# UNITED STATES SECURITIES AND EXCHANGE COMMISSION

**Washington, D.C. 20549**

# FORM 10-K

**(Mark One)**

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

**For the fiscal year ended December 31, 2013**

**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 1-13397**

# INGREDION INCORPORATED

(Exact Name of Registrant as Specified in Its Charter)

| | |
|---|---|
| **Delaware** | **22-3514823** |
| (State or Other Jurisdiction of Incorporation or Organization) | (I.R.S. Employer Identification No.) |
| **5 Westbrook Corporate Center, Westchester, Illinois** | **60154** |
| (Address of Principal Executive Offices) | (Zip Code) |

Registrant's telephone number, including area code **(708) 551-2600**

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

| Title of Each Class | Name of Each Exchange on Which Registered |
|---|---|
| Common Stock, $.01 par value 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 x No o

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

Note – Checking the box above will not relieve any registrant required to file reports pursuant to Section 13 or 15(d) of the Exchange Act from their obligations under those Sections.

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 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. o

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

| | |
|---|---|
| Large accelerated filer [X] | Accelerated filer o |
| Non-accelerated filer o<br>(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 Exchange Act). Yes o No x

The aggregate market value of the Registrant's voting stock held by non-affiliates of the Registrant (based upon the per share closing price of $65.62 on June 28, 2013, and, for the purpose of this calculation only, the assumption that all of the Registrant's directors and executive officers are affiliates) was approximately $4,844,000,000.

The number of shares outstanding of the Registrant's Common Stock, par value $.01 per share, as of February 20, 2014, was 74,492,000.

Documents Incorporated by Reference:

Information required by Part III (Items 10, 11, 12, 13 and 14) of this document is incorporated by reference to certain portions of the Registrant's definitive Proxy Statement (the "Proxy Statement") to be distributed in connection with its 2013 Annual Meeting of Stockholders which will be filed with the Securities and Exchange Commission within 120 days after December 31, 2013.



**INGREDION INCORPORATED**

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## PART I.

## ITEM 1. BUSINESS

### The Company

Ingredion Incorporated ("Ingredion") is a leading global manufacturer and supplier of starch and sweetener ingredients to a range of industries, including packaged food, beverage, brewing and industrial customers. Ingredion was incorporated as a Delaware corporation in 1997 and its common stock is traded on the New York Stock Exchange. On October 1, 2010, Ingredion acquired National Starch, a global developer and manufacturer of specialty and modified starches for a cash purchase price of $1.369 billion. The acquisition provided Ingredion with a broader portfolio of products, enhanced geographic reach and the ability to offer customers a broad range of value added ingredient solutions for a variety of their evolving needs.

For purposes of this report, unless the context otherwise requires, all references herein to the "Company," "Ingredion," "we," "us," and "our" shall mean Ingredion Incorporated and its subsidiaries.

Ingredion supplies a broad range of customers in many diverse industries around the world, including the food, beverage, brewing, pharmaceutical, paper and corrugated products, textile and personal care industries, as well as the global animal feed and corn oil markets.

Our product line includes starches and sweeteners, animal feed products and edible corn oil. Our starch-based products include both food-grade and industrial starches. Our sweetener products include glucose syrups, high maltose syrups, high fructose corn syrup ("HFCS"), caramel color, dextrose, polyols, maltodextrins and glucose and syrup solids.

Our products are derived primarily from the processing of corn and other starch-based materials, such as tapioca, potato and rice.

Our manufacturing process is based on a capital-intensive, two-step process that involves the wet milling and processing of starch-based materials, primarily corn. During the front-end process, corn is steeped in a water-based solution and separated into starch and co-products such as animal feed and corn oil. The starch is then either dried for sale or further processed to make sweeteners, starches and other ingredients that serve the particular needs of various industries.

We believe our approach to production and service, which focuses on local management and production improvements of our worldwide operations, provides us with a unique understanding of the cultures and product requirements in each of the geographic markets in which we operate, bringing added value to our customers through innovative solutions.

Our consolidated net sales were $6.33 billion in 2013. Approximately 58 percent of our 2013 net sales were provided from our North American operations. Our South American operations provided 21 percent of net sales, while our Asia Pacific and EMEA (Europe, Middle East and Africa) operations contributed approximately 13 percent and 8 percent, respectively.

### Products

*Sweetener Products.* Our sweetener products represented approximately 42 percent, 44 percent and 43 percent of our net sales for 2013, 2012 and 2011, respectively.

Glucose Syrups: Glucose syrups are fundamental ingredients widely used in food products, such as baked goods, snack foods, beverages, canned fruits, condiments, candy and other sweets, dairy products, ice cream, jams and jellies, prepared mixes and table syrups. Glucose syrups offer functionality in addition to sweetness to processed foods. They add body and viscosity; help control freezing points, crystallization and



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browning; add humectancy (ability to add moisture) and flavor; and act as binders.

High Maltose Syrup: This special type of glucose syrup is primarily used as a fermentable sugar in brewing beers. High maltose syrups are also used in the production of confections, canning and some other food processing applications. Our high maltose syrups speed the fermentation process, allowing brewers to increase capacity without adding capital.

High Fructose Corn Syrup: High fructose corn syrup is used in a variety of consumer products including soft drinks, fruit-flavored beverages, baked goods, dairy products, confections and other food and beverage products. In addition to sweetness and ease of use, high fructose corn syrup provides body; humectancy; and aids in browning, freezing point and crystallization control.

Dextrose: Dextrose has a wide range of applications in the food and confection industries, in solutions for intravenous and other pharmaceutical applications, and numerous industrial applications like wallboard, biodegradable surface agents and moisture control agents. Dextrose functionality in foods, beverages and confectionary includes sweetness control; body and viscosity; acts as a bulking, drying and anti-caking agent; serves as a carrier; provides freezing point and crystallization control; and aids in fermentation. Dextrose is also a fermentation agent in the production of light beer. In pharmaceutical applications dextrose is used in IV solutions as well as an excipient suitable for direct compression in tableting.

Polyols: These products are sugar-free, reduced calorie sweeteners primarily derived from starch or sugar for the food, beverage, confectionery, industrial, personal and oral care, and nutritional supplement markets. In addition to sweetness, polyols inhibit crystallization; provide binding, humectancy and plasticity; add texture; extend shelf life; prevent moisture migration; and are an excipient suitable for tableting.

Maltodextrins and Glucose Syrup Solids: These products have a multitude of food applications, including formulations where liquid syrups cannot be used. Maltodextrins are resistant to browning, provide excellent solubility, have a low hydroscopicity (do not retain moisture), and are ideal for their carrier/bulking properties. Glucose syrup solids have a bland flavor, remain clear in solution, are easy to handle and provide bulking properties.

*Starch Products.* Our starch products represented approximately 41 percent, 37 percent and 36 percent of our net sales for 2013, 2012 and 2011, respectively. Starches are an important component in a wide range of processed foods, where they are used for adhesion, clouding, dusting, expansion, fat replacement, freshness, gelling, glazing, mouth feel, stabilization and texture. Cornstarch is sold to cornstarch packers for sale to consumers. Starches are also used in paper production to create a smooth surface for printed communications and to improve strength in recycled papers. Specialty starches are used for enhanced drainage, fiber retention, oil and grease resistance, improved printability and biochemical oxygen demand control. In the corrugating industry, starches and specialty starches are used to produce high quality adhesives for the production of shipping containers, display board and other corrugated applications. The textile industry uses starches and specialty starches for sizing (abrasion resistance) to provide size and finishes for manufactured products. Industrial starches are used in the production of construction materials, textiles, adhesives, pharmaceuticals and cosmetics, as well as in mining, water filtration and oil and gas drilling. Specialty starches are used for biomaterial applications including biodegradable plastics, fabric softeners and detergents, hair and skin care applications, dusting powders for surgical gloves and in the production of glass fiber and insulation.

*Co-Products and others.* Co-products and others accounted for 17 percent, 19 percent and 21 percent of our net sales for 2013, 2012 and 2011, respectively. Refined corn oil (from germ) is sold to packers of cooking oil and to producers of margarine, salad dressings, shortening, mayonnaise and other foods. Corn gluten feed is sold as animal feed. Corn gluten meal is sold as high-protein feed for chickens, pet food and aquaculture.



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**Geographic Scope and Operations**

We are principally engaged in the production and sale of sweeteners and starches for a wide range of industries, and we manage our business on a geographic regional basis. Our operations are classified into four reportable business segments: North America, South America, Asia Pacific and EMEA. In 2013, approximately 58 percent of our net sales were derived from operations in North America, while net sales from operations in South America represented 21 percent. Our Asia Pacific and EMEA operations represented approximately 13 percent and 8 percent of our net sales, respectively. See Note 12 of the notes to the consolidated financial statements entitled “Segment Information” for additional financial information with respect to our reportable business segments.

In general, demand for our products is balanced throughout the year. However, demand for sweeteners in South America is greater in the first and fourth quarters (its summer season) while demand for sweeteners in North America is greater in the second and third quarters. Due to the offsetting impact of these demand trends, we do not experience material seasonal fluctuations in our net sales.

Our North America segment consists of operations in the US, Canada and Mexico. The region’s facilities include 13 plants producing a wide range of both sweeteners and starches.

We are the largest manufacturer of corn-based starches and sweeteners in South America, with sales in Argentina, Brazil, Chile, Colombia, Ecuador, Peru and Uruguay. Our South America segment includes 11 plants that produce regular, modified, waxy and tapioca starches, high fructose and high maltose syrups and syrup solids, dextrins and maltodextrins, dextrose, specialty starches, caramel color, sorbitol and vegetable adhesives.

Our Asia Pacific segment manufactures corn-based products in South Korea, Australia and China. Also, we manufacture tapioca-based products in Thailand, which supplies not only our Asia Pacific segment but the rest of our global network. The region's facilities include 7 plants that produce modified, specialty, regular, waxy and tapioca starches, dextrins, glucose, high maltose syrup, dextrose, HFCS and caramel color.

Our EMEA segment includes 5 plants that produce modified and specialty starches, glucose and dextrose in England, Germany and Pakistan.

Additionally, we utilize a network of tolling manufacturers in various regions in the production cycle of certain specialty starches. In general, these tolling manufacturers produce certain basic starches for us, and we in turn complete the manufacturing process of the specialty starches through our finishing channels.

We utilize our global network of manufacturing facilities to support key global product lines.

**Competition**

The starch and sweetener industry is highly competitive. Many of our products are viewed as basic ingredients that compete with virtually identical products and derivatives manufactured by other companies in the industry. The US is a highly competitive market where there are other starch processors, several of which are divisions of larger enterprises. Some of these competitors, unlike us, have vertically integrated their starch processing and other operations. Competitors include ADM Corn Processing Division ("ADM") (a division of Archer-Daniels-Midland Company), Cargill, Inc., Tate & Lyle Ingredients Americas, Inc., and several others. Our operations in Mexico and Canada face competition from US imports and local producers including ALMEX, a Mexican joint venture between ADM and Tate & Lyle Ingredients Americas, Inc. In South America, Cargill has starch processing operations in Brazil and Argentina. Many smaller local corn and tapioca refiners also operate in many of our markets. Competition within our markets is largely based on price, quality and product availability.

Several of our products also compete with products made from raw materials other than corn. HFCS and monohydrate dextrose compete principally with cane and beet sugar products. Co-products such as corn oil and gluten meal compete with products of the corn dry milling industry and with soybean oil, soybean meal and other products. Fluctuations in prices of these competing products may affect prices of, and profits derived from, our products.



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**Customers**

We supply a broad range of customers in over 60 industries worldwide. The following table provides the percentage of total net sales by industry for each of our segments for 2013:

| Industries Served | Total Company | North America | South America | APAC | EMEA |
|---|---|---|---|---|---|
| Food | 50% | 47% | 43% | 64% | 64% |
| Beverage | 14% | 19% | 12% | 7% | 1% |
| Animal Nutrition | 12% | 13% | 16% | 6% | 9% |
| Paper and Corrugating | 9% | 9% | 9% | 14% | 3% |
| Brewing | 8% | 7% | 14% | 4% | 0% |
| Other | 7% | 5% | 6% | 5% | 23% |
| Total | 100% | 100% | 100% | 100% | 100% |

Also noteworthy, approximately 19 percent of our net sales in 2013 were to customers that we regard as Global Accounts. No customer accounted for 10 percent or more of our net sales in 2013, 2012 or 2011.

**Raw Materials**

Corn (primarily yellow dent) is the primary basic raw material we use to produce starches and sweeteners. The supply of corn in the United States has been, and is anticipated to continue to be, adequate for our domestic needs. The price of corn, which is determined by reference to prices on the Chicago Board of Trade, fluctuates as a result of various factors including: farmers' planting decisions, climate, and government policies (including those related to the production of ethanol), livestock feeding, shortages or surpluses of world grain supplies, and domestic and foreign government policies and trade agreements. We also use tapioca, potato, rice and sugar as raw material.

Corn is also grown in other areas of the world, including Canada, Mexico, Europe, South Africa, Argentina, Australia, Brazil, China and Pakistan. Our affiliates outside the United States utilize both local supplies of corn and corn imported from other geographic areas, including the United States. The supply of corn for these affiliates is also generally expected to be adequate for our needs. Corn prices for our non-US affiliates generally fluctuate as a result of the same factors that affect US corn prices.

We also utilize specialty grains such as waxy and high amylose corn in our operations. In general, the planning cycle for our specialty grain sourcing begins three years in advance of the anticipated delivery of the specialty corn since the necessary seed must be grown in the season prior to grain contracting. In order to secure these specialty grains at the time of our anticipated needs, we contract with certain farmers to grow the specialty corn approximately two years in advance of delivery. These specialty grains are higher cost due to their more limited supply and require longer planning cycles to mitigate the risk of supply shortages.

Due to the competitive nature of our industry and the availability of substitute products not produced from corn, such as sugar from cane or beets, end product prices may not necessarily fluctuate in a manner that correlates to raw material costs of corn.

We follow a policy of hedging our exposure to commodity fluctuations with commodities futures and options contracts primarily for certain of our North American corn purchases. We use derivative hedging contracts to protect the gross margin of our firm-priced business in North America. Other business may or may not be hedged at any given time





based on management's judgment as to the need to fix the costs of our raw materials to protect our profitability. Outside of North America, we generally enter into short-term commercial sales contracts and adjust our selling prices based upon the local raw material costs. See Item 7A, Quantitative and Qualitative Disclosures about Market Risk, in the section entitled "Commodity Costs" for additional information.

**Research and Development**

We have global research and development capabilities concentrated in Bridgewater, New Jersey. Activities at Bridgewater include plant science and physical, chemical and biochemical modifications to food formulations, food sensory evaluation, as well as development of non-food applications, such as starch-based biopolymers. In 2013, we expanded our Bridgewater facility with the addition of a lab and sensory evaluation space dedicated to our sweeteners portfolio. In addition, we have product application technology centers that direct our product development teams worldwide to create product application solutions to better serve the ingredient needs of our customers. Product development activity is focused on developing product applications for identified customer and market needs. Through this approach, we have developed value-added products for use by customers in various industries. We usually collaborate with customers to develop the desired product application either in the customers' facilities, our technical service laboratories or on a contract basis. These efforts are supported by our marketing, product technology and technology support staff. Research and development expense for 2013 was approximately $37 million, or approximately one-half of one percent of our total net sales.

**Sales and Distribution**

Our salaried sales personnel, who are generally dedicated to customers in a geographic region, sell our products directly to manufacturers and distributors. In addition, we have a staff that provides technical support to our sales personnel on an industry basis. We generally contract with trucking companies to deliver our bulk products to customer destinations. In North America, we generally use trucks to ship to nearby customers. For those customers located considerable distances from our plants, we use either rail or a combination of railcars and trucks to deliver our products. We generally lease railcars for terms of five to fifteen years.

**Patents, Trademarks and Technical License Agreements**

We own approximately 900 patents and patents pending which relate to a variety of products and processes, and a number of established trademarks under which we market our products. We also have the right to use other patents and trademarks pursuant to patent and trademark licenses. We do not believe that any individual patent or trademark is material to our business. There is no currently pending challenge to the use or registration of any of our significant patents or trademarks that would have a material adverse impact on us or our results of operations if decided against us.

**Employees**

As of December 31, 2013 we had approximately 11,300 employees, of which approximately 1,900 were located in the United States. Approximately 35 percent of US and 47 percent of our non-US employees are unionized. We have approximately 1,100 temporary employees.

**Government Regulation and Environmental Matters**

As a manufacturer and marketer of food items and items for use in the pharmaceutical industry, our operations and the use of many of our products are subject to various federal, state, foreign and local statutes and regulations, including the Federal Food, Drug and Cosmetic Act and the Occupational Safety and Health Act. We and many of our products are also subject to regulation by various government agencies, including the United States Food and Drug Administration. Among other things, applicable regulations prescribe requirements and establish standards for product quality, purity and labeling. Failure to comply with one or more regulatory requirements can result in a variety of sanctions, including monetary fines. No such fines of a material nature were imposed on us in 2013. We may also be required to comply with federal, state, foreign and local laws regulating food handling and storage. We believe these laws and regulations have not negatively affected our competitive position.





Our operations are also subject to various federal, state, foreign and local laws and regulations with respect to environmental matters, including air and water quality and underground fuel storage tanks, and other regulations intended to protect public health and the environment. We operate industrial boilers that fire natural gas, coal, or biofuels to operate our manufacturing facilities and they are our primary source of greenhouse gas emissions. In Argentina, we are in discussions with local regulators associated with conducting studies of possible environmental remediation programs at our Chacabuco plant. We are unable to predict the outcome of these discussions; however, we do not believe that the ultimate cost of remediation will be material. Based on current laws and regulations and the enforcement and interpretations thereof, we do not expect that the costs of future environmental compliance will be a material expense, although there can be no assurance that we will remain in compliance or that the costs of remaining in compliance will not have a material adverse effect on our future financial condition and results of operations.

During 2013, we spent approximately $8 million for environmental control and wastewater treatment equipment to be incorporated into existing facilities and in planned construction projects. We currently anticipate that we will spend approximately $18 million and $5 million for environmental facilities and programs in 2014 and 2015, respectively.

**Other**

Our Internet address is www.ingredion.com. We make available, free of charge through our Internet website, our annual report on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended. These reports are made available as soon as reasonably practicable after they are electronically filed with or furnished to the Securities and Exchange Commission. Our corporate governance guidelines, board committee charters and code of ethics are posted on our website, the address of which is www.ingredion.com, and each is available in print to any shareholder upon request in writing to Ingredion Incorporated, 5 Westbrook Corporate Center, Westchester, Illinois 60154 Attention: Corporate Secretary. The contents of our website are not incorporated by reference into this report.





**Executive Officers of the Registrant**

Set forth below are the names and ages of all of our executive officers, indicating their positions and offices with the Company and other business experience. Our executive officers are elected annually by the Board to serve until the next annual election of officers and until their respective successors have been elected and have qualified unless removed by the Board.

| Name | Age | Positions, Offices and Business Experience |
|---|---|---|
| Ilene S. Gordon | 60 | Chairman of the Board, President and Chief Executive Officer of the Company since May 4, 2009. Ms. Gordon was President and Chief Executive Officer of Rio Tinto's Alcan Packaging, a multinational business unit engaged in flexible and specialty packaging, from October 2007 until she took office as Chairman of the Board, President and Chief Executive Officer of the Company. From December 2006 to October 2007, Ms. Gordon was a Senior Vice President of Alcan Inc. and President and Chief Executive Officer of Alcan Packaging. Alcan Packaging was acquired by Rio Tinto in October 2007. From 2004 until December 2006, Ms. Gordon served as President of Alcan Food Packaging Americas, a division of Alcan Inc. From 1999 until Alcan's December 2003 acquisition of Pechiney Group, Ms. Gordon was a Senior Vice President of Pechiney Group and President of Pechiney Plastic Packaging, Inc., a global flexible packaging business. Prior to joining Pechiney in June 1999, Ms. Gordon spent 17 years with Tenneco Inc., where she most recently served as Vice President and General Manager, heading up Tenneco's folding carton business. Ms. Gordon also serves as a director of International Paper Company, a global paper and packaging company. She served as a director of Arthur J. Gallagher & Co., an international insurance brokerage and risk management business, from 1999 to May 15, 2013 and as a director of United Stationers Inc., a wholesale distributor of business products and a provider of marketing and logistics services to resellers, from January 2000 until May 2009. Ms. Gordon also serves as a director of Northwestern Memorial Hospital, The Executives' Club of Chicago, the Economic Club of Chicago, The Chicago Council on Global Affairs and World Business Chicago. She is also a trustee of The Conference Board. Ms. Gordon holds a Bachelor's degree in mathematics from the Massachusetts Institute of Technology (MIT) and a Master's degree in management from MIT's Sloan School of Management. |
| Christine M. Castellano | 48 | Senior Vice President, General Counsel, Corporate Secretary and Chief Compliance Officer since |





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| | | April 1, 2013. Prior to that Ms. Castellano served as Senior Vice President, General Counsel and Corporate Secretary from October 1, 2012 to March 31, 2013. Ms. Castellano previously served as Vice President International Law and Deputy General Counsel from April 28, 2011 to September 30, 2012, Associate General Counsel, South America and Europe from January 1, 2011 to April 27, 2011, and as Associate General International Counsel from 2004 to December 31, 2010. Prior to that, Ms. Castellano served as Counsel US and Canada from 2002 to 2004. Ms. Castellano joined CPC as Operations Attorney in September 1996 and held that position until 2002. Prior to joining CPC, Ms. Castellano was an income partner in the law firm McDermott Will & Emery from January 1, 1996 and had served as an associate in that firm from 1991 to December 31, 1996. She is a member of the board of trustees of the Peggy Notebaert Nature Museum. Ms. Castellano holds a Bachelor degree in political science from the University of Colorado and a Juris Doctor degree from the University of Michigan School of Law. |
| Ricardo de Abreu Souza | 63 | Senior Vice President and President, South America Ingredient Solutions since January 1, 2014. Prior to that Mr. de Abreu Souza served as President and General Manager of the Company's Mexican subsidiary, from February 1, 2010 to December 31, 2013. Mr. de Abreu Souza previously served as Commercial Director of the Company's Mexican subsidiary from 2006 to January 31, 2010. Prior thereto he served in positions of increasing responsibility since joining the Company in 1977. Mr. de Abreu Souza holds a Bachelor degree in chemical engineering from MacKenzie University in Sao Paulo, Brazil and a Master degree in business administration from IPADE Business School of Universidad Panamericana in Mexico. |
| Anthony P. DeLio | 58 | Senior Vice President and Chief Innovation Officer since January 1, 2014. Prior to that Mr. DeLio served as Vice President, Global Innovation from November 4, 2010 to December 31, 2013, and he served as Vice President, Global Innovation for National Starch from January 1, 2009 to November 3, 2010. Mr. DeLio served as Vice President and General Manager, North America, of National Starch from February 26, 2006 to December 31, 2008. Prior to that he served as Associate Vice Chancellor of Research at the University of Illinois at Urbana-Champaign from August 2004 to February 2006. Previously, Mr. DeLio served as Corporate Vice President of Marketing and External Relations of Archer Daniels Midland Company ("ADM"), one of the |

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| | | world's largest processors of oilseeds, corn, wheat, cocoa and other agricultural commodities and a leading manufacturer of protein meal, vegetable oil, corn sweeteners, flour, biodiesel, ethanol and other value-added food and feed ingredients, from October 2002 to October 2003. Prior to that Mr. DeLio was President of the Protein Specialties and Nutraceutical Divisions of ADM from September 2000 to October 2002 and President of the Nutraceutical Division of ADM from June 1999 to September 2001. He held various senior product development positions with Mars, Inc. from 1980 to May 1999. Mr. DeLio holds a Bachelor of Science degree in chemical engineering from Rensselaer Polytechnic Institute. |
| Jack C. Fortnum | 57 | Executive Vice President and Chief Financial Officer since January 6, 2014. Prior to that Mr. Fortnum served as Executive Vice President and President, North America from February 1, 2012 to January 5, 2014. Mr. Fortnum previously served as Executive Vice President and President, Global Beverage, Industrial and North America Sweetener Solutions from October 1, 2010 to January 31, 2012. Prior thereto, Mr. Fortnum served as Vice President from 1999 to September 30, 2010 and President of the North America Division from May 2004 to September 30, 2010. Mr. Fortnum joined CPC in 1984 and held positions of increasing responsibility including serving as President, US/Canadian Region of the Company from July 2003 to May 2004. Mr. Fortnum is a member of the Board of Directors of GreenField Ethanol, Inc. He is a former Chairman of the Board of the Corn Refiners Association. Mr. Fortnum holds a Bachelor degree in economics from the University of Toronto and completed the Senior Business Administration Course offered by McGill University. |
| Diane J. Frisch | 59 | Senior Vice President, Human Resources since October 1, 2010. Ms. Frisch previously served as Vice President, Human Resources, from May 1, 2010 to September 30, 2010. Prior to that, Ms. Frisch served as Vice President of Human Resources and Communications for the Food Americas and Global Pharmaceutical Packaging businesses of Rio Tinto's Alcan Packaging, a multinational company engaged in flexible and specialty packaging, from January 2004 to March 30, 2010. Prior to being acquired by Alcan Packaging, Ms. Frisch served as Vice President of Human Resources for the flexible packaging business of Pechiney, S.A., an aluminum and packaging company with headquarters in Paris and Chicago, from January 2001 to January 2004. Previously, she served as Vice President of Human |





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| | | Resources for Culligan International Company and Vice President and Director of Human Resources for Alumax Mill Products, Inc., a division of Alumax Inc. Ms. Frisch holds a Bachelor of Arts degree in psychology from Ithaca College, Ithaca, NY, and a Master of Science degree in industrial relations from the University of Wisconsin in Madison. |
| Matthew R. Galvanoni | 41 | Vice President and Corporate Controller since August 15, 2012. Mr. Galvanoni previously served as Vice President, Corporate Accounting from June 18, 2012, when he joined Ingredion, to August 14, 2012. Mr. Galvanoni was previously employed by Exelon Corporation for 10 years. He served as Principal Accounting Officer of Exelon Generation and Vice President and Assistant Corporate Controller of Exelon Corporation from July 2009 until the merger of Exelon Corporation with Constellation Energy Group, Inc. in March 2012, at which time, Mr. Galvanoni became the Vice President, Financial Systems Integration until May 2012. Mr. Galvanoni previously served as Vice President and Controller of Commonwealth Edison Company and PECO Energy Company from January 2007 to July 2009. He served in various roles at the Director level of the Controllership organization of Exelon Corporation from November 2002 to December 2006. Mr. Galvanoni holds a Bachelor of Science degree in accounting from the University of Illinois, Urbana-Champaign and a Master of Business Administration degree from Northwestern University. He is a certified public accountant in the State of Illinois. |
| Jorgen Kokke | 45 | Vice President and General Manager, Asia Pacific since January 6, 2014. Mr. Kokke previously served as Vice President and General Manager, EMEA since joining National Starch on March 1, 2009. Prior to that he served as a Vice President with responsibility for the global PURAC Food and Nutrition business, at CSM NV, a supplier of bakery products. Mr. Kokke holds a Master degree in economics from the University of Amsterdam in the Netherlands. |
| John F. Saucier | 60 | Senior Vice President, Corporate Strategy and Global Business Development since October 1, 2010. Mr. Saucier previously served as Vice President and President Asia/Africa Division and Global Business Development from November 2007 to September 30, 2010. Mr. Saucier previously served as Vice President, Global Business and Product Development, Sales and Marketing from April 2006 to November 2007. Prior to that, Mr. Saucier was President, Integrated Nylon Division of Solutia Inc., a specialty chemical |





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| | manufacturer from May 2004 to March 2005, and Vice President of Solutia and General Manager of its Integrated Nylon Division from September 2001 to May 2004. Solutia Inc. and 14 of its US subsidiaries filed voluntary petitions under the bankruptcy laws in December 2003. Mr. Saucier holds Bachelor and Master degrees in mechanical engineering from the University of Missouri and a Master degree in Business Administration from Washington University in St. Louis. |

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| Robert J. Stefansic | 52 | Senior Vice President, Operational Excellence and Environmental, Health, Safety and Sustainability since January 1, 2014. Prior to that, Mr. Stefansic served as Vice President, Operational Excellence and Environmental, Health, Safety and Sustainability from August 1, 2011 to December 31, 2013. He previously served as Vice President, Global Manufacturing Network Optimization and Environmental, Health, Safety and Sustainability of National Starch, from November 1, 2010 to July 31, 2011. Prior to that, he served as Vice President, Global Operations of National Starch from November 1, 2006 to October 31, 2010. Prior to that, he served as Vice President, North America Manufacturing of National Starch from December 13, 2004 to October 31, 2006. Prior to joining National Starch he held positions of increasing responsibility with The Valspar Corporation, General Chemical Corp. and Allied Signal Corporation. Mr. Stefansic holds a Bachelor degree in chemical engineering and a Master degree in business administration from the University of South Carolina. |
| James P. Zallie | 52 | Executive Vice President, Global Specialties and President North America and EMEA since January 6, 2014. Prior to that Mr. Zallie served as Executive Vice President, Global Specialties and President, EMEA and Asia-Pacific from February 1, 2012 to January 5, 2014. Mr. Zallie previously served as Executive Vice President and President, Global Ingredient Solutions from October 1, 2010 to January 31, 2012. Mr. Zallie previously served as President and Chief Executive Officer of the National Starch business from January 2007 to September 30, 2010. Mr. Zallie worked for National Starch for more than 27 years in various positions of increasing responsibility, first in technical, then marketing and then international business management positions. He holds Masters degrees in food science and business administration from Rutgers University and a Bachelor of Science degree in food science from Pennsylvania State University. |

## ITEM 1A. RISK FACTORS

Our business and assets are subject to varying degrees of risk and uncertainty. The following are factors that we believe could cause our actual results to differ materially from expected and historical results. Additional risks that are currently unknown to us may also impair our business or adversely affect our financial condition or results of operations. In addition, forward-looking statements within the meaning of the federal securities laws that are contained in this Form 10-K or in our other filings or statements may be subject to the risks described below as well as other risks and uncertainties. Please read the cautionary notice regarding forward-looking statements in Item 7 below.





**Current economic conditions may adversely impact demand for our products, reduce access to credit and cause our customers and others with which we do business to suffer financial hardship, all of which could adversely impact our business, results of operations, financial condition and cash flows.**

Economic conditions in the US, the European Union, South America and many other countries and regions in which we do business have experienced various levels of weakness over the last few years, and may remain challenging for the foreseeable future. General business and economic conditions that could affect us include the strength of the economies in which we operate, unemployment, inflation and fluctuations in debt markets. While currently these conditions have not impaired our ability to access credit markets and finance our operations, there can be no assurance that there will not be a further deterioration in the financial markets.

There could be a number of other effects from these economic developments on our business, including reduced consumer demand for products; pressure to extend our customers' payment terms; insolvency of our customers, resulting in increased provisions for credit losses; decreased customer demand, including order delays or cancellations, and counterparty failures negatively impacting our operations.

In connection with our defined benefit pension plans, adverse changes in investment returns earned on pension assets and discount rates used to calculate pension and related liabilities or changes in required pension funding levels may have an unfavorable impact on future pension expense and cash flow.

In addition, the volatile worldwide economic conditions and market instability may make it difficult for us, our customers and our suppliers to accurately forecast future product demand trends, which could cause us to produce excess products that can increase our inventory carrying costs. Alternatively, this forecasting difficulty could cause a shortage of products that could result in an inability to satisfy demand for our products.

**We operate a multinational business subject to the economic, political and other risks inherent in operating in foreign countries and with foreign currencies.**

We have operated in foreign countries and with foreign currencies for many years. Our results are subject to foreign currency exchange fluctuations. Our operations are subject to political, economic and other risks. There has been and continues to be significant political uncertainty in some countries in which we operate. Economic changes, terrorist activity and political unrest may result in business interruption or decreased demand for our products. Protectionist trade measures and import and export licensing requirements could also adversely affect our results of operations. Our success will depend in part on our ability to manage continued global political and/or economic uncertainty.

We primarily sell world commodities. Historically, local prices have adjusted relatively quickly to offset the effect of local currency devaluations, although we cannot guarantee this in the future. Due to recent pricing controls on many consumer products instituted by the Argentina government, we expect that it will take longer than in the past to achieve pricing improvement in that country. We may hedge transactions that are denominated in a currency other than the currency of the operating unit entering into the underlying transaction. We are subject to the risks normally attendant to such hedging activities.

**Raw material and energy price fluctuations, and supply interruptions and shortages could adversely affect our results of operations.**

Our finished products are made primarily from corn. Purchased corn and other raw material costs account for between 40 percent and 65 percent of finished product costs. Some of our products are based upon specific varieties of corn that are produced in significantly less volumes than yellow dent corn. These specialty grains are higher-cost due to their more limited supply and require planning cycles of up to three years in order for us to receive our desired amount of specialty corn.  Also, we utilize tapioca in the manufacturing of starch products in Thailand.  If our raw materials are not available in sufficient quantities or quality, our results of operations could be negatively impacted.





Energy costs represent approximately 10 percent of our finished product costs. We use energy primarily to create steam in our production process and to dry product.  We consume coal, natural gas, electricity, wood and fuel oil to generate energy.  In Pakistan, the overall economy has been slowed by severe energy shortages which both negatively impact our ability to produce sweeteners and starches, and also negatively impacts the demand from our customers due to their inability to produce their end products because of the shortage of reliable energy.

The market prices for our raw materials may vary considerably depending on supply and demand, world economies and other factors.  We purchase these commodities based on our anticipated usage and future outlook for these costs.  We cannot assure that we will be able to purchase these commodities at prices that we can adequately pass on to customers to sustain or increase profitability.

In North America, we sell a large portion of our finished products at firm prices established in supply contracts typically lasting for periods of up to one year.  In order to minimize the effect of volatility in the cost of corn related to these firm-priced supply contracts, we enter into corn futures and options contracts, or take other hedging positions in the corn futures market.  We are unable to directly hedge price risk related to co-product sales; however, we enter into hedges of soybean oil (a competing product to our animal feed and corn oil) in order to mitigate the price risk of animal feed and corn oil sales.  These derivative contracts typically mature within one year.  At expiration, we settle the derivative contracts at a net amount equal to the difference between the then-current price of corn (or soybean oil) and the derivative contract price.  These hedging instruments are subject to fluctuations in value; however, changes in the value of the underlying exposures we are hedging generally offset such fluctuations.  The fluctuations in the fair value of these hedging instruments may affect the cash flow of the Company.  We fund any unrealized losses or receive cash for any unrealized gains on a daily basis.  While the corn futures contracts or hedging positions are intended to minimize the effect of volatility of corn costs on operating profits, the hedging activity can result in losses, some of which may be material.  Outside of North America, sales of finished products under long-term, firm-priced supply contracts are not material.  We also use over-the-counter natural gas swaps to hedge portions of our natural gas costs, primarily in our North American operations.

**Due to market volatility, we cannot assure that we can adequately pass potential increases in the cost of corn and other raw materials on to customers through product price increases or purchase quantities of corn and other raw materials at prices sufficient to sustain or increase our profitability.**

Our corn and raw material costs account for 40 percent to 65 percent of our product costs.  The price and availability of corn and other raw materials is influenced by economic and industry conditions, including supply and demand factors such as crop disease and severe weather conditions such as drought, floods or frost that are difficult to anticipate and which we cannot control.  There is also a demand for corn in the US to produce ethanol which has been significantly impacted by US governmental policies designed to encourage the production of ethanol.

**Our profitability may be affected by other factors beyond our control.**

Our operating income and ability to increase profitability depend to a large extent upon our ability to price finished products at a level that will cover manufacturing and raw material costs and provide an acceptable profit margin. Our ability to maintain appropriate price levels is determined by a number of factors largely beyond our control, such as aggregate industry supply and market demand, which may vary from time to time, and the economic conditions of the geographic regions where we conduct our operations.

**We operate in a highly competitive environment and it may be difficult to preserve operating margins and maintain market share.**

We operate in a highly competitive environment.  Many of our products compete with virtually identical or similar products manufactured by other companies in the starch and sweetener industry.  In the United States, there are competitors, several of which are divisions of larger enterprises that have greater financial resources than we do. Some of these competitors, unlike us, have vertically integrated their corn refining and other operations.  Many of our products also compete with products made from raw materials other than corn.  Fluctuation in prices of these competing products





may affect prices of, and profits derived from, our products.  In addition, government programs supporting sugar prices indirectly impact the price of corn sweeteners, especially HFCS.  Competition in markets in which we compete is largely based on price, quality and product availability.

**Changes in consumer preferences and perceptions may lessen the demand for our products, which could reduce our sales and profitability and harm our business.**

Food products are often affected by changes in consumer tastes, national, regional and local economic conditions and demographic trends. For instance, changes in prevailing health or dietary preferences causing consumers to avoid food products containing sweetener products, including HFCS, in favor of foods that are perceived as being more healthy, could reduce our sales and profitability, and such a reduction could be material. Increasing concern among consumers, public health professionals and government agencies about the potential health concerns associated with obesity and inactive lifestyles represent a significant challenge to some of our customers, including those engaged in the food and soft drink industries.

**The uncertainty of acceptance of products developed through biotechnology could affect our profitability.**

The commercial success of agricultural products developed through biotechnology, including genetically modified corn, depends in part on public acceptance of their development, cultivation, distribution and consumption. Public attitudes can be influenced by claims that genetically modified products are unsafe for consumption or that they pose unknown risks to the environment even if such claims are not based on scientific studies. These public attitudes can influence regulatory and legislative decisions about biotechnology. The sale of the Company’s products which may contain genetically modified corn could be delayed or impaired because of adverse public perception regarding the safety of the Company's products and the potential effects of these products on animals, human health and the environment.

**Our information technology systems, processes, and sites may suffer interruptions or failures which may affect our ability to conduct our business.**

Our information technology systems, some of which are dependent on services provided by third parties, provide critical data connectivity, information and services for internal and external users. These interactions include, but are not limited to, ordering and managing materials from suppliers, converting raw materials to finished products, inventory management, shipping products to customers, processing transactions, summarizing and reporting results of operations, human resources benefits and payroll management, complying with regulatory, legal or tax requirements, and other processes necessary to manage the business. We have put in place security measures to protect ourselves against cyber-based attacks and disaster recovery plans for our critical systems. However, if our information technology systems are breached, damaged, or cease to function properly due to any number of causes, such as catastrophic events, power outages, security breaches, or cyber-based attacks, and our disaster recovery plans do not effectively mitigate on a timely basis, we may encounter disruptions that could interrupt our ability to manage our operations and suffer damage to our reputation, which may adversely impact our revenues, operating results and financial condition.

**Our profitability could be negatively impacted if we fail to maintain satisfactory labor relations.**

Approximately 35 percent of our US and 47 percent of our non-US employees are members of unions. Strikes, lockouts or other work stoppages or slow downs involving our unionized employees could have a material adverse effect on us.

**Our reliance on certain industries for a significant portion of our sales could have a material adverse effect on our business.**

Approximately 50 percent of our 2013 sales were made to companies engaged in the food industry and approximately 14 percent were made to companies in the beverage industry. Additionally, sales to the animal nutrition market, the paper and corrugating industry, and the brewing industry represented approximately 12 percent, 9 percent and 8 percent of our 2013 net sales, respectively. If our food customers, beverage customers, brewing industry





customers, paper and corrugating customers or animal feed customers were to substantially decrease their purchases, our business might be materially adversely affected.

**Natural disasters, war, acts and threats of terrorism, pandemic and other significant events could negatively impact our business.**

If the economies of any countries where we sell or manufacture products are affected by natural disasters; such as earthquakes, floods or severe weather; war, acts of war or terrorism; or the outbreak of a pandemic such as Severe Acute Respiratory Syndrome ("SARS") or the Avian Flu; it could result in asset write-offs, decreased sales and overall reduced cash flows.

