Bunge Sugar & Bioenergy

OTC Pricing Solutions

Bangkok, 20th September 2010.

Forward-Looking Statements

Today's presentation includes forward-looking statements that reflect Bunge's current views with respect to future events, financial performance and industry conditions. These forward-looking statements are subject to various risks and uncertainties.
Bunge has provided additional information in its reports on file with the SEC concerning factors that could cause actual results to differ materially from those contained in this presentation, and encourages you to review these factors.

Agenda

- About Bunge
- Supply & Demand Updates
- OTC Pricing Solutions

We Are a Leading Global Agribusiness & Food Company

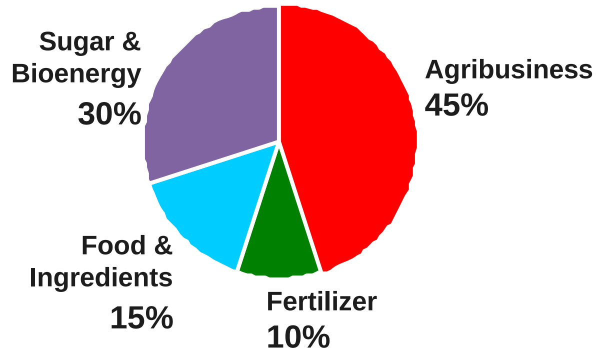
KEY FACTS

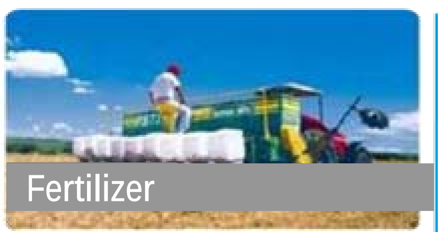
Employees: **37,000**

Facilities: **400+**

Countries of Operations: **30+**

CAPITAL INVESTMENT PLAN





Fertilizer

- Retail fertilizer in Brazil
- Fertilizer operations in Argentina and the U.S.
- 50% stake in JV with OCP in Morocco

Agribusiness

- A leader in oilseed processing
- A leader in global grain and oilseed marketing

Sugar & Bioenergy

- 20 MMT sugarcane milling capacity producing sugar, ethanol and electricity
- #2 in global trade and distribution

Food & Ingredients

- Leading producer of consumer bottled oil brands in South America, Europe and Asia
- Leading supplier to food service companies and food processors in North America
- Leading corn and wheat miller in the Americas

Bunge has operated in agribusiness for over 190 years

1818 — JPG Bunge founds Bunge & Co. in Amsterdam

1859 — Relocates to Antwerp to trade commodities

1884 — Establishes operations in Argentina to trade grain

1905 — Expands into Brazil and enters the wheat milling business

1918 — Starts business in North America

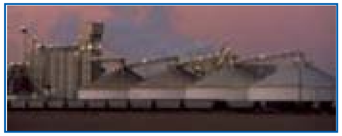
1938 — Enters Brazilian fertilizer market with purchase of Serrana

1945 — Makes first export of soybeans from Brazil

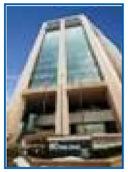
1967 — Builds first soy processing plant in US

70s & 80s — Diversifies along the food production chain

1997 — In Brazil, purchases soy processor Ceval and begins acquisition of new fertilizer brands



1998 — Builds largest US soybean crushing and refining plant



1999 — Moves headquarters to US and creates international marketing unit

2001 — Goes public on NYSE and becomes Argentina's leading agribusiness company in

2002 — Purchases Cereol and becomes the world's largest soy processor

2005 — Opens first soybean processing plant in China

2007 — Purchases Santa Juliana sugarcane mill in Brazil

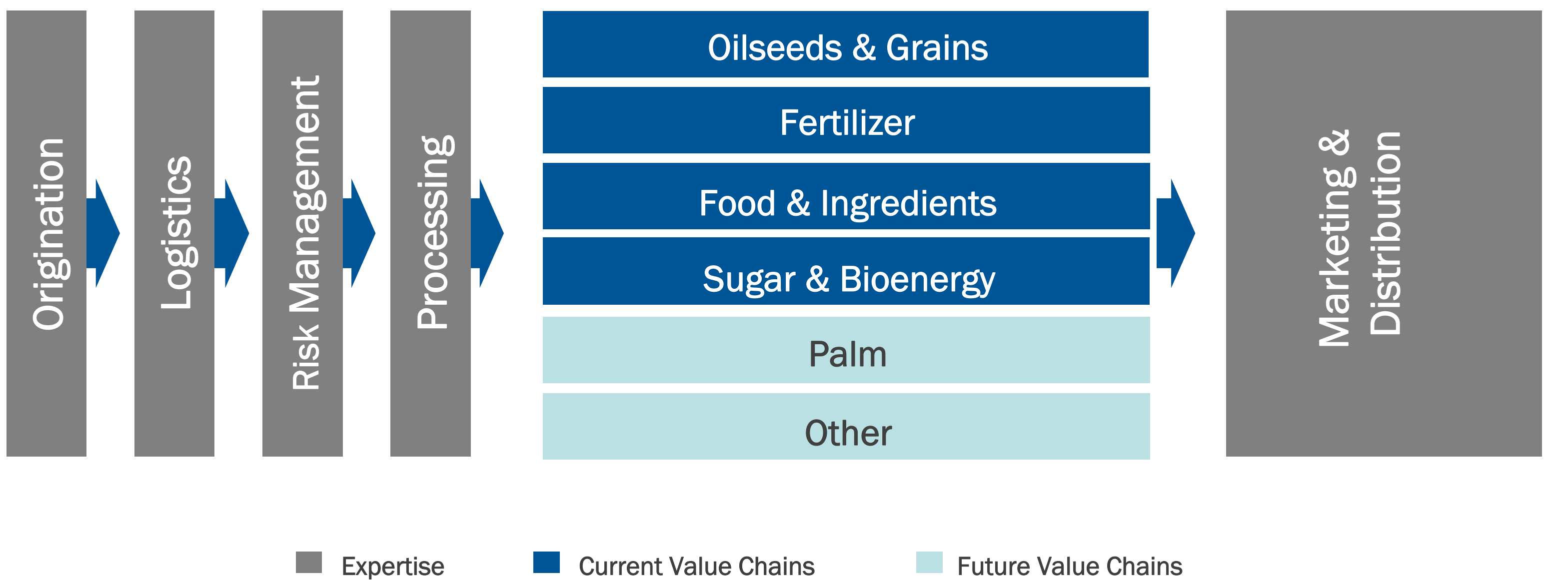
2008 — Purchases edible oils company Walter Rau in Germany

