

Bunge LTD  
Form 10-K  
March 03, 2008

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**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**

Washington, DC 20549

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**FORM 10-K**

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

For the fiscal year ended December 31, 2007  
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**

(IRS Employer Identification No.)

**50 Main Street**

**White Plains, New York USA**

(Address of principal executive offices)

**10606**

(Zip Code)

**(914) 684-2800**

(Registrant's telephone number, including area code)

**Securities registered pursuant to Section 12(b) of the Act:**

**Title of each class**

**Name of each exchange on which registered**

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Common Shares, par value \$.01 per share

New York Stock Exchange

**Securities registered pursuant to Section 12(g) of the Act: None**

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ý No o

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Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Securities Act. Yes  No

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  No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

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: Large Accelerated filer  Accelerated filer  Non-accelerated filer (do not check if a smaller reporting company)  Smaller reporting company

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

The aggregate market value of registrant's common shares held by non-affiliates, based upon the closing price of our common shares on the last business day of the registrant's most recently completed second fiscal quarter, June 30, 2007, as reported by the New York Stock Exchange, was approximately \$10,098 million. Common shares held by executive officers and directors and persons who own 10% or more of the issued and outstanding common shares have been excluded since such persons may be deemed affiliates. This determination of affiliate status is not a determination for any other purpose.

As of February 21, 2008, 121,232,891 Common Shares, par value \$.01 per share were issued and outstanding.

### **DOCUMENTS INCORPORATED BY REFERENCE**

Portions of the proxy statement for the 2008 Annual General Meeting of Shareholders to be held on May 23, 2008 are incorporated by reference into Part III.

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**Cautionary Statement Regarding Forward-Looking Statements**

This Annual Report on Form 10-K includes forward-looking statements that reflect our current expectations and projections about our future results, performance, prospects and opportunities. We have tried to identify these forward-looking statements by using words including "may," "will," "expect," "anticipate," "believe," "intend," "estimate," "continue" and similar expressions. These forward-looking statements are subject to a number of risks, uncertainties and other factors that could cause our actual results, performance, prospects or opportunities, as well as those of the markets we serve or intend to serve, to differ materially from those expressed in, or implied by, these forward-looking statements. These factors include the risks, uncertainties, trends and other factors discussed under the headings "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations," "Item 1. Business Business Overview," "Item 1A. Risk Factors" and elsewhere in this Annual Report on Form 10-K. Examples of forward-looking statements include all statements that are not historical in nature, including statements regarding:

our operations, competitive position, strategy and prospects;

industry conditions, including the prices of agricultural commodities, energy and freight, cyclicity of the agribusiness industry, unpredictability of the weather and the impact of crop and animal disease on our business;

estimated demand for the commodities and other products that we sell;

the effects of economic, political or social conditions and changes in foreign exchange policy or rates;

our ability to complete, integrate and benefit from acquisitions, joint ventures and strategic alliances;

governmental policies affecting our business, including agricultural and trade policies;

our funding needs and financing sources; and

the outcome of pending regulatory and legal proceedings.

In light of these risks, uncertainties and assumptions, you should not place undue reliance on any forward-looking statements contained in this Annual Report. Additional risks that we may currently deem immaterial or that are not presently known to us could also cause the forward-looking events discussed in this Annual Report not to occur. Except as otherwise required by applicable securities laws, we undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events, changed circumstances or any other reason after the date of this Annual Report.

The Private Securities Litigation Reform Act of 1995 provides a "safe harbor" for forward-looking statements to encourage companies to provide prospective information about their companies without fear of litigation. We would like to take advantage of the "safe harbor" provisions of the Private Securities Litigation Reform Act in connection with the forward-looking statements included in this Annual Report on Form 10-K, or any document incorporated by reference herein.

**PART I**

**Item 1. Business**

*References in this Annual Report on Form 10-K to "Bunge Limited," "Bunge," "we," "us" and "our" refer to Bunge Limited and its consolidated subsidiaries, unless the context otherwise indicates.*

**Business Overview**

We are a leading global agribusiness and food company operating in the farm-to-consumer food chain. We believe we are:

a world leading oilseed processing company, based on processing capacity;

the largest producer and supplier of fertilizer to farmers in South America, based on volume; and

a leading seller of packaged vegetable oils worldwide, based on sales.

We conduct our operations in three divisions: agribusiness, fertilizer and food products. These divisions include four reportable segments: agribusiness, fertilizer, edible oil products and milling products. Our agribusiness division is an integrated business principally involved in the purchase, storage, transport, processing and sale of agricultural commodities and commodity products. Our agribusiness operations and assets are primarily located in North and South America, Europe, China and India, and we have marketing and distribution offices throughout the world.

Our fertilizer division is involved in every stage of the fertilizer business, from mining of raw materials to the sale of fertilizer products. The activities of our fertilizer division are primarily located in Brazil.

Our food products division consists of two business segments: edible oil products and milling products. These segments include businesses that produce and sell food products such as edible oils, shortenings, margarines, mayonnaise and milled products such as wheat flours and corn products. The activities of our food products division are primarily located in North America, Europe, Brazil, China and India.

**History and Development of the Company**

We are a limited liability company formed under the laws of Bermuda. We are registered with the Registrar of Companies in Bermuda under registration number EC20791. We trace our history back to 1818 when we were founded as a grain trading company in Amsterdam, The Netherlands. During the second half of the 1800s, we expanded our grain operations in Europe and also entered the South American agricultural commodity market. In 1888, we entered the South American food products industry, and in 1938 we entered the fertilizer industry in Brazil. We started our U.S. operations in 1923.