**Government policies and regulations in general, and specifically affecting agriculture-related businesses, could adversely affect our operating results.**

Our operating results could be affected by changes in trade, monetary and fiscal policies, laws and regulations, and other activities of United States and foreign governments, agencies, and similar organizations. These conditions include but are not limited to changes in a country's or region's economic or political conditions, trade regulations affecting production, pricing and marketing of products, local labor conditions and regulations, reduced protection of intellectual property rights, changes in the regulatory or legal environment, restrictions on currency exchange activities, currency exchange rate fluctuations, burdensome taxes and tariffs, and other trade barriers. International risks and uncertainties, including changing social and economic conditions as well as terrorism, political hostilities, and war, could limit our ability to transact business in these markets and could adversely affect our revenues and operating results.

Due to cross-border disputes, our operations could be adversely affected by actions taken by the governments of countries where we conduct business.

**The recognition of impairment charges on goodwill or long-lived assets could adversely impact our future financial position and results of operations.**

We perform an annual impairment assessment for goodwill and our indefinite-lived intangible assets, and as necessary, for other long-lived assets. If the results of such assessments were to show that the fair value of these assets were less than the carrying values, we could be required to recognize a charge for impairment of goodwill and/or long-lived assets and the amount of the impairment charge could be material. Our annual impairment assessment as of October 1, 2013 did not result in any additional impairment charges for the year.

Even though it was determined that there was no additional long-lived asset impairment as of October 1, 2013, the future occurrence of a potential indicator of impairment, such as a significant adverse change in the business climate that would require a change in our assumptions or strategic decisions made in response to economic or competitive conditions, could require us to perform an assessment prior to the next required assessment date of October 1, 2014.

**Changes in our tax rates or exposure to additional income tax liabilities could impact our profitability.**

We are subject to income taxes in the United States and in various other foreign jurisdictions. Our effective tax rates could be adversely affected by changes in the mix of earnings by jurisdiction, changes in tax laws or tax rates including potential tax reform in the US to broaden the tax base and reduce deductions or credits, changes in the valuation of deferred tax assets and liabilities, and material adjustments from tax audits.

In particular, the carrying value of deferred tax assets, which are predominantly in the US, United Kingdom, Mexico and Korea, is dependent upon our ability to generate future taxable income in these jurisdictions. In addition, the amount of income taxes we pay is subject to ongoing audits in various jurisdictions and a material assessment by a governing tax authority could affect our profitability.





**Operating difficulties at our manufacturing plants could adversely affect our operating results.**

Producing starches and sweeteners through corn refining is a capital intensive industry. We have 36 plants and have preventive maintenance and de-bottlenecking programs designed to maintain and improve grind capacity and facility reliability. If we encounter operating difficulties at a plant for an extended period of time or start-up problems with any capital improvement projects, we may not be able to meet a portion of sales order commitments and could incur significantly higher operating expenses, both of which could adversely affect our operating results. We also use boilers to generate steam required in our manufacturing processes. An event that impaired the operation of a boiler for an extended period of time could have a significant adverse effect on the operations of any plant where such event occurred.

Also, we are subject to risks related to such matters as product quality or contamination; compliance with environmental, health and safety regulations; and customer product liability claims. The liability which could result from these risks may not always be covered by, or could exceed the limits of the insurance coverage related to product liability and food safety matters that we maintain. In addition, negative publicity caused by product liability and food safety matters may damage our reputation. The occurrence of any of the matters described above could adversely affect our revenues and operating results.

**We may not have access to the funds required for future growth and expansion.**

We may need additional funds to grow and expand our operations. We expect to fund our capital expenditures from operating cash flow to the extent we are able to do so. If our operating cash flow is insufficient to fund our capital expenditures, we may either reduce our capital expenditures or utilize our general credit facilities. For further strategic growth through mergers or acquisitions, we may also seek to generate additional liquidity through the sale of debt or equity securities in private or public markets or through the sale of non-productive assets. We cannot provide any assurance that our cash flows from operations will be sufficient to fund anticipated capital expenditures or that we will be able to obtain additional funds from financial markets or from the sale of assets at terms favorable to us. If we are unable to generate sufficient cash flows or raise sufficient additional funds to cover our capital expenditures or other strategic growth opportunities, we may not be able to achieve our desired operating efficiencies and expansion plans, which may adversely impact our competitiveness and, therefore, our results of operations.

**We may not successfully identify and complete acquisitions or strategic alliances on favorable terms or achieve anticipated synergies relating to any acquisitions or alliances, and such acquisitions could result in unforeseen operating difficulties and expenditures and require significant management resources.**

We regularly review potential acquisitions of complementary businesses, technologies, services or products, as well as potential strategic alliances. We may be unable to find suitable acquisition candidates or appropriate partners with which to form partnerships or strategic alliances. Even if we identify appropriate acquisition or alliance candidates, we may be unable to complete such acquisitions or alliances on favorable terms, if at all. In addition, the process of integrating an acquired business, technology, service or product into our existing business and operations may result in unforeseen operating difficulties and expenditures. Integration of an acquired company also may require significant management resources that otherwise would be available for ongoing development of our business. Moreover, we may not realize the anticipated benefits of any acquisition or strategic alliance, and such transactions may not generate anticipated financial results. Future acquisitions could also require us to issue equity securities, incur debt, assume contingent liabilities or amortize expenses related to intangible assets, any of which could harm our business.

**An inability to contain costs could adversely affect our future profitability and growth.**

Our future profitability and growth depends on our ability to contain operating costs and per-unit product costs and to maintain and/or implement effective cost control programs, while at the same time maintaining competitive pricing and superior quality products, customer service and support. Our ability to maintain a competitive cost structure depends on continued containment of manufacturing, delivery and administrative costs, as well as the implementation of cost-effective purchasing programs for raw materials, energy and related manufacturing requirements.





If we are unable to contain our operating costs and maintain the productivity and reliability of our production facilities, our profitability and growth could be adversely affected.

**Volatility in the stock market, fluctuations in quarterly operating results and other factors could adversely affect the market price of our common stock.**

The market price for our common stock may be significantly affected by factors such as our announcement of new products or services or such announcements by our competitors; technological innovation by us, our competitors or other vendors; quarterly variations in our operating results or the operating results of our competitors; general conditions in our or our customers' markets; and changes in the earnings estimates by analysts or reported results that vary materially from such estimates. In addition, the stock market has experienced significant price fluctuations that have affected the market prices of equity securities of many companies that have been unrelated to the operating performance of any individual company.

**No assurance can be given that we will continue to pay dividends.**

The payment of dividends is at the discretion of our Board of Directors and will be subject to our financial results and the availability of surplus funds to pay dividends.

## ITEM 1B. UNRESOLVED STAFF COMMENTS

None

## ITEM 2. PROPERTIES

We operate, directly and through our consolidated subsidiaries, 36 manufacturing facilities, all of which are owned. In addition, we lease our corporate headquarters in Westchester, Illinois and our research and development facility in Bridgewater, New Jersey. The following list details the locations of our manufacturing facilities within each of our four reportable business segments:

| North America | South America | Asia Pacific | EMEA |
|---|---|---|---|
| Cardinal, Ontario, Canada | Baradero, Argentina | Lane Cove, Australia | Cornwala, Pakistan |
| London, Ontario, Canada | Chacabuco, Argentina | Shanghai, China | Faisalabad, Pakistan |
| Port Colborne, Ontario, Canada | Balsa Nova, Brazil | Ichon, South Korea | Mehran, Pakistan |
| San Juan del Rio, Queretaro, Mexico | Cabo, Brazil | Inchon, South Korea | Hamburg, Germany |
| Guadalajara, Jalisco, Mexico | Conchal, Brazil | Ban Kao Dien, Thailand | Goole, United Kingdom |
| Mexico City, Edo, Mexico | Mogi-Guacu, Brazil | Kalasin, Thailand | |
| Stockton, California, U.S. | Rio de Janeiro, Brazil | Sikhiu, Thailand | |
| Bedford Park, Illinois, U.S. | Trombudo, Brazil | | |
| Mapleton, Illinois, U.S. | Barranquilla, Colombia | | |
| Indianapolis, Indiana, U.S. | Cali, Colombia | | |
| North Kansas City, Missouri, U.S. | Lima, Peru | | |
| Winston-Salem, North Carolina, U.S. | | | |
| Charleston, South Carolina, U.S. | | | |

We believe our manufacturing facilities are sufficient to meet our current production needs. We have preventive maintenance and de-bottlenecking programs designed to further improve grind capacity and facility reliability.

We have electricity co-generation facilities at all of our US and Canadian plants with the exception of





Indianapolis, North Kansas City, Stockton, Charleston and Mapleton, as well as at our plants in San Juan del Rio, Mexico; Mexico City, Mexico; Baradero, Argentina; and Balsa Nova and Mogi-Guacu, Brazil, that provide electricity at a lower cost than is available from third parties. We generally own and operate these co-generation facilities, except for the facilities at our Cardinal, Ontario; and Balsa Nova and Mogi-Guacu, Brazil locations, which are owned by, and operated pursuant to co-generation agreements with third parties.

In recent years, we have made significant capital expenditures to update, expand and improve our facilities, spending $298 million in 2013. We believe these capital expenditures will allow us to operate efficient facilities for the foreseeable future. We currently anticipate that capital expenditures for 2014 will approximate $300 million to $350 million.

## ITEM 3. LEGAL PROCEEDINGS

As previously reported, on April 22, 2011, Western Sugar and two other sugar companies filed a complaint in the U.S. District Court for the Central District of California against the Corn Refiners Association ("CRA") and certain of its member companies, including us, alleging false and/or misleading statements relating to high fructose corn syrup in violation of the Lanham Act and California's unfair competition law. The complaint seeks injunctive relief and unspecified damages. On May 23, 2011, the plaintiffs amended the complaint to add additional plaintiffs, among other reasons.

On July 1, 2011, the CRA and the member companies in the case filed a motion to dismiss the first amended complaint on multiple grounds. On October 21, 2011, the U.S. District Court for the Central District of California dismissed all Federal and state claims against us and the other members of the CRA, with leave for the plaintiffs to amend their complaint, and also dismissed all state law claims against the CRA.

The state law claims against the CRA were dismissed pursuant to a California law known as the anti-SLAPP (Strategic Lawsuit Against Public Participation) statute, which, according to the court's opinion, allows early dismissal of meritless first amendment cases aimed at chilling expression through costly, time-consuming litigation. The court held that the CRA's statements were protected speech made in a public forum in connection with an issue of public interest (high fructose corn syrup). Under the anti-SLAPP statute, the CRA is entitled to recover its attorney's fees and costs from the plaintiffs.

On November 18, 2011, the plaintiffs filed a second, amended complaint against certain of the CRA member companies, including us, seeking to reinstate the federal law claims, but not the state law claims, against certain of the CRA member companies, including us. On December 16, 2011, the CRA member companies filed a motion to dismiss the second amended complaint on multiple grounds. On July 31, 2012, the U.S. District Court for the Central District of California denied the motion to dismiss for all CRA member companies other than Roquette America, Inc.

On September 4, 2012, we and the other CRA member companies that remain defendants in the case filed an answer to the plaintiffs' second, amended complaint that, among other things, added a counterclaim against the Sugar Association. The counterclaim alleges that the Sugar Association has made false and misleading statements that processed sugar differs from high fructose corn syrup in ways that are beneficial to consumers' health (i.e., that consumers will be healthier if they consume foods and beverages containing processed sugar instead of high fructose corn syrup). The counterclaim, which was filed in the U.S. District Court for the Central District of California, seeks injunctive relief and unspecified damages. Although the counterclaim was initially only filed against the Sugar Association, the Company and the other CRA member companies that remain defendants in the Western Sugar case have reserved the right to add other plaintiffs to the counterclaim in the future.

On October 29, 2012, the Sugar Association and the other plaintiffs filed a motion to dismiss the counterclaim and certain related portions of the defendants' answer, each on multiple grounds. On December 10,



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2012, the remaining member companies which are defendants in the case responded to the motion to dismiss the counterclaim. On January 14, 2013, the plaintiffs filed a reply to the defendants' response to the motion to dismiss. On September 16, 2013, the U.S. District Court for the Central District of California denied the motion to dismiss the counterclaim, which entitles the Company and the other CRA member companies to continue to pursue the counterclaim against the Sugar Association and the other plaintiffs.

We continue to believe that the second, amended complaint is without merit and intend to vigorously defend this case. In addition, we intend to vigorously pursue our rights in connection with the counterclaim.

We are currently subject to various other claims and suits arising in the ordinary course of business, including certain environmental proceedings and product liability claims. We do not believe that the results of such legal proceedings, even if unfavorable to us, will be material to us. There can be no assurance, however, that such claims or suits or those arising in the future, whether taken individually or in the aggregate, will not have a material adverse effect on our financial condition or results of operations.

**ITEM 4. MINE SAFETY DISCLOSURES**

Not applicable.

**PART II**

**ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES**

Shares of our common stock are traded on the New York Stock Exchange ("NYSE") under the ticker symbol "INGR." The number of holders of record of our common stock was 5,428 at January 31, 2014.

We have a history of paying quarterly dividends. The amount and timing of the dividend payment, if any, is based on a number of factors including estimated earnings, financial position and cash flow. The payment of a dividend is solely at the discretion of our Board of Directors. Future dividend payments will be subject to our financial results and the availability of funds and statutory surplus to pay dividends.

The quarterly high and low sales prices for our common stock and cash dividends declared per common share for 2012 and 2013 are shown below.

| | 1st QTR | 2nd QTR | 3rd QTR | 4th QTR |
|---|---|---|---|---|
| **2013** | | | | |
| Market prices | | | | |
| High | $ 72.58 | $ 74.31 | $ 72.19 | $ 70.48 |
| Low | 62.44 | 62.65 | 60.62 | 63.49 |
| Per share dividends declared | $ 0.38 | $ 0.38 | $ 0.38 | $ 0.42 |
| | | | | |
| **2012** | | | | |
| Market prices | | | | |
| High | $ 58.38 | $ 58.87 | $ 56.57 | $ 66.66 |
| Low | 50.59 | 47.26 | 45.30 | 54.57 |
| Per share dividends declared | $ 0.20 | $ 0.20 | $ 0.26 | $ 0.26 |



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Issuer Purchases of Equity Securities:

The following table summarizes information with respect to our purchases of our common stock during the fourth quarter of 2013.

| (shares in thousands) | Total Number of Shares Purchased | Average Price Paid per Share | Total Number of Shares Purchased as part of Publicly Announced Plans or Programs | Maximum Number (or Approximate Dollar Value) of Shares that may yet be Purchased Under the Plans or Programs at end of period |
|---|---|---|---|---|
| Oct. 1 – Oct. 31, 2013 | — | — | — | 2,505 shares |
| Nov. 1 – Nov. 30, 2013 | 2,029 | 68.30 | 2,029 | 476 shares |
| Dec. 1 – Dec. 31, 2013 | 476 | 69.62 | 476 | 4,000 shares* |
| Total | 2,505 | 68.55 | 2,505 | |

*On December 13, 2013, the Board of Directors authorized a new stock repurchase program permitting the Company to purchase up to 4 million of its outstanding common shares through December 12, 2018. The Company's previous stock repurchase program permitting the purchase of up to 5 million shares was completed in the fourth quarter upon the repurchase of 2.5 million shares at an average price of $68.55 per share. As of December 31, 2013, we had not repurchased any shares under the new program, leaving 4 million shares available for repurchase.





## ITEM 6. SELECTED FINANCIAL DATA

Selected financial data is provided below.

| (in millions, except per share amounts) | 2013 | 2012 | 2011 | 2010 (a) | 2009 |
|---|---|---|---|---|---|
| Summary of operations: | | | | | |
| Net sales | $ 6,328 | $ 6,532 | $ 6,219 | $ 4,367 | $ 3,672 |
| Net income attributable to Ingredion | 396 | 428(b) | 416(c) | 169(d) | 41(e) |
| Net earnings per common share of Ingredion: | | | | | |
| Basic | $ 5.14 | $ 5.59(b) | $ 5.44(c) | $ 2.24(d) | $ 0.55(e) |
| Diluted | $ 5.05 | $ 5.47(b) | $ 5.32(c) | $ 2.20(d) | $ 0.54(e) |
| Cash dividends declared per common share of Ingredion | $ 1.56 | $ 0.92 | $ 0.66 | $ 0.56 | $ 0.56 |
| Balance sheet data: | | | | | |
| Working capital | $ 1,394 | $ 1,427 | $ 1,176 | $ 881 | $ 450 |
| Property, plant and equipment-net | 2,156 | 2,193 | 2,156 | 2,156 | 1,594 |
| Total assets | 5,360 | 5,592 | 5,317 | 5,040 | 2,952 |
| Long-term debt | 1,717 | 1,724 | 1,801 | 1,681 | 408 |
| Total debt | 1,810 | 1,800 | 1,949 | 1,769 | 544 |
| Redeemable common stock | — | — | — | — | 14 |
| Total equity (f) | $ 2,429 | $ 2,459 | $ 2,133 | $ 2,001 | $ 1,704 |
| Shares outstanding, year end | 74.3 | 77.0 | 75.9 | 76.0 | 74.9 |
| Additional data: | | | | | |
| Depreciation and amortization | $ 194 | $ 211 | $ 211 | $ 155 | $ 130 |
| Capital expenditures | 298 | 313 | 263 | 159 | 146 |

*(a) Includes National Starch from October 1, 2010 forward.*

*(b) Includes a $13 million benefit from the reversal of a valuation allowance that had been recorded against net deferred tax assets of our Korean subsidiary ($0.16 per diluted common share), after-tax charges for impaired assets and restructuring costs of $23 million ($0.29 per diluted common share), an after-tax gain from a change in a North American benefit plan of $3 million ($0.04 per diluted common share), after-tax costs of $3 million ($0.03 per diluted common share) relating to the integration of National Starch and an after-tax gain from the sale of land sale of $2 million ($0.02 per diluted common share). See Notes 3 and 7 of the notes to the consolidated financial statements included in this Annual Report on Form 10-K for additional information.*





*(c) Includes a $58 million NAFTA award ($0.75 per diluted common share) received from the Government of the United Mexican States, an after-tax gain of $18 million ($0.23 per diluted common share) pertaining to a change in a postretirement plan, after-tax charges of $7 million for restructuring costs ($0.08 per diluted common share) and after-tax costs of $21 million ($0.26 per diluted common share) relating to the integration of National Starch. See Notes 3, 8 and 11 of the notes to the consolidated financial statements included in this Annual Report on Form 10-K for additional information.*

*(d) Includes $14 million of after-tax charges for bridge loan and other financing costs ($0.18 per diluted common share), after-tax costs related to the National Starch acquisition of $26 million ($0.34 per diluted common share), after-tax charges of $22 million ($0.29 per diluted common share) for impaired assets and other costs primarily associated with our operations in Chile and after-tax charges of $18 million ($0.23 per diluted common share) relating to the sale of National Starch inventory that was adjusted to fair value at the acquisition date in accordance with business combination accounting rules.*

*(e) Includes after-tax charges for impaired assets and restructuring costs of $110 million, or $1.47 per diluted common share.*

*(f) Includes non-controlling interests.*



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## ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

### OVERVIEW

We are a major supplier of high-quality food and industrial ingredients to customers around the world. We have 36 manufacturing plants located throughout North America, South America, Asia Pacific and Europe, the Middle East and Africa ("EMEA"), and we manage and operate our businesses at a regional level. We believe this approach provides us with a unique understanding of the cultures and product requirements in each of the geographic markets in which we operate, bringing added value to our customers. Our ingredients are used by customers in the food, beverage, animal feed, paper and corrugating, and brewing industries, among others.

Our Strategic Blueprint continues to guide our decision making and strategic choices with an emphasis on value-added ingredients for our customers. The foundation of our Strategic Blueprint is operational excellence, which includes our focus on safety, quality and continuous improvement. We see growth opportunities in three areas. First is organic growth as we expand our current business. Second, we are focused on innovation and expect to grow through the development of new, on-trend products. Finally, we look for growth from geographic expansion as we extend our reach to new locations. The ultimate goal of these strategies and actions is to deliver increased shareholder value.

Critical success factors in our business include managing our significant manufacturing costs, including corn, other raw materials and utilities. In addition, due to our global operations we are exposed to fluctuations in foreign currency exchange rates. We use derivative financial instruments, when appropriate, for the purpose of minimizing the risks and/or costs associated with fluctuations in certain raw material and energy costs, foreign exchange rates and interest rates. Also, the capital intensive nature of our business requires that we generate significant cash flow over time in order to selectively reinvest in our operations and grow organically, as well as through strategic acquisitions and alliances. We utilize certain key financial metrics relating to working capital, debt and return on capital employed to monitor our progress toward achieving our strategic business objectives (see section entitled "Key Financial Performance Metrics").

Net sales, operating income, net income and diluted earnings per common share for 2013 decreased from our record levels of 2012. The decreased earnings were driven principally by poor operating results in our South America business. Our inability to increase selling prices to a level sufficient to recover higher costs, primarily in Argentina, and the reduced absorption of fixed manufacturing costs as a result of lower sales volumes due to soft demand from a weaker economy, drove the earnings decline in South America. We anticipate that our business in the Southern Cone of South America will continue to be challenged with high production costs, the devaluation of the Argentine peso, product pricing limitations and volume pressures in 2014. We expect that it will continue to take longer to achieve pricing improvement in the Southern Cone of South America to recapture the unfavorable impact of the devaluation of the Argentine Peso, compared to our historical experience, due to price controls on many consumer products instituted by the government of Argentina. In North America, our largest segment, we performed well as operating income declined only 2 percent from our record performance of 2012 despite the challenges created by historically high corn prices driven by the worst drought in decades, low sugar prices and soft consumer volumes. Asia Pacific delivered another year of volume and operating income growth; while EMEA continued to show volume strength, although operating income declined slightly due to unfavorable currency translation and higher energy costs in Pakistan.

We generated good operating cash flow that we used to invest in our business and to repurchase 3.4 million of our common shares. We also increased the cash dividend on our common stock by over 60 percent in 2013. Our balance sheet is strong and positions us well for future strategic initiatives.

Looking ahead, we anticipate that our operating income will grow in 2014 compared to 2013. In North America, although we anticipate net sales to decline as we pass along lower corn prices to our customers, we expect our operating income to slightly improve based on the anticipated mix of products to be sold. South American net sales and operating income are expected to increase as volumes improve in the segment; however, we are cautious of potential continued difficult political and economic conditions in Argentina. Net sales and operating income are anticipated to improve in



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2014 in both our Asia Pacific and EMEA segments with increases in net sales reflecting anticipated volume growth and a more favorable mix of product sales.

We currently expect that our available cash balances, future cash flow from operations and borrowing capacity under our credit facilities will provide us with sufficient liquidity to fund our anticipated capital expenditures, dividends and other investing and/or financing activities for the foreseeable future.

### RESULTS OF OPERATIONS

We have significant operations in North America, South America, Asia Pacific and EMEA. For most of our foreign subsidiaries, the local foreign currency is the functional currency. Accordingly, revenues and expenses denominated in the functional currencies of these subsidiaries are translated into US dollars ("USD") at the applicable average exchange rates for the period. Fluctuations in foreign currency exchange rates affect the US dollar amounts of our foreign subsidiaries' revenues and expenses. The impact of foreign currency exchange rate changes, where significant, is provided below.

*2013 Compared to 2012*

***Net Income attributable to Ingredion***. Net income attributable to Ingredion for 2013 decreased to $396 million, or $5.05 per diluted common share, from 2012 net income of $428 million, or $5.47 per diluted common share. Our results for 2012 included after-tax charges of $16 million ($0.20 per diluted common share) for impaired assets and restructuring costs in Kenya, China and Colombia (see Note 3 of the notes to the consolidated financial statements for additional information), after-tax restructuring charges of $7 million ($0.09 per diluted common share) relating to our manufacturing optimization plan in

North America, and after-tax costs of $3 million ($0.03 per diluted common share) associated with our integration of National Starch. Additionally, our 2012 results included the reversal of a $13 million valuation allowance that had been recorded against net deferred tax assets of our Korean subsidiary ($0.16 per diluted common share), an after-tax gain from a change in a benefit plan of $3 million ($0.04 per diluted common share) and an after-tax gain from the sale of land of $2 million ($0.02 per diluted common share).

Without the impairment/restructuring charges, the reversal of the Korean deferred tax asset valuation allowance, the gain from the benefit plan change, the gain from the land sale and the integration costs in 2012, net income and diluted earnings per common share for 2013 would have declined 9 percent from 2012. This decline in net income primarily reflects lower operating income driven principally by significantly reduced operating income in South America.

***Net Sales***. Net sales for 2013 decreased to $6.33 billion from $6.53 billion in 2012, primarily reflecting reduced sales in South America and North America.

A summary of net sales by reportable business segment is shown below:

| (in millions) | 2013 | 2012 | Increase (Decrease) | % Change |
|---|---|---|---|---|
| North America | $ 3,647 | $ 3,741 | $ (94) | (3)% |
| South America | 1,334 | 1,462 | (128) | (9)% |
| Asia Pacific | 805 | 816 | (11) | (1)% |
| EMEA | 542 | 513 | 29 | 6% |
| Total | $ 6,328 | $ 6,532 | $ (204) | (3)% |

The decrease in net sales primarily reflects a 3 percent volume reduction and unfavorable currency translation of 3 percent attributable to weaker foreign currencies relative to the US dollar, which more than offset improved price/product mix of 3 percent.





Net sales in North America decreased 3 percent, as a 4 percent volume decline and slightly unfavorable currency translation attributable to a weaker Canadian dollar, more than offset improved price/product mix of 2 percent. Increased selling prices helped to offset higher corn costs. Net sales in South America decreased 9 percent, as a 10 percent decline attributable to weaker foreign currencies and a 2 percent volume reduction, more than offset a 3 percent price/product mix improvement. The volume reduction primarily reflects weaker economic conditions, particularly in the Southern Cone of South America and in Brazil, and reduced sales to the brewing industry where excess industry capacity resulted in weaker brewery demand for high maltose in Brazil. Asia Pacific net sales declined 1 percent, as a volume decline of 2 percent and slightly unfavorable currency translation effects more than offset a 1 percent price/product mix improvement. The volume reduction reflects the effect of the fourth quarter 2012 sale of our investment in our Chinese non-wholly-owned consolidated subsidiary, Shouguang Golden Far East Modified Starch Co., Ltd. ("GFEMS"). Without net sales of $23 million from GFEMS in 2012, Asia Pacific net sales for 2013 would have increased 2 percent and volume would have grown 1 percent from a year ago. EMEA net sales grew 6 percent reflecting price/product mix improvement of 8 percent and 1 percent volume growth, which more than offset unfavorable currency translation of 3 percent. Without an $11 million sales reduction attributable to the closure of our plant in Kenya, EMEA net sales for 2013 would have increased approximately 8 percent and volume would have grown approximately 3 percent from 2012.

***Cost of Sales***. Cost of sales for 2013 decreased 2 percent to $5.20 billion from $5.29 billion in 2012. Higher raw material costs were more than offset by reduced volume, the effects of currency translation and the impacts of continued cost savings focus. Pricing actions by us limited the unfavorable impact of higher raw material costs on our operating income. Currency translation caused cost of sales for 2013 to decrease approximately 3 percent from 2012, reflecting the impact of weaker foreign currencies, particularly in South America. Gross corn costs per ton for 2013 increased approximately 1 percent from 2012, driven by higher market prices for corn. Additionally, energy costs increased approximately 2 percent from 2012; primarily reflecting higher costs in Korea and Pakistan. Our gross profit margin for 2013 was 18 percent, compared to 19 percent in 2012, primarily reflecting lower gross profits in South America.

***Selling, General and Administrative Expenses***. Selling, general and administrative ("SG&A") expenses for 2013 declined to $534 million from $556 million in 2012. The decrease was driven principally by foreign currency weakness and cost savings initiatives. Currency translation caused SG&A expenses for 2013 to decrease approximately 3 percent from 2012. SG&A expenses represented approximately 8 percent of net sales in 2013, consistent with 2012.

***Other Income-net***. Other income-net of $16 million for 2013 decreased from other income-net of $22 million in 2012. This decrease primarily reflects the effects of a $5 million gain from a change in a North America benefit plan and a $2 million gain from a land sale, both of which were recorded in the fourth quarter of 2012.

***Operating Income***. A summary of operating income is shown below:

| (in millions) | 2013 | 2012 | Favorable (Unfavorable) Variance | Favorable (Unfavorable) % Change |
|---|---|---|---|---|
| North America | $ 401 | $ 408 | $ (7) | (2)% |
| South America | 116 | 198 | (82) | (41)% |
| Asia Pacific | 97 | 95 | 2 | 2% |
| EMEA | 74 | 78 | (4) | (6)% |
| Corporate expenses | (75) | (78) | 3 | 4% |
| Restructuring/impairment charges | — | (36) | 36 | nm |
| Gain from change in benefit plans | — | 5 | (5) | nm |
| Integration costs | — | (4) | 4 | nm |
| Gain from sale of land | — | 2 | (2) | nm |
| Operating income | $ 613 | $ 668 | $ (55) | (8)% |

Operating income for 2013 declined to $613 million from $668 million in 2012. Operating income for 2012 included $20 million of charges for impaired assets and restructuring costs in Kenya, $11 million of restructuring charges to reduce the carrying value of certain equipment associated with our manufacturing optimization plan in North America,





$5 million of charges for impaired assets in China and Colombia, and $4 million of costs pertaining to the integration of National Starch. Additionally, operating income for 2012 included the $5 million gain from the benefit plan change in North America and a $2 million gain from the sale of land. Without the impairment/restructuring charges, integration costs, the gain from the benefit plan change, and the gain from the land sale, operating income for 2013 would have decreased 13 percent, primarily reflecting reduced operating income in South America. Unfavorable currency translation associated with weaker foreign currencies caused operating income to decline by approximately $21 million from 2012.

North America operating income decreased 2 percent to $401 million from $408 million in 2012. Lower volumes due to reduced customer demand drove the operating income decline. Improved product selling prices and manufacturing cost saving initiatives limited the unfavorable impact of the reduced sales volume. Currency translation associated with a weaker Canadian dollar caused operating income to decrease by approximately $3 million in North America. South America operating income decreased 41 percent to $116 million from $198 million in 2012. The decrease was driven by significantly weaker results in the Southern Cone of South America and in Brazil. Our inability to increase selling prices to a level sufficient to recover higher corn, energy and labor costs, primarily in Argentina, and the reduced absorption of fixed manufacturing costs as a result of lower sales volumes due to soft demand from a weaker economy, drove the earnings decline. Translation effects associated with weaker South American currencies (particularly the Argentine Peso and Brazilian Real) caused operating income to decrease by approximately $14 million. We anticipate that our business in South America will continue to be challenged with high production costs, local currency devaluation, product pricing limitations and volume pressures in 2014. Asia Pacific operating income rose 2 percent to $97 million from $95 million in 2012. This increase primarily reflects organic volume growth and slightly higher product selling prices, which more than offset higher local production costs and the impact of weaker foreign currencies. Unfavorable translation effects associated with weaker foreign currencies caused Asia Pacific operating income to decrease by approximately $1 million. EMEA operating income decreased 6 percent to $74 million from $78 million in 2012. The decrease primarily reflects the impacts of weaker foreign currencies and higher local production and energy costs, which more than offset improved product price/mix and volume growth. Translation effects associated with weaker foreign currencies (particularly the Pakistan Rupee) caused EMEA operating income to decrease by approximately $3 million. Energy infrastructure in Pakistan remains problematic and we continue to face challenges resulting from related power shortages and higher energy costs in that country.

***Financing Costs-net***. Financing costs-net decreased slightly to $66 million in 2013 from $67 million in 2012. The decrease primarily reflects reduced interest expense driven by lower average borrowings and interest rates and an increase in interest income attributable to our higher cash balances, partially offset by an increase in foreign currency transaction losses.

***Provision for Income Taxes***. Our effective tax rate was 26.3 percent in 2013, as compared to 27.8 percent in 2012. Our effective tax rate for 2013 includes approximately $2 million of tax benefits related to the January 2, 2013 enactment of the US American Taxpayer Relief Act of 2012. The Company also received a favorable tax determination from the Canadian courts during 2013 that resulted in approximately $4 million of tax benefits related to prior years, and an additional $2 million related to the current year. In addition, the Company recognized approximately $11 million of tax favorability related to net changes in previously unrecognized tax benefits and global provision to return adjustments. Our effective income tax rate for 2012 includes the effects of the discrete reversal of a $13 million valuation allowance that had been recorded against net deferred tax assets of our Korean subsidiary, the recognition of an income tax benefit of $8 million related to our $20 million restructuring charge in Kenya and the associated tax write-off of the investment. Additionally, in 2012 we recorded a $4 million pre-tax charge related to the disposition of GFEMS, which is not expected to produce a realizable tax benefit. Without the impact of the items described above, our effective tax rates for 2013 and 2012 would have been approximately 30 percent in both periods. See also Note 7 of the notes to the consolidated financial statements.

***Net Income Attributable to Non-controlling Interests***. Net income attributable to non-controlling interests was $7 million in 2013, up from $6 million in 2012. The increase reflects the impact of our 2012 sale of GFEMS and improved net income at our non-wholly-owned operation in Pakistan.





***Comprehensive Income***. We recorded comprehensive income of $288 million in 2013, as compared with $366 million in 2012. The decrease in comprehensive income primarily reflects a $125 million unfavorable variance in the cumulative translation adjustment, a $41 million unfavorable variance associated with our cash-flow hedging activity and our lower net income of $31 million, partially offset by a $119 million favorable variance relating mainly to the improved funded status of our pension and postretirement benefit plans. The unfavorable variance in the cumulative translation adjustment reflects a greater weakening in end of period foreign currencies relative to the US dollar, as compared to a year ago.

*2012 Compared to 2011*

***Net Income attributable to Ingredion***. Net income attributable to Ingredion for 2012 increased to $428 million, or $5.47 per diluted common share, from 2011 net income of $416 million, or $5.32 per diluted common share. Our results for 2012 included after-tax charges of $16 million ($0.20 per diluted common share) for impaired assets and restructuring costs in Kenya, China and Colombia (see Note 3 of the notes to the consolidated financial statements for additional information), after-tax restructuring charges of $7 million ($0.09 per diluted common share) relating to our manufacturing optimization plan in North America, and after-tax costs of $3 million ($0.03 per diluted common share) associated with our integration of National Starch. Additionally, our 2012 results included the reversal of a $13 million valuation allowance that had been recorded against net deferred tax assets of our Korean subsidiary ($0.16 per diluted common share), an after-tax gain from a change in a benefit plan of $3 million ($0.04 per diluted common share) and an after-tax gain from the sale of land of $2 million ($0.02 per diluted common share). Our results for 2011 included a $58 million NAFTA award ($0.75 per diluted common share) received from the Government of the United Mexican States (see Note 11 of the notes to the consolidated financial statements for additional information) and an after-tax gain of $18 million ($0.23 per diluted common share) pertaining to a change in a postretirement plan (see Note 8 of the notes to the consolidated financial statements for additional information). Additionally, our 2011 results included after-tax costs of $21 million ($0.26 per diluted common share) relating to the integration of National Starch and after-tax restructuring charges of $7 million ($0.08 per diluted common share) associated with our manufacturing optimization plan in North America.

Without the impairment/restructuring charges, the reversal of the Korean deferred tax asset valuation allowance, the gain from the benefit plan change, the gain from the land sale and the integration costs in 2012 and the integration costs, restructuring charges, NAFTA award and gain from the postretirement plan change in 2011, net income and diluted earnings per common share for 2012 would have grown 19 percent from 2011. This net income growth primarily reflects an increase in operating income in North America and, to a lesser extent, in Asia Pacific. Reduced financing costs and a lower effective income tax rate also contributed to the improved earnings.

***Net Sales***. Net sales for 2012 increased to $6.53 billion from $6.22 billion in 2011, as sales growth in North America and Asia Pacific more than offset declines in South America and EMEA.

A summary of net sales by reportable business segment is shown below:

| (in millions) | 2012 | 2011 | Increase (Decrease) | % Change |
|---|---|---|---|---|
| North America | $ 3,741 | $ 3,356 | $ 385 | 11% |
| South America | 1,462 | 1,569 | (107) | (7)% |
| Asia Pacific | 816 | 764 | 52 | 7% |
| EMEA | 513 | 530 | (17) | (3)% |
| Total | $ 6,532 | $ 6,219 | $ 313 | 5% |

The increase in net sales primarily reflects improved price/product mix of 6 percent and volume growth of 2 percent driven by stronger demand from our beverage, brewing and food customers, which more than offset unfavorable currency translation of 3 percent attributable to weaker foreign currencies relative to the US dollar.



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Net sales in North America increased 11 percent reflecting improved price/product mix of 7 percent and volume growth of 4 percent driven by stronger demand from our beverage, brewing and food customers. Improved selling prices helped to offset higher corn costs. Net sales in South America decreased 7 percent, as a 9 percent decline attributable to weaker foreign currencies and a 3 percent volume reduction, more than offset a 5 percent price/product mix improvement. The volume decline primarily reflects a combination of weaker economic activity in the segment and a transportation strike and labor issues that impacted our customers in Argentina earlier in the year. Asia Pacific net sales grew 7 percent, as volume growth of 5 percent and price/product mix improvement of 3 percent, more than offset unfavorable currency translation of 1 percent. EMEA net sales decreased 3 percent, as unfavorable currency translation of 6 percent and a 1 percent volume reduction resulting primarily from the closure of our manufacturing plant in Kenya, more than offset a 4 percent price/product mix improvement.

***Cost of Sales***. Cost of sales for 2012 increased 4 percent to $5.29 billion from $5.09 billion in 2011. The increase primarily reflects higher corn costs and volume growth. Currency translation caused cost of sales for 2012 to decrease approximately 3 percent from 2011, reflecting the impact of weaker foreign currencies. Gross corn costs per ton for 2012 increased approximately 4 percent from 2011, driven by higher market prices for corn. Additionally, energy costs increased approximately 2 percent from 2011; primarily reflecting higher costs in Pakistan, where power shortages due to energy infrastructure problems in that country drove costs higher. Our gross profit margin for 2012 was 19 percent, compared to 18 percent in 2011.

***Selling, General and Administrative Expenses***. SG&A expenses for 2012 increased to $556 million from $543 million in 2011. The increase primarily reflects higher compensation-related costs; lower integration expenses and the impact of weaker foreign currencies partially offset these increases. Currency translation caused operating expenses for 2012 to decrease approximately 3 percent from 2011. SG&A expenses represented 9 percent of net sales in both 2012 and 2011. Without integration costs, SG&A expenses, as a percentage of net sales, would have been 8 percent in both 2012 and 2011.

***Other Income-net***. Other income-net of $22 million for 2012 decreased from other income-net of $98 million in 2011. This decrease primarily reflects the effects of the $58 million NAFTA award received from the Government of the United Mexican States in the first quarter of 2011 and a $30 million gain associated with a fourth quarter 2011 postretirement benefit plan change. A $5 million gain from a change in a benefit plan in North America and a $2 million gain from a land sale in the fourth quarter of 2012 partially offset these declines.