2009 — Begins building an export terminal in the U.S. Pacific Northwest and a crushing plant in Vietnam

2010 — In Brazil, purchases Moema: adding 5 new sugarcane mills

Sugar and Bioenergy fits with our capabilities

- Build global footprint and leverage commercial, logistics and risk management expertise over larger volumes and more products



Sugar & Bioenergy: Mission

- To become a leading global, fully integrated and flexible player in Sugar & Bioenergy, leveraging existing Bunge expertise and assets

We are building the business through greenfield investments and acquisitions

Acquired Moema:
- 5 mills with 13.7 mmt of capacity
- Expands Bunge total capacity to 20mmt

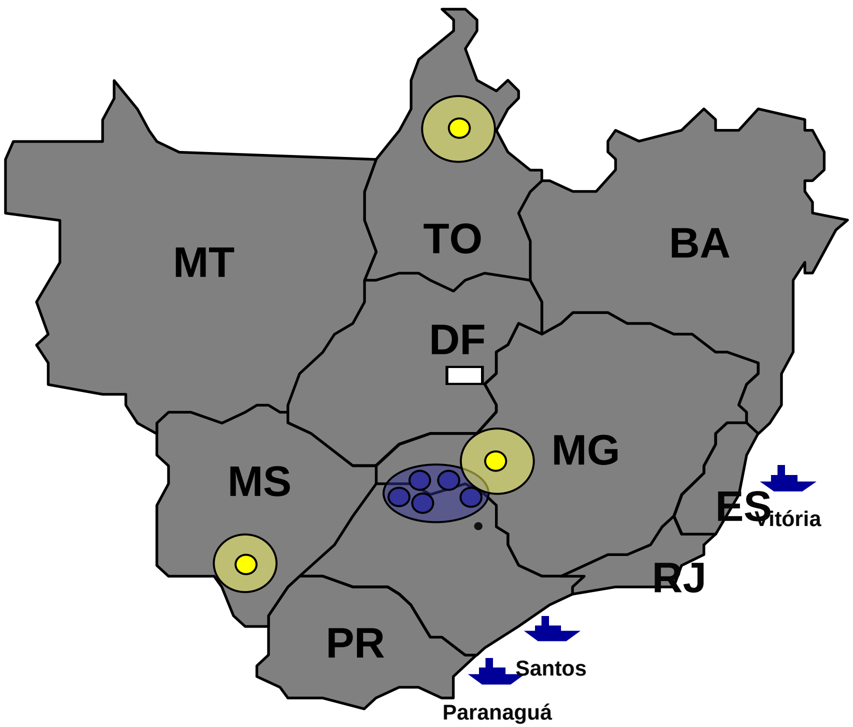
- Raised dedicated funding to expand Sugar & Bioenergy
- Acquired 60% stake in Monte Verde sugarcane mill
- Acquired Tate & Lyle sugar trading & merchandizing business
- Announced JV with Itochu in Santa Juliana and Pedro Afonso

- Acquired Santa Juliana mill (1st asset)
- Started development of Pedro Alfonso mill

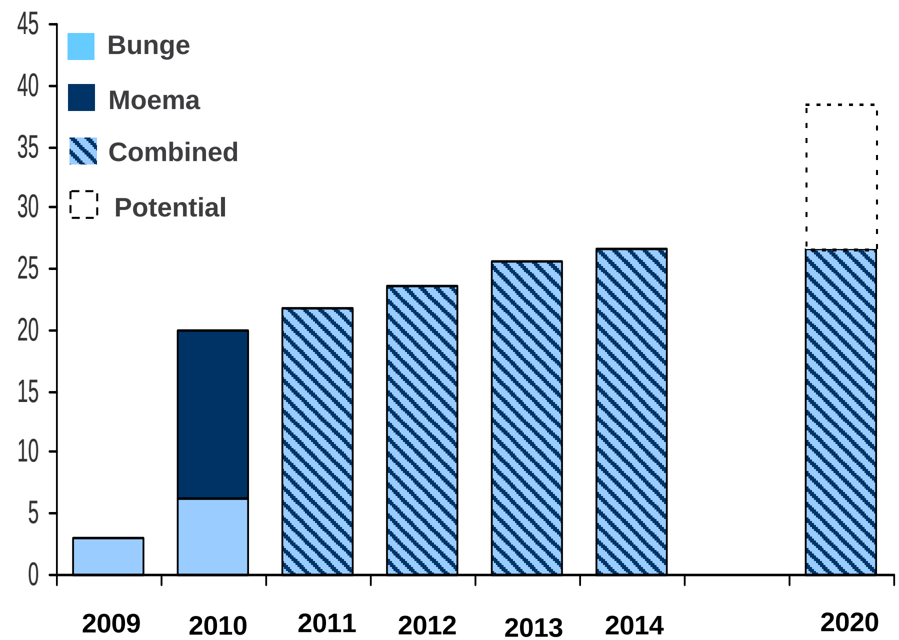
Started sugar trading & merchandising operation

2005 2006 2007 2008 2009 2010

Bunge has established a strong production base in Brazil with capability to double production at existing mills



Expected Evolution of Bunge Sugarcane Milling Capacity (million metric tons of cane)



Original Bunge Mills (existing or under construction)

Moema Mills

Bunge Sugar & Bioenergy Asset Profile - 2010

- **Number of Mills:** 8 (all in Brazil)
- **Milling Capacity:** 20 million mt
- **Potential Expanding Capacity of Existing Mills (2020):** ~ 40 million mt
- **Production Flexibility:** Sugar 35-40% / Ethanol 65-60%
- **Cogeneration Available for Sale (forecast):** 205 GWh
- **Harvesting Mechanization Level:** 86%
- **Cane Supply:** ~ 55% from leased land
  ~ 45% from 3rd Parties

Sugar & Bioenergy Footprint

- **Trading & Distribution**

- Large and efficient origination books in Brazil and Thailand
- Preferred supplier of quality raw sugars to refineries around the world
- Increase refined/white sugar trading

- **Future Possibilities**

- Acquire minority stakes in destination refineries and logistics/port facilities in key destination markets (MENA/INDIA/RUSSIA)
- Niche market opportunities: EU Tolling, Blends

- **Value Beyond Sugar**

- Risk Management Capabilities: pricing solutions using exchanged traded and OTC derivatives
- Logistics Capabilities

