NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

losses are recorded as a cumulative effect of a change in accounting principle in Bunge's consolidated statement of income for the year ended December 31, 2002. Bunge's other intangible assets were not affected by the adoption of SFAS No. 142.

8. GOODWILL

In the fourth quarter of 2004, Bunge performed its annual impairment test and has determined that there was no goodwill impairment for the year ended December 31, 2004.

In the fourth quarter of 2003, Bunge performed its annual impairment test and recorded in cost of goods sold in the consolidated statements of income a pretax goodwill impairment charge of $16 million relating to its Austrian oilseed processing operations. The write-down resulted from a weak operating environment in this region causing the fair value of the reporting unit to be lower than its carrying value. No other impairment charges resulted from the required impairment evaluations on the rest of Bunge's reporting units. In assessing the recovery of goodwill, projections regarding estimated discounted future cash flows and other factors are made to determine the fair value of the reporting units and the respective assets. These projections are based on historical data, anticipated market conditions and management plans. If these estimates or related projections change in the future, we may be required to record additional impairment charges.

Subsequent to the initial adoption of SFAS No. 142, in the fourth quarter of 2002, Bunge recorded an additional goodwill impairment charge of $4 million in cost of goods sold in the consolidated statements of income. The impairment charge was based on the discounted cash flow and related reduction in value, which resulted from the loss of a customer in the bakery mixes business line of its milling products segment. As result of the 2003 sale of the U.S. bakery business (see Note 3), this amount was reclassified to discontinued operations to conform to the 2003 presentation.

The changes in the carrying amount of goodwill by segment at December 31, 2004 and 2003 are as follows:

(US$ in millions)	Agribusiness	Edible Oil Products	Milling Products	Unallocated	Total
Balance, January 1, 2003	$ 129	$ –	$ 21	$ 89	$ 239
Goodwill acquired (Note 2)	24	5	3	–	32
Impairment losses	(16)	–	–	–	(16)
Sale of bakery business (Note 3)	–	–	(19)	–	(19)
Tax benefit on goodwill amortization (1)	(13)	–	–	–	(13)
Allocated acquisition purchase price (2)	–	–	–	(89)	(89)
Foreign exchange translation	14	–	–	–	14
Balance, December 31, 2003	138	5	5	–	148
Goodwill acquired	29	2	–	–	31
Tax benefit on goodwill amortization (1)	(10)	–	–	–	(10)
Allocation of acquired goodwill (3)	(3)	–	(3)	–	(6)
Foreign exchange translation	3	1	–	–	4
Balance, December 31, 2004	$ 157	$ 8	$ 2	$ –	$ 167

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

(2) In 2003, Bunge assigned $89 million of the 2002 acquisition purchase price of Cereol S.A. to Lesieur, its French edible oil subsidiary that was sold by Bunge in 2003, and its ingredients assets.

(3) In 2004, upon completion of the final valuation on certain smaller acquisitions, Bunge has assigned $3 million of goodwill acquired in its agribusiness segment to property, plant and equipment and $3 of goodwill acquired in its milling products segment to intangible assets.