***Operating Income***. A summary of operating income is shown below:

| (in millions) | 2012 | 2011 | Favorable (Unfavorable) Variance | Favorable (Unfavorable) % Change |
|---|---|---|---|---|
| North America | $ 408 | $ 322 | $ 86 | 27% |
| South America | 198 | 203 | (5) | (2)% |
| Asia Pacific | 95 | 79 | 16 | 20% |
| EMEA | 78 | 84 | (6) | (7)% |
| Corporate expenses | (78) | (64) | (14) | (22)% |
| Restructuring/impairment charges | (36) | (10) | (26) | (260)% |
| Gain from change in benefit plans | 5 | 30 | (25) | (83)% |
| Integration costs | (4) | (31) | 27 | 87% |
| Gain from sale of land | 2 | — | 2 | nm |
| NAFTA award | — | 58 | (58) | nm |
| Operating income | $ 668 | $ 671 | $ (3) | —% |

Operating income for 2012 declined slightly to $668 million from $671 million in 2011. Operating income for 2012 included $20 million of charges for impaired assets and restructuring costs in Kenya, $11 million of restructuring charges to reduce the carrying value of certain equipment associated with our manufacturing optimization plan in North America, $5 million of charges for impaired assets in China and Colombia, and $4 million of costs pertaining to the integration of

National Starch. Additionally, operating income for 2012 included the $5 million gain from the benefit plan change in North America and a $2 million gain from the sale of land. Operating income for 2011 included the $58 million NAFTA award, a $30 million gain from a change in a postretirement plan, $31 million of costs pertaining to the integration of National Starch and $10 million of restructuring charges associated with our North American manufacturing optimization plan. Without the impairment/restructuring charges, integration costs, the NAFTA award, the gains from the changes in benefit plans, and the gain from the land sale, operating income for 2012 would have increased 12 percent, primarily reflecting strong earnings growth in North America and, to a lesser extent, in Asia Pacific. Unfavorable currency translation associated with weaker foreign currencies caused operating income to decline by approximately $30 million from 2011.

North America operating income increased 27 percent to $408 million from $322 million in 2011. Improved product selling prices and volume growth helped to offset higher corn costs. Currency translation associated with a weaker Canadian dollar caused operating income to decrease by approximately $1 million in North America. South America operating income decreased 2 percent to $198 million from $203 million in 2011. Improved product price/mix largely offset the unfavorable impacts of higher local product costs; translation effects associated with weaker South American currencies (particularly the Argentine Peso and Brazilian Real), which had a $22 million unfavorable impact on the segment; and lower volumes due to soft demand from a weaker economy. Asia Pacific operating income rose 20 percent to $95 million from $79 million in 2011. This increase primarily reflects sales volume growth and improved price/mix, which more than offset the impact of weaker currencies. Unfavorable translation effects associated with weaker foreign currencies caused Asia Pacific operating income to decrease by approximately $1 million. EMEA operating income decreased 7 percent to $78 million from $84 million in 2011, primarily reflecting unfavorable currency translation. Translation effects associated with weaker foreign currencies caused EMEA operating income to decrease by approximately $6 million. While our installation of equipment helped to mitigate energy issues somewhat, energy infrastructure in Pakistan remains problematic and we continue to face challenges resulting from the power shortages in that country.

***Financing Costs-net***. Financing costs-net decreased to $67 million in 2012 from $78 million in 2011. The decrease primarily reflects an increase in interest income of $5 million attributable to our higher cash balances, a $4 million decrease in interest expense driven by lower borrowing rates and a $2 million reduction in foreign currency transaction losses.

***Provision for Income Taxes***. Our effective tax rate was 27.8 percent in 2012, as compared to 28.7 percent in 2011. Our effective income tax rate for 2012 included the effects of the discrete reversal of a $13 million valuation allowance that had been recorded against net deferred tax assets of our Korean subsidiary, the recognition of an income tax benefit of $8 million related to our $20 million restructuring charge in Kenya and the associated tax write-off of the investment. Additionally, we recorded a $4 million pretax charge related to the disposition of GFEMS, which is not expected to produce a realizable tax benefit. Our effective income tax rate for 2011 included the benefit of the one-time recognition of tax free income related to the NAFTA award in pretax income, which lowered our effective income tax rate by 3.5 percentage points. Without the impact of the items described above, our effective tax rates for 2012 and 2011 would have been approximately 30 percent and 32 percent, respectively. See also Note 7 of the notes to the consolidated financial statements.

***Net Income Attributable to Non-controlling Interests***. Net income attributable to non-controlling interests was $6 million in 2012, down from $7 million in 2011. The decrease reflects lower earnings at our non-wholly-owned operations in Pakistan and China.

***Comprehensive Income***. We recorded comprehensive income of $366 million in 2012, as compared with $193 million in 2011. The increase primarily reflects a $97 million favorable variance in the currency translation adjustment and a $94 million favorable variance associated with our cash-flow hedging activity. The favorable variance in the currency translation adjustment reflects a more moderate weakening in end of period foreign currencies relative to the US dollar in 2012, as compared to 2011, when end of period foreign currency depreciation was more significant.





## LIQUIDITY AND CAPITAL RESOURCES

At December 31, 2013, our total assets were $5.36 billion, down from $5.59 billion at December 31, 2012. This decrease primarily reflects translation effects associated with weaker end of period foreign currencies relative to the US dollar. Total equity decreased to $2.43 billion at December 31, 2013, from $2.46 billion at December 31, 2012. This decrease primarily reflects our share repurchases, dividends on our common stock and an increase in our accumulated other comprehensive loss driven principally by unfavorable foreign currency translation and losses on cash flow hedges that more than offset actuarial gains on our pension and postretirement benefit obligations. These declines more than offset the impact of our 2013 net income on total equity.

We have a senior, unsecured, $1 billion revolving credit agreement (the “Revolving Credit Agreement”) that matures on October 22, 2017. Subject to certain terms and conditions, we may increase the amount of the revolving credit facility under the Revolving Credit Agreement by up to $250 million in the aggregate. All committed pro rata borrowings under the revolving credit facility will bear interest at a variable annual rate based on the LIBOR or prime rate, at our election, subject to the terms and conditions thereof, plus, in each case, an applicable margin based on our leverage ratio (as reported in the financial statements delivered pursuant to the Revolving Credit Agreement).

The Revolving Credit Agreement contains customary representations, warranties, covenants, events of default, terms and conditions, including limitations on liens, incurrence of debt, mergers and significant asset dispositions. We must also comply with a leverage ratio and an interest coverage ratio covenant. The occurrence of an event of default under the Revolving Credit Agreement could result in all loans and other obligations under the agreement being declared due and payable and the revolving credit facility being terminated. We met all covenant requirements as of December 31, 2013.

At December 31, 2013, there were no borrowings outstanding under our Revolving Credit Agreement. In addition, we have a number of short-term credit facilities consisting of operating lines of credit. At December 31, 2013, we had total debt outstanding of $1.81 billion, compared to $1.80 billion at December 31, 2012. The debt includes $350 million (principal amount) of 3.2 percent notes due 2015, $300 million (principal amount) of 1.8 percent senior notes due 2017, $200 million of 6.0 percent senior notes due 2017, $200 million of 5.62 percent senior notes due 2020, $400 million (principal amount) of 4.625 percent notes due 2020, $250 million (principal amount) of 6.625 percent senior notes due 2037 and $93 million of consolidated subsidiary debt consisting of local country short-term borrowings. Ingredion Incorporated, as the parent company, guarantees certain obligations of its consolidated subsidiaries. At December 31, 2013, such guarantees aggregated $225 million. Management believes that such consolidated subsidiaries will meet their financial obligations as they become due.

Historically, the principal source of our liquidity has been our internally generated cash flow, which we supplement as necessary with our ability to borrow on our bank lines and to raise funds in the capital markets. In addition to borrowing availability under our Revolving Credit Agreement, we also have approximately $487 million of unused operating lines of credit in the various foreign countries in which we operate.

The weighted average interest rate on our total indebtedness was approximately 4.4 percent and 4.5 percent for 2013 and 2012, respectively.





*Net Cash Flows*

A summary of operating cash flows is shown below:

| (in millions) | 2013 | 2012 |
| --- | --- | --- |
| Net income | $ 403 | $ 434 |
| Depreciation and amortization | 194 | 211 |
| Write-off of impaired assets | — | 24 |
| Gain from change in benefit plans | — | (5) |
| Deferred income taxes | 30 | (3) |
| Changes in working capital | (57) | 33 |
| Other | 49 | 38 |
| Cash provided by operations | $ 619 | $ 732 |

Cash provided by operations was $619 million in 2013, as compared with $732 million in 2012. The decrease in operating cash flow for 2013 primarily reflects an increase in our investment in working capital. Our working capital increase was driven principally by a decrease in accounts payable and accrued liabilities associated with the timing of payments and an increase in accounts receivable due to the timing of collections, partially offset by a reduction in inventory quantities and raw material costs. Our lower net income also contributed to the decrease in cash provided by operating activities.

We had cash inflows of $14 million in 2013 from our margin account activity relating to commodity hedging contracts. To manage price risk related to corn purchases in North America, we use derivative instruments (corn futures and options contracts) to lock in our corn costs associated with firm-priced customer sales contracts. We are unable to directly hedge price risk related to co-product sales; however, we enter into hedges of soybean oil (a competing product to our animal feed and corn oil) in order to mitigate the price risk of animal feed and corn oil sales. As the market price of corn fluctuates, our derivative instruments change in value and we fund any unrealized losses or receive cash for any unrealized gains related to outstanding corn futures and option contracts. We plan to continue to use corn futures and option contracts to hedge the price risk associated with firm-priced customer sales contracts in our North American business and, accordingly, we will be required to make or be entitled to receive, cash deposits for margin calls depending on the movement in the market price for corn.

Listed below are our primary investing and financing activities for 2013:

| | Sources (Uses) of Cash (in millions) |
| --- | --- |
| Capital expenditures | $ (298) |
| Payments on debt | (53) |
| Proceeds from borrowings | 21 |
| Dividends paid (including dividends of $3 to non-controlling interests) | (112) |
| Repurchases of common stock | (228) |
| Issuance of common stock | 14 |

On December 13, 2013, our board of directors declared a quarterly cash dividend of $0.42 per share of common stock, an 11 percent increase from the previous quarterly dividend of $0.38 per share. This dividend was paid on January 27, 2014 to stockholders of record at the close of business on December 31, 2013.

We currently anticipate that capital expenditures for 2014 will be in the range of $300 million to $350 million.





We currently expect that our available cash balances, future cash flow from operations and borrowing capacity under our credit facilities will provide us with sufficient liquidity to fund our anticipated capital expenditures, dividends, and other investing and/or financing activities for the foreseeable future.

We have not provided federal and state income taxes on accumulated undistributed earnings of certain foreign subsidiaries because these earnings are planned to be permanently reinvested. It is not practicable to determine the amount of the unrecognized deferred tax liability related to the undistributed earnings. We do not anticipate the need to repatriate funds to the United States to satisfy domestic liquidity needs arising in the ordinary course of business, including liquidity needs associated with our domestic debt service requirements. Approximately $341 million of our total cash and cash equivalents of $574 million at December 31, 2013, was held by our operations outside of the United States. We expect that available cash balances and credit facilities in the United States, along with cash generated from operations, will be sufficient to meet our operating and other cash needs for the foreseeable future.

*Hedging*

We are exposed to market risk stemming from changes in commodity prices, foreign currency exchange rates and interest rates. In the normal course of business, we actively manage our exposure to these market risks by entering into various hedging transactions, authorized under established policies that place clear controls on these activities. These transactions utilize exchange-traded derivatives or over-the-counter derivatives with investment grade counterparties. Our hedging transactions may include, but are not limited to, a variety of derivative financial instruments such as commodity futures, options and swap contracts, forward currency contracts and options, interest rate swap agreements and treasury lock agreements. See Note 4 of the notes to the consolidated financial statements for additional information.

*Commodity Price Risk:*

Our principal use of derivative financial instruments is to manage commodity price risk in North America relating to anticipated purchases of corn and natural gas to be used in the manufacturing process. We periodically enter into futures, options and swap contracts for a portion of our anticipated corn and natural gas usage, generally over the following twelve to eighteen months, in order to hedge price risk associated with fluctuations in market prices. These derivative instruments are recognized at fair value and have effectively reduced our exposure to changes in market prices for these commodities. We are unable to directly hedge price risk related to co-product sales; however, we enter into hedges of soybean oil (a competing product to our corn oil) in order to mitigate the price risk of corn oil sales. Unrealized gains and losses associated with marking our commodities-based derivative instruments to market are recorded as a component of other comprehensive income ("OCI"). At December 31, 2013, our accumulated other comprehensive loss account ("AOCI") included $32 million of losses, net of tax of $15 million, related to these derivative instruments. It is anticipated that approximately $31 million of these losses, net of tax of $15 million, will be reclassified into earnings during the next twelve months. We expect the losses to be offset by changes in the underlying commodities cost.

*Foreign Currency Exchange Risk:*

Due to our global operations, including many emerging markets, we are exposed to fluctuations in foreign currency exchange rates. As a result, we have exposure to translational foreign exchange risk when our foreign operation results are translated to USD and to transactional foreign exchange risk when transactions not denominated in the functional currency of the operating unit are revalued. We primarily use derivative financial instruments such as foreign currency forward contracts, swaps and options to manage our foreign currency transactional exchange risk. At December 31, 2013, we had foreign currency forward sales contracts with an aggregate notional amount of $147 million and foreign currency forward purchase contracts with an aggregate notional amount of $78 million that hedged transactional exposures. The fair value of these derivative instruments is a liability of $5 million at December 31, 2013.

We also have foreign currency derivative instruments that hedge certain foreign currency transactional exposures and are designated as cash-flow hedges. At December 31, 2013, AOCI included $1 million of net gains, net of income taxes, associated with these hedges. It is anticipated that approximately $2 million of losses, net of income taxes of $1 million,





will be reclassified into earnings during the next twelve months. We expect the losses to be offset by changes in the fair value of the underlying hedged item.

We have significant operations in Argentina. We utilize the official exchange rate published by the Argentine government for re-measurement purposes. Due to exchange controls put in place by the Argentine government, a parallel market exists for exchanging Argentine pesos to US dollars at less favorable rates than the official rate. Argentina and other emerging markets have experienced increased devaluation and volatility during the first part of 2014.

*Interest Rate Risk:*

We occasionally use interest rate swaps and Treasury Lock agreements ("T-Locks") to hedge our exposure to interest rate changes, to reduce the volatility of our financing costs, or to achieve a desired proportion of fixed versus floating rate debt, based on current and projected market conditions. We did not have any T-Locks outstanding at December 31, 2013 or 2012.

We have interest rate swap agreements that effectively convert the interest rate on our 3.2 percent $350 million senior notes due November 1, 2015 to a variable rate. These swap agreements call for us to receive interest at a fixed rate (3.2 percent) and to pay interest at a variable rate based on the six-month USD LIBOR rate plus a spread. We have designated these interest rate swap agreements as hedges of the changes in fair value of the underlying debt obligation attributable to changes in interest rates and account for them as fair value hedges. The fair value of these interest rate swap agreements approximated $13 million at December 31, 2013 and is reflected in the Consolidated Balance Sheet within other assets, with an offsetting amount recorded in long-term debt to adjust the carrying amount of the hedged debt obligation.

At December 31, 2013, our accumulated other comprehensive loss account included $8 million of losses (net of tax of $5 million) related to settled Treasury Lock agreements. These deferred losses are being amortized to financing costs over the terms of the senior notes with which they are associated. It is anticipated that $2 million of these losses (net of tax of $1 million) will be reclassified into earnings during the next twelve months.

*Contractual Obligations and Off Balance Sheet Arrangements*

The table below summarizes our significant contractual obligations as of December 31, 2013. Information included in the table is cross-referenced to the notes to the consolidated financial statements elsewhere in this report, as applicable.

| | | Payments due by period | | | | |
|---|---|---|---|---|---|---|
| **(in millions) Contractual Obligations** | **Note reference** | **Total** | **Less than 1 year** | **2 – 3 years** | **4 – 5 years** | **More than 5 years** |
| Long-term debt | 5 | $ 1,700 | $ — | $ 350 | $ 500 | $ 850 |
| Interest on long-term debt | 5 | 678 | 75 | 139 | 104 | 360 |
| Operating lease obligations | 6 | 196 | 44 | 70 | 44 | 38 |
| Pension and other postretirement obligations | 8 | 122 | 12 | 6 | 6 | 98 |
| Purchase obligations (a) | | 1,151 | 288 | 220 | 194 | 449 |

| | | | | | |
|---|---|---|---|---|---|
| Total | $ 3,847 | $ 419 | $ 785 | $ 848 | $ 1,795 |



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(a) *The purchase obligations relate principally to power supply and raw material sourcing agreements, including take or pay contracts, which help to provide us with adequate power and raw material supply at certain of our facilities.*
(b) *The above table does not reflect unrecognized income tax benefits of $34 million, the timing of which is uncertain. See Note 7 of the notes to the consolidated financial statements for additional information with respect to unrecognized income tax benefits.*

We currently anticipate that in 2014 we will make cash contributions of $2 million and $8 million to our US and non-US pension plans, respectively. See Note 8 of the notes to the consolidated financial statements for further information with respect to our pension and postretirement benefit plans.

*Key Financial Performance Metrics*

We use certain key financial metrics to monitor our progress towards achieving our long-term strategic business objectives. These metrics relate to our return on capital employed, our financial leverage, and our management of working capital, each of which is tracked on an ongoing basis. We assess whether we are achieving an adequate return on invested capital by measuring our "Return on Capital Employed" ("ROCE") against our cost of capital. We monitor our financial leverage by regularly reviewing our ratio of net debt to adjusted earnings before interest, taxes, depreciation and amortization ("Net Debt to Adjusted EBITDA") and our "Net Debt to Capitalization" percentage to assure that we are properly financed. We assess our level of working capital investment by evaluating our "Operating Working Capital as a percentage of Net Sales." We believe these metrics provide valuable managerial information to help us run our business and are useful to investors.

The metrics below include certain information (including Capital Employed, Adjusted Operating Income, Adjusted EBITDA, Net Debt, Adjusted Current Assets, Adjusted Current Liabilities and Operating Working Capital) that is not calculated in accordance with Generally Accepted Accounting Principles ("GAAP"). Management uses non-GAAP financial measures internally for strategic decision making, forecasting future results and evaluating current performance. By disclosing non-GAAP financial measures, management intends to provide a more meaningful, consistent comparison of our operating results and trends for the periods presented. These non-GAAP financial measures are used in addition to and in conjunction with results presented in accordance with GAAP and reflect an additional way of viewing aspects of our operations that, when viewed with our GAAP results, provide a more complete understanding of factors and trends affecting our business. These non-GAAP measures should be considered as a supplement to, and not as a substitute for, or superior to, the corresponding measures calculated in accordance with generally accepted accounting principles.

Non-GAAP financial measures are not prepared in accordance with GAAP; therefore, the information is not necessarily comparable to other companies. A reconciliation of non-GAAP historical financial measures to the most comparable GAAP measure is provided in the tables below.



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Our calculations of these key financial metrics for 2013 with comparisons to the prior year are as follows:

| **Return on Capital Employed (dollars in millions)** | **2013** | **2012** |
|---|---|---|
| Total equity * | $ 2,459 | $ 2,133 |
| Add: | | |
| Cumulative translation adjustment * | 335 | 306 |
| Share-based payments subject to redemption* | 19 | 15 |
| Total debt * | 1,800 | 1,949 |
| Less: | | |
| Cash and cash equivalents * | (609) | (401) |
| Capital employed * (a) | $ 4,004 | $ 4,002 |
| | | |
| Operating income | $ 613 | $ 668 |
| Adjusted for: | | |
| Gain from change in benefit plans | — | (5) |
| Gain from sale of land | — | (2) |
| Integration costs | — | 4 |
| Restructuring / impairment charges | — | 36 |
| Adjusted operating income | $ 613 | $ 701 |
| Income taxes (at effective tax rates of 26.3% in 2013 and 30.4% in 2012)** | (161) | (213) |
| Adjusted operating income, net of tax (b) | $ 452 | $ 488 |
| | | |
| Return on Capital Employed (b¸a) | 11.3% | 12.2% |

* *Balance sheet amounts used in computing capital employed represent beginning of period balances.*
** *The effective income tax rate for 2012 excludes the impacts of impairment and restructuring charges, the reversal of the Korea deferred tax asset valuation allowance and integration costs. Including these charges, the Company's effective income tax rate for 2012 was 27.8 percent. Listed below is a schedule that reconciles our effective income tax rate under US GAAP to the adjusted income tax rate.*

| | **Income before Income Taxes (a)** | **Provision for Income Taxes (b)** | **Effective Income Tax Rate (b÷a)** |
|---|---|---|---|

| (dollars in millions) | 2013 | 2012 | 2013 | 2012 | 2013 | 2012 |
|---|---|---|---|---|---|---|
| *As reported* | *$ 547* | *$ 601* | *$ 144* | *$ 167* | *26.3%* | *27.8%* |
| *Add back (deduct):* | | | | | | |
| *Integration costs* | — | *4* | — | *2* | | |
| *Reversal of Korea deferred tax asset valuation allowance* | — | — | — | *13* | | |
| *Restructuring/impairment charges* | — | *36* | — | *13* | | |
| *Adjusted-non-GAAP* | *$ 547* | *$ 641* | *$ 144* | *$ 195* | *26.3%* | *30.4%* |





| Net Debt to Adjusted EBITDA ratio (dollars in millions) | 2013 | 2012 |
|---|---|---|
| Short-term debt | $ 93 | $ 76 |
| Long-term debt | 1,717 | 1,724 |
| Less: Cash and cash equivalents | (574) | (609) |
| Short-term investments | — | (19) |
| Total net debt (a) | $ 1,236 | $ 1,172 |
| Net income attributable to Ingredion | $ 396 | $ 428 |
| Add back (deduct): | | |
| Gain from change in benefit plans | — | (5) |
| Gain from land sale | — | (2) |
| Integration costs | — | 4 |
| Restructuring / impairment charges (*) | — | 25 |
| Net income attributable to non-controlling interest | 7 | 6 |
| Provision for income taxes | 144 | 167 |
| Financing costs, net of interest income of $11 and $10, respectively | 66 | 67 |
| Depreciation and amortization | 194 | 211 |
| Adjusted EBITDA (b) | $ 807 | $ 901 |
| Net Debt to Adjusted EBITDA ratio (a ÷ b) | 1.5 | 1.3 |

*Excludes depreciation related to North American manufacturing optimization plan.





| Net Debt to Capitalization percentage (dollars in millions) | 2013 | 2012 |
|---|---|---|
| Short-term debt | $ 93 | $ 76 |
| Long-term debt | 1,717 | 1,724 |
| Less: Cash and cash equivalents | (574) | (609) |
| Short-term investments | — | (19) |
| Total net debt (a) | $ 1,236 | $ 1,172 |
| Deferred income tax liabilities | $ 207 | $ 160 |
| Share-based payments subject to redemption | 24 | 19 |
| Total equity | 2,429 | 2,459 |
| Total capital | $ 2,660 | $ 2,638 |
| Total net debt and capital (b) | $ 3,896 | $ 3,810 |
| | | |
| Net Debt to Capitalization percentage (a¸b) | 31.7% | 30.8% |

| Operating Working Capital as a percentage of Net Sales (dollars in millions) | 2013 | 2012 |
|---|---|---|
| Current assets | $ 2,214 | $ 2,360 |
| Less: Cash and cash equivalents | (574) | (609) |
| Short-term investments | — | (19) |
| Deferred income tax assets | (68) | (65) |
| Adjusted current assets | $ 1,572 | $ 1,667 |
| Current liabilities | $ 820 | $ 933 |
| Less: Short-term debt | (93) | (76) |
| Deferred income tax liabilities | — | (2) |
| Adjusted current liabilities | $ 727 | $ 855 |
| Operating working capital (a) | $ 845 | $ 812 |
| Net sales (b) | $ 6,328 | $ 6,532 |
| Operating Working Capital as a percentage of Net Sales (a ¸ b) | 13.4% | 12.4% |

<u>Commentary on Key Financial Performance Metrics:</u>

In accordance with our long-term objectives, we set certain goals relating to these key financial performance metrics that we strive to meet. At December 31, 2013, we had achieved our established targets. However, no assurance can be given that we will continue to meet our financial performance metric targets.

See Item 1A "Risk Factors" and Item 7A "Quantitative and Qualitative Disclosures About Market Risk." The objectives set out below reflect our current aspirations in light of our present plans and existing circumstances. We may change these objectives from time to time





in the future to address new opportunities or changing circumstances as appropriate to meet our long-term needs and those of our shareholders.

*ROCE* **—** Our long-term goal is to achieve a ROCE in excess of 8.5 percent. In determining this performance metric, the negative cumulative translation adjustment is added back to total equity to calculate returns based on the Company's original investment costs. Our ROCE for 2013 declined to 11.3 percent from 12.2 percent in 2012, driven by our lower operating income in 2013.

*Net Debt to Adjusted EBITDA ratio* — Our long-term objective is to maintain a ratio of net debt to adjusted EBITDA of less than 2.25. While this ratio increased to 1.5 at December 31, 2013, from 1.3 at December 31, 2012, it remains below our threshold of 2.25. The increase in the ratio reflects our reduced earnings coupled with a 5 percent increase in total net debt.

*Net Debt to Capitalization percentage* — Our long-term goal is to maintain a Net Debt to Capitalization percentage in the range of 32 to 35 percent. At December 31, 2013, our Net Debt to Capitalization percentage was 31.7 percent, up slightly from 30.8 percent a year ago, primarily reflecting the 5 percent increase in total net debt, partially offset by a higher capital base driven by an increase in our deferred income tax liabilities.

*Operating Working Capital as a percentage of Net Sales* — Our long-term goal is to maintain operating working capital in a range of 12 to 14 percent of our net sales. At December 31, 2013, the metric was 13.4 percent, up from the 12.4 percent of a year ago. The increase in the metric reflects our lower net sales and higher working capital position.

*Critical Accounting Policies and Estimates*

Our consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America. The preparation of these financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements, as well as the reported amounts of revenues and expenses during the reporting period. Actual results may differ from these estimates under different assumptions and conditions.

We have identified below the most critical accounting policies upon which the financial statements are based and that involve our most complex and subjective decisions and assessments. Our senior management has discussed the development, selection and disclosure of these policies with members of the Audit Committee of our Board of Directors. These accounting policies are provided in the notes to the consolidated financial statements. The discussion that follows should be read in conjunction with the consolidated financial statements and related notes included elsewhere in this Annual Report on Form 10-K.

*Long-lived Assets*

We have substantial investments in property, plant and equipment and definite-lived intangible assets. For property, plant and equipment, we recognize the cost of depreciable assets in operations over the estimated useful life of the assets and evaluate the recoverability of these assets whenever events or changes in circumstances indicate that the carrying value of the assets may not be recoverable. For definite-lived intangible assets, we recognize the cost of these amortizable assets in operations over their estimated useful life and evaluate the recoverability of the assets whenever events or changes in circumstances indicate that the carrying value of the assets may not be recoverable.

In assessing the recoverability of the carrying value of property, plant and equipment and definite-lived intangible assets, we may have to make projections regarding future cash flows. In developing these projections, we make a variety of important assumptions and estimates that have a significant impact on our assessments of whether the carrying values of property, plant and equipment and definite-lived intangible assets should be adjusted to reflect impairment. Among these are assumptions and estimates about the future growth and profitability of the related business unit or asset group, anticipated future economic, regulatory and political conditions in the business unit's or asset group's market, the





appropriate discount rates relative to the risk profile of the unit or assets being evaluated and estimates of terminal or disposal values.

In 2012, we decided to restructure our business operations in Kenya and close our manufacturing plant in the country. As part of that decision, we recorded a $20 million restructuring charge, which included fixed asset impairment charges of $6 million to write down the carrying amount of certain assets to their estimated fair values.

As part of our ongoing strategic optimization, in 2012 we decided to exit our investment in GFEMS, a non-wholly-owned consolidated subsidiary in China. In conjunction with that decision, we recorded a $4 million impairment charge to reduce the carrying value of GFEMS to its estimated net realizable value. We also recorded a $1 million charge for impaired assets in Colombia in 2012.

In addition, as part of a manufacturing optimization program developed in conjunction with the acquisition of National Starch to improve profitability, we completed a plan in 2012 that optimized our production capabilities at certain of our North American facilities. As a result, we recorded restructuring charges to write-off certain equipment by the plan completion date. We recorded charges of $11 million in 2012, of which $10 million represented accelerated depreciation on the equipment.

Through our continual assessment to optimize our operations, we address whether there is a need for additional consolidation of manufacturing facilities or to redeploy assets to areas where we can expect to achieve a higher return on our investment. This review may result in the closing or selling of certain of our manufacturing facilities. The closing or selling of any of the facilities could have a significant negative impact on the results of operations in the year that the closing or selling of a facility occurs.

Even though it was determined that there was no additional long-lived asset impairment as of December 31, 2013, the future occurrence of a potential indicator of impairment, such as a significant adverse change in the business climate that would require a change in our assumptions or strategic decisions made in response to economic or competitive conditions, could require us to perform tests of recoverability in the future.

*Goodwill and Indefinite-Lived Intangible Assets*

Our methodology for allocating the purchase price of acquisitions is based on established valuation techniques that reflect the consideration of a number of factors, including valuations performed by third-party appraisers when appropriate. Goodwill is measured as the excess of the cost of an acquired entity over the fair value assigned to identifiable assets acquired and liabilities assumed. We have identified several reporting units for which cash flows are determinable and to which goodwill may be allocated. Goodwill is either assigned to a specific reporting unit or allocated between reporting units based on the relative excess fair value of each reporting unit. In addition, we have certain indefinite-lived intangible assets in the form of trade names and trademarks. The carrying value of goodwill and indefinite-lived intangible assets at December 31, 2013 was $535 million and $132 million, respectively.

We perform our goodwill and indefinite-lived intangible asset impairment tests annually as of October 1, or more frequently if an event occurs or circumstances change that would more likely than not reduce the fair value of a reporting unit below its carrying value.

In performing our impairment tests for goodwill, management makes certain estimates and judgments. These estimates and judgments include the identification of reporting units and the determination of fair values of reporting units, which management estimates using both discounted cash flow analyses and an analysis of market multiples. Significant assumptions used in the determination of fair value for reporting units include estimates for discount and long-term net sales growth rates, in addition to operating and capital expenditure requirements. We considered significant changes in discount rates for the reporting units based on current market interest rates and specific risk factors within each geographic region. We also evaluated qualitative factors, such as legal, regulatory, or competitive forces, in estimating the impact to the fair value of the reporting units noting no significant changes that would result in any reporting unit failing the impairment test. Changes in assumptions concerning projected results or other underlying assumptions could





have a significant impact on the fair value of the reporting units in the future. Based on the results of our assessment as of October 1, 2013 (although the estimated fair values of our Southern Cone of South America and Brazil reporting units decreased compared to the 2012 assessment due to recent trends experienced in these reporting units), we concluded it was more likely than not that the fair value of all reporting units was greater than their carrying value.

In performing the qualitative annual impairment assessment for indefinite-lived intangible assets, we considered various factors in determining if it was more likely than not that the fair value of these indefinite-lived intangible assets was greater than their carrying value. We evaluated net sales attributable to these intangible assets as compared to original projections and evaluated future projections of net sales related to these assets. In addition, we considered market and industry conditions in the reporting units in which these intangible assets reside noting no significant changes that would result in a failed Step One. Based on the results of this qualitative assessment as of October 1, 2013, we concluded that it was more likely than not that the fair value of these indefinite-lived intangible assets was greater than their carrying value.

*Income Taxes*

We recognize the expected future tax consequences of temporary differences between book and tax bases of assets and liabilities and provide a valuation allowance when deferred tax assets are not more likely than not to be realized. We have considered forecasted earnings, future taxable income, the mix of earnings in the jurisdictions in which we operate and prudent and feasible tax planning strategies in determining the need for a valuation allowance. In the event we were to determine that we would not be able to realize all or part of our deferred tax assets in the future, we would increase the valuation allowance and make a corresponding charge to earnings in the period in which we make such determination. Likewise, if we later determine that we are more likely than not to realize the deferred tax assets, we would reverse the applicable portion of the previously provided valuation allowance.

We are regularly audited by various taxing authorities, and sometimes these audits result in proposed assessments where the ultimate resolution may result in us owing additional taxes. We establish reserves when, despite our belief that our tax return positions are appropriate and supportable under local tax law, we believe there is uncertainty with respect to certain positions and we may not succeed in realizing the tax benefit. We evaluate these unrecognized tax benefits and related reserves each quarter and adjust the reserves and the related interest and penalties in light of changing facts and circumstances regarding the probability of realizing tax benefits, such as the settlement of a tax audit or the expiration of a statute of limitations. We believe the estimates and assumptions used to support our evaluation of tax benefit realization are reasonable. However, final determinations of prior-year tax liabilities, either by settlement with tax authorities or expiration of statutes of limitations, could be materially different than estimates reflected in assets and liabilities and historical income tax provisions. The outcome of these final determinations could have a material effect on our income tax provision, net income, or cash flows in the period in which that determination is made. We believe our tax positions comply with applicable tax law and that we have adequately provided for any known tax contingencies.

No taxes have been provided on undistributed foreign earnings that are planned to be indefinitely reinvested. If future events, including changes in tax law, material changes in estimates of cash, working capital and long-term investment requirements, necessitate that these earnings be distributed, an additional provision for income and withholding taxes may apply, which could materially affect our future effective tax rate.

*Retirement Benefits*

We sponsor non-contributory defined benefit plans covering substantially all employees in the United States and Canada, and certain employees in other foreign countries. We also provide healthcare and life insurance benefits for retired employees in the United States, Canada and Brazil. In order to measure the expense and obligations associated with these benefits, our management must make a variety of estimates and assumptions including discount rates, expected long-term rates of return, rate of compensation increases, employee turnover rates, retirement rates, mortality rates and other factors. We review our actuarial assumptions on an annual basis as of December 31 (or more frequently if a significant event requiring remeasurement occurs) and modify our assumptions based on current rates and trends when it is appropriate to do so. The effects of modifications are recognized immediately on the balance sheet, but are generally amortized into operating earnings over future periods, with the deferred amount recorded in AOCI. We believe the assumptions utilized in recording our obligations under our plans, which are based on our experience, market conditions, and input from our actuaries, are reasonable. We use third-party specialists to assist management in evaluating our assumptions and estimates, as well as to appropriately measure the costs and obligations associated with our retirement benefit plans. Had we used different estimates and assumptions with respect to these plans, our retirement benefit obligations and related expense could vary from the actual amounts recorded, and such differences could be material. Additionally, adverse changes in investment returns earned on pension assets and discount rates used to calculate pension and postretirement benefit related liabilities or changes in required funding levels may have an unfavorable impact on future expense and cash flow. Net periodic pension and postretirement benefit cost for all of our plans was $25 million in 2013 and $24 million in 2012.

We determine our assumption for the discount rate used to measure year-end pension and postretirement obligations based on high-quality fixed-income investments that match the duration of the expected benefit payments, which has been benchmarked using a long-term, high-quality AA corporate bond index. The weighted average discount rate used to determine our obligations under US pension plans for December 31, 2013 and 2012 was 4.60 percent and 3.60 percent, respectively. The weighted average discount rate used to determine our obligations under non-US pension plans for December 31, 2013 and 2012 was 5.60 percent and 4.85 percent, respectively. The weighted average discount rate used to determine our obligations under our postretirement plans for December 31, 2013 and 2012 was 6.47 percent and 5.44 percent, respectively.

A one-percentage point decrease in the discount rates at December 31, 2013 would have increased the accumulated benefit obligation and projected benefit obligation by the following amounts (millions):

| | | |
|---|---|---|
| US Pension Plans | | |
| | | |
| Accumulated benefit obligation | $ | 30 |
| Projected benefit obligation | $ | 31 |
| | | |
| Non-US Pension Plans | | |
| | | |
| Accumulated benefit obligation | $ | 29 |
| Projected benefit obligation | $ | 36 |
| | | |
| Postretirement Plans | | |
| | | |
| Accumulated benefit obligation | $ | 8 |

The Company's investment policy for its pension plans is to balance risk and return through diversified portfolios of passively-managed equity index instruments, fixed income index securities, and short-term investments. Maturities for fixed income securities are managed such that sufficient liquidity exists to meet near-term benefit payment obligations. The asset allocation is reviewed regularly and portfolio investments are rebalanced to the targeted allocation when considered appropriate. We have assumed an expected long-term rate of return on assets, which is based on the fair value of plan assets, of 7.25 percent for US plans and 6.10 percent for Canadian plans. In developing the expected long-term rate of return assumption on plan assets, which consist mainly of US and Canadian equity and debt securities, management evaluated historical rates of return achieved on plan assets and the asset allocation of the plans, input from our independent actuaries and investment consultants, and historical trends in long-term inflation rates. Projected return estimates made by such consultants are based upon broad equity and bond indices. We also maintain several funded pension plans in other international locations. The expected returns on plan assets are determined based on each plan's investment approach and asset allocations. A hypothetical 25 basis point decrease in the expected long-term rate of return assumption for 2014 would increase net periodic pension cost for the US and Canada plans by $0.7 million and $0.5 million, respectively.





Health care cost trend rates are used in valuing our postretirement benefit obligations and are established based upon actual health care cost trends and consultation with actuaries and benefit providers. At December 31, 2013, the health care trend rate assumptions for the next year for the US, Canada and Brazil plans were 6.90 percent, 7.20 percent and 8.66 percent, respectively.

The sensitivities of service cost and interest cost and year-end benefit obligations to changes in health care trend rates (both initial and ultimate rates) for the postretirement benefit plans as of December 31, 2013 are as follows:

| | **2013** |
|---|---|
| One-percentage point increase in trend rates: | |
| · Increase in service cost and interest cost components | $1 million |
| · Increase in year-end benefit obligations | $6 million |
| | |
| One-percentage point decrease in trend rates: | |
| · Decrease in service cost and interest cost components | ($1 million) |
| · Decrease in year-end benefit obligations | ($4 million) |

See also Note 8 of the notes to the consolidated financial statements for more information related to our benefit plans.

*New Accounting Standards*

In March 2013, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2013-05, *Foreign Currency Matters (Topic 830): Parent's Accounting for the Cumulative Translation Adjustment upon Derecognition of Certain Subsidiaries or Groups of Assets within a*

*Foreign Entity or of an Investment in a Foreign Entity.* This Update clarifies the guidance pertaining to the release of the cumulative translation adjustment ("CTA") to resolve diversity in practice. The Update clarifies that when a company ceases to have a controlling financial interest in a subsidiary or group of assets that is a business within a foreign entity, the company should release any related CTA into net income. In such instances, the CTA should be released into net income only if a sale or transfer results in the complete or substantially complete liquidation of the foreign entity in which the subsidiary or group of assets had resided. The Update also requires the release of the CTA (or applicable pro rata portion thereof) upon the sale or partial sale of an equity method investment that is a foreign entity and for a step acquisition in which the acquirer held an equity method investment prior to obtaining control. The guidance in this Update is effective prospectively for fiscal years beginning after December 15, 2013, and interim periods within those fiscal years. The adoption of the guidance contained in this Update will impact the accounting for the CTA upon the de-recognition of certain subsidiaries or groups of assets within a foreign entity or of an investment in a foreign entity; and the effect will be dependent upon a relevant transaction at that time.

In July 2013, the FASB issued ASU No. 2013-11, *Income Taxes (Topic 740): Presentation of an Unrecognized Tax Benefit When a Net Operating Loss Carryforward, a Similar Tax Loss, or a Tax Credit Carryforward Exists.* This Update provides guidance pertaining to the financial statement presentation of an unrecognized tax benefit when a net operating loss carryforward, a similar tax loss or a tax credit carryforward exists, to resolve diversity in practice. The Update requires that companies present an unrecognized tax benefit as a reduction of a deferred tax asset for a tax loss or credit carryforward on the balance sheet when (a) the tax law requires the company to use the tax loss or credit carryforward to satisfy amounts payable upon disallowance of the tax position; or (b) the tax loss or credit carryforward is available to satisfy amounts payable upon disallowance of the tax position, and the company intends to use the deferred tax asset for that purpose. The guidance in this Update is effective prospectively for fiscal years beginning after December 15, 2013, and interim periods within those fiscal years. Early adoption and retrospective application are permitted. The adoption of the guidance in this Update is not expected to have a material impact on our Consolidated Financial Statements.