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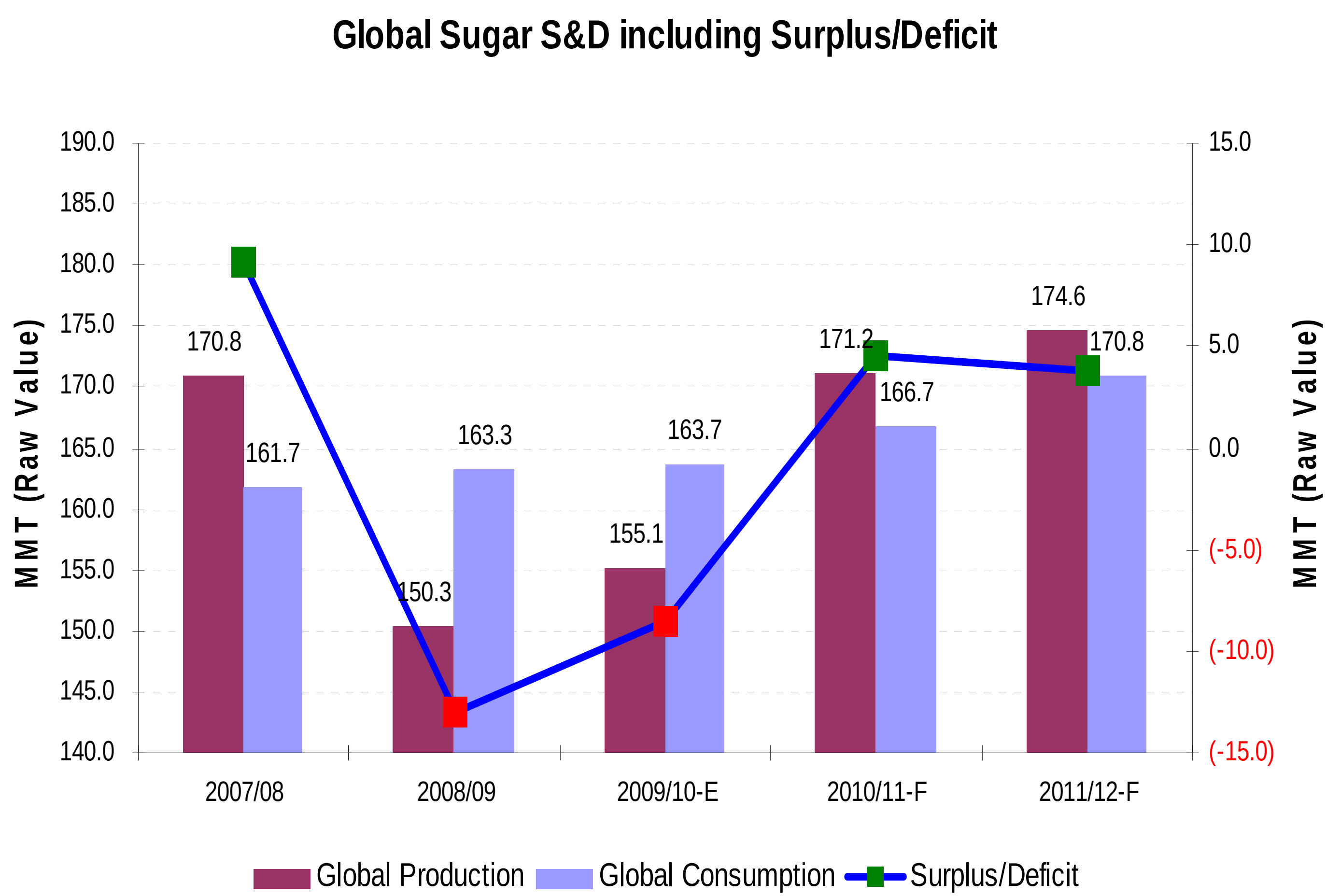
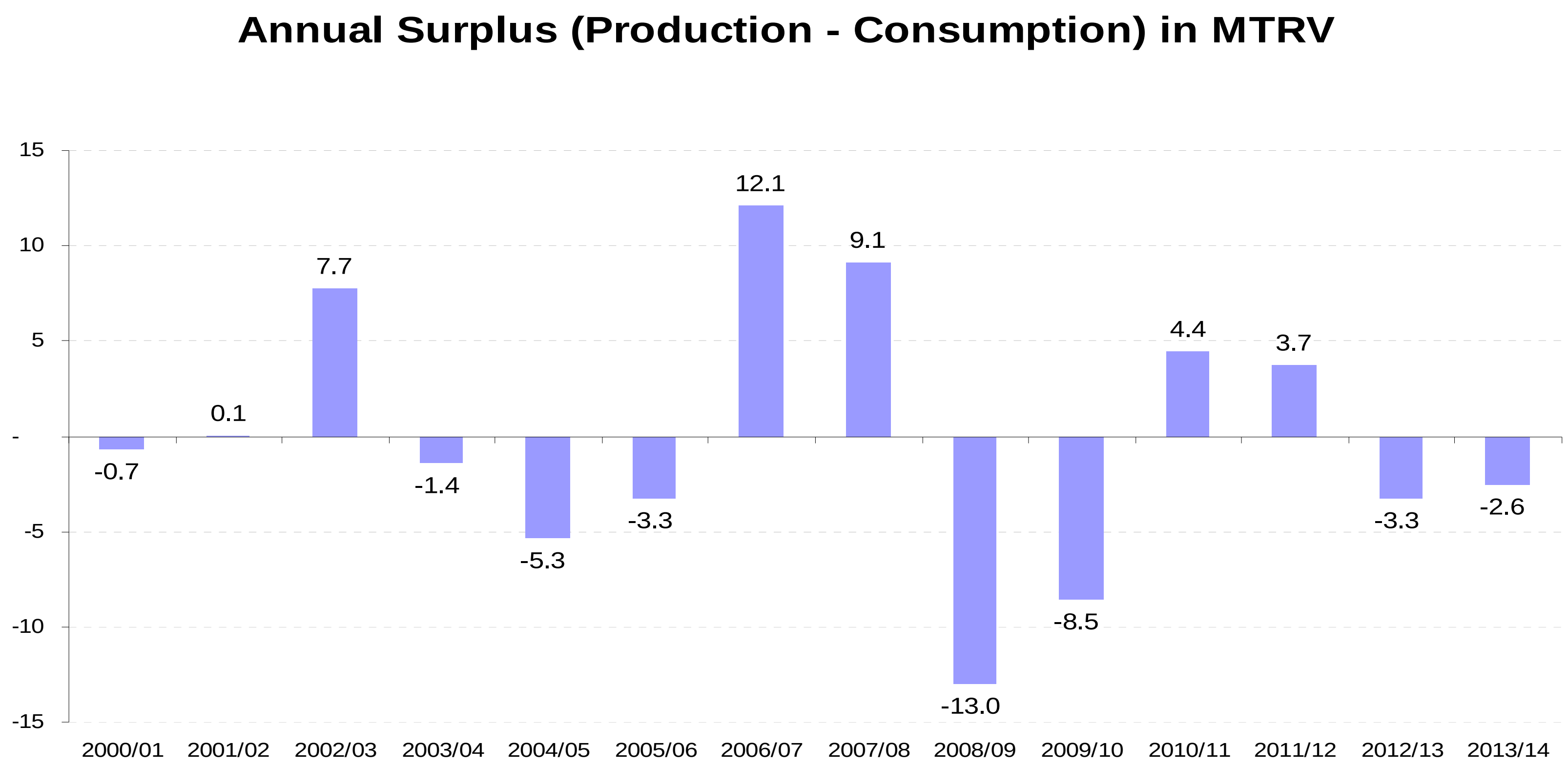
Expected Surpluses in 2010/11 and 2011/2012