Our principal executive offices and corporate headquarters are located at 50 Main Street, White Plains, New York, 10606, United States of America and our telephone number is (914) 684-2800. Our registered office is located at 2 Church Street, Hamilton, HM 11, Bermuda.

**Agribusiness**

*Overview.* Our agribusiness division is an integrated business involved in the purchase, storage, transport, processing and sale of agricultural commodities and commodity products. The principal agricultural commodities that we handle and process are grains and oilseeds, primarily soybeans, rapeseed or canola, sunflower seed, wheat and corn.

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In addition to our principal agribusiness operations in grains and oilseeds, we also participate in the sugar and sugar-based ethanol markets through our sugar origination and marketing business as well as our sugarcane mill and ethanol production facility in Brazil, which we acquired in 2007. We intend to continue to pursue acquisition and other investment opportunities in the sugar and sugar-related markets that leverage our infrastructure and risk management, logistics and other capabilities.

We also participate in the biodiesel and corn-based ethanol markets, generally as a minority investor in biofuels producers. Our Diester Industries International S.A.S. (DII) joint venture is a leading biodiesel producer in Europe with operations in Germany, Austria and Italy. We also have investments in biofuels companies in the United States, Argentina, Spain and Portugal. See " Investments and Alliances" for more information. In connection with our biofuels investments, we typically seek to negotiate arrangements to supply the raw materials used in the biofuel production processes and to market certain of the products and by-products generated by biofuel production processes.

*Customers.* We sell agricultural commodities and processed commodity products to domestic and export customers throughout the world. The principal purchasers of our grains and oilseeds are feed manufacturers, wheat and corn millers and other oilseed processors. The principal purchasers of our oilseed meal products are animal feed manufacturers and livestock, poultry and aquaculture producers that use these products as animal feed ingredients. As a result, our agribusiness operations benefit from global demand for meat products, primarily poultry and pork products. The principal purchasers of our crude and further processed oils are edible oil processing companies, including our own food products division. These oils are used by our customers to produce a variety of edible oil products for the foodservice, food processor and retail markets. In addition, we sell our oil products for non-food uses such as the production of biodiesel. Our sugar trading operation purchases and sells sugar globally to meet international demand for sugar. The sugar-based ethanol produced in our Brazilian facility is marketed and sold to customers to be used as transport fuel or as a fuel additive.

*Distribution and Logistics.* We use a variety of transportation modes to transport our products, including trucks, railcars, river barges, and ocean vessels, which we generally lease, and transportation services provided by truck lines, railroads and barge and ocean freight companies. We have made and will continue to make selective investments in port and storage facilities to better serve our customer base and improve our distribution and logistics capabilities.

*Other Services and Activities.* In Brazil, where there are limited third-party financing sources available to farmers, we provide financing services to farmers from whom we purchase soybeans and other agricultural commodities through prepaid commodity purchase contracts and advances, which are typically secured by the farmer's crop and a mortgage on the farmer's land and other assets. These financing arrangements typically carry local market interest rates. Our farmer financing activities are an integral part of our grain origination and oilseed processing businesses as they ensure our supply of raw materials for our Brazilian agribusiness operations. Having integrated agribusiness operations also enables us to participate in related financial activities such as engaging in trade structured finance to leverage international trade flows, providing risk management services to customers by assisting them with managing price exposure to agricultural commodities and developing private investment vehicles to invest in businesses complementary to our agribusiness operations.

*Raw Materials.* We purchase the grains and oilseeds used in our agribusiness operations either directly from farmers or indirectly through intermediaries. We also engage in limited sugarcane production on land adjacent to our sugarcane mill in Brazil. Although the availability and price of agricultural commodities may, in any given year, be affected by unpredictable factors, such as weather, government agricultural and energy programs and policies, changes in global demand caused by population growth and changes in standards of living and global crop production, supply historically has been adequate for our operational needs.

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*Competition.* Markets for our agribusiness products are highly competitive. Major competitors in our agribusiness operations are The Archer Daniels Midland Co. (ADM), Cargill Incorporated (Cargill), Louis Dreyfus Group, large regional companies, such as Wilmar International Limited and Noble Group Limited in Asia, and smaller agricultural cooperatives and trading companies.

### Fertilizer

*Overview.* We are the largest producer and supplier of fertilizer to farmers in South America and a major integrated fertilizer producer in Brazil, participating in all stages of the business, from mining of phosphate-based raw materials to selling of blended fertilizers. In the Brazilian retail market, we have approximately 26% of the market share of "NPK" fertilizers. NPK refers to nitrogen (N), phosphate (P) and potash (K), the main components of chemical fertilizers. In our fertilizer division, we conduct our operations through our wholly owned subsidiaries, primarily Bunge Fertilizantes S.A., and through our controlling interest in Fertilizantes Fosfatados S.A. FOSFERTIL, which we refer to as Fosfertil. Fosfertil is a publicly traded phosphate and nitrogen producer in Brazil.

*Products and Services.* Our fertilizer division is comprised of nutrients and retail operations. Our nutrients operations include the mining and processing of phosphate ore and the production of intermediate phosphate-based products for sale to fertilizer blenders, cooperatives and to supply our own retail fertilizer production operations. We also produce phosphate-based animal feed ingredients in this business. The primary products we produce in our nutrients operations are phosphate rock, sulfuric acid, single super phosphate, phosphoric acid and dicalcium phosphate. In addition, Fosfertil produces various nitrogen and phosphate-based fertilizers, including urea, monoammonium phosphate (MAP) and triple superphosphate. Our retail fertilizer operations consist of producing, distributing and selling blended NPK formulas and other fertilizer products directly to retailers, processing and trading companies and farmers, primarily in Brazil, as well as in Argentina and neighboring countries. These fertilizers are used for a variety of crops, including soybeans, corn, cotton, sugarcane, wheat and coffee. We market our fertilizers under the *IAP*, *Manah*, *Ouro Verde* and *Serrana* brands.

