DPP, which at March 31, 2014 and December 31, 2013 had a fair value of $90 million and $96 million, respectively, and is included in other current assets in the condensed consolidated balance sheets (see Note 6). The DPP will be repaid in cash as receivables are collected, generally within 30 days. Delinquencies and credit losses on accounts receivable sold under the Program during the three months ended March 31, 2014 and 2013 were insignificant. Bunge has reflected all cash flows under the Program as operating cash flows in the condensed consolidated statements of cash flows.

13. RELATED PARTY TRANSACTIONS

Bunge purchased soybeans, other commodity products and phosphate-based products from certain of its unconsolidated investees, totaling $243 million and $129 million for the three months ended March 31, 2014 and 2013, respectively. Bunge also sold soybeans and other commodity products to certain of its unconsolidated investees, totaling $112 million and $181 million for the three months ended March 31, 2014 and 2013, respectively.

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14. COMMITMENTS AND CONTINGENCIES

Bunge is party to a large number of claims and lawsuits, primarily tax and labor claims in Brazil and tax claims in Argentina, arising in the normal course of business. The ability to predict the ultimate outcome of such matters involves judgments, estimates and inherent uncertainties. Bunge records liabilities related to its general claims and lawsuits when the exposure item becomes probable and can be reasonably estimated. Bunge management does not expect these matters to have a material adverse effect on Bunge s financial condition, results of operations or liquidity. However, these matters are subject to inherent uncertainties and there exists the remote possibility of an adverse impact on Bung