Production Changes
09/10 to 10/11

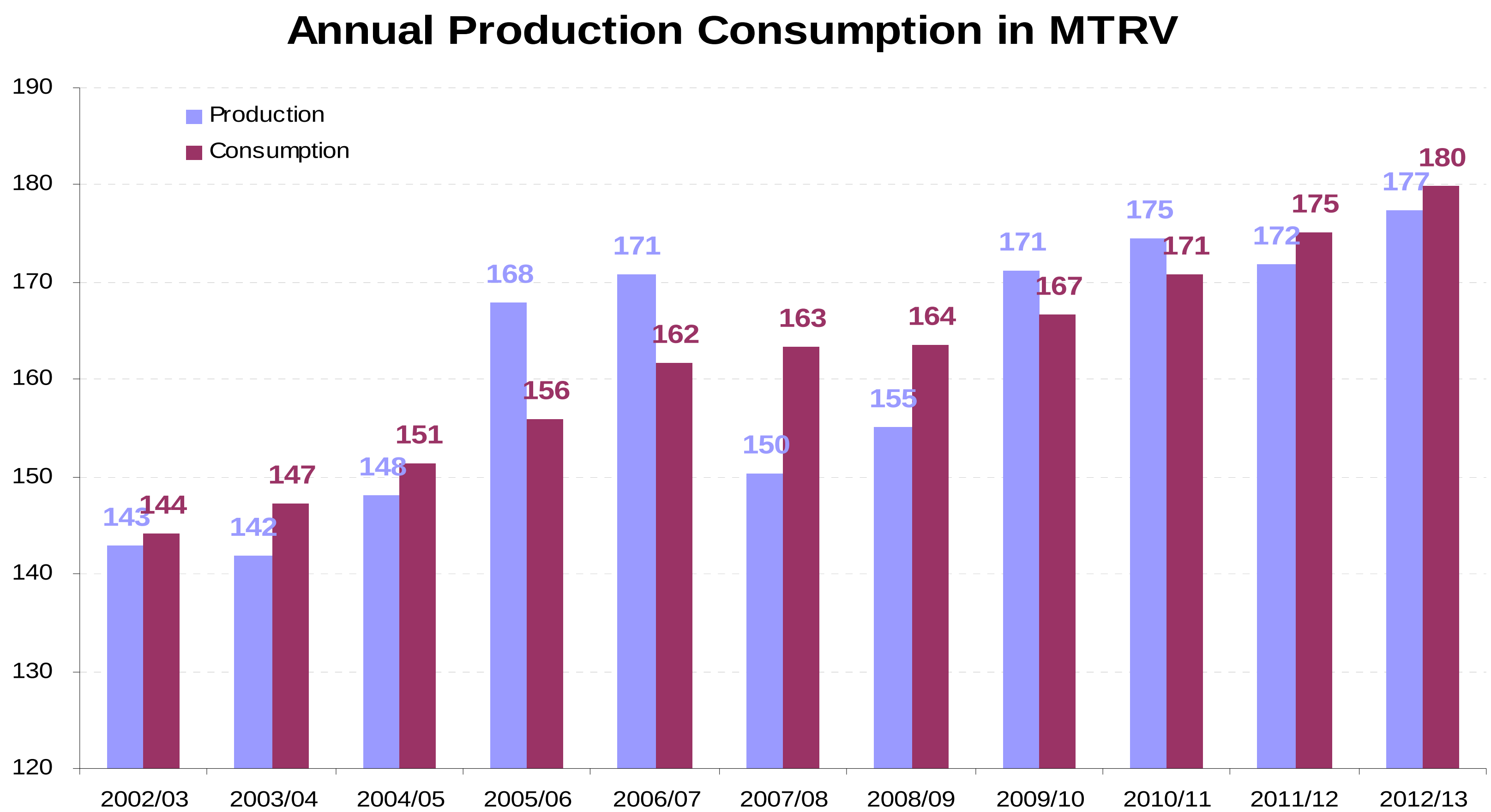
- CS Brazil 28.7 to 34.5
- India 18.7 to 24.3
- China 10.7 to 12
- Russia 3.2 to 2.9
- Thailand 6.9 to 6.6
- Australia 4.2 to 4.3