*Raw Materials.* The principal raw materials used in our fertilizer division are sulfur, phosphate rock and phosphate-based products in the phosphate chain, various nitrogen-based products in the nitrogen chain and various potash-based products in the potash chain. Through our phosphate mines, we were able to supply approximately 75% of our total phosphate requirements in 2007. We purchased the balance from third-party suppliers. We purchase all of the sulfur used in our fertilizer division from third-party suppliers. We use sulfur to produce sulfuric acid, and our production of sulfuric acid was sufficient to supply all of our needs in 2007. In 2007, we purchased 62% of our demand for nitrogen-based and all of our demand for potash-based products from third-party suppliers located in Brazil or internationally. In anticipation of continued growth in the Brazilian agricultural sector and the related increase in demand for fertilizer, we have in recent years expanded and are continuing to expand our production capabilities at our phosphate mines. In 2007, we announced our intention to enter into a joint venture with Office Chérifien des Phosphates, or OCP, to produce fertilizers in Morocco. The joint venture will manufacture phosphoric acid, triple superphosphate, and MAP and diammonium phosphate (DAP) for shipment to Brazil, Argentina and other markets in Latin America.

The prices of fertilizer raw materials in Brazil are determined by reference to international prices that reflect global supply and demand factors. Each of these products is readily available in the international marketplace from multiple sources.

*Distribution and Logistics.* Our phosphate mining operations in Brazil allow us to lower our logistics costs by reducing our use of imported raw materials. In addition, we reduce our logistics costs by back-hauling agricultural commodities from our inland commodity storage and processing locations to export points after delivery of imported fertilizer raw materials to our inland processing plants. We also seek opportunities to enhance the efficiency of our logistics network by exporting agricultural

commodities into international markets on the ocean freight vessels that we use to deliver imported fertilizer raw materials to us.

*Competition.* Our main competitors in our fertilizer operations in Brazil are Copebrás, Fertipar, The Mosaic Company, Petrobras, Adubos Trevo (Yara) and Heringer.

## **Food Products**

*Overview.* Our food products division consists of two business segments: edible oil products and milling products. We primarily sell our products to three customer types or market channels: food processors, foodservice companies and retail outlets. The principal raw materials we use in our food products division are various crude and further-processed oils in our edible oil products segment, and corn and wheat in our milling products segment. These raw materials are agricultural commodities that we generally produce or purchase. We seek to realize synergies between our food products division and our agribusiness operations through our raw material procurement activities, enabling us to benefit from being an integrated, global enterprise.

### ***Edible Oil Products***

*Products.* Our edible oil products include packaged and bulk oils, shortenings, margarine, mayonnaise and other products derived from the vegetable oil refining process. We primarily use soybean, sunflower and rapeseed or canola oil that we produce in our oilseed processing operations as raw materials in this business. We are a leading seller of packaged vegetable oils worldwide, based on sales, and we have edible oil refining and packaging facilities in North America, South America, Europe and Asia.

We sell our retail edible oil products in Brazil under a number of our own brands, including *Soya*, the leading packaged oil brand. We are also the market leader in the Brazilian margarine market with our brands *Delicia* and *Primor*, and our brand *Bunge Pro* is the top foodservice shortening brand in Brazil. In the United States, our *Elite* brand is one of the leading foodservice brands of edible oil products. In addition, to address customer demand in the United States, we have broadened our portfolio of edible oil products which contain no or low levels of trans-fatty acids, to include *NutraClear* low linolenic soybean oil, as well as palm oil and palm oil blends, and other solutions. In Europe, we are the market leader in consumer packaged vegetable oils, which are sold in various local markets under brand names including *Venusz*, *Floriol*, *Kujawski*, *Olek*, *Unisol*, *Ideal* and *Oleina*. In India, our primary brands include *Dalda* and *Chambal*. In 2007, we launched *Douweijia*, our first consumer packaged oil brand in China. In several markets, we also sell packaged edible oil products to grocery store chains for sale under their own private labels.

*Distribution and Customers.* Our customers include baked goods companies, snack food producers, restaurant chains, foodservice distributors and other food manufacturers who use vegetable oils and shortenings as inputs in their operations, as well as retail consumers.

*Competition.* In the United States, Brazil and Canada, our principal competitors in the edible oil products business include ADM, Cargill, Associated British Foods plc, Unilever and Ventura Foods, LLC. In Europe, our consumer packaged oils compete with ADM, Cargill, Unilever and with various local companies in each country.

### ***Milling Products***

*Products.* Our milling products include wheat flours sold in Brazil and corn products sold in North America. Our corn products consist of dry milled corn meal, flours and grits, as well as soy-fortified corn meal, corn-soy blend and other similar products. We also produce corn oil and corn feed products.

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*Distribution and Customers.* In Brazil, the primary customers for our wheat milling products are industrial, bakery and foodservice companies. In North America, the primary customers for our corn products are companies in the food processing sector and the U.S. government for humanitarian relief programs. Our corn products are primarily used in the ready-to-eat cereal, snack food and brewing industries. Our corn oil and feed products are sold to edible oil processors and animal feed manufacturers and users, respectively.

*Competition.* The wheat milling industry in Brazil is competitive, with many small regional producers. Our major competitors in Brazil are Pena Branca Alimentos, M. Dias Branco S.A. and Moinho Pacifico. Our major competitors in our North American corn products business include Cargill, Didion Milling Company, and J.R. Short Milling Co.