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*Forward-Looking Statements*

This Form 10-K contains or may contain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. The Company intends these forward-looking statements to be covered by the safe harbor provisions for such statements. Forward-looking statements include, among other things, any statements regarding the Company's prospects or future financial condition, earnings, revenues, tax rates, capital expenditures, expenses or other financial items, any statements concerning the Company's prospects or future operations, including management's plans or strategies and objectives therefor and any assumptions, expectations or beliefs underlying the foregoing. These statements can sometimes be identified by the use of forward looking words such as "may," "will," "should," "anticipate," "believe," "plan," "project," "estimate," "expect," "intend," "continue," "pro forma," "forecast," "outlook" or other similar expressions or the negative thereof. All statements other than statements of historical facts in this report or referred to in or incorporated by reference into this report are "forward-looking statements." These statements are based on current expectations, but are subject to certain inherent risks and uncertainties, many of which are difficult to predict and are beyond our control. Although we believe our expectations reflected in these forward-looking statements are based on reasonable assumptions, stockholders are cautioned that no assurance can be given that our expectations will prove correct. Actual results and developments may differ materially from the expectations expressed in or implied by these statements, based on various factors, including the effects of global economic conditions, including, particularly, continuation or worsening of the current economic, currency and political conditions in South America and economic conditions in Europe, and their impact on our sales volumes and pricing of our products, our ability to collect our receivables from customers and our ability to raise funds at reasonable rates; fluctuations in worldwide markets for corn and other commodities, and the associated risks of hedging against such fluctuations; fluctuations in the markets and prices for our co-products, particularly corn oil; fluctuations in aggregate industry supply and market demand; the behavior of financial markets, including foreign currency fluctuations and fluctuations in interest and exchange rates; continued volatility and turmoil in the capital markets; the commercial and consumer credit environment; general political, economic, business, market and weather conditions in the various geographic regions and countries in which we buy our raw materials or manufacture or sell our products; future financial performance of major industries which we serve, including, without limitation, the food and beverage, pharmaceuticals, paper, corrugated, textile and brewing industries; energy costs and availability, freight and shipping costs, and changes in regulatory controls regarding quotas, tariffs, duties, taxes and income tax rates; operating difficulties; availability of raw materials, including tapioca and the specific varieties of corn upon which our products are based; energy issues in Pakistan; boiler reliability; our ability to effectively integrate and operate acquired businesses; our ability to achieve budgets and to realize expected synergies; our ability to complete planned maintenance and investment projects successfully and on budget; labor disputes; genetic and biotechnology issues; changing consumption preferences including those relating to high fructose corn syrup; increased competitive and/or customer pressure in the starch processing industry; and the outbreak or continuation of serious communicable disease or hostilities including acts of terrorism. Our forward-looking statements speak only as of the date on which they are made and we do not undertake any obligation to update any forward-looking statement to reflect events or circumstances after the date of the statement as a result of new information or future events or developments. If we do update or correct one or more of these statements, investors and others should not conclude that we will make additional updates or corrections. For a further description of these and other risks, see Item 1A-Risk Factors above and subsequent reports on Forms 10-Q or 8-K.

## ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

**Interest Rate Exposure.** We are exposed to interest rate risk on our variable-rate debt and price risk on our fixed-rate debt. As of December 31, 2013, approximately 77 percent or $1.4 billion of our borrowings are fixed rate debt and the remaining 23 percent or approximately $0.4 billion of our debt is subject to changes in short-term rates, which could affect our interest costs. We assess market risk based on changes in interest rates utilizing a sensitivity analysis that measures the potential change in earnings, fair values and cash flows based on a hypothetical 1 percentage point change in interest rates at December 31, 2013. A hypothetical increase of 1 percentage point in the weighted average floating interest rate would increase our annual interest expense by approximately $4 million. See also Note 5 of the notes to the consolidated financial statements entitled "Financing Arrangements" for further information.

At December 31, 2013 and 2012, the carrying and fair values of long-term debt were as follows:



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| | 2013 | | 2012 | |
|---|---|---|---|---|
| **(in millions)** | **Carrying** | **Fair** | **Carrying** | **Fair** |

| | amount | value | amount | value |
|---|---|---|---|---|
| 4.625% senior notes, due November 1, 2020 | $ 399 | $ 420 | $ 399 | $ 448 |
| 3.2% senior notes, due November 1, 2015 | 350 | 363 | 350 | 368 |
| 1.8% senior notes, due September 25, 2017 | 298 | 296 | 298 | 300 |
| 6.625% senior notes, due April 15, 2037 | 257 | 281 | 257 | 315 |
| 6.0% senior notes, due April 15, 2017 | 200 | 219 | 200 | 227 |
| 5.62% senior notes, due March 25, 2020 | 200 | 221 | 200 | 236 |
| Fair value adjustment related to hedged fixed rate debt instrument | 13 | 13 | 20 | 20 |
| Total long-term debt | $ 1,717 | $ 1,813 | $ 1,724 | $ 1,914 |

A hypothetical change of 1 percentage point in interest rates would change the fair value of our fixed rate debt at December 31, 2013 by approximately $95 million. Since we have no current plans to repurchase our outstanding fixed-rate instruments before their maturities, the impact of market interest rate fluctuations on our long-term debt is not expected to have an effect on our consolidated financial statements.

On March 25, 2011, we entered into interest rate swap agreements that effectively convert the interest rate on our 2015 Notes to a variable rate. These swap agreements call for us to receive interest at a fixed rate (3.2 percent) and to pay interest at a variable rate based on the six-month USD LIBOR rate plus a spread. We have designated these interest rate swap agreements as hedges of the changes in fair value of the underlying debt obligation attributable to changes in interest rates and account for them as fair value hedges. The fair value of these interest rate swap agreements approximated $13 million at December 31, 2013 and is reflected in the Consolidated Balance Sheet within other assets, with an offsetting amount recorded in long-term debt to adjust the carrying amount of the hedged debt obligation.

**Raw Material and Energy Costs.** Our finished products are made primarily from corn. In North America, we sell a large portion of finished products at firm prices established in supply contracts typically lasting for periods of up to one year. In order to minimize the effect of volatility in the cost of corn related to these firm-priced supply contracts, we enter into corn futures contracts or take other hedging positions in the corn futures market. These contracts typically mature within one year. At expiration, we settle the derivative contracts at a net amount equal to the difference between the then-current price of corn and the futures contract price. While these hedging instruments are subject to fluctuations in value, changes in the value of the underlying exposures we are hedging generally offset such fluctuations. While the corn futures contracts or other hedging positions are intended to minimize the volatility of corn costs on operating profits, occasionally the hedging activity can result in losses, some of which may be material. Outside of North America, sales of finished products under long-term, firm-priced supply contracts are not material.

Energy costs represent approximately 10 percent of our operating costs. The primary use of energy is to create steam in the production process and to dry product. We consume coal, natural gas, electricity, wood and fuel oil to generate energy. The market prices for these commodities vary depending on supply and demand, world economies and other factors. We purchase these commodities based on our anticipated usage and the future outlook for these costs. We cannot assure that we will be able to purchase these commodities at prices that we can adequately pass on to customers to sustain or increase profitability. We use derivative financial instruments, such as over-the-counter natural gas swaps, to hedge portions of our natural gas costs, primarily in our North American operations.

At December 31, 2013, we had outstanding futures and option contracts that hedged approximately 68 million bushels of forecasted corn purchases. Also at December 31, 2013, we had outstanding swap and option contracts that hedged approximately 12 million mmbtu's of forecasted natural gas purchases. Based on our overall commodity hedge position at December 31, 2013, a hypothetical 10 percent decline in market prices applied to the fair value of the instruments would result in a charge to other comprehensive income of approximately $20 million, net of income tax benefit. It should be noted that any change in the fair value of the contracts, real or hypothetical, would be substantially offset by an inverse change in the value of the underlying hedged item.



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**Foreign Currencies**. Due to our global operations, we are exposed to fluctuations in foreign currency exchange rates. As a result, we have exposure to translational foreign exchange risk when our foreign operation results are translated to USD and to transactional foreign exchange risk when transactions not denominated in the functional currency of the operating unit are revalued. We have significant operations in Argentina. We utilize the official exchange rate published by the Argentina government for re-measurement purposes. Due to exchange controls put in place by the Argentina government, a parallel market exists for exchanging Argentine pesos to US dollars at less favorable rates than the official rate. Argentina and other emerging markets have experienced increased devaluation and volatility during the first part of 2014.

We selectively use derivative instruments such as forward contracts, currency swaps and options to manage transactional foreign exchange risk. Based on our overall foreign currency transactional exposure at December 31, 2013, a hypothetical 10 percent decline in the value of the USD would have resulted in a transactional foreign exchange gain of approximately $1 million. At December 31, 2013, our accumulated other comprehensive loss account included in the equity section of our consolidated balance sheet includes a cumulative translation loss of $489 million. The aggregate net assets of our foreign subsidiaries where the local currency is the functional currency approximated $1.6 billion at December 31, 2013. A hypothetical 10 percent decline in the value of the USD relative to foreign currencies would have resulted in a reduction to our cumulative translation loss and a credit to other comprehensive income of approximately $180 million.



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## ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

**Ingredion Incorporated**
**Index to Consolidated Financial Statements and Supplementary Data**

**Report of Independent Registered Public Accounting Firm**

The Board of Directors and Stockholders
Ingredion Incorporated:

We have audited the accompanying consolidated balance sheets of Ingredion Incorporated and subsidiaries (formerly known as Corn Products International, Inc.) (the Company) as of December 31, 2013 and 2012, and the related consolidated statements of income, comprehensive income, equity and redeemable equity, and cash flows for each of the years in the three-year period ended December 31, 2013. We also have audited the Company's internal control over financial reporting as of December 31, 2013, based on criteria established in *Internal Control — Integrated Framework (1992)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The Company's management is responsible for these consolidated financial statements, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on these consolidated financial statements and an opinion on the Company's internal control over financial reporting based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement and whether effective internal control over financial reporting was maintained in all material respects. Our audits of the consolidated financial statements included examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Ingredion Incorporated and subsidiaries as of December 31, 2013 and 2012, and the results of their operations and their cash flows for each of the years in the three-year period ended December 31, 2013, in conformity with U.S. generally accepted accounting principles. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2013, based on criteria





established in *Internal Control — Integrated Framework (1992)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

/s/ KPMG LLP
Chicago, Illinois
February 24, 2014

**INGREDION INCORPORATED**
**Consolidated Statements of Income**

**Years Ended December 31,**
**(in millions, except per share amounts)**

| | 2013 | 2012 | 2011 |
|---|---|---|---|
| Net sales before shipping and handling costs | $ 6,653 | $ 6,868 | $ 6,544 |
| Less - shipping and handling costs | 325 | 336 | 325 |
| Net sales | 6,328 | 6,532 | 6,219 |
| Cost of sales | 5,197 | 5,294 | 5,093 |
| **Gross profit** | **1,131** | **1,238** | **1,126** |
| | | | |
| Selling, general and administrative expenses | 534 | 556 | 543 |
| Other (income) - net | (16) | (22) | (98) |
| Restructuring/impairment charges | — | 36 | 10 |
| | 518 | 570 | 455 |
| | | | |
| **Operating income** | **613** | **668** | **671** |
| | | | |
| Financing costs-net | 66 | 67 | 78 |
| | | | |
| Income before income taxes | 547 | 601 | 593 |
| Provision for income taxes | 144 | 167 | 170 |
| Net income | 403 | 434 | 423 |
| Less - Net income attributable to non-controlling interests | 7 | 6 | 7 |
| **Net income attributable to Ingredion** | **$ 396** | **$ 428** | **$ 416** |
| | | | |
| Weighted average common shares outstanding: | | | |
| Basic | 77.0 | 76.5 | 76.4 |
| Diluted | 78.3 | 78.2 | 78.2 |
| | | | |
| Earnings per common share of Ingredion: | | | |
| Basic | $ 5.14 | $ 5.59 | $ 5.44 |
| Diluted | 5.05 | 5.47 | 5.32 |

See notes to the consolidated financial statements.





**INGREDION INCORPORATED**
**Consolidated Statements of Comprehensive Income**

| Years ended December 31, (in millions) | 2013 | 2012 | 2011 |
|---|---|---|---|
| **Net income** | **$ 403** | **$ 434** | **$ 423** |
| Other comprehensive income: | | | |
| Gains (losses) on cash-flow hedges, net of income tax effect of $29, $25 and $19, respectively | (64) | 43 | 29 |
| Reclassification adjustment for losses (gains) on cash-flow hedges included in net income, net of income tax effect of $19, $15 and $61, respectively | 41 | (25) | (105) |
| Actuarial gains (losses) on pension and other postretirement obligations, settlements and plan amendments, net of income tax effect of $32, $27 and $4, respectively | 63 | (56) | (10) |
| Losses (gains) related to pension and other postretirement obligations reclassified to earnings, net of income tax effect of $3, $2 and $5, respectively | 5 | 5 | (11) |
| Unrealized gain on investment, net of income tax effect | 1 | — | — |
| Currency translation adjustment | (154) | (29) | (126) |
| **Comprehensive income** | **$ 295** | **$ 372** | **$ 200** |
| Less: Comprehensive income attributable to non-controlling interests | 7 | 6 | 7 |
| **Comprehensive income attributable to Ingredion** | **$ 288** | **$ 366** | **$ 193** |

See notes to the consolidated financial statements.





**INGREDION INCORPORATED**
**Consolidated Balance Sheets**

| As of December 31, (in millions, except share and per share amounts) | 2013 | 2012 |
|---|---|---|
| **Assets** | | |
| **Current assets** | | |
| Cash and cash equivalents | $ 574 | $ 609 |
| Short-term investments | — | 19 |
| Accounts receivable — net | 832 | 814 |
| Inventories | 723 | 834 |
| Prepaid expenses | 17 | 19 |
| Deferred income tax assets | 68 | 65 |
| **Total current assets** | **2,214** | **2,360** |
| Property, plant and equipment, at cost | | |
| Land | 173 | 175 |
| Buildings | 696 | 698 |
| Machinery and equipment | 4,063 | 4,035 |
| | 4,932 | 4,908 |
| Less: accumulated depreciation | (2,776) | (2,715) |
| | 2,156 | 2,193 |
| Goodwill | 535 | 557 |
| Other intangible assets (less accumulated amortization of $49 and $35, respectively) | 311 | 329 |
| Deferred income tax assets | 15 | 21 |
| Investments | 11 | 10 |
| Other assets | 118 | 122 |
| **Total assets** | **$ 5,360** | **$ 5,592** |
| | | |
| **Liabilities and equity** | | |
| **Current liabilities** | | |
| Short-term borrowings | $ 93 | $ 76 |
| Deferred income taxes | — | 2 |
| Accounts payable | 458 | 590 |
| Accrued liabilities | 269 | 265 |
| **Total current liabilities** | **820** | **933** |
| | | |
| Non-current liabilities | 163 | 297 |
| Long-term debt | 1,717 | 1,724 |
| Deferred income taxes | 207 | 160 |
| Share-based payments subject to redemption | 24 | 19 |
| | | |
| **Ingredion stockholders' equity** | | |
| Preferred stock — authorized 25,000,000 shares-$0.01 par value, none issued | — | — |
| Common stock — authorized 200,000,000 shares-$0.01 par value, 77,672,670 and 77,141,691 issued at December 31, 2013 and 2012, respectively | 1 | 1 |
| Additional paid-in capital | 1,166 | 1,148 |
| Less - Treasury stock (common stock: 3,361,180 and 109,768 shares at December 31, 2013 and 2012, respectively) at cost | (225) | (6) |
| Accumulated other comprehensive loss | (583) | (475) |
| Retained earnings | 2,045 | 1,769 |
| **Total Ingredion stockholders' equity** | **2,404** | **2,437** |
| Non-controlling interests | 25 | 22 |
| **Total equity** | **2,429** | **2,459** |
| **Total liabilities and equity** | **$ 5,360** | **$ 5,592** |

See notes to the consolidated financial statements.



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## INGREDION INCORPORATED
### Consolidated Statements of Equity and Redeemable Equity

| | Equity | | | | | | |
|---|---|---|---|---|---|---|---|
| (in millions) | Common Stock | Additional Paid-In Capital | Treasury Stock | Accumulated Other Comprehensive Income (Loss) | Retained Earnings | Non-Controlling Interests | Share-based Payments Subject to Redemption |
| **Balance, December 31, 2010** | **$ 1** | **$ 1, 119** | **$ (1)** | **$ (190)** | **$ 1,046** | **$ 26** | **$ 9** |
| Net income attributable to Ingredion | | | | | **416** | | |
| Net income attributable to non-controlling interests | | | | | | **7** | |
| Dividends declared | | | | | **(50)** | **(4)** | |
| Gains on cash-flow hedges, net of income tax effect of $19 | | | | **29** | | | |
| Amount of gains on cash-flow hedges | | | | **(105)** | | | |

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| reclassified to earnings, net of income tax effect of $61 | | | | | | | |
| Repurchases of common stock | | | (48) | | | | |
| Issuance of common stock on exercise of stock options | | 11 | 7 | | | | |
| Stock option expense | | 6 | | | | | |
| Other share-based compensation | | 4 | | | | | 6 |
| Excess tax benefit on share-based compensation | | 6 | | | | | |
| Currency translation adjustment | | | | (126) | | | |
| Actuarial loss on postretirement obligations, settlements and plan amendments, net of income tax of $4 | | | | (10) | | | |
| Gains related to postretirement obligations reclassified to earnings, net of income tax of $5 | | | | (11) | | | |
| **Balance, December 31, 2011** | $ 1 | $ 1,146 | $ (42) | $ (413) | $ 1,412 | $ 29 | $ 15 |
| Net income attributable to Ingredion | | | | | 428 | | |
| Net income attributable to non-controlling interests | | | | | | 6 | |
| Dividends declared | | | | | (71) | (4) | |
| Gains on cash-flow hedges, net of income tax effect of $25 | | | | 43 | | | |
| Amount of gains on cash-flow hedges reclassified to earnings, net of income tax effect of $15 | | | | (25) | | | |
| Repurchases of common stock | | | (18) | | | | |
| Issuance of common stock on exercise of stock options | | (13) | 47 | | | | |
| Stock option expense | | 7 | | | | | |
| Other share-based compensation | | (3) | 7 | | | | 4 |
| Excess tax benefit on share-based compensation | | 11 | | | | | |
| Currency translation adjustment | | | | (29) | | | |
| Sale of non-controlling interests | | | | | | (7) | |
| Actuarial loss on postretirement obligations, settlements and plan amendments, net of income tax of $27 | | | | (56) | | | |
| Losses related to postretirement obligations reclassified to earnings, net of income tax of $2 | | | | 5 | | | |
| Other | | | | | | (2) | |
| **Balance, December 31, 2012** | $ 1 | $ 1, 148 | $ (6) | $ (475) | $ 1,769 | $ 22 | $ 19 |
| Net income attributable to Ingredion | | | | | 396 | | |
| Net income attributable to non-controlling interests | | | | | | 7 | |
| Dividends declared | | | | | (120) | (4) | |
| Losses on cash-flow hedges, net of income tax effect of $29 | | | | (64) | | | |
| Amount of losses on cash-flow hedges reclassified to earnings, net of income tax effect of $19 | | | | 41 | | | |
| Repurchases of common stock | | | (228) | | | | |
| Issuance of common stock on exercise of stock options | | 8 | 6 | | | | |
| Stock option expense | | 6 | | | | | |
| Other share-based compensation | | (1) | 3 | | | | 5 |
| Excess tax benefit on share-based compensation | | 5 | | | | | |
| Currency translation adjustment | | | | (154) | | | |
| Actuarial gain on postretirement obligations, settlements and plan amendments, net of income tax of $32 | | | | 63 | | | |
| Losses related to postretirement obligations reclassified to earnings, net of income tax of $3 | | | | 5 | | | |
| Unrealized gain on investment, net of income tax effect | | | | 1 | | | |
| **Balance, December 31, 2013** | $ 1 | $ 1, 166 | $ (225) | $ (583) | $ 2,045 | $ 25 | $ 24 |

See notes to the consolidated financial statements



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**INGREDION INCORPORATED**
**Consolidated Statements of Cash Flows**

| Years ended December 31, (in millions) | 2013 | 2012 | 2011 |
|---|---|---|---|
| **Cash provided by operating activities:** | | | |
| Net income | $ 403 | $ 434 | $ 423 |
| Non-cash charges (credits) to net income: | | | |
| Depreciation and amortization | 194 | 211 | 211 |
| Deferred income taxes | 30 | (3) | 18 |
| Write-off of impaired assets | — | 24 | — |
| Gain from change in benefit plans | — | (5) | (30) |
| Changes in working capital: | | | |
| Accounts receivable and prepaid expenses | (69) | 22 | (134) |
| Inventories | 76 | (69) | (149) |
| Accounts payable and accrued liabilities | (78) | 80 | 27 |
| Decrease (increase) in margin accounts | 14 | — | (78) |
| Other | 49 | 38 | 12 |
| Cash provided by operating activities | 619 | 732 | 300 |
| **Cash used for investing activities:** | | | |
| Capital expenditures | (298) | (313) | (263) |
| Short-term investments | 19 | (18) | — |
| Proceeds from disposal of plants and properties | 3 | 9 | 3 |
| Payments for acquisitions | — | — | (15) |
| Other | 2 | — | 2 |
| Cash used for investing activities | (274) | (322) | (273) |
| **Cash provided by (used for) financing activities:** | | | |
| Payments on debt | (53) | (462) | (22) |
| Proceeds from borrowings | 21 | 312 | 182 |
| Debt issuance costs | — | (5) | — |
| Dividends paid (including to non-controlling interests) | (112) | (69) | (50) |
| Repurchases of common stock | (228) | (18) | (48) |
| Issuance of common stock | 14 | 34 | 18 |
| Excess tax benefit on share-based compensation | 5 | 11 | 6 |
| Cash provided by (used for) financing activities | (353) | (197) | 86 |
| Effects of foreign exchange rate changes on cash | (27) | (5) | (14) |
| Increase (decrease) in cash and cash equivalents | (35) | 208 | 99 |
| Cash and cash equivalents, beginning of period | 609 | 401 | 302 |
| Cash and cash equivalents, end of period | $ 574 | $ 609 | $ 401 |

See notes to the consolidated financial statements.





## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### NOTE 1- Description of the Business

Ingredion Incorporated ("the Company") was founded in 1906 and became an independent and public company as of December 31, 1997. The Company manufactures and sells starches and sweeteners derived from the wet milling and processing of corn and other starch-based materials to a wide range of industries, both domestically and internationally.

### NOTE 2- Summary of Significant Accounting Policies

**Basis of presentation** — The consolidated financial statements consist of the accounts of the Company, including all significant subsidiaries. Intercompany accounts and transactions are eliminated in consolidation.

The preparation of the accompanying consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions about future events. These estimates and the underlying assumptions affect the amounts of assets and liabilities reported, disclosures about contingent assets and liabilities, and reported amounts of revenues and expenses. Such estimates include the value of purchase consideration, valuation of accounts receivable, inventories, goodwill, intangible assets and other long-lived assets, legal contingencies, guarantee obligations, and assumptions used in the calculation of income taxes, and pension and other postretirement benefits, among others. These estimates and assumptions are based on management's best estimates and judgment. Management evaluates its estimates and assumptions on an ongoing basis using historical experience and other factors, including the current economic environment, which management believes to be reasonable under the circumstances. Management will adjust such estimates and assumptions when facts and circumstances dictate. Foreign currency devaluations, corn price volatility, access to difficult credit markets and adverse changes in the global economic environment have combined to increase the uncertainty inherent in such estimates and assumptions. As future events and their effects cannot be determined with precision, actual results could differ significantly from these estimates. Changes in these estimates will be reflected in the financial statements in future periods.

Assets and liabilities of foreign subsidiaries, other than those whose functional currency is the US dollar, are translated at current exchange rates with the related translation adjustments reported in equity as a component of accumulated other comprehensive income (loss). Income statement accounts are translated at the average exchange rate during the period. For foreign subsidiaries where the US dollar is the functional currency, monetary assets and liabilities are translated at current exchange rates with the related adjustment included in net income. Non-monetary assets and liabilities are translated at historical exchange rates. Although the Company hedges the predominance of its transactional foreign exchange risk (see Note 4), the Company incurs foreign currency transaction gains/losses relating to assets and liabilities that are denominated in a currency other than the functional currency. For 2013, 2012 and 2011, the Company incurred foreign currency transaction losses of $3 million, less than $1 million and $2 million, respectively. The Company's accumulated other comprehensive loss included in equity on the Consolidated Balance Sheets includes cumulative translation loss adjustments of $489 million and $335 million at December 31, 2013 and 2012, respectively.

**Cash and cash equivalents** — Cash equivalents consist of all instruments purchased with an original maturity of three months or less, and which have virtually no risk of loss in value.

**Inventories** — Inventories are stated at the lower of cost or net realizable value. Costs are determined using the weighted average method.

**Investments —** Investments in the common stock of affiliated companies over which the Company does not exercise significant influence are accounted for under the cost method. The Company's wholly-owned Canadian subsidiary has an investment that is accounted for under the cost method. The carrying value of this investment was $6 million at December 31, 2013 and 2012. Investments that enable the Company to exercise significant influence, but do not represent a controlling interest, are accounted for under the equity method; such investments are carried at cost, adjusted to reflect the Company's proportionate share of income or loss, less dividends received. The Company did not have any investments accounted for under the equity method at December 31, 2013 or 2012. The Company also has equity interests in the CME Group Inc., which it classifies as available for sale securities. The investment is carried at fair value with unrealized gains and losses recorded to other comprehensive income.





The Company would recognize a loss on its investments when there is a loss in value of an investment that is other than temporary. In 2011, the Company sold its investment in Smurfit-Stone Container Corporation which had been accounted for as an available for sale security and recorded a nominal gain.

**Property, plant and equipment and depreciation —** Property, plant and equipment are stated at cost less accumulated depreciation. Depreciation is generally computed on the straight-line method over the estimated useful lives of depreciable assets, which range from 10 to 50 years for buildings and from 3 to 20 years for all other assets. Where permitted by law, accelerated depreciation methods are used for tax purposes. The Company reviews the recoverability of the net book value of property, plant and equipment for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable from estimated future cash flows expected to result from its use and eventual disposition. If this review indicates that the carrying values will not be recovered, the carrying values would be reduced to fair value and an impairment loss would be recognized. As required under accounting principles generally accepted in the United States, the impairment analysis for long-lived assets occurs before the goodwill impairment assessment described below.

**Goodwill and other intangible assets** — Goodwill ($535 million and $557 million at December 31, 2013 and 2012, respectively) represents the excess of the cost of an acquired entity over the fair value assigned to identifiable assets acquired and liabilities assumed. The Company also has other intangible assets aggregating $311 million and $329 million at December 31, 2013 and 2012, respectively. The carrying amount of goodwill by geographic segment at December 31, 2013 and 2012 was as follows:

| (in millions) | North America | South America | Asia Pacific | EMEA | Total |
|---|---|---|---|---|---|
| Balance at December 31, 2011 | $ 278 | $ 101 | $ 106 | $ 77 | $ 562 |
| Impairment charges | — | — | (2) | — | (2) |
| Currency translation | — | (6) | — | 3 | (3) |
| Balance at December 31, 2012 | $ 278 | $ 95 | $ 104 | $ 80 | $ 557 |
| Currency translation | — | (17) | (7) | 2 | (22) |
| Balance at December 31, 2013 | $ 278 | $ 78 | $ 97 | $ 82 | $ 535 |
| | | | | | |
| Goodwill before impairment charges | $ 279 | $ 95 | $ 225 | $ 80 | $ 679 |
| Accumulated impairment charges | (1) | — | (121) | — | (122) |
| Balance at December 31, 2012 | $ 278 | $ 95 | $ 104 | $ 80 | $ 557 |
| | | | | | |
| Goodwill before impairment charges | $ 279 | $ 78 | $ 218 | $ 82 | $ 657 |
| Accumulated impairment charges | (1) | — | (121) | — | (122) |
| Balance at December 31, 2013 | $ 278 | $ 78 | $ 97 | $ 82 | $ 535 |

The following table summarizes the Company's other intangible assets for the periods presented:

| | As of December 31, 2013 | | | | As of December 31, 2012 | | | |
|---|---|---|---|---|---|---|---|---|
| (in millions) | Gross | Accumulated Amortization | Net | Weighted Average Useful Life (years) | Gross | Accumulated Amortization | Net | Weighted Average Useful Life (years) |
| Trademarks/tradenames | $ 132 | $ — | $ 132 | — | $ 132 | $ — | $ 132 | — |
| Customer relationships | 139 | (18) | 121 | 25 | 143 | (13) | 130 | 25 |
| Technology | 83 | (27) | 56 | 10 | 83 | (19) | 64 | 10 |
| Other | 6 | (4) | 2 | 8 | 6 | (3) | 3 | 8 |
| Total other intangible assets | $ 360 | $ (49) | $ 311 | 19 | $ 364 | $ (35) | $ 329 | 19 |

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For definite-lived intangible assets, the Company recognizes the cost of such amortizable assets in operations over their estimated useful lives and evaluates the recoverability of the assets whenever events or changes in circumstances indicate that the carrying value of the assets may not be recoverable. Amortization expense related to intangible assets was $14 million for each of the years ended December 31, 2013, 2012 and 2011.

Based on acquisitions completed through December 31, 2013, the Company expects intangible asset amortization expense for subsequent years to be approximately $14 million annually through 2018.

The Company assesses goodwill and other indefinite-lived intangible assets for impairment annually (or more frequently if impairment indicators arise). The Company has chosen to perform this annual impairment assessment as of October 1 of each year. The Company has completed the required impairment assessments and determined there to be no impairment in the fourth quarter of 2013.

In testing goodwill for impairment, the Company first assesses qualitative factors in determining whether it is more likely than not that the fair value of a reporting unit is less than its carrying amount. After assessing the qualitative factors, if the Company determines that it is not more likely than not that the fair value of a reporting unit is less than its carrying amount then the Company does not perform the two-step impairment test. If the Company concludes otherwise, then it performs the first step of the two-step impairment test as described in ASC Topic 350. In the first step, the fair value of the reporting unit is compared to its carrying value. If the fair value of the reporting unit exceeds the carrying value of its net assets, goodwill is not considered impaired and no further testing is required. If the carrying value of the net assets exceeds the fair value of the reporting unit, a second step of the impairment assessment is performed in order to determine the implied fair value of a reporting unit's goodwill. Determining the implied fair value of goodwill requires a valuation of the reporting unit's tangible and intangible assets and liabilities in a manner similar to the allocation of purchase price in a business combination. If the carrying value of the reporting unit's goodwill exceeds the implied fair value of its goodwill, goodwill is deemed impaired and is written down to the extent of the difference. Based on the results of the annual assessment, the Company concluded that as of October 1, 2013 (although the estimated fair values of the Southern Cone of South America and Brazil reporting units decreased compared to the 2012 assessment due to recent trends experienced in these reporting units), it was more likely than not that the fair value of all reporting units was greater than their carrying value.

In testing indefinite-lived intangible assets for impairment, the Company first assesses qualitative factors to determine whether it is more likely than not that the fair value of an indefinite-lived intangible asset is impaired. After assessing the qualitative factors, if the Company determines that it is not more likely than not that the fair value of an indefinite-lived intangible asset is less than its carrying amount, then it would not be required to compute the fair value of the indefinite-lived intangible asset. In the event the qualitative assessment leads the Company to conclude otherwise, then it would be required to determine the fair value of the indefinite-lived intangible asset and perform the quantitative impairment test in accordance with ASC subtopic 350-30. In performing the qualitative analysis, the Company considers various factors including net sales derived from these intangibles and certain market and industry conditions. Based on the results of this qualitative assessment, the Company concluded that as of October 1, 2013, it was more likely than not that the fair value of the indefinite-lived intangible assets was greater than their carrying value.

**Revenue recognition —** The Company recognizes operating revenues at the time title to the goods and all risks of ownership transfer to the customer. This transfer is considered complete when a sales agreement is in place, delivery has occurred, pricing is fixed or determinable and collection is reasonably assured. In the case of consigned inventories, the title passes and the transfer of ownership risk occurs when the goods are used by the customer. Taxes assessed by governmental authorities and collected from customers are accounted for on a net basis and excluded from revenues.

**Hedging instruments** — The Company uses derivative financial instruments principally to offset exposure to market risks arising from changes in commodity prices, foreign currency exchange rates and interest rates. Derivative financial instruments used by the Company consist of commodity futures and option contracts, forward currency contracts and options, interest rate swap agreements and treasury lock agreements. The Company enters into futures and option contracts, which are designated as hedges of specific volumes of commodities (corn and natural gas) that will be purchased in a future month. These derivative financial instruments are recognized in the Consolidated Balance Sheets at fair value. The Company has also entered into interest rate swap agreements that effectively convert the interest rate on certain fixed rate debt to a variable interest rate and, on certain variable rate debt, to a fixed interest rate. The Company periodically enters into treasury lock agreements to lock the benchmark



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rate for an anticipated fixed-rate borrowing. See also Note 4 and Note 5 of the notes to the consolidated financial statements for additional information.

On the date a derivative contract is entered into, the Company designates the derivative as either a hedge of variable cash flows to be paid related to interest on variable rate debt, as a hedge of market variation in the benchmark rate for a future fixed rate debt issue, as a hedge of foreign currency cash flows associated with certain forecasted commercial transactions or loans, or as a hedge of certain forecasted purchases of corn or natural gas used in the manufacturing process ("a cash-flow hedge"), or as a hedge of the fair value of certain debt obligations ("a fair-value hedge"). This process includes linking all derivatives that are designated as fair-value or cash-flow hedges to specific assets and liabilities on the Consolidated Balance Sheet, or to specific firm commitments or forecasted transactions. For all hedging relationships, the Company formally documents the hedging relationships and its risk-management objective and strategy for undertaking the hedge transactions, the hedging instrument, the hedged item, the nature of the risk being hedged, how the hedging instrument's effectiveness in offsetting the hedged risk will be assessed and a description of the method of measuring ineffectiveness. The Company also formally assesses both, at the hedge's inception and on an ongoing basis, whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in cash flows or fair values of hedged items. When it is determined that a derivative is not highly effective as a hedge or that it has ceased to be a highly effective hedge, the Company discontinues hedge accounting prospectively.

Changes in the fair value of floating-to-fixed interest rate swaps, treasury locks or commodity futures and option contracts that are highly effective and that are designated and qualify as cash-flow hedges are recorded in other comprehensive income, net of applicable income taxes. Realized gains and losses associated with changes in the fair value of interest rate swaps and treasury locks are reclassified from accumulated other comprehensive income ("AOCI") to the Consolidated Statement of Income over the life of the underlying debt. Gains and losses on hedges of foreign currency cash flows associated with certain forecasted commercial transactions or loans are reclassified from AOCI to the Consolidated Statement of Income when such transactions or obligations are settled. Gains and losses on commodity hedging contracts are reclassified from AOCI to the Consolidated Statement of Income when the finished goods produced using the hedged item are sold. The maximum term over which the Company hedges exposures to the variability of cash flows for commodity price risk is 24 months. Changes in the fair value of a fixed-to-floating interest rate swap agreement that is highly effective and that is designated and qualifies as a fair-value hedge, along with the loss or gain on the hedged debt obligation, are recorded in earnings. The ineffective portion of the change in fair value of a derivative instrument that qualifies as either a cash-flow hedge or a fair-value hedge is reported in earnings.

The Company discontinues hedge accounting prospectively when it is determined that the derivative is no longer effective in offsetting changes in the cash flows or fair value of the hedged item, the derivative is de-designated as a hedging instrument because it is unlikely that a forecasted transaction will occur, or management determines that designation of the derivative as a hedging instrument is no longer appropriate. When hedge accounting is discontinued, the Company continues to carry the derivative on the Consolidated Balance Sheet at its fair value, and gains and losses that were included in AOCI are recognized in earnings in the same line item affected by the hedged transaction and in the same period or periods during which the hedged transaction affects earnings, or in the month a hedge is determined to be ineffective.

The Company uses derivative financial instruments such as foreign currency forward contracts, swaps and options to manage the transactional foreign exchange risk that is created when transactions not denominated in the functional currency of the operating unit are revalued. The changes in fair value of these derivative instruments and the offsetting changes in the value of the underlying non-functional currency denominated transactions are recorded in earnings on a monthly basis.

**Stock-based compensation** — The Company has a stock incentive plan that provides for stock-based employee compensation, including the granting of stock options, shares of restricted stock, restricted stock units and performance shares to certain key employees. Compensation expense is recognized in the Consolidated Statements of Income for the Company's stock-based employee compensation plan. The plan is more fully described in Note 10.

**Earnings per common share** — Basic earnings per common share is computed by dividing net income attributable to Ingredion by the weighted average number of shares outstanding, which totaled 77.0 million for 2013, 76.5 million for 2012 and 76.4 million for 2011. Diluted earnings per share (EPS) is computed by dividing net income attributable to Ingredion by the weighted average number of shares outstanding, including the dilutive effect of





outstanding stock options and other instruments associated with long-term incentive compensation plans. The weighted average number of shares outstanding for diluted EPS calculations was 78.3 million, 78.2 million and 78.2 million for 2013, 2012 and 2011, respectively. In 2013, 2012 and 2011, options to purchase approximately 0.4 million, 0.9 million and 0.4 million shares of common stock, respectively, were excluded from the calculation of the weighted average number of shares outstanding for diluted EPS because their effects were anti-dilutive.

**Risks and uncertainties** — The Company operates domestically and internationally. In each country, the business and assets are subject to varying degrees of risk and uncertainty. The Company insures its business and assets in each country against insurable risks in a manner that it deems appropriate. Because of this geographic dispersion, the Company believes that a loss from non-insurable events in any one country would not have a material adverse effect on the Company's operations as a whole. Additionally, the Company believes there is no significant concentration of risk with any single customer or supplier whose failure or non-performance would materially affect the Company's results.

**Recently adopted accounting standards —** In January 2013, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2013-01, *Balance Sheet (Topic 210): Clarifying the Scope of Disclosures about Offsetting Assets and Liabilities*, which requires new asset and liability offsetting disclosures for derivatives, repurchase agreements and security lending transactions to the extent that they are: (1) offset in the financial statements; or (2) subject to an enforceable master netting arrangement or similar agreement. This Update requires an entity to disclose both gross and net information about instruments and transactions eligible for offset in the balance sheet and was effective for the Company in the first quarter of 2013. The Company's derivative instruments are not offset in the financial statements and are not subject to right of offset provisions with our counterparties. Accordingly, this Update did not have a material impact on the Company's 2013 Consolidated Financial Statements but could have an impact on future disclosures. Additional information about derivative instruments can be found in Note 4.

In February 2013, the FASB issued ASU No. 2013-02, *Comprehensive Income (Topic 220): Reporting of Amounts Reclassified Out of Accumulated Other Comprehensive Income*. This Update does not change the current requirements for reporting net income or other comprehensive income in financial statements; however, it requires an entity to provide information about the amounts reclassified out of accumulated other comprehensive income by component. In addition, an entity is required to present, either on the face of the statement where net income is presented or in the notes, significant amounts reclassified out of accumulated other comprehensive income by the respective line items of net income for only amounts reclassified in their entirety in the same reporting period. This guidance was effective for annual periods beginning after December 15, 2012, and interim periods within those annual periods. The disclosures required by this Update are provided in Note 10.