Surpluses build up will be relatively small



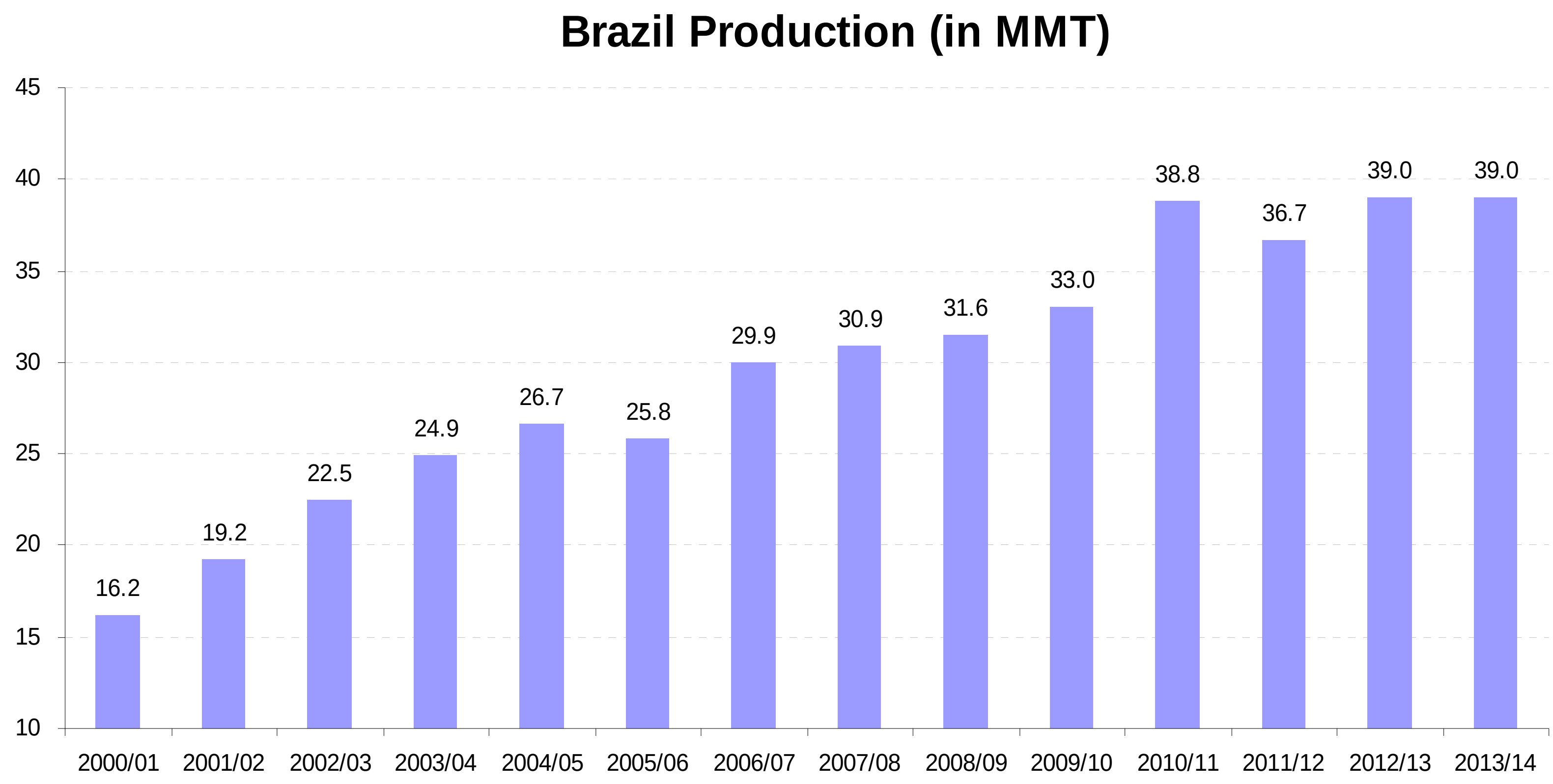
- Weather playing a major role: dry weather in Brazil, Thailand and Russia. Floods in Pakistan.

Return to deficit in 2012/13 and 2013/14



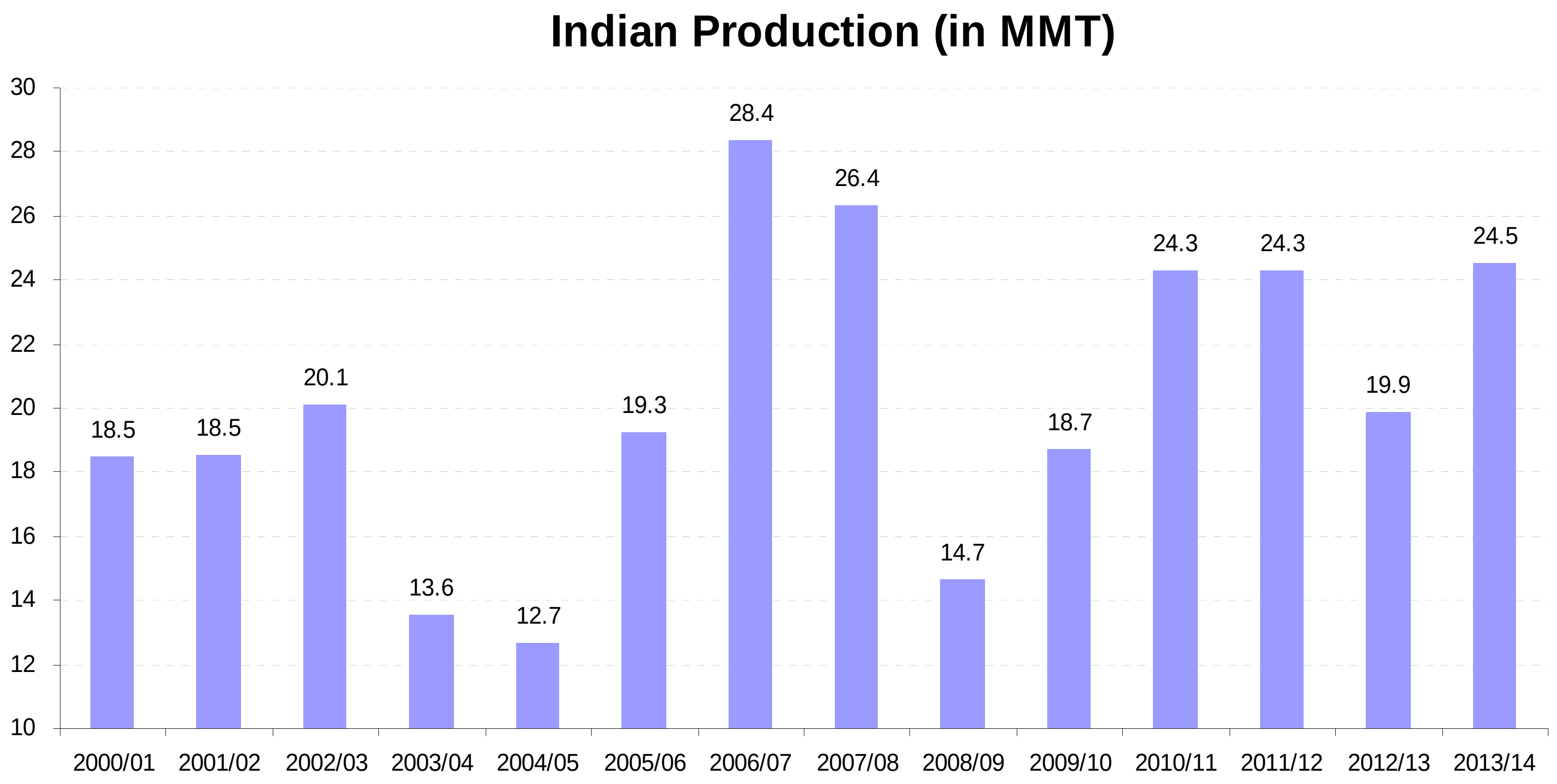
- Limited production growth potential associated with logistics limitation in Brazil
- Stable demand growth, mainly in Asia region