### Risk Management

Risk management is a fundamental aspect of our business. Anticipating market developments and engaging in the hedging of risk exposure is critical to protect and maximize our return on assets. We engage in commodity price hedging to reduce the impact of volatility in the prices of the principal agricultural commodities we purchase, produce and sell. Our operations use substantial amounts of energy, including natural gas, steam and fuel oil, including bunker fuel. We engage in energy cost hedging to reduce our exposure to volatility in energy costs. We also engage in foreign currency and interest rate hedging. In addition, we enter into freight forward agreements, which may be traded over the counter or on an exchange in order to reduce our exposure to volatility in ocean freight costs. Our risk management decisions take place in various locations but exposure limits are centrally set and monitored. Commodity exposure limits are designed to consider notional exposure to price and relative price (or "basis") volatility as well as value-at-risk in any given market. For foreign exchange, interest rate, energy and transportation risk, our positions are hedged in accordance with applicable company policies. We have a centralized risk management group, headed by our chief risk officer, which oversees management of our risk exposures globally. In addition, we have a finance and risk policy committee of our board of directors that supervises and reviews our overall risk management policies and risk limits. We also periodically review our risk management policies, procedures and systems with outside consultants. See "Item 7A. Quantitative and Qualitative Disclosures About Market Risk."

### Operating Segments and Geographic Areas

The following tables set forth our net sales to external customers by operating segment, net sales to external customers by geographic area and our long-lived assets by geographic area. Net sales to external customers by geographic area are determined based on the location of the subsidiary making the sale.

	Year Ended December 31,		
	2007	2006	2005
	(US\$ in millions)		
<b>Net Sales to External Customers by Operating Segment(1):</b>			
Agribusiness	\$ 26,990	\$ 18,909	\$ 17,459
Fertilizer	3,918	2,602	2,674
Edible oil products	5,597	3,798	3,385
Milling products	1,337	965	859
	\$ 37,842	\$ 26,274	\$ 24,377
Total			

	Year Ended December 31,		
	2007	2006	2005
	(US\$ in millions)		
<b>Net Sales to External Customers by Geographic Area:</b>			
Europe	\$ 12,814	\$ 8,914	\$ 8,904
United States	8,982	6,331	6,076
Brazil	8,020	5,603	5,096
Asia	4,924	3,898	2,956
Canada	1,131	1,011	957
Argentina	1,943	491	362
Rest of world	28	26	26
<b>Total</b>	<b>\$ 37,842</b>	<b>\$ 26,274</b>	<b>\$ 24,377</b>

	Year Ended December 31,		
	2007	2006	2005
	(US\$ in millions)		
<b>Long-Lived Assets by Geographic Area(2):</b>			
Brazil	\$ 2,987	\$ 2,319	\$ 2,035
United States	918	930	963
Europe	1,018	824	505
Argentina	193	146	137
Asia	95		
Rest of world	204	211	153
<b>Total</b>	<b>\$ 5,415</b>	<b>\$ 4,430</b>	<b>\$ 3,793</b>

(1) In 2007, Bunge reclassified certain product lines from the edible oil products segment to the agribusiness segment. As a result, amounts for the year ended December 31, 2006 have been reclassified to conform to the current year presentation. We did not reflect this reclassification in years prior to the year ended December 31, 2006 as it is not practicable to do so.

(2) Long-lived assets include property, plant and equipment, net, goodwill and other intangible assets, net and investments in affiliates.

#### Investments in Affiliates

We participate in several unconsolidated joint ventures and other investments accounted for on the equity method, the most significant of which are described below. We do not allocate equity in earnings of affiliates to our reporting segments.

We have established alliances with partners whose business activities and other capabilities complement our own, such as our alliance with E.I. du Pont de Nemours and Company (DuPont). Our alliance with DuPont consists in part of a joint venture, The Solae Company, which is further described below. It also includes a biotechnology agreement to jointly develop and commercialize soybeans with improved quality traits, and an alliance to develop a broader offering of services and products to farmers.

#### Agribusiness

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*Terminal 6 S.A. and Terminal 6 Industrial S.A.* We have a joint venture in Argentina with Aceitera General Deheza S.A. (AGD), for the operation of the Terminal 6 port facility located in the Santa Fe province of Argentina. We are also a party to a second joint venture with AGD that operates a crushing facility located adjacent to the Terminal 6 port facility. We own 40% and 50%, respectively, of these joint ventures.

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*AGRI-Bunge, LLC.* We have a joint venture in the United States with AGRI Industries, an Iowa farmer-owned cooperative. The joint venture originates grain and operates Mississippi river terminals. We have 50% voting power and a 34% interest in the equity and earnings of AGRI-Bunge, LLC.

*Diester Industries International S.A.S. (DII).* We are a party to a joint venture with Diester Industries, a subsidiary of Sofiproteol, specializing in the production and marketing of biodiesel in Europe. We have a 40% interest in DII.

*Biofuels Company of America, LLC.* We are a 22% owner of this company along with Biodiesel Investment Group, LLC. The company is building a 45 million gallon per year biodiesel plant adjacent to Bunge's soybean processing plant in Danville, Illinois.

*Bunge-Ergon Vicksburg, LLC.* We are a 50% owner of this company along with Ergon Ethanol, Inc. The company is developing a 60 million gallon per year ethanol plant at the port of Vicksburg, Mississippi.

*Southwest Iowa Renewable Energy, LLC.* We are a 26% owner of this company. The other owners are primarily agricultural producers located in Southwest Iowa. The company is developing a 110 million gallon per year ethanol plant near Council Bluffs, Iowa.

*Renewable Energy Group, Inc.* We have an 8.8% minority interest in this company. In addition to its other biodiesel management, construction and marketing activities, this company is pursuing the development of biodiesel plants near or adjacent to certain of our existing oilseed processing plants in the United States.