**NOTE 3 — Restructuring and Asset Impairment Charges**

In the second quarter of 2012, the Company decided to restructure its business operations in Kenya and to close its manufacturing plant in the country. As part of that decision, the Company recorded $20 million of restructuring charges to its Statement of Income consisting of an $8 million charge to realize the cumulative translation adjustment associated with the Kenyan operations, a $6 million fixed asset impairment charge, a $2 million charge to reduce certain working capital balances to net realizable value based on the announced closure, $2 million of costs primarily consisting of severance pay related to the termination of the majority of its employees in Kenya and $2 million of additional charges related to this restructuring.

As part of the Company's ongoing strategic optimization, in the third quarter of 2012, the Company decided to exit its investment in Shouguang Golden Far East Modified Starch Co., Ltd ("GFEMS"), a non-wholly-owned consolidated subsidiary in China. In conjunction with that decision, the Company recorded a $4 million impairment charge to reduce the carrying value of GFEMS to its estimated net realizable value. The Company also recorded a $1 million charge for impaired assets in Colombia in 2012. The Company sold its interest in GFEMS in 2012 for $3 million in cash, which approximated the carrying value of the investment in GFEMS following the aforementioned impairment charge.

Additionally, as part of a manufacturing optimization program developed in conjunction with the acquisition of National Starch to improve profitability, in the second quarter of 2011 the Company committed to a plan to optimize its production capabilities at certain of its North American facilities. The plan was completed in October 2012. As a result, the Company recorded restructuring charges to write-off certain equipment by the plan

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completion date. These charges totaled $11 million and $10 million in 2012 and 2011, respectively, of which $10 million and $8 million represented accelerated depreciation on the equipment.

**NOTE 4 — Financial Instruments, Derivatives and Hedging Activities**

The Company is exposed to market risk stemming from changes in commodity prices (corn and natural gas), foreign currency exchange rates and interest rates. In the normal course of business, the Company actively manages its exposure to these market risks by entering into various hedging transactions, authorized under established policies that place clear controls on these activities. These transactions utilize exchange-traded derivatives or over-the-counter derivatives with investment-grade counterparties. Derivative financial instruments currently used by the Company consist of commodity futures, options and swap contracts, foreign currency forward contracts, swaps and options, and interest rate swaps.

*Commodity price hedging:* The Company's principal use of derivative financial instruments is to manage commodity price risk in North America relating to anticipated purchases of corn and natural gas to be used in the manufacturing process, generally over the next twelve to eighteen months. The Company maintains a commodity-price risk management strategy that uses derivative instruments to minimize significant, unanticipated earnings fluctuations caused by commodity-price volatility. For example, the manufacturing of the Company's products requires a significant volume of corn and natural gas. Price fluctuations in corn and natural gas cause the actual purchase price of corn and natural gas to differ from anticipated prices.

To manage price risk related to corn purchases in North America, the Company uses corn futures and options contracts that trade on regulated commodity exchanges to lock in its corn costs associated with firm-priced customer sales contracts. The Company uses over-the-counter gas swaps to hedge a portion of its natural gas usage in North America. These derivative financial instruments limit the impact that volatility resulting from fluctuations in market prices will have on corn and natural gas purchases and have been designated as cash-flow hedges. Unrealized gains and losses associated with marking the commodity hedging contracts to market (fair value) are recorded as a component of other comprehensive income ("OCI") and included in the equity section of the Consolidated Balance Sheets as part of AOCI. These amounts are subsequently reclassified into earnings in the same line item affected by the hedged transaction and in the same period or periods during which the hedged transaction affects earnings, or in the month a hedge is determined to be ineffective. The Company assesses the effectiveness of a commodity hedge contract based on changes in the contract's fair value. The changes in the market value of such contracts have historically been, and are expected to continue to be, highly effective at offsetting changes in the price of the hedged items. The amounts representing the ineffectiveness of these cash- flow hedges are not significant.

At December 31, 2013, AOCI included $32 million of losses, net of tax of $15 million, pertaining to commodities-related derivative instruments designated as cash-flow hedges. At December 31, 2012, AOCI included $7 million of losses, net of tax of $4 million, pertaining to commodities-related derivative instruments designated as cash-flow hedges.

*Interest rate hedging*: The Company assesses its exposure to variability in interest rates by identifying and monitoring changes in interest rates that may adversely impact future cash flows and the fair value of existing debt instruments, and by evaluating hedging opportunities. The Company maintains risk management control systems to monitor interest rate risk attributable to both the Company's outstanding and forecasted debt obligations as well as the Company's offsetting hedge positions. The risk management control systems involve the use of analytical techniques, including sensitivity analysis, to estimate the expected impact of changes in interest rates on future cash flows and the fair value of the Company's outstanding and forecasted debt instruments.

Derivative financial instruments that have been used by the Company to manage its interest rate risk consist of Treasury Lock agreements ("T-Locks") and interest rate swaps. The Company periodically enters into T-Locks to fix the benchmark component of the interest rate to be established for certain planned fixed-rate debt issuances. The T-Locks are designated as hedges of the variability in cash flows associated with future interest payments caused by market fluctuations in the benchmark interest rate until the fixed interest rate is established, and are accounted for as cash-flow hedges. Accordingly, changes in the fair value of the T-Locks are recorded to AOCI until the consummation of the underlying debt offering, at which time any realized gain (loss) is amortized to earnings over the life of the debt. The net gain or loss recognized in earnings during 2013, 2012 and 2011 was not significant. The Company has also, from time to time, entered into interest rate swap agreements that effectively



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converted the interest rate on certain fixed-rate debt to a variable rate. These swaps called for the Company to receive interest at a fixed rate and to pay interest at a variable rate, thereby creating the equivalent of variable-rate debt. The Company designated these interest rate swap agreements as hedges of the changes in fair value of the underlying debt obligation attributable to changes in interest rates and accounted for them as fair-value hedges. Changes in the fair value of interest rate swaps designated as hedging instruments that effectively offset the variability in the fair value of outstanding debt obligations are reported in earnings. These amounts offset the gain or loss (that is, the change in fair value) of the hedged debt instrument that is attributable to changes in interest rates (that is, the hedged risk) which is also recognized in earnings. The Company did not have any T-Locks outstanding at December 31, 2013 or 2012. At December 31, 2013, AOCI included $8 million of losses (net of income taxes of $5 million) related to settled T-Locks. At December 31, 2012, AOCI included $10 million of losses (net of income taxes of $6 million) related to settled T-Locks. These deferred losses are being amortized to financing costs over the terms of the senior notes with which they are associated.

On March 25, 2011, the Company entered into interest rate swap agreements that effectively convert the interest rate on the Company's 3.2 percent $350 million senior notes due November 1, 2015 to a variable rate. These swap agreements call for the Company to receive interest at a fixed rate (3.2 percent) and to pay interest at a variable rate based on the six-month US dollar LIBOR rate plus a spread. The Company has designated these interest rate swap agreements as hedges of the changes in fair value of the underlying debt obligation attributable to changes in interest rates and accounts for them as fair-value hedges. The fair value of these interest rate swap agreements at December 31, 2013 and 2012 approximated $13 million and $20 million, respectively, and is reflected in the Consolidated Balance Sheets within other assets, with an offsetting amount recorded in long-term debt to adjust the carrying amount of the hedged debt obligation.

*Foreign currency hedging*: Due to the Company's global operations, including many emerging markets, it is exposed to fluctuations in foreign currency exchange rates. As a result, the Company has exposure to translational foreign exchange risk when its foreign operation results are translated to US dollars and to transactional foreign exchange risk when transactions not denominated in the functional currency of the operating unit are revalued. The Company primarily uses derivative financial instruments such as foreign currency forward contracts, swaps and options to manage its transactional foreign exchange risk. At December 31, 2013, the Company had foreign currency forward sales contracts with an aggregate notional amount of $147 million and foreign currency forward purchase contracts with an aggregate notional amount of $78 million that hedged transactional exposures. At December 31, 2012, the Company had foreign currency forward sales contracts with an aggregate notional amount of $268 million and foreign currency forward purchase contracts with an aggregate notional amount of $167 million that hedged transactional exposures. The fair values of these derivative instruments at both December 31, 2013 and 2012 are liabilities of $5 million.

The Company also has foreign currency derivative instruments that hedge certain foreign currency transactional exposures and are designated as cash-flow hedges. At December 31, 2013, AOCI included $1 million of net gains, net of income taxes, associated with these hedges. Such cash-flow hedges were not material at December 31, 2012.

By using derivative financial instruments to hedge exposures, the Company exposes itself to credit risk and market risk. Credit risk is the risk that the counterparty will fail to perform under the terms of the derivative contract. When the fair value of a derivative contract is positive, the counterparty owes the Company, which creates credit risk for the Company. When the fair value of a derivative contract is negative, the Company owes the counterparty and, therefore, it does not possess credit risk. The Company minimizes the credit risk in derivative instruments by entering into over-the-counter transactions only with investment grade counterparties or by utilizing exchange-traded derivatives. Market risk is the adverse effect on the value of a financial instrument that results from a change in commodity prices, interest rates or foreign exchange rates. The market risk associated with commodity-price, interest rate or foreign exchange contracts is managed by establishing and monitoring parameters that limit the types and degree of market risk that may be undertaken.

The fair value and balance sheet location of the Company's derivative instruments accounted for as cash-flow hedges are presented below:



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| Derivatives designated as hedging instruments: (in millions) | Fair Value of Derivative Instruments | | | | | |
|---|---|---|---|---|---|---|
| | Balance Sheet Location | Fair Value At December 31, 2013 | Fair Value At December 31, 2012 | Balance Sheet Location | Fair Value At December 31, 2013 | Fair Value At December 31, 2012 |
| Commodity and foreign currency contracts | *Accounts receivable-net* | $ 2 | $ 5 | *Accounts payable and accrued liabilities* | $ 27 | $ 34 |
| Commodity and foreign currency contracts | *Other assets* | 5 | — | *Non-current liabilities* | — | 6 |
| Total | | $ 7 | $ 5 | | $ 27 | $ 40 |

At December 31, 2013, the Company had outstanding futures and option contracts that hedged the forecasted purchase of approximately 68 million bushels of corn. Also at December 31, 2013, the Company had outstanding swap and option contracts that hedged the forecasted purchase of approximately 12 million mmbtu's of forecasted natural gas. The Company is unable to directly hedge price risk related to co-product sales; however, it occasionally enters into hedges of soybean oil (a competing product to corn oil) in order to mitigate the price risk of corn oil sales. No such hedges were in place at December 31, 2013.

Additional information relating to the Company's derivative instruments is presented below (in millions, pre-tax):

| Derivatives in Cash-Flow Hedging Relationships | Amount of Gains (Losses) Recognized in OCI on Derivatives: Year Ended December 31, 2013 | Year Ended December 31, 2012 | Year Ended December 31, 2011 | Location of Gains (Losses) Reclassified from AOCI into Income | Amount of Gains (Losses) Reclassified from AOCI into Income: Year Ended December 31, 2013 | Year Ended December 31, 2012 | Year Ended December 31, 2011 |
|---|---|---|---|---|---|---|---|
| Commodity and foreign currency contracts | $ (93) | $ 68 | $ 48 | *Cost of Sales* | $ (57) | $ 43 | $ 169 |
| Interest rate contracts | — | — | — | *Financing costs, net* | (3) | (3) | (3) |
| Total | $ (93) | $ 68 | $ 48 | | $ (60) | $ 40 | $ 166 |

At December 31, 2013, AOCI included approximately $31 million of losses, net of income taxes of $15 million, on commodities-related derivative instruments designated as cash-flow hedges that are expected to be reclassified into earnings during the next twelve months. Transactions and events expected to occur over the next twelve months that will necessitate reclassifying these derivative losses to earnings include the sale of finished goods inventory that includes previously hedged purchases of corn and natural gas. The Company expects the losses to be offset by changes in the underlying commodities cost. Additionally at December 31, 2013, AOCI included $2 million of losses on settled T-Locks (net of income taxes of $1 million) and $2 million of losses related to foreign currency hedges (net of income taxes of $1 million), which are expected to be reclassified into earnings during the next twelve months. Cash-flow hedges discontinued during 2013 or 2012 were not material.

Presented below are the fair values of the Company's financial instruments and derivatives for the periods presented:

| (in millions) | As of December 31, 2013 Total | Level 1 | Level 2 | Level 3 | As of December 31, 2012 Total | Level 1 | Level 2 | Level 3 |
|---|---|---|---|---|---|---|---|---|
| Available for sale securities | $ 4 | $ 4 | $ — | $ — | $ 3 | $ 3 | $ — | $ — |
| Derivative assets | 20 | — | 20 | — | 25 | 5 | 20 | — |
| Derivative liabilities | 32 | 22 | 10 | — | 45 | 24 | 21 | — |
| Long-term debt | 1,813 | — | 1,813 | — | 1,914 | — | 1,914 | — |

*Level 1 inputs consist of quoted prices (unadjusted) in active markets for identical assets or liabilities. Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly for substantially the full term of the financial instrument. Level 2 inputs are based on quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, or inputs other than quoted prices that are observable for the asset or liability or can be derived principally from or corroborated by observable market data. Level 3 inputs are unobservable inputs for the asset or liability. Unobservable inputs shall be used to measure fair value to the extent that observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset or liability at the measurement date.*

The carrying values of cash equivalents, short-term investments, accounts receivable, accounts payable and short-term borrowings approximate fair values. Commodity futures, options and swap contracts are recognized at fair value. Foreign currency forward contracts, swaps and options are also recognized at fair value. The fair value of the Company's long-term debt is estimated based on quotations of major securities dealers who are market makers in the securities. Presented below are the carrying amounts and the fair values of the Company's long-term debt at December 31, 2013 and 2012.

| (in millions) | 2013 Carrying amount | 2013 Fair value | 2012 Carrying amount | 2012 Fair value |
|---|---|---|---|---|
| 4.625% senior notes, due November 1, 2020 | $ 399 | $ 420 | $ 399 | $ 448 |
| 3.2% senior notes, due November 1, 2015 | 350 | 363 | 350 | 368 |
| 1.8% senior notes, due September 25, 2017 | 298 | 296 | 298 | 300 |
| 6.625% senior notes, due April 15, 2037 | 257 | 281 | 257 | 315 |
| 6.0% senior notes, due April 15, 2017 | 200 | 219 | 200 | 227 |
| 5.62% senior notes due March 25, 2020 | 200 | 221 | 200 | 236 |
| Fair value adjustment related to hedged fixed rate debt instrument | 13 | 13 | 20 | 20 |
| Total long-term debt | $ 1,717 | $ 1,813 | $ 1,724 | $ 1,914 |

**NOTE 5 — Financing Arrangements**

The Company had total debt outstanding of $1.81 billion and $1.80 billion at December 31, 2013 and 2012, respectively. Short-term borrowings at December 31, 2013 and 2012 consist primarily of amounts outstanding under various unsecured local country operating lines of credit.

Short-term borrowings consist of the following at December 31:

| (in millions) | 2013 | 2012 |
|---|---|---|
| Short-term borrowings in various currencies (at rates ranging from 1% to 11% for 2013 and 1% to 7% for 2012) | $ 93 | $ 76 |

On October 22, 2012, the Company entered into a new five-year, senior unsecured $1 billion revolving credit agreement (the "Revolving Credit Agreement"). The Company paid fees of approximately $3 million relating to the new credit facility, which are being amortized to financing costs over the term of the facility.

Subject to certain terms and conditions, the Company may increase the amount of the revolving facility under the Revolving Credit Agreement by up to $250 million in the aggregate. All committed pro rata borrowings under the revolving facility will bear interest at a variable annual rate based on the LIBOR or prime rate, at the Company's election, subject to the terms and conditions thereof, plus, in each case, an applicable margin based on the Company's leverage ratio (as reported in the financial statements delivered pursuant to the Revolving Credit Agreement).





The Revolving Credit Agreement contains customary representations, warranties, covenants, events of default, terms and conditions, including limitations on liens, incurrence of debt, mergers and significant asset dispositions. The Company must also comply with a leverage ratio and an interest coverage ratio covenant. The occurrence of an event of default under the Revolving Credit Agreement could result in all loans and other obligations under the agreement being declared due and payable and the revolving credit facility being terminated.

The Company had no borrowings outstanding under its $1 billion revolving credit facility at December 31, 2013. In addition to borrowing availability under its Revolving Credit Agreement, the Company has approximately $487 million of unused operating lines of credit in the various foreign countries in which it operates.

On September 20, 2012, the Company issued 1.80 percent Senior Notes due September 25, 2017, in an aggregate principal amount of $300 million. These notes rank equally with the Company's other senior unsecured debt. Interest on the notes is required to be paid semi-annually on March 25th and September 25th, beginning in March 2013. The notes are subject to optional prepayment by the Company at 100 percent of the principal amount plus interest up to the prepayment date and, in certain circumstances, a make-whole amount. The net proceeds from the sale of the notes of approximately $297 million were used to repay $205 million of borrowings under the Company's previously existing $1 billion revolving credit facility and for general corporate purposes. The Company paid debt issuance costs of approximately $2 million relating to the notes, which are being amortized to financing costs over the life of the notes.

Long-term debt consists of the following at December 31:

| (in millions) | 2013 | 2012 |
|---|---|---|
| 4.625% senior notes, due November 1, 2020, net of discount of $1 | $ 399 | $ 399 |
| 3.2% senior notes, due November 1, 2015 | 350 | 350 |
| 1.8% senior notes, due September 25, 2017, net of discount of $2 | 298 | 298 |
| 6.625% senior notes, due April 15, 2037, net of premium of $8 and discount of $1 | 257 | 257 |
| 6.0% senior notes, due April 15, 2017 | 200 | 200 |
| 5.62% senior notes, due March 25, 2020 | 200 | 200 |
| Fair value adjustment related to hedged fixed rate debt instrument | 13 | 20 |
| Total | $ 1,717 | $ 1,724 |
| Less: current maturities | — | — |
| Long-term debt | $ 1,717 | $ 1,724 |

The Company's long-term debt matures as follows: $350 million in 2015, $500 million in 2017, $600 million in 2020 and $250 million in 2037.

Ingredion Incorporated guarantees certain obligations of its consolidated subsidiaries. The amount of the obligations guaranteed aggregated $225 million and $93 million at December 31, 2013 and 2012, respectively.



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**NOTE 6 - Leases**

The Company leases rail cars, certain machinery and equipment, and office space under various operating leases. Rental expense under operating leases was $47 million, $45 million and $44 million in 2013, 2012 and 2011, respectively. Minimum lease payments due on non-cancellable leases existing at December 31, 2013 are shown below:

| (in millions) Year | Minimum Lease Payments |
|---|---|
| 2014 | $ 44 |
| 2015 | 37 |
| 2016 | 33 |
| 2017 | 25 |
| 2018 | 19 |
| Balance thereafter | 38 |



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**NOTE 7 - Income Taxes**

The components of income before income taxes and the provision for income taxes are shown below:

| (in millions) | 2013 | 2012 | 2011 |
|---|---|---|---|
| Income before income taxes: | | | |
| United States | $ 138 | $ 91 | $ 158 |
| Foreign | 409 | 510 | 435 |
| Total | $ 547 | $ 601 | $ 593 |
| Provision for income taxes: | | | |
| Current tax expense | | | |
| US federal | $ 5 | $ 3 | $ 9 |
| State and local | 3 | 1 | 2 |
| Foreign | 106 | 166 | 141 |
| Total current | $ 114 | $ 170 | $ 152 |
| Deferred tax expense (benefit) | | | |
| US federal | $ 11 | $ (5) | $ 10 |
| State and local | (2) | 2 | 3 |
| Foreign | 21 | — | 5 |
| Total deferred | $ 30 | $ (3) | $ 18 |
| Total provision for income taxes | $ 144 | $ 167 | $ 170 |

Deferred income taxes are provided for the tax effects of temporary differences between the financial reporting basis and tax basis of assets and liabilities. Significant temporary differences at December 31, 2013 and 2012 are summarized as follows:

| (in millions) | 2013 | 2012 |
|---|---|---|
| Deferred tax assets attributable to: | | |
| Employee benefit accruals | $ 23 | $ 19 |
| Pensions and postretirement plans | 24 | 65 |
| Derivative contracts | 20 | 10 |
| Net operating loss carryforwards | 16 | 23 |

| | | | | |
|---|---|---|---|---|
| Foreign tax credit carryforwards | | 11 | | 24 |
| Other | | 42 | | 53 |
| Gross deferred tax assets | $ | 136 | $ | 194 |
| Valuation allowance | | (3) | | (9) |
| Net deferred tax assets | $ | 133 | $ | 185 |
| Deferred tax liabilities attributable to: | | | | |
| Property, plant and equipment | $ | 200 | $ | 202 |
| Identified intangibles | | 57 | | 59 |
| Gross deferred tax liabilities | $ | 257 | $ | 261 |
| Net deferred tax liabilities | $ | 124 | $ | 76 |

Of the $16 million of tax-effected net operating loss carryforwards at December 31, 2013, approximately $12 million are in Korea, and are scheduled to expire in 2021. The Company anticipates full utilization of the Korean carryforward. The foreign tax credit carryforwards of $11 million at December 31, 2013, are scheduled to expire in 2015 through 2022. The Company anticipates full utilization of the foreign tax credits before any expiration.



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Income tax accounting requires that a valuation allowance be established when it is more likely than not that all or a portion of a deferred tax asset will not be realized. In making this assessment, management considers the level of historical taxable income, scheduled reversal of deferred tax liabilities, tax planning strategies, tax carryovers and projected future taxable income. At December 31, 2013, the Company maintains valuation allowances of $2 million for state loss carryforwards and $1 million for foreign net operating losses that management has determined will more likely than not expire prior to realization.

A reconciliation of the US federal statutory tax rate to the Company's effective tax rate follows:

| | 2013 | 2012 | 2011 |
|---|---|---|---|
| Provision for tax at US statutory rate | 35.00% | 35.00% | 35.00% |
| Tax rate difference on foreign income | (5.28) | (3.86) | (3.62) |
| State and local taxes — net | 0.35 | 0.79 | 0.58 |
| Change in valuation allowance — foreign tax credits | — | — | (0.62) |
| Reversal of Korea valuation allowance | — | (2.52) | — |
| Reversal of Chile valuation allowance | — | (0.06) | (0.09) |
| Non-deductible National Starch acquisition costs | — | 0.04 | 0.04 |
| NAFTA Award | — | — | (3.45) |
| Other items — net | (3.74) | (1.61) | 0.83 |
| Provision at effective tax rate | 26.33% | 27.78% | 28.67% |

Provisions are made for estimated US and foreign income taxes, less credits that may be available, on distributions from foreign subsidiaries to the extent dividends are anticipated. No provision has been made for income taxes on approximately $1.931 billion of undistributed earnings of foreign subsidiaries at December 31, 2013, as such amounts are considered permanently reinvested. It is not practicable to estimate the additional income taxes, including applicable withholding taxes and credits, that would be due upon the repatriation of these earnings.

A reconciliation of the beginning and ending amount of unrecognized tax benefits, excluding interest and penalties, for 2013 and 2012 is as follows:

| **(in millions)** | | 2013 | | 2012 |
|---|---|---|---|---|
| Balance at January 1 | $ | 37 | $ | 35 |
| Additions for tax positions related to prior years | | 5 | | 3 |
| Reductions for tax positions related to prior years | | (6) | | — |
| Additions based on tax positions related to the current year | | 1 | | 6 |
| Reductions related to a lapse in the statute of limitations | | (3) | | (7) |
| Balance at December 31 | $ | 34 | $ | 37 |

Of the $34 million at December 31, 2013, $19 million represents the amount of unrecognized tax benefits that, if recognized, would affect the effective tax rate in future periods. The remaining $15 million would include an offset of $12 million of foreign tax credit carryforwards that would otherwise be created as part of the Canada and US audit process described below. In addition, $3 million of the unrecognized benefit would be offset by reversing a receivable recorded for indemnity claims that we would expect to collect from Akzo Nobel N.V. as part of the National Starch acquisition.

The Company accounts for interest and penalties related to income tax matters in income tax expense. The Company has accrued $5 million of interest expense (net of $3 million interest income) and $1 million of penalties related to the unrecognized tax benefits as of December 31, 2013. The accrued interest expense was $2 million (net of $4 million interest income) and accrued penalties were $1 million as of December 31, 2012.



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The Company is subject to US federal income tax as well as income tax in multiple state and non-US jurisdictions. The US federal tax returns are subject to audit for the years 2010 to 2013. In general, the Company's foreign subsidiaries remain subject to audit for years 2008 and later.

In 2008 and 2007, the Company made deposits of approximately $13 million and $17 million, respectively, to the Canadian tax authorities relating to an ongoing audit examination. The Company did not make any additional deposits relating to this ongoing audit examination in 2013. The Company has settled $2 million of the claims and is in the process of pursuing relief from double taxation under the US and Canadian tax treaty for the remaining items raised in the audit. As a result, the US and Canadian tax returns are subject to adjustment from 2000 and forward for the specific issues being contested. During 2013, the countries reached a tentative agreement that would settle the issues for the years 2000 through 2003, such that it is reasonably possible that a conclusion could be reached within 12 months of December 31, 2013. The Company believes that it has adequately provided for the most likely outcome of the settlement process.

It is also reasonably possible that the total amount of unrecognized tax benefits will increase or decrease within twelve months of December 31, 2013. The Company has classified $25 million of the unrecognized tax benefits as current because they are expected to be resolved within the next twelve months. Approximately $12 million relates to settling the US and Canada tax treaty matter discussed above, and the remainder relates to the lapsing of the statute of limitations in various jurisdictions.

**NOTE 8 — Benefit Plans**

The Company and its subsidiaries sponsor noncontributory defined benefit pension plans covering substantially all employees in the United States and Canada, and certain employees in other foreign countries. Plans for most salaried employees provide pay-related benefits based on years of service. Plans for hourly employees generally provide benefits based on flat dollar amounts and years of service. The Company's general funding policy is to make contributions to the plans in amounts that comply with minimum funding requirements and are within the limits of deductibility under current tax regulations. Certain foreign countries allow income tax deductions without regard to contribution levels, and the Company's policy in those countries is to make contributions required by the terms of the applicable plan.

US salaried employees are covered by a defined benefit "cash balance" pension plan, which provides benefits based on service credits to the participating employees' accounts of between 3 percent and 10 percent of base salary, bonus and overtime.

Included in the Company's pension obligation are nonqualified supplemental retirement plans for certain key employees. All benefits provided under these plans are unfunded, and payments to plan participants are made by the Company.

The Company also provides healthcare and/or life insurance benefits for retired employees in the United States, Canada and Brazil. Healthcare benefits for retirees outside of the United States, Canada, and Brazil are generally covered through local government plans. US salaried employees are provided with access to postretirement medical insurance through retirement healthcare spending accounts. US salaried employees accrue an account during employment, which can be used after employment to purchase postretirement medical insurance from the Company, Medigap or through Medicare HMO policies after age 65. The accounts are credited with a flat dollar amount and indexed for inflation annually during employment. The accounts also accrue interest credits using a rate equal to a specified amount above the yield on five-year US Treasury notes. Employees can use the amounts accumulated in these accounts, including credited interest, to purchase postretirement medical insurance. Employees become eligible for benefits when they meet minimum age and service requirements. The Company recognizes the cost of these postretirement benefits by accruing a flat dollar amount on an annual basis for each US salaried employee.



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**Pension Obligation and Funded Status** — The changes in pension benefit obligations and plan assets during 2013 and 2012, as well as the funded status and the amounts recognized in the Company's Consolidated Balance Sheets related to the Company's pension plans at December 31, 2013 and 2012, were as follows:

| | US Plans | | Non-US Plans | |
|---|---|---|---|---|
| **(in millions)** | **2013** | **2012** | **2013** | **2012** |
| Benefit obligation | | | | |
| At January 1 | $ 323 | $ 271 | $ 272 | $ 216 |
| Service cost | 8 | 7 | 9 | 8 |
| Interest cost | 11 | 12 | 12 | 13 |
| Benefits paid | (14) | (15) | (12) | (12) |
| Actuarial (gain) loss | (36) | 48 | (15) | 34 |
| Business combinations / transfers | 1 | — | — | 12 |
| Curtailment / settlement | — | — | (2) | (4) |
| Foreign currency translation | — | — | (14) | 5 |
| Benefit obligation at December 31 | $ 293 | $ 323 | $ 250 | $ 272 |
| Fair value of plan assets | | | | |
| At January 1 | $ 257 | $ 222 | $ 189 | $ 156 |
| Actual return on plan assets | 41 | 27 | 16 | 12 |
| Employer contributions | 13 | 23 | 43 | 15 |
| Benefits paid | (14) | (15) | (12) | (12) |
| Business combinations / transfers | — | — | — | 15 |
| Foreign currency translation | — | — | (13) | 3 |
| Fair value of plan assets at December 31 | $ 297 | $ 257 | $ 223 | $ 189 |
| Funded status | $ 4 | $ (66) | $ (27) | $ (83) |

Amounts recognized in the Consolidated Balance Sheets as of December 31, 2013 and 2012 were as follows:

| | US Plans | | Non-US Plans | |
|---|---|---|---|---|
| **(in millions)** | **2013** | **2012** | **2013** | **2012** |
| Non-current asset | $ 16 | $ — | $ 26 | $ 1 |
| Current liabilities | (1) | (1) | (3) | (3) |
| Non-current liabilities | (11) | (65) | (50) | (81) |
| Net asset (liability) recognized | $ 4 | $ (66) | $ (27) | $ (83) |

Amounts recognized in accumulated other comprehensive loss, excluding tax effects, that have not yet been recognized as components of net periodic benefit cost at December 31, 2013 and 2012 were as follows:

| | US Plans | | Non-US Plans | |
|---|---|---|---|---|
| (in millions) | 2013 | 2012 | 2013 | 2012 |
| Net actuarial loss | $ 7 | $ 67 | $ 59 | $ 92 |
| Transition obligation | — | — | 2 | 2 |
| Net amount recognized | $ 7 | $ 67 | $ 61 | $ 94 |

The decrease in net amount recognized in accumulated comprehensive loss at December 31, 2013, as compared to December 31, 2012, is largely due to an increase in discount rates used to measure the Company's obligation under our pension plans in addition to higher than expected returns on plan assets for most plans.

The accumulated benefit obligation for all defined benefit pension plans was $493 million and $548 million at December 31, 2013 and 2012, respectively.

Information about plan obligations and assets for plans with an accumulated benefit obligation in excess of plan assets is as follows:

| | US Plans | | Non-US Plans | |
|---|---|---|---|---|
| (in millions) | 2013 | 2012 | 2013 | 2012 |
| Projected benefit obligation | $ 10 | $ 323 | $ 52 | $ 262 |
| Accumulated benefit obligation | 8 | 314 | 42 | 227 |
| Fair value of plan assets | — | 257 | 3 | 178 |

Components of net periodic benefit cost consist of the following for the years ended December 31, 2013, 2012 and 2011:

| | US Plans | | | Non-US Plans | | |
|---|---|---|---|---|---|---|
| (in millions) | 2013 | 2012 | 2011 | 2013 | 2012 | 2011 |
| Service cost | $8 | $7 | $7 | $9 | $8 | $5 |
| Interest cost | 11 | 12 | 13 | 12 | 13 | 15 |
| Expected return on plan assets | (18) | (16) | (15) | (12) | (13) | (11) |
| Amortization of actuarial loss | 2 | 1 | 1 | 5 | 4 | 2 |
| Amortization of transition obligation | — | — | — | — | 1 | 1 |
| Settlement/Curtailment | — | — | 2 | — | 1 | — |
| Net periodic benefit cost | $3 | $4 | $8 | $14 | $14 | $12 |

For the US plans, the Company estimates that net periodic benefit cost for 2014 will include approximately $0.5 million relating to the amortization of its accumulated actuarial loss included in accumulated other comprehensive loss at December 31, 2013.

For the non-US plans, the Company estimates that net periodic benefit cost for 2014 will include approximately $3 million relating to the amortization of its accumulated actuarial loss and $0.3 million relating to the amortization of transition obligation included in accumulated other comprehensive loss at December 31, 2013.

Actuarial gains and losses in excess of 10 percent of the greater of the projected benefit obligation or the market-related value of plan assets are recognized as a component of net periodic benefit cost over the average remaining





service period of a plan's active employees for active defined benefit pension plans and over the average remaining life of a plan's active employees for frozen defined benefit pension plans.

Total amounts recorded in other comprehensive income and net periodic benefit cost during 2013 was as follows:

| (in millions, pre-tax) | US Plans | Non-US Plans |
|---|---|---|
| Net actuarial gain | $ (58) | $ (23) |
| Amortization of actuarial loss | (2) | (5) |
| Foreign currency translation | — | (5) |
| Total recorded in other comprehensive income | (60) | (33) |
| Net periodic benefit cost | 3 | 14 |
| Total recorded in other comprehensive income and net periodic benefit cost | $ (57) | $ (19) |

The following weighted average assumptions were used to determine the Company's obligations under the pension plans:

| | US Plans | | Non-US Plans | |
|---|---|---|---|---|
| | 2013 | 2012 | 2013 | 2012 |
| Discount rate | 4.60% | 3.60% | 5.60% | 4.85% |
| Rate of compensation increase | 4.22% | 4.19% | 4.39% | 4.35% |

The following weighted average assumptions were used to determine the Company's net periodic benefit cost for the pension plans:

| | US Plans | | | Non-US Plans | | |
|---|---|---|---|---|---|---|
| | 2013 | 2012 | 2011 | 2013 | 2012 | 2011 |

| | | | | | | |
|---|---|---|---|---|---|---|
| Discount rate | 3.60% | 4.50% | 5.35% | 4.88% | 5.68% | 5.73% |
| Expected long-term return on plan assets | 7.25% | 7.25% | 7.25% | 6.69% | 6.81% | 6.73% |
| Rate of compensation increase | 4.19% | 4.19% | 2.75% | 4.35% | 4.51% | 3.79% |

The Company has assumed an expected long-term rate of return on assets of 7.25 percent for US plans and 6.10 percent for Canadian plans. In developing the expected long-term rate of return assumption on plan assets, which consist mainly of US and Canadian equity and debt securities, management evaluated historical rates of return achieved on plan assets and the asset allocation of the plans, input from the Company's independent actuaries and investment consultants, and historical trends in long-term inflation rates. Projected return estimates made by such consultants are based upon broad equity and bond indices.

The discount rate reflects a rate of return on high-quality fixed income investments that match the duration of the expected benefit payments. The Company has typically used returns on long-term, high-quality corporate AA bonds as a benchmark in establishing this assumption.

**Plan Assets** — The Company's investment policy for its pension plans is to balance risk and return through diversified portfolios of equity instruments, fixed income securities, and short-term investments. Maturities for fixed income securities are managed such that sufficient liquidity exists to meet near-term benefit payment obligations. For US pension plans, the weighted average target range allocation of assets was 38-72 percent in equities, 31-58 percent in fixed income and 1-3 percent in cash and other short-term investments. The asset allocation is reviewed regularly and portfolio investments are rebalanced to the targeted allocation when considered appropriate.



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The Company's weighted average asset allocation as of December 31, 2013 and 2012 for US and non-US pension plan assets is as follows:

| | US Plans | | Non-US Plans | |
|---|---|---|---|---|
| **Asset Category** | **2013** | **2012** | **2013** | **2012** |
| Equity securities | 62% | 61% | 51% | 42% |
| Debt securities | 36% | 38% | 39% | 47% |
| Cash and other | 2% | 1% | 10% | 11% |
| Total | 100% | 100% | 100% | 100% |

The fair values of the Company's plan assets at December 31, 2013, by asset category and level in the fair value hierarchy are as follows:

| | Fair Value Measurements at December 31, 2013 | | | |
|---|---|---|---|---|
| **Asset Category (in millions)** | **Quoted Prices in Active Markets for Identical Assets (Level 1)** | **Significant Observable Inputs (Level 2)** | **Significant Unobservable Inputs (Level 3)** | **Total** |
| US Plans: | | | | |
| Equity index: | | | | |
| US *(a)* | | $ 151 | | $ 151 |
| International *(b)* | | 32 | | 32 |
| Real estate *(c)* | | 3 | | 3 |
| Fixed income index: | | | | |
| Intermediate bond *(d)* | | 57 | | 57 |
| Long bond *(e)* | | 50 | | 50 |
| Cash *(f)* | | 4 | | 4 |
| Total US Plans | | $ 297 | | $ 297 |
| Non-US Plans: | | | | |
| Equity index: | | | | |
| US *(a)* | | $ 38 | | $ 38 |
| Canada *(g)* | | 38 | | 38 |
| International *(b)* | | 39 | | 39 |
| Fixed income index: | | | | |
| Intermediate bond *(d)* | | 1 | | 1 |
| Long bond *(h)* | | 85 | | 85 |
| Other *(i)* | | 19 | | 19 |
| Cash *(f)* | 3 | | | 3 |
| Total Non-US Plans | $ 3 | $ 220 | | $ 223 |

*(a) This category consists of a passively managed equity index fund that tracks the return of large capitalization US equities.*
*(b) This category consists of a passively managed equity index fund that tracks an index of returns on international developed market equities.*
*(c) This category consists of a passively managed equity index fund that tracks a US real estate equity securities index that includes equities of real estate investment trusts and real estate operating companies.*
*(d) This category consists of a passively managed fixed income index fund that tracks the return of intermediate duration government and investment grade corporate bonds.*
*(e) This category consists of a passively managed fixed income fund that tracks the return of long duration US government and investment grade corporate bonds.*
*(f) This category represents cash or cash equivalents.*

(g) *This category consists of a passively managed equity index fund that tracks the return of large and mid-sized capitalization equities traded on the Toronto Stock Exchange.*
(h) *This category consists of a passively managed fixed income index fund that tracks the return of the universe of Canada government and investment grade corporate bonds.*
(i) *This category mainly consists of investment products provided by an insurance company that offers returns that are subject to a minimum guarantee.*

All significant pension plan assets are held in collective trusts by the Company's US and non-US plans. The fair values of shares of collective trusts are based upon the net asset values of the funds reported by the fund managers based on quoted market prices of the underlying securities as of the balance sheet date and are considered to be Level 2 fair value measurements. This may produce a fair value measurement that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Company believes its valuation methods are appropriate and consistent with those of other market participants, the use of different methodologies could result in different fair value measurements at the reporting date.

In 2013, the Company made cash contributions of $13 million and $43 million to its US and non-US pension plans, respectively. The Company anticipates that in 2014 it will make cash contributions of $2 million and $8 million to its US and non-US pension plans, respectively. Cash contributions in subsequent years will depend on a number of factors including the performance of plan assets. The following benefit payments, which reflect anticipated future service, as appropriate, are expected to be made:

| (in millions) | US Plans | Non-US Plans |
|---|---|---|
| 2014 | $ 18 | $ 15 |
| 2015 | 17 | 14 |
| 2016 | 17 | 14 |
| 2017 | 19 | 14 |
| 2018 | 20 | 15 |
| Years 2019 - 2023 | 105 | 79 |

The Company and certain subsidiaries also maintain defined contribution plans. The Company makes matching contributions to these plans that are subject to certain vesting requirements and are based on a percentage of employee contributions. Amounts charged to expense for defined contribution plans totaled $15 million, $13 million and $12 million in 2013, 2012 and 2011, respectively.





**Postretirement Benefit Plans** — The Company's postretirement benefit plans currently are not funded. The information presented below includes plans in the United States, Brazil, and Canada. The changes in the benefit obligations of the plans during 2013 and 2012, and the amounts recognized in the Company's Consolidated Balance Sheets at December 31, 2013 and 2012, are as follows:

| (in millions) | 2013 | 2012 |
|---|---|---|
| Accumulated postretirement benefit obligation | | |
| At January 1 | $ 74 | $ 54 |
| Service cost | 3 | 2 |
| Interest cost | 4 | 3 |
| Curtailment / settlement | (1) | — |
| Actuarial (gain) loss | (15) | 17 |
| Benefits paid | (3) | (2) |
| Foreign currency translation | (5) | — |
| At December 31 | $ 57 | $ 74 |
| Fair value of plan assets | — | — |
| Funded status | $ (57) | $ (74) |

A United States hourly postretirement plan became a member of a multi-employer plan and because of this change, a non-cash curtailment gain of $30 million was recognized as a reduction of net periodic benefit cost in 2011. This curtailment gain represented the previously established liability related to this coverage, net of unrecognized actuarial amounts and prior service previously included in accumulated other comprehensive loss.