Brazil Crop Update



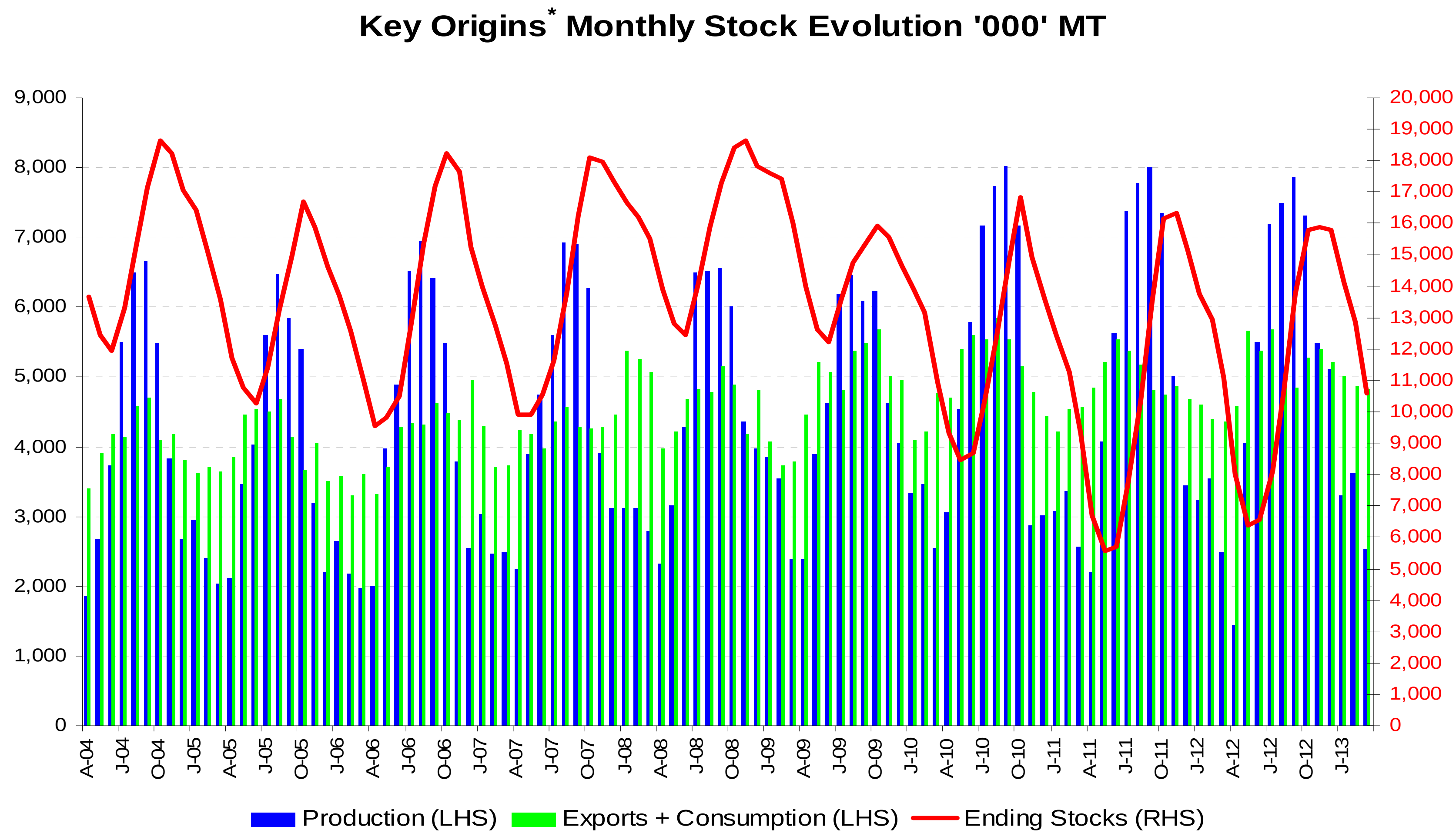
- Extremely dry weather favourable for harvesting. Production records. Stock build up.
- Will millers end crop sooner than expected? Or harvest immature cane due to high prices?
- Sep-Dec rain critical to determinate next year crop

India – The Great Unknown



- Good weather patterns, however still very early to determinate a real number.
- India as the biggest swing factor, any change in production can easily increase or destroy forecasted surplus

Stock Evolution



- Key origins combined stocks peak in Oct 10 but in Mar-Jul 11 window go below Mar-Jul 2010

In Summary: UNCERTAINTY

- Regional imbalance should grow through FH 2011
- A faster draw down of stocks thereafter Mar-Jul 11 due to potential smaller supplies from Thailand and Australia should see 2011 stock levels declining to levels even lower than Mar-Jun 2010 period
- Brazil stock build up to record levels in OCT 10 opens up a further downside potential to prices
- Brazil 2011/12 crop will depend on rain in the next 3 months
- Further world prices increase can push back demand
- India potentially the biggest spoiler if they decide to export into word price rally. Changes in regulation, political issues.
- Weather will continue to play a major role

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Overview – What is OTC?

- Price fixation for a physical contract can be achieved through different instruments: **Futures, Exchange Options or OTC**

- OTC structures are designed to give the miller an **advantage versus futures hedging**

- OTC structures use options that are tailored, and hence more flexible than exchange options

- The OTC structures traded will convert into exchange futures on expiry, to price the physical contract

Overview – What is OTC?

- The OTC structure is a package of options that is traded **directly between two parties (Bunge and the mill).** It is not passed through the futures exchange

- Therefore the terms of the deal must be set out clearly between both parties, as ‘usual’ NY futures terms do not necessarily apply

- The OTC structures traded will convert into exchange futures on expiry, **to price the physical contract**

Why do OTC?