*Ecofuel S.A.* We are a 50% owner of this company along with AGD in Argentina. The company manufactures biodiesel products in the Santa Fe province of Argentina.

*Biodiesel Bilbao S.A.* We have a 20% minority interest in this company in Spain along with Acciona Biocombustibles S.A. This company produces and markets biofuels in Europe.

*Huelva Belts SL.* We are a 50% owner of this company along with Terminal Maritima de Huelva S.L. in Spain. The company constructs, operates and maintains a mechanical transport system in the port of Huelva, Spain.

*Biocolza-Oleos E Farinhas de Colza S.A.* We have a 40% minority interest in this company along with Tagol. This company is engaged in rapeseed oil crushing and biodiesel production in Portugal.

### *Fertilizer*

*Fosbrasil S.A.* We are a party to this joint venture in Brazil, of which we own 44.25%, with Astaris Brasil Ltda. and Société Chimique Prayon-Rupel S.A. Fosbrasil S.A. operates an industrial plant in Cajati, São Paulo, Brazil that converts phosphoric acid used in animal nutrition into phosphoric acid for human consumption.

*Bunge Maroc Phosphore S.A.* We have a 50% interest in this joint venture, which will produce fertilizers in Morocco with OCP. We expect Bunge Maroc Phosphore, when fully operational, to expand our overall production capacity in Morocco and serve as an additional source of phosphate-based raw materials and intermediate products for our fertilizer businesses in Brazil and Argentina.

### *Food Products*

*The Solae Company.* Solae is a joint venture with DuPont. Solae is engaged in the global production and distribution of specialty food ingredients, including soy proteins and lecithins. We have a 28.06% interest in Solae.

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*Saipol S.A.S.* Saipol is a joint venture with Sofiproteol, the financial arm of the French oilseed farmers' association. Saipol is engaged in oilseed processing and the sale of branded packaged vegetable oils in France. We have a 33.34% interest in Saipol.

*Harinera La Espiga, S.A. de C.V.* We are a party to this joint venture in Mexico with Grupo Neva, S.A. de C.V. and Cerrollera, S.A. de C.V. The joint venture has wheat milling and bakery dry mix operations in Mexico. We have a 31.5% interest in the joint venture.

### **Research and Development, Patents and Licenses**

Our research and development activities are focused on developing products and optimizing techniques that will drive growth or otherwise add value to our core business lines.

In our food products division, we have research and development centers located in the United States, Brazil and Hungary to develop and enhance technology and processes associated with food product development.

Our total research and development expenses were \$34 million in 2007, \$22 million in 2006 and \$18 million in 2005. As of December 31, 2007, our research and development organization consisted of approximately 133 employees worldwide.

We own trademarks on the majority of the brands we produce in our food products and fertilizer divisions. We typically obtain long-term licenses for the remainder. We have patents covering some of our products and manufacturing processes. However, we do not consider any of these patents to be material to our business.

We believe we have taken appropriate steps to be the owner of or to be entitled to use all intellectual property rights necessary to carry out our business.

### **Seasonality**

In our agribusiness division, while there is a degree of seasonality in the growing season and procurement of our principal raw materials, such as oilseeds and grains, we typically do not experience material fluctuations in volume between the first and second half of the year since we are geographically diversified between the northern and southern hemispheres, and we sell and distribute products throughout the year. However, the first fiscal quarter of a year is typically our weakest quarter in terms of financial results due to the timing of the North and South American oilseed harvests, since the North American harvest is completed in the fourth fiscal quarter and the South American harvest is completed in the second fiscal quarter. As a result, our oilseed processing activities are generally at their lowest levels during the first fiscal quarter. Additionally, price variations and availability of agricultural commodities may cause fluctuations in our receivables, inventories, and short-term borrowings over the course of a given year. For example, increased availability of agricultural commodities at harvest times often causes fluctuations in our inventories and borrowings. Additionally, increases in agricultural commodity prices will generally cause our working capital levels to increase.

In our fertilizer division, we are subject to seasonal trends based on the agricultural growing cycle in Brazil. As a result, our fertilizer sales are typically higher in the third and fourth quarters of each year.

In our food products division, there are no significant seasonal effects on our business.

### **Government Regulation**

We are subject to a variety of laws in each of the countries in which we operate which govern various aspects of our business, including storage, processing and distribution of our agricultural commodity products, food processing, handling and storage, mining and port operations and environmental matters, including the regulation of genetically modified organisms. To operate our facilities, we must obtain and maintain numerous permits, licenses and approvals from governmental

agencies. In addition, our facilities are subject to periodic inspection by governmental agencies in each of the countries in which we do business. Certain new regulations that had or are expected to have an impact on our industry are outlined below. In addition, agricultural commodity prices, such as prices for soybeans, vegetable oils, corn and wheat, rose significantly in 2007 as a result of grain production shortfalls in certain regions and growing demand for feed, food and fuel uses. These conditions have led certain governments to impose price controls, export restrictions and other measures designed to mitigate these price increases in their domestic markets. Such regulations could have a significant adverse effect on our business in the future.

*Trans-Fatty Acids Labeling Requirements and Restrictions.* Certain of our soybean oil products that are sold in the United States contain trans-fatty acids as a result of being partially hydrogenated for use in processed and packaged foods to extend shelf-life and stabilize flavor. In 2006, U.S. Food and Drug Administration labeling rules took effect which require food processors to disclose levels of trans-fatty acids contained in their products. In addition, various local governments in the United States are considering, and some have enacted, restrictions on the use of trans-fats in restaurants. Several of our food processor, foodservice and other customers have either switched or indicated an intention to switch to edible oil products with lower levels of trans-fatty acids. As a result, we have broadened and are continuing to develop our portfolio of low, reduced and trans-fat free edible oil product offerings for our customers.