Amounts recognized in the Consolidated Balance Sheet consist of:

| (in millions) | 2013 | 2012 |
|---|---|---|
| Current liabilities | $ (2) | $ (2) |
| Non-current liabilities | (55) | (72) |
| Net liability recognized | $ (57) | $ (74) |

Amounts recognized in accumulated other comprehensive loss, excluding tax effects, that have not yet been recognized as components of net periodic benefit cost at December 31, 2013 and 2012 were as follows:

| (in millions) | 2013 | 2012 |
|---|---|---|
| Net actuarial loss | $ 7 | $ 26 |
| Prior service cost | — | 1 |
| Net amount recognized | $ 7 | $ 27 |

Components of net periodic benefit cost consisted of the following for the years ended December 31, 2013, 2012 and 2011:

| (in millions) | 2013 | 2012 | 2011 |
|---|---|---|---|
| Service cost | $ 3 | $ 2 | $ 2 |
| Interest cost | 4 | 3 | 4 |
| Amortization of actuarial loss (gain) | 1 | 1 | (1) |
| Amortization of prior service cost | — | — | 1 |
| Settlement / curtailment | — | — | (31) |
| Net periodic benefit cost | $ 8 | $ 6 | $ (25) |

The Company estimates that postretirement benefit expense for 2014 will include approximately $0.2 million relating to the amortization of its accumulated actuarial loss and $0.1 million relating to the amortization of its prior service cost included in accumulated other comprehensive loss at December 31, 2013.

Total amounts recorded in other comprehensive income and net periodic benefit cost during 2013 was as follows:

| (in millions, pre-tax) | 2013 |
|---|---|
| Net actuarial gain | $ (15) |
| Amortization of actuarial loss | (1) |
| Amortization of prior service cost | (1) |
| Foreign currency translation | (3) |
| Total recorded in other comprehensive income | (20) |
| Net periodic benefit cost | 8 |
| Total recorded in other comprehensive income and net periodic benefit cost | $ (12) |

The following weighted average assumptions were used to determine the Company's obligations under the postretirement plans:

| | 2013 | 2012 |
|---|---|---|
| Discount rate | 6.47% | 5.44% |

The following weighted average assumptions were used to determine the Company's net postretirement benefit cost:

| | 2013 | 2012 | 2011 |
|---|---|---|---|
| Discount rate | 5.44% | 6.23% | 5.69% |

The discount rate reflects a rate of return on high-quality fixed-income investments that match the duration of expected benefit payments. The Company has typically used returns on long-term, high-quality corporate AA bonds as a benchmark in establishing this assumption.





The health-care cost trend rates used in valuing the Company's post-retirement benefit obligations are established based upon actual health-care trends and consultation with actuaries and benefit providers.  The following assumptions were used as of December 31, 2013:

| | US | Canada | Brazil |
|---|---|---|---|
| 2014 Increase in per capita cost | 6.90% | 7.20% | 8.66% |
| Ultimate trend | 4.50% | 4.50% | 8.66% |
| Year ultimate trend reached | 2028 | 2031 | 2013 |

The sensitivities of service cost and interest cost and year-end benefit obligations to changes in health care trend rates for the postretirement benefit plans as of December 31, 2013 are as follows:

| | 2013 |
|---|---|
| One-percentage point increase in trend rates: | |
| · Increase in service cost and interest cost components | $ 1 million |
| · Increase in year-end benefit obligations | $ 6 million |
| | |
| One-percentage point decrease in trend rates: | |
| · Decrease in service cost and interest cost components | $ (1 million) |
| · Decrease in year-end benefit obligations | $ (4 million) |

The following benefit payments, which reflect anticipated future service, as appropriate, are expected to be made under the Company's postretirement benefit plans:

| (in millions) | |
|---|---|
| 2014 | $ 2 |
| 2015 | 3 |
| 2016 | 3 |
| 2017 | 3 |
| 2018 | 3 |
| Years 2019 - 2023 | $ 21 |

**Multiemployer Plans** — The Company participates in and contributes to one multiemployer benefit plan under the terms of a collective bargaining agreement that covers certain union-represented employees and retirees in the US. The plan covers medical and dental benefits for active hourly employees and retirees represented by the United States Steel Workers Union for certain US locations.

The risks of participating in this multiemployer plan are different from single-employer plans. This plan receives contributions from two or more unrelated employers pursuant to one or more collective bargaining agreements and the assets contributed by one employer may be used to fund the benefits of all employees covered within the plan.

The Company is required to make contributions to this plan as determined by the terms and conditions of the collective bargaining agreements and plan terms. For the years ended December 31, 2013, 2012 and 2011, the Company made regular contributions of $12 million, $12 million and $9 million, respectively, to this multi-employer plan. The Company cannot currently estimate the amount of multi-employer plan contributions that will be required in 2014 and future years, but these contributions could increase due to healthcare cost trends.





## NOTE 9 — Supplementary Information

*Balance Sheets*

| (in millions) | 2013 | 2012 |
|---|---|---|
| Accounts receivable — net: | | |
| Accounts receivable — trade | $ 667 | $ 707 |
| Accounts receivable — other | 171 | 117 |
| Allowance for doubtful accounts | (6) | (10) |
| Total accounts receivable — net | $ 832 | $ 814 |
| Inventories: | | |
| Finished and in process | $ 440 | $ 475 |
| Raw materials | 235 | 313 |
| Manufacturing supplies | 48 | 46 |
| Total inventories | $ 723 | $ 834 |
| Accrued liabilities: | | |
| Compensation-related costs | $ 75 | $ 90 |
| Income taxes payable | 14 | 25 |
| Dividends payable | 32 | 20 |
| Accrued interest | 16 | 16 |
| Taxes payable other than income taxes | 32 | 33 |
| Other | 100 | 81 |
| Total accrued liabilities | $ 269 | $ 265 |
| Non-current liabilities: | | |
| Employees' pension, indemnity and postretirement | $ 133 | $ 235 |
| Other | 30 | 62 |
| Total non-current liabilities | $ 163 | $ 297 |

*Statements of Income*

| (in millions) | 2013 | 2012 | 2011 |
|---|---|---|---|
| Other income - net: | | | |
| Gain from change in benefit plan in North America | $ — | $ 5 | $ — |
| Gain from sale of land | — | 2 | — |
| NAFTA award | — | — | 58 |
| Gain from change in a postretirement plan | — | — | 30 |
| Other | 16 | 15 | 10 |
| Other income - net | $ 16 | $ 22 | $ 98 |
| | | | |
| Financing costs-net: | | | |
| Interest expense, net of amounts capitalized *(a)* | $ 74 | $ 77 | $ 81 |
| Interest income | (11) | (10) | (5) |
| Foreign currency transaction losses | 3 | — | 2 |
| Financing costs-net | $ 66 | $ 67 | $ 78 |

*(a) Interest capitalized amounted to $4 million, $6 million and $5 million in 2013, 2012 and 2011, respectively.*





*Statements of Cash Flow*

| (in millions) | 2013 | 2012 | 2011 |
|---|---|---|---|
| Interest paid | $ 67 | $ 72 | $ 85 |
| Income taxes paid | 135 | 133 | 177 |

**NOTE 10 - Equity**

Preferred stock:

The Company has authorized 25 million shares of $0.01 par value preferred stock, none of which were issued or outstanding at December 31, 2013 and 2012.

Treasury stock:

The Company reacquired 21,629, 44,674 and 73,260 shares of its common stock during 2013, 2012 and 2011, respectively, by both repurchasing shares from employees under the stock incentive plan and through the cancellation of forfeited restricted stock. The Company repurchased shares from employees at average purchase prices of $44.55, $58.59 and $47.48, or fair value at the date of purchase, during 2013, 2012 and 2011, respectively. All of the acquired shares are held as common stock in treasury, less shares issued to employees under the stock incentive plan.

On December 13, 2013, the Board of Directors authorized a new stock repurchase program permitting the Company to purchase up to 4 million of its outstanding common shares through December 12, 2018. The Company's previous stock repurchase program permitting the purchase of up to 5 million shares was completed in the fourth quarter of 2013. In 2013, the Company repurchased 3,385,000 common shares in open market transactions at a cost of approximately $227 million. In 2012, the Company repurchased 300,000 common shares in open market transactions at a cost of approximately $15 million. In 2011, the Company repurchased 1,000,000 common shares in open market transactions at a cost of approximately $45 million. At December 31, 2013, the Company had 4,000,000 shares available to be repurchased under its program. The parameters of the Company's stock repurchase program are not established solely with reference to the dilutive impact of shares issued under the Company's stock incentive plan. However, the Company expects that, over time, share repurchases will offset the dilutive impact of shares issued under the stock incentive plan.

Set forth below is a reconciliation of common stock share activity for the years ended December 31, 2011, 2012 and 2013:

| (Shares of common stock, in thousands) | Issued | Held in Treasury | Outstanding |
|---|---|---|---|
| Balance at December 31, 2010 | 76,035 | 12 | 76,023 |
| Issuance of restricted stock units as compensation | 56 | — | 56 |
| Issuance under incentive and other plans | 91 | (9) | 100 |
| Stock options exercised | 640 | (137) | 777 |
| Purchase/acquisition of treasury stock | — | 1,073 | (1,073) |
| Balance at December 31, 2011 | 76,822 | 939 | 75,883 |
| Issuance of restricted stock units as compensation | — | (6) | 6 |
| Issuance under incentive and other plans | — | (142) | 142 |
| Stock options exercised | 320 | (1,026) | 1,346 |
| Purchase/acquisition of treasury stock | — | 345 | (345) |
| Balance at December 31, 2012 | 77,142 | 110 | 77,032 |
| Issuance of restricted stock units as compensation | 6 | (3) | 9 |
| Issuance under incentive and other plans | 130 | (43) | 173 |
| Stock options exercised | 395 | (110) | 505 |
| Purchase/acquisition of treasury stock | — | 3,407 | (3,407) |
| Balance at December 31, 2013 | 77,673 | 3,361 | 74,312 |

Share-based payments:

The Company has a stock incentive plan ("SIP") administered by the compensation committee of its Board of Directors that provides for the granting of stock options, restricted stock, restricted stock units and other share-based awards to certain key employees. A maximum of 8 million shares were originally authorized for awards under the SIP. As of



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December 31, 2013, 2.8 million shares were available for future grants under the SIP. Shares covered by awards that expire, terminate or lapse will again be available for the grant of awards under the SIP. Total share-based compensation expense for 2013 was $12 million, net of income tax effect of $5 million. Total share-based compensation expense for 2012 was $12 million, net of income tax effect of $5 million. Total share-based compensation expense for 2011 was $11 million, net of income tax effect of $5 million.

The Company grants nonqualified options to purchase shares of the Company's common stock. The stock options have a ten-year life and are exercisable upon vesting, which occurs evenly over a three-year period at the anniversary dates of the date of grant. Compensation expense is recognized on a straight-line basis for awards. As of December 31, 2013, certain of these nonqualified options have been forfeited due to the termination of employees.

The fair value of stock option awards was estimated at the grant dates using the Black-Scholes option-pricing model with the following assumptions:

| | 2013 | 2012 | 2011 |
|---|---|---|---|
| Expected life (in years) | 5.8 | 5.8 | 5.8 |
| Risk-free interest rate | 1.1% | 1.1% | 2.8% |
| Expected volatility | 32.6% | 33.3% | 32.7% |
| Expected dividend yield | 1.6% | 1.2% | 1.2% |

The expected life of options represents the weighted-average period of time that options granted are expected to be outstanding giving consideration to vesting schedules and the Company's historical exercise patterns. The risk-free interest rate is based on the US Treasury yield curve in effect at the time of the grant for periods corresponding with the expected life of the options. Expected volatility is based on historical volatilities of the Company's common stock. Dividend yields are based on historical dividend payments. The weighted average fair value of options granted during 2013, 2012 and 2011 was estimated to be $17.87, $16.16 and $15.17, respectively.

A summary of stock option transactions for the last three years follows:

| (shares in thousands) | Stock Option Shares | | Stock Option Price Range | | Weighted Average per Share Exercise Price for Stock Options |
|---|---|---|---|---|---|
| Outstanding at December 31, 2010 | 4,434 | $ | 14.17 to 40.71 | $ | 27.49 |
| Granted | 438 | | 47.95 to 52.64 | | 47.96 |
| Exercised | (777) | | 14.17 to 40.71 | | 24.24 |
| Cancelled | (65) | | 18.31 to 47.95 | | 30.60 |
| Outstanding at December 31, 2011 | 4,030 | | 14.33 to 52.64 | | 30.29 |
| Granted | 460 | | 55.95 to 57.33 | | 55.96 |
| Exercised | (1,409) | | 14.33 to 47.95 | | 26.80 |
| Cancelled | (49) | | 25.58 to 55.95 | | 39.29 |
| Outstanding at December 31, 2012 | 3,032 | | 16.92 to 57.33 | | 35.66 |
| Granted | 416 | | 66.07 to 66.26 | | 66.07 |
| Exercised | (511) | | 16.92 to 57.33 | | 28.74 |
| Cancelled | (88) | | 47.95 to 66.07 | | 54.37 |
| Outstanding at December 31, 2013 | 2,849 | | 24.70 to 66.26 | | 40.77 |

The intrinsic values of stock options exercised during 2013, 2012 and 2011 were approximately $20 million, $46 million and $22 million, respectively. For the years ended December 31, 2013, 2012 and 2011, cash received from the exercise of stock options was $14 million, $34 million and $18 million, respectively. The excess income tax benefit realized from share-based compensation was $5 million, $11 million and $6 million in 2013, 2012 and 2011, respectively. As of December 31, 2013, the unrecognized compensation cost related to non-vested stock options totaled $8 million, which is expected to be amortized over the weighted-average period of approximately 1.7 years.



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The following table summarizes information about stock options outstanding at December 31, 2013:

| (options in thousands) Range of Exercise Prices | Options Outstanding | | Weighted Average Exercise Price per Share | Average Remaining Contractual Life (Years) | Options Exercisable | | Weighted Average Exercise Price Per Share |
|---|---|---|---|---|---|---|---|
| $ 24.70 to 27.30 | 557 | $ | 25.47 | 3.22 | 557 | $ | 25.47 |
| $ 27.31 to 29.90 | 465 | | 29.00 | 6.07 | 465 | | 29.00 |
| $ 32.51 to 35.10 | 676 | | 34.04 | 3.68 | 676 | | 34.04 |
| $ 45.51 to 53.30 | 357 | | 47.96 | 7.11 | 239 | | 47.96 |
| $ 55.91 to 58.50 | 405 | | 55.95 | 8.11 | 142 | | 55.95 |
| $ 63.71 to 66.26 | 389 | | 66.07 | 9.10 | — | | — |
| | 2,849 | $ | 40.77 | 5.78 | 2,079 | $ | 33.71 |

Stock options outstanding at December 31, 2013 had an aggregate intrinsic value of approximately $79 million and an average remaining contractual life of 5.8 years. Stock options exercisable at December 31, 2013 had an aggregate intrinsic value of approximately $72 million and an average remaining contractual life of 4.8 years. Stock options outstanding at December 31, 2012 had an aggregate intrinsic value of approximately $87 million and an average remaining contractual life of 6.0 years. Stock options exercisable at December 31, 2012 had an aggregate intrinsic value of approximately $71 million and an average remaining contractual life of 4.9 years.

In addition to stock options, the Company awards shares of restricted common stock ("restricted shares") and restricted stock units ("restricted units") to certain key employees. The restricted shares and restricted units issued under the plan are subject to cliff vesting, generally after three to five years provided the employee remains in the service of the Company. Expense is recognized on a straight-line basis over the vesting period taking into account an estimated forfeiture rate. The fair value of the restricted stock and restricted units is determined based upon the number of shares granted and the quoted market price of the Company's common stock at the date of the grant. The compensation expense recognized for restricted shares and restricted units was $7 million in 2013, $6 million in 2012 and $4 million in 2011.

The following table summarizes restricted share and restricted unit activity for the last three years:

| (shares in thousands) | Number of Restricted Shares | | Weighted Average Fair Value per Share | Number of Restricted Units | | Weighted Average Fair Value per Share |
|---|---|---|---|---|---|---|
| Non-vested at December 31, 2010 | 181 | $ | 30.04 | 113 | $ | 30.56 |
| Granted | — | | — | 182 | | 48.04 |
| Vested | (34) | | 27.56 | (56) | | 26.08 |
| Cancelled | (11) | | 29.74 | (4) | | 47.98 |
| Non-vested at December 31, 2011 | 136 | $ | 30.69 | 235 | $ | 44.24 |
| Granted | — | | — | 174 | | 55.69 |
| Vested | (37) | | 33.73 | (9) | | 37.57 |
| Cancelled | (4) | | 25.58 | (15) | | 44.95 |
| Non-vested at December 31, 2012 | 95 | $ | 29.69 | 385 | $ | 49.77 |
| Granted | — | | — | 144 | | 66.27 |
| Vested | (33) | | 34.02 | (17) | | 46.82 |
| Cancelled | (14) | | 31.25 | (43) | | 54.93 |

| | | | | |
|---|---|---|---|---|
| Non-vested at December 31, 2013 | 48 | $ 26.25 | 469 | $ 54.47 |

Restricted shares with a total fair value of $1 million vested in each of 2013, 2012 and 2011. The total fair value of restricted units that vested in 2013, 2012 and 2011 was $1 million, $0.3 million and $1 million, respectively.





At December 31, 2013, the total remaining unrecognized compensation cost related to restricted units was $10 million which will be amortized on a weighted-average basis over approximately 1.9 years. Unrecognized compensation cost related to restricted shares was insignificant at December 31, 2013. Recognized compensation cost related to unvested restricted share and restricted stock unit awards is included in share-based payments subject to redemption in the Consolidated Balance Sheets and totaled $17 million and $11 million at December 31, 2013 and 2012, respectively.

Other share-based awards under the SIP:

Under the compensation agreement with the Board of Directors at least 50 percent of a director's compensation is awarded in shares of common stock or restricted units based on each director's election to receive his or her compensation or a portion thereof in the form of restricted units. These restricted units vest immediately, but cannot be transferred until a date not less than six months after the director's termination of service from the board at which time the restricted units will be settled by delivering shares of common stock. The compensation expense relating to this plan included in the Consolidated Statements of Income for 2013, 2012 and 2011 was not material. At December 31, 2013, there were approximately 218,000 restricted units outstanding under this plan at a carrying value of approximately $6 million.

The Company has a long-term incentive plan for officers in the form of performance shares. The ultimate payments for performance shares awarded in 2011, 2012 and 2013 to be paid in 2014, 2015 and 2016 will be based solely on the Company's stock performance as compared to the stock performance of a peer group. Compensation expense is based on the fair value of the performance shares at the grant date, established using a Monte Carlo simulation model. The total compensation expense for these awards is amortized over a three-year service period. Compensation expense relating to these awards included in the Consolidated Statements of Income for 2013, 2012 and 2011 was $3 million, $4 million and $6 million, respectively. As of December 31, 2013, the unrecognized compensation cost relating to these plans was $3 million, which will be amortized over the remaining requisite service periods of 1 to 2 years. Recognized compensation cost related to these unvested awards is included in share-based payments subject to redemption in the Consolidated Balance Sheets and totaled $7 million and $8 million at December 31, 2013 and 2012, respectively.





Accumulated Other Comprehensive Loss:

A summary of accumulated other comprehensive income (loss) for the years ended December 31, 2011, 2012 and 2013 is presented below:

| **(in millions)** | **Cumulative Translation Adjustment** | **Deferred Gain/(Loss) on Hedging Activities** | **Pension/ Postretirement Adjustment** | **Unrealized Gain (Loss) on Investment** | **Accumulated Other Comprehensive Loss** |
|---|---|---|---|---|---|
| Balance, December 31, 2010 | $ (180) | $ 41 | $ (49) | $ (2) | $ (190) |
| Gains on cash-flow hedges, net of income tax effect of $19 | | 29 | | | 29 |
| Amount of gains on cash-flow hedges reclassified to earnings, net of income tax effect of $61 | | (105) | | | (105) |
| Actuarial loss on pension and other postretirement obligations, settlements and plan amendments, net of income tax of $4 | | | (10) | | (10) |
| Gains related to pension and other postretirement obligations reclassified to earnings, net of income tax of $5 | | | (11) | | (11) |
| Currency translation adjustment | (126) | | | | (126) |
| Balance, December 31, 2011 | $ (306) | $ (35) | $ (70) | $ (2) | $ (413) |
| Gains on cash-flow hedges, net of income tax effect of $25 | | 43 | | | 43 |
| Amount of gains on cash-flow hedges reclassified to earnings, net of income tax effect of $15 | | (25) | | | (25) |
| Actuarial loss on pension and other postretirement obligations, settlements and plan amendments, net of income tax effect of $27 | | | (56) | | (56) |
| Losses related to pension and other postretirement obligations reclassified to earnings, net of income tax of $2 | | | 5 | | 5 |
| Currency translation adjustment | (29) | | | | (29) |
| Balance, December 31, 2012 | $ (335) | $ (17) | $ (121) | $ (2) | $ (475) |
| Losses on cash-flow hedges, net of income tax effect of $29 | | (64) | | | (64) |
| Amount of losses on cash-flow hedges reclassified to earnings, net of income tax effect of $19 | | 41 | | | 41 |

| | | | | | |
|---|---|---|---|---|---|
| Actuarial gain on pension and other postretirement obligations, settlements and plan amendments, net of income tax effect of $32 | | | 63 | | 63 |
| Losses related to pension and other postretirement obligations reclassified to earnings, net of income tax of $3 | | | 5 | | 5 |
| Unrealized gain on investment, net of income tax effect | | | | 1 | 1 |
| Currency translation adjustment | (154) | | | | (154) |
| Balance, December 31, 2013 | $ (489) | $ (40) | $ (53) | $ (1) | $ (583) |

The following table provides detail pertaining to reclassifications from AOCI into net income for the periods presented:

| Details about AOCI Components (in millions) | Amount Reclassified from AOCI 2013 | 2012 | 2011 | Affected Line Item in Consolidated Statements of Income |
|---|---|---|---|---|
| Gains (losses) on cash-flow hedges: | | | | |
| Commodity and foreign currency contracts | $ (57) | $ 43 | $ 169 | *Cost of sales* |
| Interest rate contracts | (3) | (3) | (3) | *Financing costs, net* |
| Gains (losses) related to pension and other postretirement obligations | (8) | (7) | 16 | *(a)* |
| Total before tax reclassifications | $ (68) | $ 33 | $ 182 | |
| Income tax (expense) benefit | 22 | (13) | (66) | |
| Total after-tax reclassifications | $ (46) | $ 20 | $ 116 | |

(a) This component is included in the computation of net periodic benefit cost and affects both cost of sales and SG&A expenses on the Consolidated Statements of Income.



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**NOTE 11 — Mexican Tax on Beverages Sweetened with HFCS**

On January 1, 2002, a discriminatory tax on beverages sweetened with high fructose corn syrup (“HFCS”) approved by the Mexican Congress late in 2001, became effective. In response to the enactment of the tax, which at the time effectively ended the use of HFCS for beverages in Mexico, the Company ceased production of HFCS 55 at its San Juan del Rio plant, one of its three plants in Mexico. Over time, the Company resumed production and sales of HFCS and by 2006 had returned to levels attained prior to the imposition of the tax as a result of certain customers having obtained court rulings exempting them from paying the tax. The Mexican Congress repealed this tax effective January 1, 2007.

On October 21, 2003, the Company submitted, on its own behalf and on behalf of its Mexican affiliate, CPIngredientes, S.A. de C.V. (previously known as Compania Proveedora de Ingredientes), a Request for Institution of Arbitration Proceedings Submitted Pursuant to Chapter 11 of the North American Free Trade Agreement (“NAFTA”) (the “Request”). The Request was submitted to the Additional Office of the International Centre for Settlement of Investment Disputes and was brought against the United Mexican States. In the Request, the Company asserted that the imposition by Mexico of a discriminatory tax on beverages containing HFCS in force from 2002 through 2006 breached various obligations of Mexico under the investment protection provisions of NAFTA. The case was bifurcated into two phases, liability and damages, and a hearing on liability was held before a Tribunal in July 2006. In a Decision dated January 15, 2008, the Tribunal unanimously held that Mexico had violated NAFTA Article 1102, National Treatment, by treating beverages sweetened with HFCS produced by foreign companies differently than those sweetened with domestic sugar. In July 2008, a hearing regarding the quantum of damages was held before the same Tribunal. The Company sought damages and pre- and post-judgment interest totaling $288 million through December 31, 2008.

In an award rendered August 18, 2009, the Tribunal awarded damages to CPIngredientes in the amount of $58.4 million, as a result of the tax and certain out-of-pocket expenses incurred by CPIngredientes, together with accrued interest. On October 1, 2009, the Company submitted to the Tribunal a request for correction of this award to avoid effective double taxation on the amount of the award in Mexico.

On March 26, 2010, the Tribunal issued a correction of its August 18, 2009 damages award. While the amount of damages had not changed, the decision made the damages payable to Ingredion Incorporated (formerly Corn Products International, Inc.) instead of CPIngredientes.

On January 24 and 25, 2011, the Company received cash payments totaling $58.4 million from the Government of the United Mexican States pursuant to the corrected award. Mexico made these payments pursuant to an agreement with Ingredion Incorporated that provides for terminating pending post-award litigation and waiving post-award interest. The $58.4 million award is included in other income in the Company’s Consolidated Statement of Income for 2011.

**NOTE 12 - Segment Information**

The Company is principally engaged in the production and sale of starches and sweeteners for a wide range of industries, and is managed geographically on a regional basis. The Company’s operations are classified into four reportable business segments: North America, South America, Asia Pacific and Europe, Middle East and Africa (“EMEA”). Its North America segment includes businesses in the United States, Canada and Mexico. The Company’s South America segment includes businesses in Brazil, Colombia, Ecuador, Peru and the Southern Cone of South America, which includes Argentina, Chile and Uruguay. Its Asia Pacific segment includes businesses in Korea, Thailand, Malaysia, China, Japan, Indonesia, the Philippines, Singapore, India, Australia and New Zealand. The Company’s EMEA segment includes businesses in the United Kingdom, Germany, South Africa, Pakistan and Kenya.

| (in millions) | 2013 | 2012 | 2011 |
|---|---|---|---|
| Net sales to unaffiliated customers: | | | |
| North America | $ 3,647 | $ 3,741 | $ 3,356 |
| South America | 1,334 | 1,462 | 1,569 |
| Asia Pacific | 805 | 816 | 764 |
| EMEA | 542 | 513 | 530 |
| Total | $ 6,328 | $ 6,532 | $ 6,219 |
| Operating income: | | | |
| North America | $ 401 | $ 408 | $ 322 |
| South America | 116 | 198 | 203 |
| Asia Pacific | 97 | 95 | 79 |
| EMEA | 74 | 78 | 84 |
| Corporate | (75) | (78) | (64) |
| Subtotal | 613 | 701 | 624 |
| Restructuring / impairment charges (*a*) | — | (36) | (10) |
| Gain from change in benefit plans | — | 5 | 30 |
| Integration / acquisition costs | — | (4) | (31) |
| Gain from land sale | — | 2 | — |
| NAFTA award | — | — | 58 |
| Total | $ 613 | $ 668 | $ 671 |
| Total assets: | | | |
| North America | $ 3,008 | $ 3,116 | $ 2,879 |
| South America | 1,088 | 1,230 | 1,218 |
| Asia Pacific | 711 | 730 | 757 |
| EMEA | 553 | 516 | 463 |
| Total | $ 5,360 | $ 5,592 | $ 5,317 |
| Depreciation and amortization: | | | |
| North America | $ 112 | $ 130 | $ 128 |
| South America | 41 | 44 | 47 |
| Asia Pacific | 25 | 24 | 23 |
| EMEA | 16 | 13 | 13 |
| Total | $ 194 | $ 211 | $ 211 |
| Capital expenditures: | | | |
| North America | $ 141 | $ 162 | $ 119 |
| South America | 76 | 75 | 84 |
| Asia Pacific | 28 | 33 | 24 |
| EMEA | 53 | 43 | 36 |
| Total | $ 298 | $ 313 | $ 263 |

*(a). For 2012, includes $20 million of charges for impaired assets and restructuring costs in Kenya, $11 million of charges to write-down certain equipment as part of the Company's North American manufacturing optimization plan and $5 million of charges for impaired assets in China and Colombia. For 2011, includes $10 million of charges to write-down certain equipment as part of the Company's North American manufacturing optimization plan.*

The following table presents net sales to unaffiliated customers by country of origin for the last three years:

| | Net Sales | | |
|---|---|---|---|
| (in millions) | 2013 | 2012 | 2011 |
| United States | $ 1,970 | $ 2,035 | $ 1,863 |
| Mexico | 1,130 | 1,143 | 957 |
| Brazil | 670 | 731 | 841 |
| Canada | 547 | 564 | 536 |
| Argentina | 305 | 356 | 344 |
| Korea | 301 | 306 | 284 |
| Others | 1,405 | 1,397 | 1,394 |
| Total | $ 6,328 | $ 6,532 | $ 6,219 |





The following table presents long-lived assets (excluding intangible assets) by country at December 31:

| | Long-lived Assets | | |
|---|---|---|---|
| (in millions) | 2013 | 2012 | 2011 |
| United States | $ 822 | $ 824 | $ 830 |
| Brazil | 321 | 346 | 370 |
| Mexico | 296 | 290 | 277 |
| Canada | 181 | 199 | 189 |
| Germany | 151 | 114 | 90 |
| Thailand | 112 | 117 | 112 |
| Argentina | 92 | 111 | 107 |
| Korea | 91 | 90 | 83 |

| | | | |
|---|---|---|---|
| Others | 219 | 234 | 229 |
| Total | $ 2,285 | $ 2,325 | $ 2,287 |

**NOTE 13 — Commitments and Contingencies**

As previously reported, on April 22, 2011, Western Sugar and two other sugar companies filed a complaint in the U.S. District Court for the Central District of California against the Corn Refiners Association ("CRA") and certain of its member companies, including the Company, alleging false and/or misleading statements relating to high fructose corn syrup in violation of the Lanham Act and California's unfair competition law. The complaint seeks injunctive relief and unspecified damages. On May 23, 2011, the plaintiffs amended the complaint to add additional plaintiffs, among other reasons.

On July 1, 2011, the CRA and the member companies in the case filed a motion to dismiss the first amended complaint on multiple grounds. On October 21, 2011, the U.S. District Court for the Central District of California dismissed all Federal and state claims against the Company and the other members of the CRA, with leave for the plaintiffs to amend their complaint, and also dismissed all state law claims against the CRA.

The state law claims against the CRA were dismissed pursuant to a California law known as the anti-SLAPP (Strategic Lawsuit Against Public Participation) statute, which, according to the court's opinion, allows early dismissal of meritless first amendment cases aimed at chilling expression through costly, time-consuming litigation. The court held that the CRA's statements were protected speech made in a public forum in connection with an issue of public interest (high fructose corn syrup). Under the anti-SLAPP statute, the CRA is entitled to recover its attorney's fees and costs from the plaintiffs.

On November 18, 2011, the plaintiffs filed a second, amended complaint against certain of the CRA member companies, including the Company, seeking to reinstate the federal law claims, but not the state law claims, against certain of the CRA member companies, including the Company. On December 16, 2011, the CRA member companies filed a motion to dismiss the second amended complaint on multiple grounds. On July 31, 2012, the U.S. District Court for the Central District of California denied the motion to dismiss for all CRA member companies other than Roquette America, Inc.

On September 4, 2012, the Company and the other CRA member companies that remain defendants in the case filed an answer to the plaintiffs' second, amended complaint that, among other things, added a counterclaim against the Sugar Association. The counterclaim alleges that the Sugar Association has made false and misleading statements that processed sugar differs from high fructose corn syrup in ways that are beneficial to consumers' health (i.e., that consumers will be healthier if they consume foods and beverages containing processed sugar instead of high fructose corn syrup). The counterclaim, which was filed in the U.S. District Court for the Central District of California, seeks injunctive relief and unspecified damages. Although the counterclaim was initially only filed against the Sugar Association, the Company and the other CRA member companies that remain defendants in the Western Sugar case have reserved the right to add other plaintiffs to the counterclaim in the future.

On October 29, 2012, the Sugar Association and the other plaintiffs filed a motion to dismiss the counterclaim and certain related portions of the defendants' answer, each on multiple grounds. On December 10, 2012, the remaining member companies which are defendants in the case responded to the motion to dismiss the counterclaim. On January 14, 2013, the plaintiffs filed a reply to the defendants' response to the motion to dismiss. On September 16, 2013, the U.S. District Court for the Central District of California denied the motion to dismiss the counterclaim, which entitles the Company and



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the other CRA member companies to continue to pursue the counterclaim against the Sugar Association and the other plaintiffs.

The Company continues to believe that the second, amended complaint is without merit and intends to vigorously defend this case. In addition, the Company intends to vigorously pursue its rights in connection with the counterclaim.

In the ordinary course of business, the Company enters into purchase commitments principally related to power supply and raw material sourcing. Such agreements, including take or pay contracts, help to provide the Company with adequate supply of power and raw material at certain of our facilities. The Company would be subject to liquidated damages in the unlikely event that it did not fulfill such commitments.

The Company is currently subject to various other claims and suits arising in the ordinary course of business, including certain environmental proceedings and product liability claims. The Company does not believe that the results of such legal proceedings, even if unfavorable to the Company, will be material to the Company. There can be no assurance, however, that such claims or suits or those arising in the future, whether taken individually or in the aggregate, will not have a material adverse effect on the Company's financial condition or results of operations.



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**Quarterly Financial Data (Unaudited)**

Summarized quarterly financial data is as follows:

| (in millions, except per share amounts) | 1st QTR | 2nd QTR | 3rd QTR | 4th QTR |
|---|---|---|---|---|
| **2013** | | | | |
| Net sales before shipping and handling costs | $ 1,662 | $ 1,715 | $ 1,696 | $ 1,579 |
| Less: shipping and handling costs | 78 | 82 | 84 | 80 |
| Net sales | $ 1,584 | $ 1,633 | $ 1,612 | $ 1,499 |
| Gross profit | 306 | 276 | 259 | 291 |
| Net income attributable to Ingredion | 111 | 95 | 86 | 104 |
| Basic earnings per common share of Ingredion | $ 1.43 | $ 1.22 | $ 1.12 | $ 1.37 |
| Diluted earnings per common share of Ingredion | $ 1.41 | $ 1.20 | $ 1.10 | $ 1.35 |

| (in millions, except per share amounts) | 1st QTR | 2nd QTR | 3rd QTR | 4th QTR |
|---|---|---|---|---|

| | | | | |
|---|---|---|---|---|
| **2012** | | | | |
| Net sales before shipping and handling costs | $ 1,658 | $ 1,720 | $ 1,764 | $ 1,726 |
| Less: shipping and handling costs | 84 | 85 | 85 | 82 |
| Net sales | $ 1,574 | $ 1,635 | $ 1,679 | $ 1,644 |
| Gross profit | 296 | 295 | 313 | 333 |
| Net income attributable to Ingredion | 94 | 109 | 113 | 112 |
| Basic earnings per common share of Ingredion | $ 1.23 | $ 1.42 | $ 1.47 | $ 1.45 |
| Diluted earnings per common share of Ingredion | $ 1.21 | $ 1.40 | $ 1.45 | $ 1.42 |





**ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE**

Not applicable.

**ITEM 9A. CONTROLS AND PROCEDURES**

Evaluation of Disclosure Controls and Procedures

Our management, including our Chief Executive Officer and our Chief Financial Officer, performed an evaluation of the effectiveness of our disclosure controls and procedures as of December 31, 2013. Based on that evaluation, our Chief Executive Officer and our Chief Financial Officer concluded that our disclosure controls and procedures (a) are effective in providing reasonable assurance that all material information required to be filed in this report has been recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms and (b) are designed to ensure that information required to be disclosed in the reports we file or submit under the Securities Exchange Act of 1934, as amended is accumulated and communicated to our management, including our principal executive and principal financial officers, as appropriate to allow timely decisions regarding required disclosure. There have been no changes in our internal control over financial reporting during the quarter ended December 31, 2013 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Management's Report on Internal Control over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting. This system of internal controls is designed to provide reasonable assurance that assets are safeguarded and transactions are properly recorded and executed in accordance with management's authorization.

Internal control over financial reporting includes those policies and procedures that:

1. Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of our assets.
2. Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in conformity with accounting principles generally accepted in the United States, and that our receipts and expenditures are being made only in accordance with authorizations of our management and directors.
3. Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of our assets that could have a material effect on our financial statements.

Management conducted an evaluation of the effectiveness of internal control over financial reporting based on the framework of *Internal Control - Integrated Framework (1992)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Based on the evaluation, management concluded that our internal control over financial reporting was effective as of December 31, 2013. The effectiveness of our internal control over financial reporting has been audited by KPMG LLP, an independent registered public accounting firm, as stated in their attestation report included herein.

**ITEM 9B. OTHER INFORMATION**

None.





**PART III**

**ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE**

The information contained under the headings "Proposal 1. Election of Directors," "The Board and Committees" and "Section 16(a) Beneficial Ownership Reporting Compliance" in the Company's definitive proxy statement for the Company's 2014 Annual Meeting of Stockholders (the "Proxy Statement") is incorporated herein by reference. The information regarding executive officers called for by Item 401 of Regulation S-K is included in Part 1 of this report under the heading "Executive Officers of the Registrant." The Company has adopted a code of ethics that applies to its principal executive officer, principal financial officer, and controller. The code of ethics is posted on the Company's Internet website, which is found at www.ingredion.com. The Company intends to include on its website any amendments to, or waivers from, a provision of its code of ethics that applies to the Company's principal executive officer, principal financial officer or controller that relates to any element of the code of ethics definition enumerated in Item 406(b) of Regulation S-K.

## ITEM 11. EXECUTIVE COMPENSATION

The information contained under the headings “Executive Compensation,” “Compensation Committee Report,” “Director Compensation” and “Compensation Committee Interlocks and Insider Participation” in the Proxy Statement is incorporated herein by reference.

## ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

The information contained under the headings “Equity Compensation Plan Information as of December 31, 2013” and “Security Ownership of Certain Beneficial Owners and Management” in the Proxy Statement is incorporated herein by reference.

## ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

The information contained under the headings “Review and Approval of Transactions with Related Persons,” “Certain Relationships and Related Transactions” and “Independence of Board Members” in the Proxy Statement is incorporated herein by reference.

## ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

The information contained under the heading “2013 and 2012 Audit Firm Fee Summary” in the Proxy Statement is incorporated herein by reference.

# PART IV

## ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

Item 15(a)(1) Consolidated Financial Statements

Financial Statements (see the Index to the Consolidated Financial Statements on page 48 of this report).

Item 15(a)(2) Financial Statement Schedules

All financial statement schedules have been omitted because the information either is not required or





is otherwise included in the consolidated financial statements and notes thereto.