- Chance of upside participation in a rising market
- Diversified hedging approach
- Structures tailored to customer's needs
- Can be at zero cost
- No min/max size within physical contract parameters
- Regular valuation and position reporting

OTCs versus Futures

	OTC	Futures
Fixation	Chance of participation in a rising market	No participation in a rising market
Terms and Specifications	Flexibility: tenors, expiry date, etc.	Standard and fixed terms and specifications
Tonnage	Can vary depending on double up / knock out	Fixed number of lots
Cost	Can be zero cost	Zero Cost

OTC Pricing

- OTC structure are generally combinations of various option types, thus **their prices depend on multiple factors,** the most influential being:

- **Underlying Asset**
- **Time to Expiry**
- **Volatility Level**

- Market levels for underlying asset and volatility are **changing constantly** hence OTC prices can change in a fast moving market

- Many OTC Structures can be benchmarked to a spread to the underlying asset during a live market for **indicative** price levels

Critical Factors for OTC pricing

- Underlying Asset
  - Determines the starting point of OTCs on which any double up, guaranteed price or knock out levels are based. Easily observed on the futures market
- Volatility
  - Determines the pricing levels applicable to each structure. Observable in the market by extracting the implied volatility from option price settlements.
- Time value
  - Also determines the price levels applicable to each structure. Easily observable.

What is OTC ? – Risk vs Reward

- By using different types of options the OTC structure is usually created at zero cost to the miller.

- Leverage features enables the mill to receive a better price than the current futures market

OTC Leverage Risks

- Double Up
  - Double ups (DU) define the level where the miller commits to deliver twice the initial volume. DUs can be **Daily** or **Bullet.**
    - Daily – Total volume is divided by number of days and double up is calculated on daily settle for that volume
    - Bullet – Double up is calculated for entire volume on final expiration day
- Reset
  - Resets define the level where the millers pricing is reset from a higher level (typically above current market) to a lower level (typical current market). Resets can also be **Daily** or **Bullet.**
- Knock Out:
  - Knock outs (KO) define the level where the miller loses price protection and reverts to market price. Just as DUs and Resets, KO outs can be **Daily** or **Bullet,** but they can also be **One Touch (Daily or Bullet)**
    - One Touch – Knock out is calculated daily basis **EACH TRADE** for the entire remaining volume (if daily remaining volume may be less than initial volume)

OTC Types

- Popular OTC structures consist of a **floor price** with some chance of **upside improvement**

- The popular types of structures are:

  - **Collars** – A fixed floor and ceiling with the ability to sell at the market price in between floor and ceiling

  - **KO accumulators** – A fixed sell price above the current market that resets lower or cancels if market drops too much

OTC Example 1 – Producer Collar Accumulators

- Designed to accumulate short futures daily within a set range
- Lower end of the range set **at or below the current market**
- Higher end of the range set **above the current market**
- No 'KO' – total quantity will be always accumulated
- **Double Up** - To bring structure to zero cost, miller agrees to sell more futures if market closes at or above certain level - **Daily or Expiry**

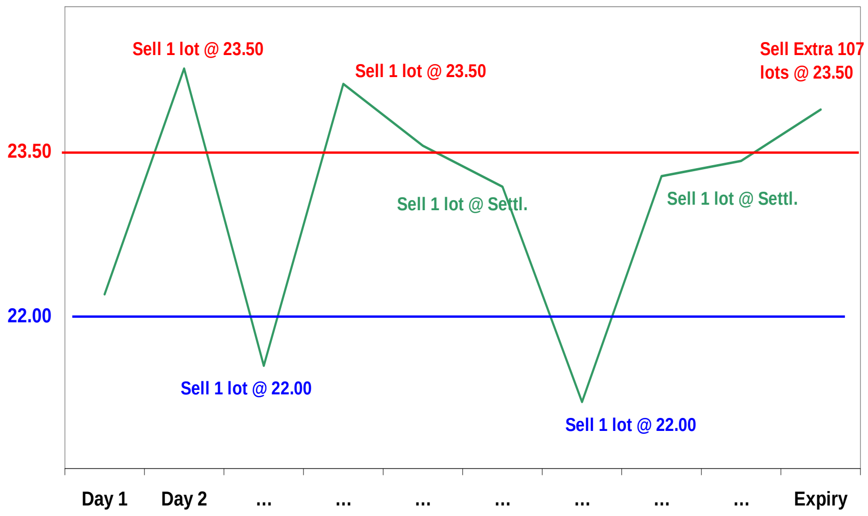
Producer Collar Accumulator with Expiry Double Up

Futures Month	Current Market	'Lower Level'	'Upper Level'	'Double Up Level'	Days to Expiry	Expiry date
Mar 11	22.00	22.00	23.50	23.50	107	15th Feb 2011

Assume a deal for 107 lots (1 lot per day). Every day the miller will sell:

- If market settles => 23.50 : Sell 1 lot at 23.50
- If market settles <= 22.00 : Sell 1 lot at 22.00
- If market settles > 22.00 and < 23.50: Sell 1 lot at settlement price

On expiry, if market settles => 23.50: Sell an extra 107 lots at 23.50



Advantages:

- Downside protection and upside participation in case market rises
- Averaging effect
- No KO
- Zero Cost

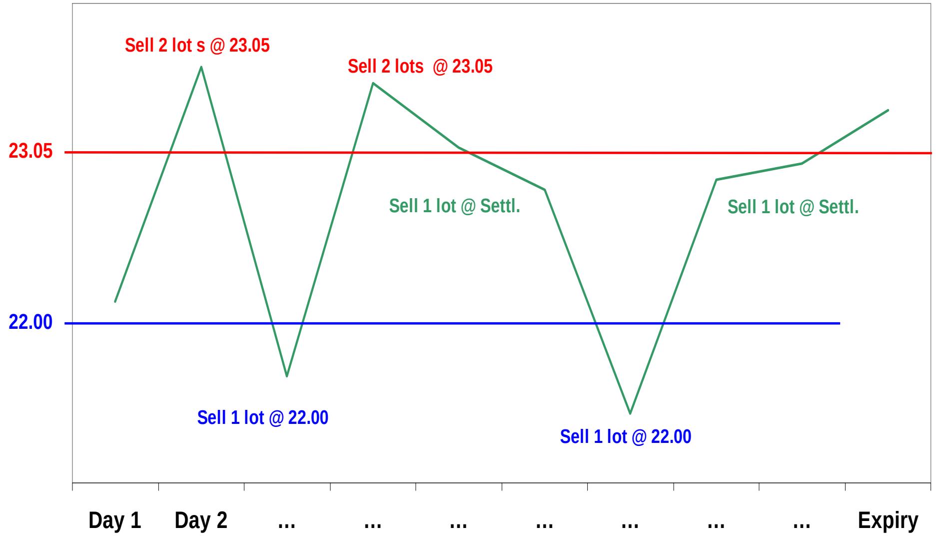
Disadvantage:

- Double Up could result in being over hedged
- Upside participation capped at 23.50

Producer Collar Accumulator with Daily Double Up

Futures Month	Current Market	'Lower Level'	'Upper Level'	'Double Up Level'	Days to Expiry	Expiry date
Mar 11	22.00	22.00	23.05	23.05	107	15th Feb 2011