*Biofuels Legislation.* In recent years, there has been increased interest throughout the world in the production of biofuels. Biofuels convert crops, such as sugarcane, corn, soybeans, palm oil, rapeseed or canola, and other oilseeds, into ethanol or biodiesel to extend, enhance or substitute for fossil fuels. Production of biofuels has been increasing significantly in response to high fossil fuel prices coupled with government incentives for the production of biofuels that are being offered in many countries, including the United States, Brazil, Argentina and many European countries. Furthermore, in certain countries, governmental authorities are mandating biofuels use in vehicles at specified levels. As such, the markets for agricultural commodities used in the production of biofuels are becoming increasingly affected by the growth of the biofuel industry and related legislation.

### **Competitive Position**

Markets for most of our products are highly price competitive and sensitive to product substitution. Please see the "Competition" section contained in the discussion of each of our operating segments above for a list of the primary competitors in each segment.

### **Environmental Matters**

We are subject to various environmental protection and occupational health and safety laws and regulations in the countries in which we operate. Our operations may emit or release certain substances, which may be regulated or limited by applicable laws and regulations. In addition, we handle and dispose of materials and wastes classified as hazardous or toxic by one or more regulatory agencies in our business. Handling hazardous or toxic materials and wastes is often subject to regulations and we incur costs to comply with health, safety and environmental regulations applicable to those activities. Compliance with environmental laws and regulations did not materially affect our capital expenditures or earnings in 2007, and, based on current laws and regulations, we do not expect that they will do so in 2008.

### **Employees**

As of December 31, 2007, we had 23,889 employees. Many of our employees are represented by labor unions, and their employment is governed by collective bargaining agreements. In general, we consider our employee relations to be good.

## **Risks of Foreign Operations**

We are a global business with substantial assets located outside of the United States from which we derive a significant portion of our revenue. Our operations in South America and Europe are a fundamental part of our business. In addition, a key part of our strategy involves expanding our business in several emerging markets, including Eastern Europe and Asia. Volatile economic, political and market conditions in these and other emerging market countries may have a negative impact on our operating results and our ability to achieve our business strategies. For additional information, see the discussion under "Item 1A. Risk Factors."

## **Insurance**

In each country where we conduct business, the businesses and assets are subject to varying degrees of risk and uncertainty. Bunge insures its businesses and assets in each country in a manner that it deems appropriate, based on an analysis of the relative risks and costs. As a result of our geographic dispersion, we believe that a loss from non-insured events in any one country would not have a material adverse effect on our operations as a whole.

## **Available Information**

Our website address is [www.bunge.com](http://www.bunge.com). Through the "About Bunge Investor Information SEC Filings" section of our website, it is possible to access our periodic report filings with the Securities and Exchange Commission (SEC) pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended (the Exchange Act), including our Annual Report on Form 10-K, quarterly reports on Form 10-Q and current reports on Form 8-K, and any amendments to those reports. These reports are made available free of charge. Also, filings made pursuant to Section 16 of the Exchange Act with the SEC by our executive officers, directors and other reporting persons with respect to our common shares are made available, free of charge, through our website. Our periodic reports and amendments and the Section 16 filings are available through our website as soon as reasonably practicable after such report, amendment or filing is electronically filed with or furnished to the SEC.

Through the "About Bunge Investor Information Corporate Governance" section of our website, it is possible to access copies of the charters for our audit committee, compensation committee, finance and risk policy committee and corporate governance and nominations committee. Our corporate governance guidelines and our code of ethics are also available in this section of our website. Each of these documents is made available, free of charge, through our website and in print from us upon request.

The foregoing information regarding our website and its content is for your convenience only. The information contained on or connected to our website is not deemed to be incorporated by reference in this report or filed with the SEC.

In addition, you may read and copy any materials we file with the SEC at the SEC's Public Reference Room at 100 F Street, N.E., Washington, D.C. 20549 and may obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330. The SEC maintains an Internet website that contains reports, proxy and information statements, and other information regarding issuers that file electronically. The SEC website address is [www.sec.gov](http://www.sec.gov).

Bunge's Chief Executive Officer and Chief Financial Officer have provided certifications to the SEC as required by Section 302 of the Sarbanes-Oxley Act of 2002. These certifications are included as exhibits to this Annual Report on Form 10-K. As required by the New York Stock Exchange (NYSE), on June 23, 2007, our Chief Executive Officer submitted his certification to the NYSE that stated he was not aware of any violation of the NYSE corporate governance listing standards.

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### Executive Officers and Key Employees of the Company

Set forth below is certain information concerning the executive officers and key employees of the Company.

Name	Positions
Alberto Weisser	Chairman of the Board of Directors and Chief Executive Officer
Andrew J. Burke	Co-CEO, Bunge Global Agribusiness
Jacqualyn A. Fouse	Chief Financial Officer
Archibald Gwathmey	Co-CEO, Bunge Global Agribusiness
João Fernando Kfourri	Managing Director, Food Products Division, Bunge Limited
Flávio Sá Carvalho	Chief Personnel Officer
Mário A. Barbosa Neto	Chief Executive Officer, Bunge Fertilizantes S.A.
Jean Louis Gourbin	Chief Executive Officer, Bunge Europe
Carl L. Hausmann	Chief Executive Officer, Bunge North America, Inc.
Raul Padilla	Chief Executive Officer, Bunge Argentina S.A.
Sergio Roberto Waldrich	Chief Executive Officer, Bunge Alimentos S.A.
Christopher White	Chief Executive Officer, Bunge Asia

*Alberto Weisser, 52.* Mr. Weisser is the Chairman of our board of directors and our Chief Executive Officer. Mr. Weisser has been with Bunge since July 1993. He has been a member of our board of directors since 1995, was appointed our Chief Executive Officer in January 1999 and became Chairman of the Board of Directors in July 1999. Prior to that, Mr. Weisser held the position of Chief Financial Officer. Prior to joining Bunge, Mr. Weisser worked for the BASF Group in various finance-related positions for 15 years. Mr. Weisser is also a member of the board of directors of International Paper Company and a member of the North American Agribusiness Advisory Board of Rabobank. Mr. Weisser has a bachelor's degree in Business Administration from the University of São Paulo, Brazil and has participated in several post graduate programs at Harvard Business School. He has also attended INSEAD's Management Development Program in France.