Item 15(a)(3) Exhibits

The following list of exhibits includes both exhibits submitted with this Form 10-K as filed with the SEC and those incorporated by reference from other filings.

| Exhibit No. | Description |
|---|---|
| 3.1* | Amended and Restated Certificate of Incorporation of the Company, filed as Exhibit 3.1 to the Company’s Registration Statement on Form 10, File No. 1-13397. |
| 3.2* | Certificate of Elimination of Series A Junior Participating Preferred Stock of Corn Products International, Inc., filed on May 25, 2010 as Exhibit 10.5 to the Company’s Current Report on Form 8-K dated May 19, 2010, File No. 1-13397. |
| 3.3* | Amendments to Amended and Restated Certificate of Incorporation filed on April 9, 2010 as Appendix A to the Company’s Proxy Statement for its 2010 Annual Meeting of Stockholders, File No. 1-13397. |
| 3.4* | Certificate of Amendment of Certificate of Amended and Restated Certificate of Incorporation of the Company, filed on February 28, 2013 as Exhibit 3.4 to the Company’s Annual Report on Form 10-K for the year ended December 31, 2012, File No. 1-13397. |
| 3.5* | Amended By-Laws of the Company, filed on December 19, 2013 as Exhibit 3.1 to the Company’s Current Report on Form 8-K dated December 13, 2013, File No. 1-13397. |
| 4.1* | Revolving Credit Agreement dated October 22, 2012, among Ingredion Incorporated, the lenders signatory thereto, JPMorgan Chase Bank, N.A., as Administrative Agent, Bank of America, N.A., Citibank, N.A. and Bank of Montreal, as Co-Syndication Agents, and Mizuho Corporate Bank (USA), U.S. Bank National Association and Branch Banking and Trust Company, as Co-Documentation Agents filed on October 25, 2012 as Exhibit 4.1 to the Company’s Current Report on Form 8-K dated October 22, 2012, File No. 1-13397. |
| 4.2* | Private Shelf Agreement, dated as of March 25, 2010 by and between Corn Products International, Inc. and Prudential Investment Management, Inc., filed on May 5, 2010 as Exhibit 4.10 to the Company’s Quarterly Report on Form 10-Q, for the quarter ended March 31, 2010. |
| 4.3* | Amendment No. 1 to Private Shelf Agreement, dated as of February 25, 2011 by and between Corn Products International, Inc. and Prudential Investment Management, Inc., filed on May 6, 2011 as Exhibit 4.11 to the Company’s Quarterly Report on Form 10-Q, for the quarter ended March 31, 2011. |

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| 4.4* | Amendment No. 2 to Private Shelf Agreement, dated as of December 21, 2012 by and between Ingredion Incorporated and Prudential Investment Management, Inc. , filed on February 28, 2013 as Exhibit 4.4 to the Company's Annual Report on Form 10-K for the year ended December 31, 2012, File No. 1-13397. |
| 4.5* | Indenture Agreement dated as of August 18, 1999 between the Company and The Bank of New York, as Trustee, filed on August 27, 1999 as Exhibit 4.1 to the Company's Current Report on Form 8-K, File No. 1-13397. |
| 4.6* | Third Supplemental Indenture dated as of April 10, 2007 between Corn Products International, Inc. and The Bank of New York Trust Company, N.A., as trustee, filed |





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| | on April 10, 2007 as Exhibit 4.3 to the Company's Current Report on Form 8-K, dated April 10, 2007, File No. 1-13397. |
| 4.7* | Fourth Supplemental Indenture dated as of April 10, 2007 between Corn Products International, Inc. and The Bank of New York Trust Company, N.A., as trustee, filed on April 10, 2007 as Exhibit 4.4 to the Company's Current Report on Form 8-K dated April 10, 2007, File No. 1-13397. |
| 4.8* | Fifth Supplemental Indenture, dated September 17, 2010, between Corn Products International, Inc. and The Bank of New York Mellon Trust Company, N.A. (as successor trustee to The Bank of New York), as trustee, filed on September 20, 2010 as Exhibit 4.1 to the Company's Current Report on Form 8-K dated September 14, 2010, File No. 1-13397. |
| 4.9* | Sixth Supplemental Indenture, dated September 17, 2010, between Corn Products International, Inc. and The Bank of New York Mellon Trust Company, N.A. (as successor trustee to The Bank of New York), as trustee, filed on September 20, 2010 as Exhibit 4.2 to the Company's Current Report on Form 8-K dated September 14, 2010, File No. 1-13397. |
| 4.10* | Seventh Supplemental Indenture, dated September 17, 2010, between Corn Products International, Inc. and The Bank of New York Mellon Trust Company, N.A. (as successor trustee to The Bank of New York), as trustee, filed on September 20, 2010 as Exhibit 4.3 to the Company's Current Report on Form 8-K dated September 14, 2010, File No. 1-13397. |
| 4.11* | Eighth Supplemental Indenture, dated September 20, 2012, between Ingredion Incorporated and The Bank of New York Mellon Trust Company, N.A. (as successor trustee to The Bank of New York), as trustee, filed on September 21, 2012 as Exhibit 4.1 to the Company's Current Report on Form 8-K dated September 20, 2012, File No. 1-13397. |
| 10.1 *** | Stock Incentive Plan as effective February 4, 2014. |
| 10.3* *** | Form of Executive Severance Agreement entered into by Ilene S. Gordon, Cheryl K. Beebe, Jack C. Fortnum and John F. Saucier, filed on May 6, 2008 as Exhibit 10.5 to the Company's Quarterly Report on Form 10-Q, for the quarter ended March 31, 2008, File No. 1-13397. |
| 10.4* | International Share and Business Sale Agreement, dated as of June 19, 2010, between Akzo Nobel N.V. and Corn Products International, Inc., filed on September 21, 2010 as Exhibit 4.1 to the Company's Current Report on Form 8-K dated September 19, 2010, File No. 1-13397. |
| 10.5** *** | Form of Indemnification Agreement entered into by each of the members of the Company's Board of Directors and the Company's executive officers. |
| 10.6* *** | Deferred Compensation Plan for Outside Directors of the Company (Amended and Restated as of September 19, 2001), filed as Exhibit 4(d) to the Company's Registration Statement on Form S-8, File No. 333-75844, as amended by Amendment No. 1 dated December 1, 2004, filed as Exhibit 10.6 to the Company's Annual Report on Form 10-K for the year ended December 31, 2004, File No. 1-13397. |
| 10.7* *** | Supplemental Executive Retirement Plan as effective July 18, 2012 filed as Exhibit 10.7 to the Company's Quarterly Report on Form 10-Q, for the quarter ended |





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| | September 30, 2012, File No. 1-13397. |
| 10.8** *** | Executive Life Insurance Plan. |
| 10.9* *** | Deferred Compensation Plan, as amended by Amendment No. 1 filed as Exhibit 10.21 to the Company's Annual Report on Form 10-K/A for the year ended December 31, 2001, File No. 1-13397. |
| 10.10* *** | Annual Incentive Plan as effective July 18, 2012 filed as Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q, for the quarter ended September 30, 2012, File No. 1-13397. |
| 10.11* *** | Form of Notice of Restricted Stock Award Agreement for use in connection with awards under the Stock Incentive Plan, filed on February 27, 2009 as Exhibit 10.11 to the Company's Annual Report on Form 10-K for the year ended December 31, 2008, File No. 1-13397. |

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| 10.13* *** | Employee Benefits Agreement dated December 1, 1997 between the Company and Bestfoods, filed as Exhibit 4.E to the Company's Registration Statement on Form S-8, File No. 333-43525. |
| 10.14* *** | Executive Life Insurance Plan, Compensation Committee Summary, filed as Exhibit 10.14 to the Company's Annual Report on Form 10-K for the year ended December 31, 2004, File No. 1-13397. |
| 10.15* *** | Form of Executive Life Insurance Plan Participation Agreement and Collateral Assignment entered into by Cheryl K. Beebe and Jack C. Fortnum, filed as Exhibit 10.15 to the Company's Annual Report on Form 10-K for the year ended December 31, 2004, File No. 1-13397. |
| 10.16* *** | Form of Performance Share Award Agreement for use in connection with awards under the Stock Incentive Plan, filed on February 10, 2014 as Exhibit 10.1 to the Company's Current Report on Form 8-K dated February 4, 2014, File No. 1-13397. |
| 10.17* *** | Form of Stock Option Award Agreement for use in connection with awards under the Stock Incentive Plan, filed on February 10, 2014 as Exhibit 10.2 to the Company's Current Report on Form 8-K dated February 4, 2014, File No. 1-13397. |
| 10.18* | Natural Gas Purchase and Sale Agreement between Corn Products Brasil-Ingredientes Industrias Ltda. and Companhia de Ga de Sao Paulo-Comgas, filed as Exhibit 10.17 to the Company's Annual Report on Form 10-K for the year ended December 31, 2005, File No. 1-13397. |
| 10.19* *** | Letter of Agreement dated as of April 2, 2009 between the Company and Ilene S. Gordon, filed on August 6, 2009 as Exhibit 10.21 to the Company's Quarterly Report on Form 10-Q, for the quarter ended June 30, 2009, file No. 1-13397. |
| 10.20* *** | Form of Restricted Stock Units Award Agreement for use in connection with awards under the Stock Incentive Plan, filed on February 10, 2014 as Exhibit 10.3 to the Company's Current Report on Form 8-K dated February 4, 2014, File No. 1-13397. |
| 10.21* *** | Letter of Agreement dated as of April 2, 2010 between the Company and Diane Frisch, filed on August 6, 2010 as Exhibit 10.24 to the Company's Quarterly Report on Form 10-Q, for the quarter ended June 30, 2010, File No. 1-13397. |
| 10.22* *** | Executive Severance Agreement dated as of May 1, 2010 between the Company and Diane Frisch, filed on August 6, 2010 as Exhibit 10.25 to the Company's Quarterly Report on Form 10-Q, for the quarter ended June 30, 2010, File No. 1-13397. |
| 10.23* *** | Term Sheet, dated as of July 23, 2010 for Employment Agreements between the |





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| | Company and Julio dos Reis and Productos de Maiz S.A. and Julio dos Reis, filed on November 5, 2010 as Exhibit 10.28 to the Company's Quarterly Report on Form 10-Q for the Quarter ended September 30, 2010, File No. 1-13397. |
| 10.24* *** | Letter of Agreement dated as of September 28, 2010 between the Company and James Zallie, filed as Exhibit 10.30 to the Company's Annual Report on Form 10-K for the year ended December 31, 2010, File No. 1-13397. |
| 10.25* *** | Employment Agreement, dated as of July 31, 2009, by and between National Starch LLC and James Zallie, filed as Exhibit 10.31 to the Company's Annual Report on Form 10-K for the year ended December 31, 2010, File No. 1-13397. |
| 10.26* *** | National Starch LLC Severance Plan For Full Time And Part Time Non-Union Employees, effective April 1, 2008, filed as Exhibit 10.32 to the Company's Annual Report on Form 10-K for the year ended December 31, 2010, File No. 1-13397. |
| 10.27 *** | Form of Executive Severance Agreement entered into by James Zallie and Christine M. Castellano. |
| 10.35 * *** | Confidential Separation Agreement and General Release, dated as of March 29, 2013, by and between the Company and Kimberly A. Hunter, filed as Exhibit 10.35 to the Company's Quarterly Report on Form 10-Q for the Quarter ended June 30, 2013, File No. 1-13397. |
| 10.36* *** | Consulting Agreement, dated as of September 3, 2013, by and between the Company and Julio dos Reis, filed as Exhibit 10.36 to the Company's Quarterly Report on Form 10-Q for the Quarter ended September 30, 2013, File No. 1-13397. |
| 10.37* *** | Mutual Separation Agreement, dated as of September 3, 2013, by and between Ingredion Argentina S.A. and Julio dos Reis, filed as Exhibit 10.37 to the Company's Quarterly Report on Form 10-Q for the Quarter ended September 30, 2013, File No. 1-13397. |
| 10.38 *** | Letter of Agreement dated as of September 2, 2013 between the Company and Ricardo de Abreu Souza and Addendum dated as of February 19, 2014. |
| 11.1 | Earnings Per Share Computation |
| 12.1 | Computation of Ratio of Earnings to Fixed Charges |
| 21.1 | Subsidiaries of the Registrant |
| 23.1 | Consent of Independent Registered Public Accounting Firm |

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| 24.1 | Power of Attorney |
| 31.1 | CEO Section 302 Certification Pursuant to the Sarbanes-Oxley Act of 2002 |
| 31.2 | CFO Section 302 Certification Pursuant to the Sarbanes-Oxley Act of 2002 |
| 32.1 | CEO Certification Pursuant to Section 1350 of Chapter 63 of Title 18 of the United States Code as created by the Sarbanes-Oxley Act of 2002 |
| 32.2 | CFO Certification Pursuant to Section 1350 of Chapter 63 of Title 18 of the United States Code as created by the Sarbanes-Oxley Act of 2002 |



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| 101 | The following financial information from the Ingredion Incorporated Annual Report on Form 10-K for the year ended December 31, 2013 formatted in Extensible Business Reporting Language (XBRL): (i) the Consolidated Statements of Income; (ii) the Consolidated Statements of Comprehensive Income; (iii) the Consolidated Balance Sheets; (iv) the Consolidated Statements of Equity and Redeemable Equity; (v) the Consolidated Statements of Cash Flows; and (vi) the Notes to the Consolidated Financial Statements |

*   Incorporated herein by reference as indicated in the exhibit description.
**  Incorporated herein by reference to the exhibits filed with the Company's Annual Report on Form 10-K for the year ended December 31, 1997.
*** Management contract or compensatory plan or arrangement required to be filed as an exhibit to this form pursuant to Item 15(b) of this report.



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SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized, on the 24th day of February, 2014.

**INGREDION INCORPORATED**

By: /s/ Ilene S. Gordon
Ilene S. Gordon
Chairman, President and Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this Report has been signed below by the following persons on behalf of the Registrant, in the capacities indicated and on the 24th day of February, 2014.

| Signature | Title |
|---|---|
| /s/ Ilene S. Gordon<br>Ilene S. Gordon | Chairman, President, Chief Executive Officer and Director |
| /s/ Jack C. Fortnum<br>Jack C. Fortnum | Chief Financial Officer |
| /s/ Matthew R. Galvanoni<br>Matthew R. Galvanoni | Controller |
| *Richard J. Almeida<br>Richard J. Almeida | Director |
| *Luis Aranguren-Trellez<br>Luis Aranguren-Trellez | Director |
| *David B. Fischer<br>David B. Fischer | Director |
| *Paul Hanrahan<br>Paul Hanrahan | Director |
| *Wayne M. Hewett<br>Wayne M. Hewett | Director |
| *Rhonda L. Jordan | Director |

Rhonda L. Jordan

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| *Gregory B. Kenny<br>Gregory B. Kenny | Director |



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| *Barbara A. Klein<br>Barbara A. Klein | Director |
| *Victoria J. Reich<br>Victoria J. Reich | Director |
| *James M. Ringler<br>James M. Ringler | Director |
| *Dwayne A. Wilson<br>Dwayne A. Wilson | Director |

*By: /s/ Christine M. Castellano
Christine M. Castellano
Attorney-in-fact

(Being the principal executive officer, the principal financial officer, the controller and a majority of the directors of Ingredion Incorporated)

**INGREDION INCORPORATED**
**STOCK INCENTIVE PLAN**
**(as of February 4, 2014)**

## I. INTRODUCTION

1.1 *Purpose*. The purpose of the Ingredion Incorporated Stock Incentive Plan (the "Plan") is to promote the long-term financial success of Ingredion Incorporated (the " Company") by (i) attracting and retaining executive personnel of outstanding ability; (ii) strengthening the Company's capability to develop, maintain and direct a competent management team; (iii) motivating executive personnel by means of performance-related incentives to achieve longer-range performance goals; (iv) providing incentive compensation opportunities which are competitive with those of other major corporations; (v) enabling such executive personnel to participate in the long-term growth and financial success of the Company through increased stock ownership and (vi) serving as a mechanism to compensate outside directors.

1.2 *Certain Definitions*. In addition to the defined terms set forth elsewhere in this Plan, the terms set forth below, shall, when capitalized, have the following respective meanings.

"*Agreement*" shall mean the written agreement evidencing an award hereunder between the Company and the recipient of such award.

"*Award*" shall mean a Bonus Stock Award, Performance Share Award, Restricted Stock Award or a Restricted Stock Unit Award.

"*Board*" shall mean the Board of Directors of the Company.

"*Bonus Stock*" shall mean shares of Common Stock that are not subject to a Restriction Period or Performance Measures.

"*Bonus Stock Award*" shall mean an award of Bonus Stock under this Plan.

"*Cause*" shall mean the willful and continued failure to substantially perform the duties assigned by the Company (other than a failure resulting from the Participant's Disability), the willful engaging in conduct which is demonstrably injurious to the Company or any Subsidiary, monetarily or otherwise, including conduct that, in the reasonable judgment of the Committee, no longer conforms to the standard of the Company's executives, any act of dishonesty, commission of a felony, or a significant violation of any statutory or common law duty of loyalty to the Company.

"*Change in Control*" shall have the meaning set forth in Section 5.8(b).

"*Code*" shall mean the Internal Revenue Code of 1986, as amended.

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"*Committee*" shall mean the Compensation Committee of the Board or a subcommittee thereof, or any other committee designated by the Board to administer this Plan, consisting of two or more members of the Board, each of whom shall be (i) a "Non-Employee Director" within the meaning of Rule 16b-3 under the Exchange Act, (ii) an "outside director" within the meaning of Section 162(m) of the Code, and (iii) an "Independent Director" within the meaning of the rules of the New York Stock Exchange."

"*Common Stock*" shall mean the common stock, $.01 par value, of the Company.

"*Disability Date*" shall mean the date on which a Participant becomes a "Disabled Participant" under the Ingredion Incorporated Retirement Savings Plan for Salaried Employees (the "Ingredion Savings Plan") or a successor to such plan or any such similar plan containing a disability provision applicable to the Participant. If a Participant is not covered by the Ingredion Savings Plan or a similar plan containing a disability provision, the determination of whether the Participant has a "Disability Date" shall be made by the Committee by applying the provisions of the Ingredion Savings Plan as if the Participant were a participant of such plan or any similar plan that the Committee determines to be appropriate.

"*Exchange Act*" shall mean the Securities Exchange Act of 1934, as amended.

"*Fair Market Value*" shall mean the closing price of a share of Common Stock as reported in the New York Stock Exchange Composite Transactions on the date as of which such value is being determined or, if there shall be no reported transactions for such date, on the next preceding date for which transactions were reported; provided, however, that, in the case of the exercise of an Incentive Stock Option or Non-Statutory Stock Option through a broker, Fair Market Value for the purpose of tax withholding shall mean the sales price received for a share of Common Stock and, provided further, that Fair Market Value may be determined by the Committee by whatever other means or method as the Committee, in the good faith exercise of its discretion, shall at such time deem appropriate.

"*Free-Standing SAR*" shall mean an SAR which is not granted in tandem with, or by reference to, an option, which entitles the holder thereof to receive, upon exercise, shares of Common Stock (which may be Restricted Stock), cash or a combination thereof with an aggregate value equal to the excess of the Fair Market Value of one share of Common Stock on the date of exercise over the base price of such SAR, multiplied by the number of such SARs which are exercised.

"*Incentive Stock Option*" shall mean an option to purchase shares of Common Stock which meets the requirements of Section 422 of the Code, or any successor provision, and which is intended by the Committee to constitute an Incentive Stock Option.

"*Non-Statutory Stock Option*" shall mean an option to purchase shares of Common Stock that is not an Incentive Stock Option.

"*Participant*" shall mean an individual who has been granted an Incentive Stock Option, a Non-Statutory Stock Option, an SAR, a Bonus Stock Award, a Performance Share Award, a Restricted Stock Award or a Restricted Stock Unit Award.

"*__Performance Measures__*" shall mean the criteria and objectives, established by the Committee, which shall be satisfied or met (i) as a condition to the exercisability of all or a portion of an option or SAR, (ii) as a condition to the grant of a Stock Award or (iii) during the applicable Restriction Period or Performance Period as a condition to the holder's receipt of Common Stock subject to a Restricted Stock Award, Restricted Stock Unit Award or a Performance Share Award and/or of payment with respect to such award. The Committee may amend or adjust the Performance Measures or other terms and conditions of an outstanding award in recognition of unusual or nonrecurring events affecting the Company or its financial statements or changes in law or accounting, but only, in the case of any Award intended to constitute "qualified performance-based compensation" within the meaning of Section 162(m) of the Code, to the extent such adjustment would not cause any portion of the award, upon payment, or the option, upon exercise, to be nondeductible pursuant to Section 162(m) of the Code. Such criteria and objectives may include one or more of the following: net sales; pretax income before allocation of corporate overhead and bonus; budget; earnings per share; net income; return on stockholders' equity; return on assets; return on capital employed; attainment of strategic and operational initiatives; appreciation in and/or maintenance of the price of the Common Stock or any other publicly traded securities of the Company; market share; gross profits; earnings before interest and taxes; earnings before interest, taxes, depreciation and amortization; economic value-added models; comparisons with various stock market indices; increase in number of customers and/or reductions in costs; total stockholder return (based on the change in the price of a share of the Company's Common Stock and dividends paid); operating income; and cash flows (including, but not limited to, operating cash flow, free cash flow, cash flow return on equity and cash flow return on investment) for the applicable Performance Period. If the Committee desires that compensation payable pursuant to any award subject to Performance Measures be "qualified performance-based compensation" within the meaning of Section 162(m) of the Code, the Performance Measures (i) shall be established by the Committee no later than 90 days after the commencement of or, if earlier, the end of the first 25% of, the Performance Period or Restriction Period, as applicable (or such other time designated by the Internal Revenue Service) and (ii) shall satisfy all other applicable requirements imposed under Treasury Regulations promulgated under Section 162(m) of the Code, including the requirement that such Performance Measures be stated in terms of an objective formula or standard.

"*__Performance Period__*" shall mean any period designated by the Committee during which the Performance Measures applicable to a Performance Share Award shall be measured.

"*__Performance Share__*" shall mean a right, contingent upon the attainment of specified Performance Measures within a specified Performance Period, to receive one share of Common Stock, which may be Restricted Stock, or in lieu of all or a portion thereof, at the Committee's discretion, the Fair Market Value of such Performance Share in cash.

"*__Performance Share Award__*" shall mean an award of Performance Shares under this Plan.

"*__Permanent and Total Disability__*" shall have the meaning set forth in Section 22(e)(3) of



the Code or any successor thereto.

"*__Restricted Stock__*" shall mean shares of Common Stock that are subject to a Restriction Period.

"*__Restricted Stock Award__*" shall mean an award of Restricted Stock under this Plan.

"*__Restricted Stock Unit__*" shall mean the right to receive one share of Common Stock which shall be contingent upon the expiration of a specified Restriction Period and subject to such additional restrictions as may be contained in the Agreement relating thereto.

"*__Restricted Stock Unit Award__*" shall mean an award of Restricted Stock Units under this Plan.

"*__Restriction Period__*" shall mean any period designated by the Committee during which (i) the Common Stock subject to a Restricted Stock Award may not be sold, transferred, assigned, pledged, hypothecated or otherwise encumbered or disposed of, except as provided in this Plan or the Agreement relating to such award or (ii) the conditions to vesting applicable to an Award have been satisfied.

"*__SAR__*" shall mean a stock appreciation right which may be a Free Standing SAR or a Tandem SAR.

"*__Stock Award__*" shall mean a Restricted Stock Award, a Restricted Stock Unit Award, or a Bonus Stock Award.

"*__Tandem SAR__*" shall mean an SAR which is granted in tandem with, or by reference to, an option (including a Non-Statutory Stock Option granted on or prior to the date of grant of the SAR), which entitles the holder thereof to receive, upon exercise of such SAR and surrender for cancellation of all or a portion of such option, shares of Common Stock (which may be Restricted Stock), cash or a combination thereof with an aggregate value equal to the excess of the Fair Market Value of one share of Common Stock on the date of exercise over the base price of such SAR, multiplied by the number of shares of Common Stock subject to such option, or portion thereof, which is surrendered.

1.3 *__Administration__*. This Plan shall be administered by the Committee. The Committee shall have the authority to determine eligibility for awards hereunder and to determine the form, amount and timing of each award to such persons and, if applicable, the number of shares of Common Stock, the performance period, the restriction period and the number of shares subject to such an award, the exercise price associated with the award, the time and conditions of exercise or settlement of the award and all other terms and conditions of the award, including, without limitation, the form of the Agreement evidencing the award. The Committee may, in its sole discretion and for any reason at any time, subject to the requirements imposed under Section 162(m) of the Code and regulations promulgated thereunder in the case of an award intended to be qualified performance-based compensation, take action such that (i) any or all outstanding options and SARs shall become exercisable in part or in full, (ii) the Performance Measures applicable to any outstanding Restricted Stock Award (if any), to any outstanding Restricted Stock Unit Award (if any) and to any outstanding Performance Share Award shall be deemed to be satisfied at the maximum or any other lower level.

The Committee shall, subject to the terms of this Plan, interpret this Plan and the application thereof, establish rules and regulations it deems necessary or desirable for the administration of this Plan and may impose, incidental to the grant of an award, conditions with respect to the award, such as limiting competitive employment or other activities. All such interpretations, rules, regulations and conditions shall be final, binding and conclusive.

The Committee shall keep minutes of its meetings and of action taken by it without a meeting. A majority of the Committee shall constitute a quorum. The acts of the Committee shall be either (i) acts of a majority of the members of the Committee present at any meeting at which a quorum is present or (ii) acts approved in writing by all of the members of the Committee without a meeting.

Notwithstanding anything in the Plan to the contrary, in accordance with Section 157(c) of the Delaware General Corporation Law, the Committee may, by resolution, authorize one or more executive officers of the Company to do one or both of the following: (i) designate non-director and non-executive officer employees of the Company or any of its Subsidiaries to be recipients of rights or options entitling the holder thereof to purchase from the Company shares of its capital stock of any class or other awards hereunder; and (ii) determine the number of such rights, options, or awards to be received by such non-director and non-executive officer employees; provided, however, that the resolution so authorizing such executive officer or officers shall specify the total number of rights, options, or awards such executive officer or officers may so award. Any action taken pursuant to such authorization made in accordance with Section 157(c) of the Delaware General Corporation Law shall be deemed to be action taken by the Committee. The Committee may not authorize an executive officer to designate himself or herself or any director or other executive officer of the Company to be a recipient of any such rights, options, or awards.

Notwithstanding anything in the Plan to the contrary, to the extent an award granted hereunder would be subject to the requirements of Section 409A of the Code and the regulations thereunder, then the Agreement for such award and the Plan shall be construed and administered in a manner so that the award complies with Section 409A of the Code and the regulations thereunder; provided, that no particular tax result with respect to any income recognized by a Participant in connection with an award under the Plan is guaranteed and each Participant shall be responsible for any taxes imposed on the Participant in connection with awards under the Plan.

1.4 *Eligibility*. Participants in this Plan shall consist of such directors, officers, and other employees of the Company and its Subsidiaries from time to time, and any other entity designated by the Board or the Committee (individually a “Subsidiary” and collectively the “Subsidiaries”) as the Committee, in its sole discretion, directly or indirectly pursuant to the fourth paragraph of Section 1.3, may select from time to time. For purposes of this Plan, reference to employment by the Company shall also mean employment by a Subsidiary.



1.5 *Shares Available*. Subject to adjustment as provided in Section 5.7, 5,700,000 shares of Common Stock (the “Plan Maximum”) shall be available under this Plan for awards that are granted after the Company’s 2010 Annual Meeting of Stockholders (the “2010 Annual Meeting”). The Plan Maximum includes shares of Common Stock that were available for new awards under the Plan as in effect immediately prior to the 2010 Annual Meeting. Shares of Common Stock subject to awards outstanding under the Plan immediately prior to the 2010 Annual Meeting shall also be available for issuance hereunder. The Plan Maximum shall be reduced by the sum of the aggregate number of shares of Common Stock (i) that are issued upon the grant of a Stock Award after the 2010 Annual Meeting or (ii) that become subject to options, SARs or Performance Shares, in each case that are granted after the 2010 Annual Meeting in the following ratios: 1 to 1 for each Incentive Stock Option, Non-Statutory Stock Option or Free-Standing SAR, 2.5 to 1 for any other type of award granted under the Plan after the Company’s 2005 Annual Meeting of Stockholders and prior to the Company’s 2010 Annual Meeting of Stockholders, and 2 to 1 for any other type of award granted under the Plan after the Company’s 2010 Annual Meeting of Stockholders, it being understood that in the case of an SAR the reduction shall be equal to the total number of SARs subject to the award, regardless of the number of shares of Common Stock that may be issued upon settlement thereof. Notwithstanding the immediately preceding sentence, the Plan Maximum shall not be reduced by virtue of the grant of Performance Shares or SARs that may only be settled in cash. To the extent that shares of Common Stock subject to an option (other than in connection with the exercise of a Tandem SAR), Stock Award or Performance Share Award are not issued or delivered by reason of the expiration, termination, cancellation or forfeiture of such award: (i) such shares of Common Stock shall again be available under this Plan and (ii) the Plan Maximum shall be increased to the extent it was reduced when such award was granted. If a Performance Share or SAR that can be settled in either cash or Common Stock is settled in cash, in whole or in part, the Plan Maximum shall be increased to the extent it was reduced with respect to the cash-settled portion of the award when the award was granted. If an award is made in the form of an option coupled with a Performance Share Award such that the Participant can receive the designated number of shares either upon exercise of the option or upon earning of the Performance Share, but not both, such coupled award shall be treated as a single award of the designated number of shares for purposes of this Section 1.5.

Notwithstanding anything in this Section 1.5 to the contrary, shares of Common Stock subject to an award under this Plan may not be made available for issuance under this Plan if such shares are: (i) shares that were subject to a stock-settled SAR and were not issued as a result of the net settlement or net exercise of such SAR, (ii) shares used to pay the exercise price of an Incentive Stock Option or Non-Statutory Stock Option, (iii) shares delivered to or withheld by the Company to pay withholding taxes related to an award under this Plan, or (iv) shares repurchased on the open market with the proceeds of an option exercise.

Shares of Common Stock shall be made available from authorized and unissued shares of Common Stock, or authorized and issued shares of Common Stock reacquired and held as treasury shares or otherwise or a combination thereof.

To the extent required by Section 162(m) of the Code and the rules and regulations thereunder, the maximum number of shares of Common Stock with respect to which options, SARs, Stock Awards or Performance Share Awards or a combination thereof may be granted during any calendar year to any person shall be 500,000, subject to adjustment as provided in Section 5.7.

Except with respect to a maximum of five percent (5%) of the shares of Common Stock authorized in this Section 1.5, any Stock Award which vests on the basis of a Participant's continued employment with or provision of service to the Company shall not provide for vesting which is any more rapid than annual pro rata vesting over a three (3) year period and any Stock Award which vests upon the attainment of performance goals shall provide for a performance period of at least twelve (12) months; provided that vesting may be shortened in the case of death, disability, retirement or Change in Control as set forth in this Plan or determined by the Committee.

## II. STOCK OPTIONS AND STOCK APPRECIATION RIGHTS

2.1 *Stock Options*. The Committee may, in its discretion, grant Incentive Stock Options or Non-Statutory Stock Options to such eligible persons under Section 1.4 as may be selected by the Committee.

Options shall be subject to the following terms and conditions and shall contain such additional terms and conditions, not inconsistent with the terms of this Plan, as the Committee shall deem advisable; provided, however, that no Incentive Stock Option or Non-Statutory Stock Option shall provide for the payment of dividends or dividend equivalents with respect to periods prior to exercise:

(a) *Number of Shares and Purchase Price*. The number of shares and the purchase price per share of Common Stock subject to an option shall be determined by the Committee, provided, however, that the purchase price per share of Common Stock shall not be less than 100% of the Fair Market Value of a share of Common Stock on the date of grant of such option and provided further, that if an Incentive Stock Option shall be granted to any person who, at the time such option is granted, owns capital stock possessing more than ten percent of the total combined voting power of all classes of capital stock of the Company (or of any parent or subsidiary as defined in Section 424 of the Code) (a " Ten Percent Holder "), the purchase price per share of Common Stock shall be the price (currently 110% of Fair Market Value) required by the Code in order to constitute an Incentive Stock Option.

(b) *Option Period and Exercisability*. Each option, by its terms, shall require the Participant to remain in the continuous employ of the Company for at least one year following the date of grant of the option before any part of the option shall be exercisable, except in the case of a Change in Control. The period during which an option may be exercised shall be determined by the Committee; provided, however, that no Incentive Stock Option or Non-Statutory Stock Option shall be exercised later than ten years after its date of grant; provided further, that if an Incentive Stock Option is granted to a Ten Percent Holder, such option shall not be exercised later than five years after its date of grant. The Committee may, in its discretion, establish Performance Measures which shall be satisfied or met as a condition to the grant of an option or to the exercisability of all or a portion of an option. The Committee shall



determine whether an option shall become exercisable in cumulative or non-cumulative installments and in part or in full at any time. An exercisable option, or portion thereof, may be exercised only for whole shares of Common Stock.

(c) *Method of Exercise*. An option may be exercised (i) by giving written notice to the Company specifying the number of whole shares of Common Stock to be purchased and accompanied by payment therefore in full (or arrangement made for such payment to the Company's satisfaction) either (A) by the delivery of cash in the amount of the aggregate purchase price payable by reason of such exercise, (B) by delivery (either actual delivery or by attestation procedures established by the Company) of previously acquired shares of Common Stock that have an aggregate Fair Market Value, determined as of the date of exercise, equal to the aggregate purchase price payable by reason of such exercise, (C) by the delivery of cash in the amount of the aggregate purchase price payable by reason of such exercise by a broker-dealer acceptable to the Company to whom the optionee has submitted an irrevocable notice of exercise, (D) authorizing the Company to withhold whole shares of Common Stock which would otherwise be delivered having an aggregate Fair Market Value, determined as of the date of exercise, equal to the aggregate purchase price payable by reason of such exercise, or (E) a combination of (A), (B) and (D), (ii) if applicable, by surrendering to the Company any Tandem SARs which are cancelled by reason of the exercise of the option and (iii) by executing such documents as the Company may reasonably request. Any fraction of a share of Common Stock which would be required to pay such purchase price shall be paid in cash by the optionee. No certificate representing Common Stock shall be delivered until the full purchase price therefore has been paid (or arrangement made for such payment to the Company's satisfaction). The provisions of this paragraph shall supersede the provisions of any Agreement relating to an option, including any option outstanding as of the date of this Amendment.

2.2 *Stock Appreciation Rights*. The Committee may, in its discretion, grant SARs to such eligible persons under Section 1.4 as may be selected by the Committee. The Agreement relating to an SAR shall specify whether the SAR is a Tandem SAR or a Free-Standing SAR. SARs shall be subject to the following terms and conditions and shall contain such additional terms and conditions, not inconsistent with the terms of this Plan, as the Committee shall deem advisable; provided, however, that no SAR shall provide for the payment of dividends or dividend equivalents with respect to periods prior to settlement:

(a) *Number of SARs and Base Price*. The number of SARs subject to an award shall be determined by the Committee. Any Tandem SAR related to an Incentive Stock Option shall be granted at the same time that such Incentive Stock Option is granted. The base price of a Tandem SAR shall be the purchase price per share of Common Stock of the related option. The base price of a Free-Standing SAR shall be determined by the Committee; provided, however, that such base price shall not be less than 100% of the Fair Market Value of a share of Common Stock on the date of grant of such SAR.

(b) *Exercise Period and Exercisability*. Each SAR, by its terms, shall require the Participant to remain in the continuous employ of the Company for at least one year following the date of grant of the SAR before any part of the SAR shall be exercisable, except in the case of a Change in Control. The Agreement relating to an award of SARs shall specify whether such award may be settled in shares of Common Stock (including shares of Restricted Stock) or cash or a combination thereof. The period for the exercise of an SAR shall be determined by the



Committee; provided, however, that no SAR may be exercised later than 10 years after its date of grant; provided further, that no Tandem SAR shall be exercised later than the expiration, cancellation, forfeiture or other termination of the related option. The Committee may, in its discretion, establish Performance Measures which shall be satisfied or met as a condition to the grant of an SAR or to the exercisability of all or a portion of an SAR. The

Committee shall determine whether an SAR may be exercised in cumulative or non-cumulative installments and in part or in full at any time. An exercisable SAR, or portion thereof, may be exercised, in the case of a Tandem SAR, only with respect to whole shares of Common Stock and, in the case of a Free Standing SAR, only with respect to a whole number of SARs. If an SAR is exercised for shares of Restricted Stock, a certificate or certificates representing such Restricted Stock shall be issued in accordance with Section 3.2(c) and the holder of such Restricted Stock shall have such rights of a stockholder of the Company as determined pursuant to Section 3.2(d). Prior to the exercise of an SAR for shares of Common Stock, including Restricted Stock, the holder of such SAR shall have no rights as a stockholder of the Company with respect to the shares of Common Stock subject to such SAR.

(c) *Method of Exercise*. A Tandem SAR may be exercised (i) by giving written notice to the Company specifying the number of whole SARs which are being exercised, (ii) by surrendering to the Company any options which are cancelled by reason of the exercise of the Tandem SAR and (iii) by executing such documents as the Company may reasonably request. A Free-Standing SAR may be exercised (i) by giving written notice to the Company specifying the whole number of SARs which are being exercised and (ii) by executing such documents as the Company may reasonably request.

2.3 *Termination of Employment or Service*. (a) *Non-Statutory Stock Options and SARs*. Unless otherwise specified in the Agreement evidencing an option or SAR, but subject to Section 2.1(b) or Section 2.2(b), as the case may be, if the holder of an option (other than an Incentive Stock Option) or SAR terminates employment with or service to the Company (1) by reason of (i) death, or (ii) retirement on or after (A) age 65, (B) age 62 with a minimum of 5 years of employment with or service to the Company or (C) age 55 with a minimum of 10 years of employment with or service to the Company, or (iii) the occurrence of such Participant's Disability Date, or (2) for any reason within two years following a Change in Control, such option or SAR shall be exercisable for the remainder of the option period or SAR period as stated under the terms of the option or SAR, as the case may be, but only to the extent that such option or SAR was exercisable at the date of such termination of employment.

If the employment with the Company of the holder of an option (other than an Incentive Stock Option) or SAR is terminated under any other circumstance, such option or SAR shall remain exercisable to the extent that it was exercisable at the date of such termination of employment, for a period of 90 days following such termination of employment. Notwithstanding anything to the contrary contained in this Section 2.3(a), if such holder's employment with the Company is terminated by the Company for Cause, his or her rights under all options and SARs shall terminate automatically on the effective date of such termination of employment.

*(b) Termination of Employment — Incentive Stock Options.* Unless otherwise specified in



the Agreement evidencing an option, but subject to Section 2.1(b), if the holder of an Incentive Stock Option terminates employment with the Company by reason of Permanent and Total Disability, such Incentive Stock Option shall be exercisable only to the extent that it was exercisable on the effective date of such termination of employment and may thereafter be exercised by such holder (or such holder's legal representative or similar person) until the date which is one year after the effective date of such termination of employment.

Unless otherwise specified in the Agreement evidencing an option, but subject to Section 2.1(b), if the holder of an Incentive Stock Option ceases to be an employee of the Company by reason of his or her death, such Incentive Stock Option shall be exercisable only to the extent that it was exercisable on the date of such optionee's death and may thereafter be exercised by such optionee's executor, administrator, legal representative, beneficiary or similar person until the date which is three years after the date of death.

If the Company terminates the employment of the holder of an Incentive Stock Option for Cause, such Incentive Stock Option shall terminate automatically on the effective date of such termination of employment.

Unless otherwise specified in the Agreement evidencing an option, but subject to Section 2.1(b), if the Company's employment of the holder of an Incentive Stock Option is terminated for any reason other than Permanent and Total disability, death or Cause, such Incentive Stock shall be excisable only to the extent that it was exercisable on the effective date of such termination of employment, and may thereafter be exercised by such holder (or such holder's legal representative or similar person) until the date which is 90 days after the effective date of such termination of employment.