Assume a deal for 107 lots (1 lot per day). Every day the miller will sell:
- If market settles => 23.05 : Sell 2 lots at 23.05
- If market settles <= 22.00 : Sell 1 lot at 22.00
- If market settles > 22.00 and < 23.05: Sell 1 lot at settlement price



Advantages:
- Downside protection and upside participation in case market rises
- Averaging effect
- No KO
- Zero Cost
- Lower Risk than Expiry Double Up

Disadvantage:
- Smaller upside participation when compared to expiry double up OTC
-Double Up could result in being over hedged

OTC Example 2 – Producer Knock Out Accumulators

- Designed to accumulate short futures at a **fixed price above current market**

- Structure has a **Knock Out Level** – **No accumulation** if market ever **trades at specific level**

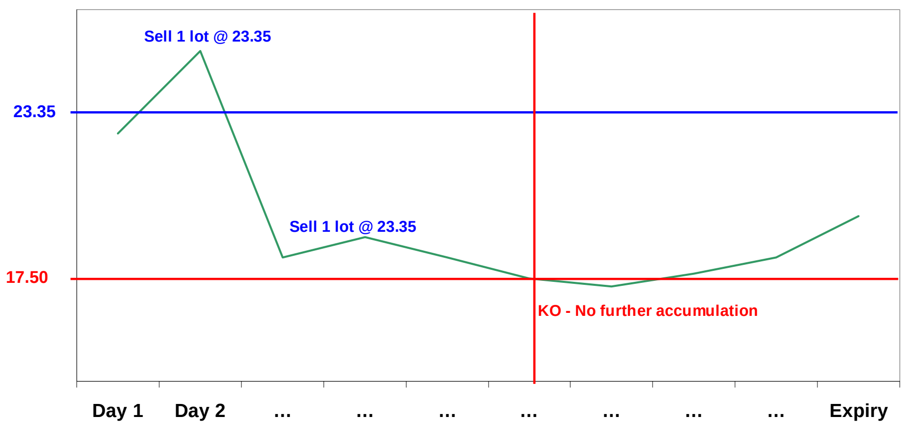
- KO can be **single** (accumulation stops completely) or **daily** (no accumulation on that specific day)

- Double Up - Daily or Expiry

Producer Accumulator with Single KO and Expiry Double Up

Futures Month	Current Market	'Sell Level'	'Knock Out Level'	'Double Up Level'	Days to Expiry	Expiry date
Mar 11	22.00	23.35	17.50	23.35	107	15th Feb 2011

Assume a deal for 107 lots (1 lot per day). Every day the miller will sell:
- Wherever the market settles: Sell 1 lot at 23.35, **UNLESS**
- If market ever trades <= 17.50 : OTC Knocks Out. No further accumulation after this point. Accumulation so far is kept.
- On expiry, if market settles => 23.35: Sell an extra 107 lots at 23.35
- No Double Up in case of KO



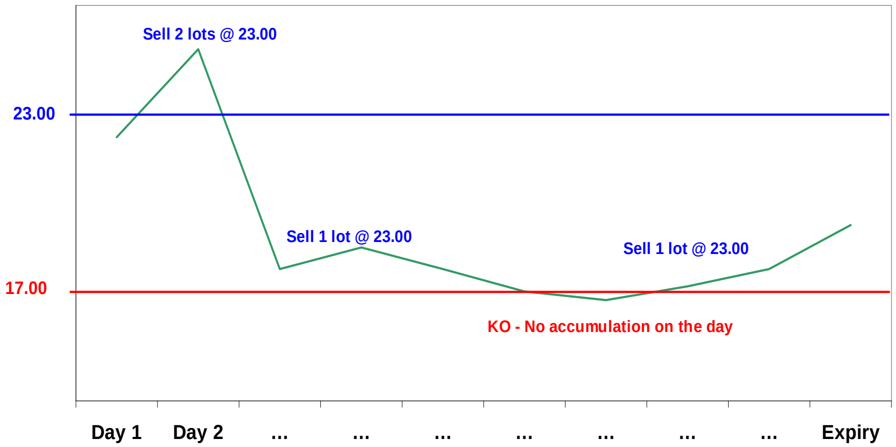
Advantages:
- Pricing well above current market, instant benefit versus futures
- Zero Cost

Disadvantage:
- Could result in being under hedged (KO) or over hedged (Double UP)

Producer Accumulator with Daily KO and Expiry Double Up

Futures Month	Current Market	'Sell Level'	'Knock Out Level'	'Double Up Level'	Days to Expiry	Expiry date
Mar 11	22.00	23.00	17.00	23.00	107	15th Feb 2011

Assume a deal for 107 lots (1 lot per day). Every day the miller will sell:
- Wherever the market settles: Sell 1 lot at 23.00, **UNLESS**
- Market trades <= 17.00 : No futures accumulation on that specific day.
-On expiry, if market settles >= 23.00: Sell an extra 107 lots at 23.00



Advantages:
-Pricing well above current market, instant benefit versus futures
- Lower Risk than Single KO OTC
- Zero Cost

Disadvantage:
- Could result in being under hedged (KO) or over hedged (Double UP)

OTC Product Portfolio

- Bunge offers a wide range of structures built to fit different risk management needs and sophistication levels

- We cover all legs within the sugar supply chain including:

- NY#11
- LDN#5
- White Premium

- Selected structures can be priced with the underlying based in Thai Baht

- Specialized OTC structures can be designed to fit a customers needs

OTC - Execution

- All structures shown are benchmarked versus a **specific futures contract price**

- The pricing levels indicated are valid for a **limited time** and will need to be **refreshed** if a significant amount of time passes and/or there is a major price move

- OTC orders can be executed in two different ways “Limit Order” or “Market Order”:
  - **Limit Order** specifies each level of the structure to be filled
  - **Market Order** specifies only the **futures level** against which the other pricing levels are to be benchmarked

OTC Position Management

- OTCs provide pricing within physical contract parameters
- Regular position reporting provided to monitor accumulation so far
- Lots can become available as time passes
- Close out valuations available at any time

Conclusion

- OTC structures can enhance the miller fixation by:
- Diversification of pricing portfolio
- Offering chance of upside participation
- Averaging effect (collars)
- Suits well the Thai system: Quota B = Quota C

- Although there are also risks involved:
- Double Up: Risk of overpricing
- Knock Out: Risk of underpricing

- Therefore OTC pricing should be used in conjunction with futures and/or options as part of a portfolio approach to hedging

Thank you very much

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