*Andrew J. Burke, 52.* Mr. Burke has been Co-CEO, Bunge Global Agribusiness since November 2006. Mr. Burke joined Bunge in January 2002 as Managing Director, Soy Ingredients and New Business Development and later served as Managing Director, New Business. Mr. Burke also served as our interim Chief Financial Officer from April to July 2007. Prior to joining Bunge, Mr. Burke served as Chief Executive Officer of the U.S. subsidiary of Degussa AG. He joined Degussa in 1983, where he held a variety of finance and marketing positions, including Chief Financial Officer and Executive Vice President of the U.S. chemical group. Prior to joining Degussa, Mr. Burke worked for Beecham Pharmaceuticals and was an auditor with Price Waterhouse & Company. Mr. Burke is a graduate of Villanova University and earned an M.B.A. from Manhattan College.

*Jacqualyn A. Fouse, 46.* Ms. Fouse has been our Chief Financial Officer since July 2007. Prior to joining Bunge, Ms. Fouse served as Senior Vice President, Chief Financial Officer and Corporate Strategy at Alcon Laboratories, Inc. since 2006, and as its Senior Vice President and Chief Financial Officer since 2002. Ms. Fouse served as Chief Financial Officer from 2001 to 2002 at SAirGroup. Previously, Ms. Fouse held a variety of senior finance positions at Alcon and its majority owner Nestlé S.A. Ms. Fouse worked at Nestlé from 1993 to 2001, including serving as Group Treasurer of Nestlé from 1999 to 2001. Ms. Fouse worked at Alcon from 1986 to 1993 and held several positions, including Manager Corporate Investments and Domestic Finance. Earlier in her career, she worked at Celanese Chemical and LTV Aerospace and Defense. Ms. Fouse earned a B.A. and an M.A. in Economics from the University of Texas at Arlington.

*Archibald Gwathmey, 56.* Mr. Gwathmey has been Co-CEO, Bunge Global Agribusiness since November 2006. Prior to that, he served as the Managing Director of our agribusiness division since

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December 2002 and Chief Executive Officer of Bunge Global Markets, Inc., our former international marketing division, since 1999. Mr. Gwathmey joined Bunge in 1975 as a trainee and has over 30 years of experience in commodities trading and oilseed processing. During his career with Bunge, he has served as head of the U.S. grain division and head of the U.S. oilseed processing division. Mr. Gwathmey graduated from Harvard College with a B.A. in Classics and English. He has also served as a Director of the National Oilseed Processors Association.

*João Fernando Kfourir, 69.* Mr. Kfourir has been the Managing Director of our food products division since May 2001. Prior to that, Mr. Kfourir was employed for 18 years with Joseph E. Seagram and Sons Ltd., most recently as President of the Americas division, with responsibility for North and South American operations. Prior to that, Mr. Kfourir worked for General Foods Corp., where he served in numerous capacities, including General Manager of Venezuelan operations. Mr. Kfourir received a degree in Business from the São Paulo School of Business Administration of the Getulio Vargas Foundation.

*Flávio Sá Carvalho, 64.* Mr. Sá Carvalho has been our Chief Personnel Officer since 1998. Prior to joining Bunge, he served as Vice President of Human Resources at Aetna International, Inc. since 1994. Prior to that, he was with Bank of America for 12 years in multiple capacities, including Director of Human Resources for their Latin American operations, International Compensation and Benefits, Corporate Staffing and Planning and Vice President of International Human Resources. Mr. Sá Carvalho studied Mass Communications in Brazil and holds an M.S. in Education Research and Development from Florida State University. Mr. Carvalho will be retiring from his position as Chief Personnel Officer effective February 29, 2008.

*Mario A. Barbosa Neto, 61.* Mr. Barbosa Neto has been the Chief Executive Officer of Bunge Fertilizantes S.A., our Brazilian fertilizer subsidiary, since 1996 with the formation of Fertilizantes Serrana S.A., the predecessor company of Bunge Fertilizantes S.A. Mr. Barbosa Neto has over 30 years of experience in the Brazilian fertilizer industry. Prior to joining Serrana, he served as superintendent of Fosfertil from 1992 to 1996 and was the Chief Financial Officer of Manah S.A. from 1980 to 1992. Mr. Barbosa Neto has a B.S. in Engineering from the University of São Paulo and an M.B.A. from the Getulio Vargas Foundation. Mr. Barbosa Neto is Vice President of the International Fertilizer Association.

*Jean Louis Gourbin, 60.* Mr. Gourbin has been the Chief Executive Officer of Bunge Europe since January 2004. Prior to that, Mr. Gourbin was with the Danone Group, where he served as Executive Vice President of Danone and President of its Biscuits and Cereal Products division since 1999. Before joining the Danone Group, Mr. Gourbin worked for more than 15 years with the Kellogg Company, where he last occupied the positions of President of Kellogg Europe and Executive Vice President of Kellogg. He has also held positions at Ralston Purina and Corn Products Company. Mr. Gourbin holds both a Bachelor's and a Master's degree in Economics from the Sorbonne.

*Carl L. Hausmann, 61.* Mr. Hausmann has been the Chief Executive Officer of Bunge North America, Inc. since January 2004. Prior to that, he served as Chief Executive Officer of Bunge Europe since October 2002. Prior to that, he was the Chief Executive Officer of Cereol S.A., which was acquired by Bunge in October 2002. Mr. Hausmann was Chief Executive Officer of Cereol since its inception in July 2001. Prior to that, Cereol was a 100%-owned subsidiary of Eridania Beghin-Say. Mr. Hausmann worked in various capacities for Eridania Beghin-Say beginning in 1992. From 1978 to 1992, he worked for Continental Grain Company. He has served as Director of the National Oilseed Processors Association and as the President and Director of Fediol, the European Oilseed Processors Association. Mr. Hausmann has a B.S. degree from Boston College and an M.B.A. from INSEAD.

*Raul Padilla, 52.* Mr. Padilla is the Chief Executive Officer of Bunge Argentina S.A., our oilseed processing and grain origination subsidiary in Argentina. He joined the company in 1991, becoming

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Chief Executive Officer and Commercial Director in 1999. Mr. Padilla has approximately 30 years of experience in the oilseed processing and grain handling industries in Argentina, beginning his career with La Plata Cereal in 1977. He serves as President of the Argentine National Oilseed Crushers Association, Vice President of the International Association of Seed Crushers and is a Director of the Buenos Aires Cereal Exchange and the Rosario Futures Exchange. Mr. Padilla is a graduate of the University of Buenos Aires.

*Sergio Roberto Waldrich, 50.* Mr. Waldrich has been the Chief Executive Officer of Bunge Alimentos S.A., our Brazilian agribusiness and food products subsidiary, since 2002. Prior to becoming the Chief Executive Officer of Bunge Alimentos, Mr. Waldrich was President of the Ceval Division of Bunge Alimentos for two years. He joined Ceval Alimentos, which was acquired by Bunge in 1997, as a trainee in 1972. Mr. Waldrich worked in various positions over his career with the company, eventually serving as head of the poultry division. When the poultry division was spun off by Bunge into a separate company, Mr. Waldrich was named Vice President and General Manager of that company. He rejoined Ceval Alimentos in August 2000. Mr. Waldrich has a degree in Chemical Engineering from the University of Blumenau and an M.B.A. from the University of Florianópolis. Mr. Waldrich is the former President of the Brazilian Pork Industry Association and the Brazilian Pork Export Association.

*Christopher White, 55.* Mr. White has served as Chief Executive Officer of Bunge Asia since 2006. He joined Bunge as Regional General Manager Asia in March 2003. Over a previous 20-year career with Bristol Myers Squibb, Mr. White served in various capacities, including President of Mead Johnson Nutritionals Worldwide, President of Mead Johnson Nutritionals and Bristol Myers Consumer Products Asia, and Vice President of Finance and Strategy of Mead Johnson. Mr. White is a graduate of Yale University.

*Vicente C. Teixeira, 55.* Mr. Teixeira will assume the role of Chief Personnel Officer, effective February 29, 2008. Mr. Teixeira has served as director of human resources for Latin America at Dow Chemical and Dow Agrosociences in Brazil since 2001. He joined Dow from Union Carbide, where he served as director of human resources and administration for Latin America and South Africa, starting in 1995. Previously, he had worked at Citibank in Brazil for 21 years, where he ultimately served as human resources vice president for Brazil. Mr. Teixeira has an undergraduate degree in Business Communication and Publicity from Faculdade Integrada Alcantara Machado (FMU/FIAM), a Master of Business Administration from Faculdade Tancredo Neves and an Executive MBA from PDG/EXEC (now IBMEC) in Brazil.

### **Item 1A. Risk Factors**

#### **Risk Factors**

*Our business, financial condition or results of operations could be materially adversely affected by any of the risks and uncertainties described below. Additional risks not presently known to us, or that we currently deem immaterial, may also impair our financial condition and business operations. See "Cautionary Statement Regarding Forward-Looking Statements."*

#### **Risks Relating to Our Business and Industries**

*The availability, demand for and price of agricultural commodities and agricultural commodity products can be affected by weather, disease and other factors beyond our control.*

Weather conditions have historically caused volatility in the agricultural commodity industry and consequently in our operating results by causing crop failures or significantly reduced harvests, which can adversely affect the supply and pricing of the agricultural commodities that we sell and use in our business, reduce the demand for our fertilizer products and negatively affect the creditworthiness of our customers and suppliers. The availability and price of agricultural commodities are also subject to other

unpredictable factors, such as plantings, government farm programs and policies, demand from the biofuels industry, price volatility as a result of increased participation by non-commercial market participants in commodity markets and changes in global demand resulting from population growth and changes in standards of living. In addition, the supply and price of agricultural commodities can be affected by factors such as plant disease, including Asian soybean rust, which has in recent years affected soybean crops in Brazil and the United States. Demand for our products can also be adversely affected by the outbreak of disease in livestock and poultry, as further described below under " We are subject to food and feed industry risks." These factors may cause volatility in the agricultural commodity industry and, consequently, in our operating results.

***We are vulnerable to industry cyclicalities and increases in raw material prices.***

In the oilseed processing industry, the lead time required to build an oilseed processing plant can make it difficult to time capacity additions with market demand for oilseed products such as meal and oil. When additional processing capacity becomes operational, a temporary imbalance between the supply and demand for oilseed processing capacity might exist, which, until the supply/demand balance is restored, negatively impacts oilseed processing margins. Oilseed processing margins will continue to fluctuate following industry cycle