If the holder of an Incentive Stock Option dies during the period set forth in the first paragraph of this Subsection (b) following termination of employment by reason of Permanent and Total Disability, or during the period set forth in the fourth paragraph of this Subsection (b) following termination of employment for any reason other than Permanent and Total Disability for death or Cause, such Incentive Stock Option shall be exercisable only to the extent it was exercisable on the date of the holder's death and may thereafter be exercised by the holder's executor, administrator, legal representative, beneficiary or similar person until the date which is three years after the date of death.

2.4 *No Repricing*. Notwithstanding anything in this Plan to the contrary and subject to Section 5.7, without the approval of the stockholders of the Company the Committee will not amend or replace any previously granted option or SAR in a transaction that constitutes a "repricing," as such term is used in Section 303A.08 of the Listed Company Manual of the New York Stock Exchange, will not cancel an option or SAR that has an exercise price which is greater than the Fair Market Value of the underlying Common Stock in exchange for stock, cash or other consideration and will not cancel an option or SAR that has an exercise price greater than the Fair Market Value of the underlying Common Stock and regrant such option or SAR with a lower exercise price or base price.



## III. STOCK AWARDS

3.1 *Stock Awards*. The Committee may, in its discretion, grant Stock Awards to such eligible persons under Section 1.4 as may be selected by the Committee. The Agreement relating to the Stock Award shall specify whether the Stock Award is a Restricted Stock Award, a Restricted Stock Unit Award, or Bonus Stock Award.

3.2 *Terms of Stock Awards*. Stock Awards shall be subject to the following terms and conditions and shall contain such additional terms and conditions, not inconsistent with the terms of this Plan, as the Committee shall deem advisable.

(a) *Number of Shares and Other Terms*. The number of shares of Common Stock subject to a Restricted Stock Award, Restricted Stock Unit Award, or Bonus Stock Award and the Performance Measures (if any) and Restriction Period applicable to a Restricted Stock Award or Restricted Stock Unit Award shall be determined by the Committee.

(b) *Vesting and Forfeiture*. The Agreement relating to a Restricted Stock Award or Restricted Stock Unit Award shall provide, in the manner determined by the Committee, in its discretion, and subject to the provisions of this Plan, for the vesting of the shares of Common Stock subject to such award, in the case of a Restricted Stock Award, or the vesting of the Restricted Stock Unit Award itself, in the case of Restricted Stock Unit Award, (i) if specified Performance Measures are satisfied or met during the specified Restriction Period or (ii) if the holder of such award remains continuously in the employment of or service to the Company during the specified Restriction Period, and for the forfeiture of the shares of Common Stock subject to such award in the case of a Restricted Stock Award, or the forfeiture of the Restricted Stock Unit Award itself, in the case of a Restricted Stock Unit Award, (x) if specified Performance Measures are not satisfied or met during the specified Restriction Period or (y) if the holder of such award does not remain continuously in the employment of or service to the Company during the specified Restriction Period.

Bonus Stock Awards shall not be subject to any Performance Measures or Restriction Periods.

(c) *Stock Issuance*. During the Restriction Period, the shares of Restricted Stock shall be held by a custodian in book entry form with restrictions on such shares duly noted or, alternatively, a certificate or certificates representing a Restricted Stock Award shall be registered in the holder's name and may bear a legend, in addition to any legend which may be required pursuant to Section 5.6, indicating that the ownership of the shares of Common Stock represented by such certificate is subject to the restrictions, terms and conditions of this Plan and the Agreement relating to the Restricted Stock Award. All such certificates shall be deposited with the Company, together with stock powers or other instruments of assignment (including a power of attorney), each endorsed in blank with a guarantee of signature if deemed necessary or appropriate by the Company, which would permit transfer to the Company of all or a portion of the shares of Common Stock subject to the Restricted Stock Award in the event such award is forfeited in whole or in part. Upon termination of any applicable Restriction Period (and the satisfaction or attainment of applicable Performance Measures), or upon the grant of a Bonus



Stock Award, in each case subject to the Company's right to require payment of any taxes in accordance with Section 5.5, the restrictions shall be removed from the requisite number of shares of Common Stock that are held in book entry form, and all certificates evidencing ownership of the requisite number of shares of Common Stock shall be delivered to the holder of such award.

(d) *Rights with Respect to Restricted Stock Awards*. Unless otherwise set forth in the Agreement relating to a Restricted Stock Award, and subject to the terms and conditions of a Restricted Stock Award, the holder of such award shall have all rights as a stockholder of the Company, including, but not limited to, voting rights, the right to receive dividends and the right to participate in any capital adjustment applicable to all holders of Common Stock; provided, however, that a distribution with respect to shares of Common Stock, other than a regular cash dividend, shall be deposited with the Company and shall be subject to the same restrictions as the shares of Common Stock with respect to which such distribution was made.

(e) *Rights and Provisions Applicable to Restricted Stock Unit Awards*. The Agreement relating to a Restricted Stock Unit Award shall specify whether the holder thereof shall be entitled to receive, on a current or deferred basis, dividend equivalents, or the deemed reinvestment of, any deferred dividend equivalents, with respect to the number of shares of Common Stock subject to such award. Prior to the settlement of a Restricted Stock Unit Award, the holder thereof shall not have any rights as a stockholder of the Company with respect to the shares of Common Stock subject to such award, except to the extent that the Committee, in its sole discretion, may grant dividend equivalents on Restricted Stock Unit Awards as provided above. No shares of Common Stock and no certificates representing shares of Common Stock that are the subject to a Restricted Stock Unit Award shall be issued upon the grant of a Restricted Stock Unit Award. Instead, shares of Common Stock subject to Restricted Stock Unit Awards and the certificates representing such shares of Common Stock shall only be distributed at the time of settlement of such Restricted Stock Unit Awards in accordance with the terms and conditions of this Plan and the Agreement relating to such Restricted Stock Unit Award.

3.3 *Termination of Employment or Service*. (a) *Disability, Retirement and Death*. Unless otherwise set forth in the Agreement relating to a Restricted Stock Award or Restricted Stock Unit Award, if the employment with or service to the Company of the holder of such award terminates (1) by reason of (i) death, or (ii) retirement on or after (A) age 65, (B) age 62 with a minimum of 5 years of employment with or service to the Company or (C) age 55 with a minimum of 10 years of employment with or service to the Company, or (iii) the occurrence of such Participant's Disability Date, or (2) for any reason within two years following a Change in Control, or (3) under any other circumstances that the Committee may determine shall warrant the application of this provision, the restrictions imposed hereunder shall lapse with respect to such number of shares of Restricted Stock, if any, or Restricted Stock Units, if any, as the case may be, as shall be determined by the Committee, and the balance of such shares of Restricted Stock or Restricted Stock Units, as the case may be, shall be forfeited to the Company.

(b) *Other Termination*. Unless otherwise set forth in the Agreement relating to a Restricted Stock Award or Restricted Stock Unit Award, if the employment with or service to the Company of the holder of such award terminates for any other reason during the Restriction



Period, then the portion of such award which is subject to a Restriction Period on the effective date of such holder's termination of employment or service shall be forfeited by such holder and such portion shall be canceled by the Company.

## IV. PERFORMANCE SHARE AWARDS

4.1 *Performance Share Awards*. The Committee may, in its discretion, grant Performance Share Awards to such eligible persons under Section 1.4 as may be selected by the Committee.

4.2 *Terms of Performance Share Awards*. Performance Share Awards shall be subject to the following terms and conditions and shall contain such additional terms and conditions, not inconsistent with the terms of this Plan, as the Committee shall deem advisable.

(a) *Number of Performance Shares and Performance Measures*. The number of Performance Shares subject to any award and the Performance Measures and Performance Period applicable to such award shall be determined by the Committee.

(b) *Vesting and Forfeiture*. The Agreement relating to a Performance Share Award shall provide, in the manner determined by the Committee, in its discretion, and subject to the provisions of this Plan, for the vesting of such award, if specified Performance Measures are satisfied or met during the specified Performance Period, and for the forfeiture of such award, if specified Performance Measures are not satisfied or met during the specified Performance Period.

(c) *Settlement of Vested Performance Share Awards*. The Agreement relating to a Performance Share Award (i) shall specify whether such award may be settled in shares of Common Stock (including shares of Restricted Stock) or cash or a combination thereof and (ii) may specify whether the holder thereof shall be entitled to receive, upon settlement of such award, dividend equivalents, and, if determined by the Committee, interest on or the deemed reinvestment of any deferred dividend equivalents, with respect to the number of shares of Common Stock subject to such award. If a Performance Share Award is settled in shares of Restricted Stock, a certificate or certificates representing such Restricted Stock shall be issued in accordance with Section 3.2(c) and the holder of such Restricted Stock shall have such rights of a stockholder of the Company as determined pursuant to Section 3.2(d). Prior to the settlement of a Performance Share Award in shares of Common Stock, including Restricted Stock, the holder of such award shall have no rights as a stockholder of the Company with respect to the shares of Common Stock subject to such award and shall have rights as a stockholder of the Company in accordance with Section 5.10. Notwithstanding any other provision of the Plan to the contrary, payments of cash, shares of Common Stock, or any combination thereof to any Participant in respect of the settlement of a Performance Share Award for any Performance Period shall not exceed $12,000,000, with respect to the cash payment for such award, and also shall not exceed 400,000 shares of Common Stock, with respect to the Common Stock payment for such award.

4.3 *Termination of Employment*. (a) *Disability, Retirement and Death*. Unless otherwise set forth in the Agreement relating to a Performance Share Award, if the employment



with or service to the Company of the holder of such award terminates prior to the end of the Performance Period applicable to such award (1) by reason of (i) death, or (ii) retirement on or after (A) age 65 (B) age 62 with a minimum of 5 years of employment with or service to the Company or (C) age 55 (with a minimum of 10 years of employment with or service to the Company, or (iii) the occurrence of such Participant's Disability Date, or (2) for any reason within two years following a Change in Control, or (3) under any other circumstances that the Committee may determine shall warrant the application of this provision, the Committee, in its sole discretion and taking into consideration the performance of such Participant and the performance of the Company during the Performance Period, may authorize the payment to such Participant (or his legal representative) at the end of the Performance Period of all or any portion of the Performance Award which would have been paid to such Participant for such Performance Period. Notwithstanding the foregoing, in the case of any award which is intended to be "qualified performance-based compensation" within the meaning of Section 162(m) of the Code, no payment will be made in connection with the retirement of the holder of the award under the circumstances specified above unless the applicable Performance Measures have been satisfied.

(b) *Other Termination*. Unless otherwise set forth in the Agreement relating to a Performance Share Award, if the employment with the Company of the holder of a Performance Share Award terminates for any other reason prior to the end of a Performance Period, then the portion of such award which is subject to such Performance Period on the effective date of such holder's termination of employment shall be forfeited and such portion shall be canceled by the Company.

## V. GENERAL

5.1 *Effective Date and Term of Plan*. This Plan has been approved by the stockholders of the Company and became effective as of January 1, 1998. This Plan shall terminate on May 1, 2020, unless terminated earlier by the Board. Termination of this Plan shall not affect the terms or conditions of any award granted prior to termination.

5.2 *Amendments*. The Board may amend this Plan as it shall deem advisable, subject to any requirement of stockholder approval required by applicable law, rule or regulation, including Section 162(m) and Section 422 of the Code; provided, however, that no amendment shall be made without stockholder approval if such amendment would (a) increase the maximum number of shares of Common Stock available under this Plan (subject to Section 5.7), (b) effect any change inconsistent with Section 422 of the Code, (c) extend the term of this Plan or (d) reduce the minimum purchase price or base price of a share of Common Stock subject to an option or SAR. No amendment may impair the rights of a holder of an outstanding award without the consent of such holder.

5.3 *Agreement*. Each award under this Plan shall be evidenced by an Agreement setting forth the terms and conditions applicable to such award. No award shall be valid until an Agreement is executed by the Company and the recipient of such award and, upon execution by each party and delivery of the Agreement to the Company (which may occur by facsimile or other electronic transmission), such award shall be effective as of the effective date set forth in



the Agreement.

5.4 *Non-Transferability of Awards*. Unless otherwise specified in the Agreement relating to an award, no award shall be transferable other than by will, the laws of descent and distribution or pursuant to beneficiary designation procedures, if any, approved by the Company. Except to the extent permitted by the foregoing sentence or the Agreement relating to an award, each award may be exercised or settled during the holder's lifetime only by the holder or the holder's legal representative or similar person. Except to the extent permitted by the second preceding sentence or the Agreement relating to an award, no award may be sold, transferred, assigned, pledged, hypothecated, encumbered or otherwise disposed of (whether by operation of law or otherwise) or be subject to execution, attachment or similar process. Upon any attempt to so sell, transfer, assign, pledge, hypothecate, encumber or otherwise dispose of any such award, such award and all rights thereunder shall immediately become null and void.

5.5 *Tax Withholding*. The Company shall have the right to require, prior to the issuance or delivery of any shares of Common Stock or the payment of any cash pursuant to an award made hereunder, payment by the holder of such award of any Federal, state, local or other taxes which may be required to be withheld or paid in connection with such award. Such obligation shall be satisfied either (i) by the Company by withholding whole shares of Common Stock which would otherwise be delivered to a holder, having an aggregate Fair Market Value determined as of the date the obligation to withhold or pay taxes arises in connection with an award (the " Tax Date "), or withholding an amount of cash which would otherwise be payable to a holder, in the amount necessary to satisfy any such obligation or (ii) by the holder by any of the following means: (A) a cash payment to the Company in the amount necessary to satisfy any such obligation, (B) delivery (either actual delivery or by attestation procedures established by the Company) to the Company of shares of Common Stock having an aggregate Fair Market Value, determined as of the Tax Date, equal to the amount necessary to satisfy any such obligation, (C) authorizing the Company to withhold whole shares of Common Stock which would otherwise be delivered having an aggregate Fair Market Value, determined as of the Tax Date, or withhold an amount of cash which would otherwise be payable to the holder, equal to the amount necessary to satisfy any such obligation, (D) in the case of the exercise of an Incentive Stock Option or Non-Statutory Stock Option, a cash payment in the amount necessary to satisfy any such obligation by a broker-dealer acceptable to the Company to whom the optionee has submitted an irrevocable notice of exercise or (E) any combination of (A), (B) and (C). Shares of Common Stock to be delivered or withheld may not have an aggregate Fair Market Value, determined as of the Tax Date, in excess of the amount determined by applying the minimum statutory withholding rate. Any fraction of a share of Common Stock which would be required to satisfy such an obligation shall be disregarded and the remaining amount due shall be paid in cash by the holder. The provisions of this Section shall supersede the provisions of any Agreement relating to an award, including any award outstanding as of the date of this Amendment.

5.6 *Restrictions on Shares*. Each award made hereunder shall be subject to the requirement that if at any time the Company determines that the listing, registration or qualification of the shares of Common Stock subject to such award upon any securities exchange or under any law, or the consent or approval of any governmental body, or the taking of any other action is necessary or desirable as a condition of, or in connection with, the exercise or



settlement of such award or the delivery of shares thereunder, such award shall not be exercised or settled and such shares shall not be delivered unless such listing, registration, qualification, consent, approval or other action shall have been effected or obtained, free of any conditions not acceptable to the Company. The Company may require that certificates evidencing shares of Common Stock delivered pursuant to any award made hereunder bear a legend indicating that the sale, transfer or other disposition thereof by the holder is prohibited except in compliance with the Securities Act of 1933, as amended, and the rules and regulations thereunder.

5.7 *Adjustment*. In the event of any stock split, stock dividend, recapitalization, reorganization, merger, consolidation, combination, exchange of shares, liquidation, spin-off or other similar change in capitalization or event, or any distribution to holders of Common Stock other than a regular cash dividend, the number and class of securities available under this Plan, the maximum number of shares of Common Stock with respect to which options, SARs, Stock Awards or Performance Share Awards or a combination thereof may be awarded during any calendar year to any one person, the maximum number of shares of Common Stock that may be issued pursuant to Awards in the form of Incentive Stock Options, the number and class of securities subject to each outstanding option and the purchase price per security, the terms of each outstanding SAR, the number and class of securities subject to each outstanding Stock Award, and the terms of each outstanding Performance Share shall be appropriately adjusted by the Committee, such adjustments to be made in the case of outstanding options and SARs without an increase in the aggregate purchase price or base price. The decision of the Committee regarding any such adjustment shall be final, binding and conclusive. If any such adjustment would result in a fractional security being (a) available under this Plan, such fractional security shall be disregarded, or (b) subject to an award under this Plan, the Company shall pay the holder of such award, in connection with the first vesting, exercise or settlement of such award, in whole or in part, occurring after such adjustment, an amount in cash determined by multiplying (i) the fraction of such security (rounded to the nearest hundredth) by (ii) the excess, if any, of (A) the Fair Market Value on the vesting, exercise or settlement date over (B) the exercise or base price, if any, of such award.

5.8 *Change in Control*.

(a)(1) Notwithstanding any provision in this Plan or any Agreement, in the event of a Change in Control pursuant to Section (b)(3) or (4) below in connection with which the holders of Common Stock receive shares of common stock that are registered under Section 12 of the Exchange Act, (i) all outstanding options and SARs shall immediately become exercisable in full, (ii) the Restriction Period applicable to any outstanding Restricted Stock Award or Restricted Stock Unit shall lapse, (iii) the Performance Period applicable to any outstanding Performance Share shall lapse, (iv) the Performance Measures applicable to any outstanding Restricted Stock Award (if any), Restricted Stock Unit Award (if any) and to any outstanding Performance Share shall be deemed to be satisfied at the target level and (v) there shall be substituted for each share of Common Stock available under this Plan, whether or not then subject to an outstanding award, the number, type and class of shares into which each outstanding share of Common Stock shall be converted pursuant to such Change in Control. In the event of any such substitution, the purchase price per share in the case of an option and the base price in the cases of an SAR shall be appropriately adjusted by the Committee (whose



determination shall be final, binding and conclusive), such adjustments to be made in the case of outstanding options and SARs without an increase in the aggregate purchase price or base price.

(2) Notwithstanding any provision in this Plan or any Agreement, in the event of a Change in Control pursuant to Section (b)(1) or (2) below, or in the event of a Change in Control pursuant to Section (b)(3) or (4) below in connection with which the holders of Common Stock receive consideration other than shares of common stock that are registered under Section 12 of the Exchange Act, each outstanding award shall be surrendered to the Company by the holder thereof, and each such award shall immediately be canceled by the Company, and the holder shall receive, within ten days of the occurrence of a Change in Control a cash payment from the Company in an amount equal to (i) in the case of an option, the number of shares of Common Stock then subject to such option, multiplied by the excess, if any, of the greater of (A) the highest per share price offered to stockholders of the Company in any transaction whereby the Change in Control takes place and (B) the Fair Market Value of a share of Common Stock on the date of occurrence of the Change in Control, over the purchase price per share of Common Stock subject to the option, (ii) in the case of a Free-Standing SAR, the number of shares of Common Stock then subject to such SAR, multiplied by the excess, if any, of the greater of (A) the highest per share price offered to stockholders of the Company in any transaction whereby the Change in Control takes place or (B) the Fair Market Value of a share of Common Stock on the date of occurrence of the Change in Control, over the base price of the SAR, (iii) in the case of a Restricted Stock Award or Restricted Stock Unit Award, the number of shares of Common Stock then subject to such award, multiplied by the greater of (A) the highest per share price offered to stockholders of the Company in any transaction whereby the

Change in Control takes place and (B) the Fair Market Value of a share of Common Stock on the date of occurrence of the Change in Control or (iv) in the case of a Performance Share Award, the target number of Performance Shares then subject to such award, multiplied by the greater of (A) the highest per share price offered to stockholders of the Company in any transaction whereby the Change in Control takes place and (B) the highest Fair Market Value of a share of Common Stock during the 90-day period immediately preceding the date of the Change in Control. In the event of a Change in Control, each Tandem SAR shall be surrendered by the holder thereof and shall be canceled simultaneously with the cancellation of the related option. The Company may, but is not required to, cooperate with any person who is subject to Section 16 of the Exchange Act to assure that any cash payment in accordance with the foregoing to such person is not subject to recapture under Section 16 and the rules and regulations thereunder.

(b) "Change in Control" shall mean:

(1) the acquisition by any individual, entity or group (a "Person"), including any "person" within the meaning of Section 13(d)(3) or 14(d)(2) of the Exchange Act, of beneficial ownership within the meaning of Rule 13d-3 promulgated under the Exchange Act, of 20% or more of either (i) the then outstanding shares of common stock of the Company (the " Outstanding Common Stock ") or (ii) the combined voting power of the then outstanding securities of the Company entitled to vote generally in the election of directors (the " Outstanding Voting Securities "); excluding, however, the following: (A) any acquisition directly from the Company (excluding any acquisition resulting from the exercise of an exercise, conversion or exchange privilege unless the security being so exercised, converted or exchanged was acquired directly



from the Company), (B) any acquisition by the Company, (C) any acquisition by an employee benefit plan (or related trust) sponsored or maintained by the Company or any corporation controlled by the Company or (D) any acquisition by any corporation pursuant to a transaction which complies with clauses (i), (ii) and (iii) of subsection (3) of this Section 5.8(b); provided further, that for purposes of clause (B), if any Person (other than the Company or any employee benefit plan (or related trust) sponsored or maintained by the Company or any corporation controlled by the Company) shall become the beneficial owner of 20% or more of the Outstanding Common Stock or 20% or more of the Outstanding Voting Securities by reason of an acquisition by the Company, and such Person shall, after such acquisition by the Company, become the beneficial owner of any additional shares of the Outstanding Common Stock or any additional Outstanding Voting Securities and such beneficial ownership is publicly announced, such additional beneficial ownership shall constitute a Change in Control;

(2) individuals who, as of the beginning of any consecutive two-year period constitute the Board of Directors (the "Incumbent Board") cease for any reason to constitute at least a majority of such Board; provided that any individual who subsequently becomes a director of the Company and whose election, or nomination for election by the Company's stockholders, was approved by the vote of at least a majority of the directors then comprising the Incumbent Board shall be deemed a member of the Incumbent Board; and provided further, that any individual who was initially elected as a director of the Company as a result of an actual or threatened solicitation by a Person other than the Board for the purpose of opposing a solicitation by any other Person with respect to the election or removal of directors, or any other actual or threatened solicitation of proxies or consents by or on behalf of any Person other than the Board shall not be deemed a member of the Incumbent Board;

(3) the consummation of a reorganization, merger or consolidation of the Company or sale or other disposition of all or substantially all of the assets of the Company (a " Corporate Transaction "); excluding, however, a Corporate Transaction pursuant to which (i) all or substantially all of the individuals or entities who are the beneficial owners, respectively, of the Outstanding Common Stock and the Outstanding Voting Securities immediately prior to such Corporate Transaction will beneficially own, directly or indirectly, more than 50% of, respectively, the outstanding shares of common stock, and the combined voting power of the outstanding securities of such corporation entitled to vote generally in the election of directors, as the case may be, of the corporation resulting from such Corporate Transaction (including, without limitation, a corporation which as a result of such transaction owns the Company or all or substantially all of the Company's assets either directly or indirectly) in substantially the same proportions relative to each other as their ownership, immediately prior to such Corporate Transaction, of the Outstanding Common Stock and the Outstanding Voting Securities, as the case may be, (ii) no Person (other than: the Company; any employee benefit plan (or related trust) sponsored or maintained by the Company or any corporation controlled by the Company; the corporation resulting from such Corporate Transaction; and any Person which beneficially owned, immediately prior to such Corporate Transaction, directly or indirectly, 15% or more of the Outstanding Common Stock or the Outstanding Voting Securities, as the case may be) will beneficially own, directly or indirectly, 25% or more of, respectively, the outstanding shares of common stock of the corporation resulting from such Corporate Transaction or the combined voting power of the outstanding securities of such corporation entitled to vote generally in the



election of directors and (iii) individuals who were members of the Incumbent Board will constitute at least a majority of the members of the board of directors of the corporation resulting from such Corporate Transaction; or

(4) the consummation of a plan of complete liquidation or dissolution of the Company.

5.9 *No Right of Participation or Employment*. No person shall have any right to participate in this Plan. The Committee's selection of a person to participate in this Plan at any time shall not require the Committee to select such person to participate in this Plan at any other time. Neither this Plan nor any award made hereunder shall confer upon any person any right to continued employment by the Company, any Subsidiary or any affiliate of the Company or affect in any manner the right of the Company, any Subsidiary or any affiliate of the Company to terminate the employment of any person at any time without liability hereunder.

5.10 *Rights as Stockholder*. No person shall have any right as a stockholder of the Company with respect to any shares of Common Stock or other equity security of the Company which is subject to an award hereunder unless and until such person becomes a stockholder of record with respect to such shares of Common Stock or equity security.

5.11 *Stock Certificates*. To the extent that this Plan provides for issuance of certificates to reflect the issuance of shares of Common Stock, the issuance may be effected on a noncertificated basis, to the extent not prohibited by applicable law or the rules of the New York Stock Exchange.

5.12 *Governing Law*. This Plan, each award hereunder and the related Agreement, and all determinations made and actions taken pursuant thereto, to the extent not otherwise governed by the Code or the laws of the United States, shall be governed by the laws of the State of Delaware and construed in accordance therewith without giving effect to principles of conflicts of laws.

5.13 *Foreign Employees*. Without amending this Plan, the Committee may grant awards to eligible persons who are foreign nationals or who reside outside the U.S. on such terms and conditions different from those specified in this Plan as may in the judgment of the Committee be necessary or desirable to foster and promote achievement of the purpose of this Plan and, in furtherance of such purpose, the Committee may make such modifications, amendments, procedures, subplans and the like as may be necessary or advisable to comply with provisions of laws in other countries or jurisdictions in which the Company or any of its Subsidiaries operates or has employees.

**Ingredion Incorporated**
**Executive Severance Agreement**

Agreement, made this 28th day of December, 2011, by and between **Ingredion Incorporated**, a Delaware corporation (the "Company"), and (the "Executive").

WHEREAS, the Executive is a key employee of the Company or a subsidiary of the Company as defined in Section 1.1(b) hereof ("Subsidiary"), and

WHEREAS, the Board of Directors of the Company (the "Board") considers the maintenance of a sound management to be essential to protecting and enhancing the best interests of the Company and its stockholders and recognizes that the possibility of a change in control raises uncertainty and questions among key employees and may result in the departure or distraction of such key employees to the detriment of the Company and its stockholders; and

WHEREAS, the Board wishes to assure that it will have the continued dedication of the Executive and the availability of the Executive's advice and counsel notwithstanding the possibility, threat or occurrence of a bid to take over control of the Company, and to induce the Executive to remain in the employ of the Company or a Subsidiary; and

WHEREAS, the Executive is willing to continue to serve the Company and its Subsidiaries taking into account the provisions of this Agreement;

NOW, THEREFORE, in consideration of the foregoing, and the respective covenants and agreements of the parties herein contained, the parties agree as follows:



**Article 1. Change in Control**

**1.1** Benefits shall be provided under Article 3 hereof only in the event there shall have occurred a "Change in Control", as such term is defined below, and the Executive's employment by the Company and its Subsidiaries shall thereafter have terminated in accordance with Article 2 below within the period beginning on the date of the "Change in Control" and ending on the second anniversary of the date of the "Change in Control" (the "Protection Period"). If any Protection Period terminates without the Executive's employment having terminated, any subsequent "Change in Control" shall give rise to a new Protection Period. No benefits shall be paid under Article 3 of this Agreement if the Executive's employment terminates outside of a Protection Period.

(a) "Change in Control" shall mean:

(1) The acquisition by any individual, entity or group (a "Person"), including any "person" within the meaning of Section 13(d)(3) or 14(d)(2) of the Exchange Act, of beneficial ownership within the meaning of Rule 13d-3 promulgated under the Exchange Act, of 20% or more of either (i) the then outstanding shares of common stock of the Company (the "Outstanding Common Stock") or (ii) the combined voting power of the then outstanding securities of the Company entitled to vote generally in the election of directors (the "Outstanding Voting Securities"); excluding, however, the following: (A) any acquisition directly from the Company (excluding any acquisition resulting from the exercise of an exercise, conversion or exchange privilege unless the security being so exercised, converted or exchanged was acquired directly from the Company), (B) any acquisition by the Company, (C) any acquisition by an employee benefit plan (or related trust) sponsored or maintained by the Company or any corporation controlled by the Company or (D) any acquisition by any corporation pursuant to a transaction which complies with clauses (i), (ii) and (iii) of subsection (3) of this Section 1.1(a); provided further, that for purposes of clause (B), if any Person (other than the Company or any employee benefit plan (or related trust) sponsored or maintained by the Company or any corporation controlled by the Company) shall become the beneficial owner of 20% or more of the Outstanding Common Stock or 20% or more of the Outstanding Voting Securities by reason of an acquisition by the Company, and such Person shall, after such acquisition by the Company, become the beneficial owner of any additional shares of the Outstanding Common Stock or any additional Outstanding Voting Securities and such beneficial ownership is publicly announced, such additional beneficial ownership shall constitute a Change in Control;

(2) Individuals who, as of the beginning of any consecutive two-year period constitute the Board of Directors (the "Incumbent Board") cease for any reason to constitute at least a majority of such Board; provided that any individual who subsequently becomes a director of the Company and whose election, or nomination for election by the Company's stockholders, was approved by the vote of at least a majority of the directors then comprising the Incumbent Board shall be deemed a member of the Incumbent Board; and provided further, that



any individual who was initially elected as a director of the Company as a result of an actual or threatened solicitation by a Person other than the Board for the purpose of opposing a solicitation by any other Person with respect to the election or removal of directors, or any other actual or threatened solicitation of proxies or consents by or on behalf of any Person other than the Board shall not be deemed a member of the Incumbent Board;

(3) The consummation of a reorganization, merger or consolidation of the Company or sale or other disposition of all or substantially all of the assets of the Company (a "Corporate Transaction"); excluding, however, a Corporate Transaction pursuant to which (i) all or substantially all of the individuals or entities who are the beneficial owners, respectively, of the Outstanding Common Stock and the Outstanding Voting Securities immediately prior to such Corporate Transaction will beneficially own, directly or indirectly, more than 50% of, respectively, the outstanding shares of common stock, and the combined voting power of the outstanding securities of such corporation entitled to vote generally in the election of directors, as the case may be, of the corporation resulting from such Corporate Transaction (including, without

limitation, a corporation which as a result of such transaction owns the Company or all or substantially all of the Company's assets either directly or indirectly) in substantially the same proportions relative to each other as their ownership, immediately prior to such Corporate Transaction, of the Outstanding Common Stock and the Outstanding Voting Securities, as the case may be, (ii) no Person (other than: the Company; any employee benefit plan (or related trust) sponsored or maintained by the Company or any corporation controlled by the Company; the corporation resulting from such Corporate Transaction; and any Person which beneficially owned, immediately prior to such Corporate Transaction, directly or indirectly, 15% or more of the Outstanding Common Stock or the Outstanding Voting Securities, as the case may be) will beneficially own, directly or indirectly, 25% or more of, respectively, the outstanding shares of common stock of the corporation resulting from such Corporate Transaction or the combined voting power of the outstanding securities of such corporation entitled to vote generally in the election of directors and (iii) individuals who were members of the Incumbent Board will constitute at least a majority of the members of the board of directors of the corporation resulting from such Corporate Transaction; or

(4) The consummation of a plan of complete liquidation or dissolution of the Company.

(b) For purposes of this Agreement, the term "Subsidiary" shall mean any corporation in which the Company possesses directly or indirectly fifty percent (50%) or more of the total combined voting power of all classes of stock.

(c) Upon a Change in Control, any restricted stock, stock options or other equity awards granted to the Executive pursuant to the Ingredion Incorporated Stock Incentive Plan (the "Incentive Plan") that are not vested shall vest on the date of Change in Control in



accordance with the terms of such plans and related agreements. The Executive's beneficiary with respect to such benefits shall be the same person or persons as determined under the respective plan.

(d) Immediately prior to a Change in Control, the Company shall deliver to the Ingredion Incorporated Executive Benefit Trust, or a comparable "rabbi trust", to be held for the benefit of the Executive thereunder, cash or marketable securities with a fair market value equal to the anticipated payments and benefits to be provided to the Executive hereunder, as determined by the Company in good faith, subject to approval by the Executive, which approval shall not unreasonably be withheld.

**Article 2. Termination Following Change in Control**

**2.1** The Executive shall be entitled to the benefits provided in Article 3 hereof upon any termination of his employment with the Company and its Subsidiaries within a Protection Period, except a termination of employment because of his death, because of a "Disability," by the Company for "Cause," or by the Executive other than for "Good Reason."

(a) **Disability**. The Executive's employment shall be deemed to have terminated because of a "Disability" on the date on which the Executive becomes eligible to receive long-term disability benefits under the Company's Master Welfare and Cafeteria Plan (the "Cafeteria Plan") (or any other plan), or a similar long-term disability plan of a Subsidiary, or a successor to the Cafeteria Plan or to any such similar plan which is applicable to the Executive. If the Executive is not covered for long-term disability benefits by the Cafeteria Plan or a similar or successor long-term disability plan, the Executive shall be deemed to have terminated because of a "Disability" on the date on which he would have become eligible to receive long-term disability benefits if he were covered for long-term disability benefits by the Company's Cafeteria Plan.

(b) **Cause**. Termination of the Executive's employment by the Company or a Subsidiary for "Cause" shall mean termination by reason of (A) the Executive's willful engagement in conduct which involves dishonesty or moral turpitude which either (1) results in substantial personal enrichment of the Executive at the expense of the Company or any of its Subsidiaries, or (2) is demonstrably and materially injurious to the financial condition or reputation of the Company or any of its Subsidiaries, (B) the Executive's willful violation of the provisions of the confidentiality or non-competition agreement entered into between the Company or any of its Subsidiaries and the Executive or (C) the commission by the Executive of a felony. An act or omission shall be deemed "willful" only if done, or omitted to be done, in bad faith and without reasonable belief that it was in the best interest of the Company and its Subsidiaries. Notwithstanding the foregoing, the Executive shall not be deemed to have been terminated for Cause unless and until there shall have been delivered to the Executive a written notice of termination from the Compensation and Nominating Committee of the Board or any successor thereto (the "Committee") after reasonable notice to the Executive and an opportunity for the Executive, together with his counsel, to be heard before the Committee, finding that, in the good faith opinion of such Committee, the Executive was guilty of conduct set forth above in clause (A) or (B) of the first sentence of this subsection (b) and specifying the particulars in detail.



(c) **Without Cause**. The Company or a Subsidiary may terminate the employment of the Executive without Cause during a Protection Period only by giving the Executive written notice of termination to that effect. In that event, the Executive's employment shall terminate on the last day of the month in which such notice is given (or such later date as may be specified in such notice).

(d) **Good Reason**. Termination of employment by the Executive for "Good Reason" shall mean termination within a Protection Period:

(i) If there has occurred a reduction by the Company or a Subsidiary in the Executive's base salary in effect immediately before the beginning of the Protection Period or as increased from time to time thereafter;

(ii) If the Company or a Subsidiary, without the Executive's written consent, has required the Executive to be relocated anywhere in excess of thirty-five (35) miles from his office location immediately before the beginning of the Protection Period, except for required travel on the business of the Company or a Subsidiary to an extent substantially consistent with the Executive's business travel obligations immediately before the beginning of the Protection Period;

(iii) If there has occurred a failure by the Company or a Subsidiary to maintain plans providing benefits substantially the same as those provided by any benefit or compensation plan, retirement or pension plan, stock option plan, life insurance plan, health and accident plan or disability plan in which the Executive is participating immediately before the beginning of the Protection Period, or if the Company or a Subsidiary has taken any action which would adversely affect the Executive's participation in or materially reduce the Executive's benefits under any of such plans or deprive the Executive of any material fringe benefit enjoyed by the Executive immediately before the beginning of the Protection Period, or if the Company or a Subsidiary has failed to provide the Executive with the number of paid vacation days to which he would be entitled in accordance with the applicable vacation policy of the Company or Subsidiary as in effect immediately before the beginning of the Protection Period;

(iv) If the Company or a Subsidiary has reduced in any manner which the Executive reasonably considers important the Executive's title, job authorities or responsibilities immediately before the beginning of the Protection Period;

(v) If the Company has failed to obtain the assumption of the obligations contained in this Agreement by any successor as contemplated in Section 9.2 hereof; or

(vi) If there occurs any purported termination of the Executive's employment by the Company or a Subsidiary which is not effected pursuant to a written notice of termination as described in subsection (ii) or (iii) above; and for purposes of this Agreement, no such purported termination shall be effective.

The Executive shall exercise his right to terminate his employment for Good Reason by giving the Company a written notice of termination specifying in reasonable detail the



circumstances constituting such Good Reason. However, the Company shall have thirty (30) days to "cure" such that the circumstances constituting such Good Reason are eliminated. The Executive's employment shall terminate at the end of such thirty (30)-day period only if the Company has failed to cure such circumstances constituting the Good Reason.

A termination of employment by the Executive within a Protection Period shall be for Good Reason if one of the occurrences specified in this subsection (d) shall have occurred (and subject to the cure provision of the immediately preceding paragraph), notwithstanding that the Executive may have other reasons for terminating employment, including employment by another employer which the Executive desires to accept.

(e) **Transfers; Sale of Subsidiary**. A transfer of employment from the Company to a Subsidiary, from a Subsidiary to the Company, or between Subsidiaries shall not be considered a termination of employment for purposes of this Agreement. If the Company's ownership of a corporation is reduced so as to cause such corporation to cease to be a "Subsidiary" as defined in Section 1.1(b) of this Agreement and the Executive continues in employment with such corporation, the Executive shall not be considered to have terminated employment for purposes of this Agreement and the Executive shall have no right to any benefits pursuant to Article 3 unless (a) a Change in Control occurred prior to such reduction in ownership and (b) the Executive's employment terminates within the Protection Period beginning on the date of such Change in Control under circumstances that would have entitled the Executive to benefits if such corporation were still a Subsidiary.

**Article 3. Benefits Upon Termination Within Protection Period**

**3.1** If, within a Protection Period, the Executive's employment by the Company or a Subsidiary shall terminate other than because of his death, because of a Disability, by the Company for Cause, or by the Executive other than for Good Reason, if the Executive signs a general release in a form acceptable to the Company that releases the Company from any and all claims that the Executive may have, and the Executive affirmatively agrees not to violate the provisions of Article 6 (a "General Release"), the Executive shall be entitled to the benefits provided for below:

(a) The Company or a Subsidiary shall pay to the Executive through the date of the Executive's termination of employment base salary at the rate then in effect, together with salary in lieu of vacation accrued and unused to the date on which Executive's employment terminates, and all other benefits due to Executive through the date of Executive's termination of employment, in accordance with the standard payroll and other practices of the Company or Subsidiary.

(b) The Company or Subsidiary shall also pay to the Executive the amount equal to the target annual bonus established for the Executive under the Company's Annual Incentive Program or a similar bonus plan of a Subsidiary (or a successor to any such bonus plan) for the fiscal year in which the Executive's termination of employment occurs, reduced pro rata for that portion of the fiscal year not completed as of the date of the Executive's termination of employment.



(c) The Company or a Subsidiary shall pay the Executive as a severance payment an amount equal to three (3) times the sum of (A) his highest base salary in effect during any period of twelve (12) consecutive months within the thirty-six (36) months immediately preceding his date of termination of employment; and (B) the target annual bonus established for the Executive under the Company's Annual Incentive Program or a similar bonus plan of a Subsidiary (or a successor to any such bonus plan) for the fiscal year in which the Executive's termination of employment occurs. However, if the Executive is at least sixty-two (62) years of age as of the date of his termination of employment, the Committee shall have the discretion to alternatively provide the Executive a severance payment prorated for the number of full months until the Executive attains age sixty-five (65).

(d) If the Executive is a participant in the Executive Life Insurance Plan ("ELIP") on the date of the Executive's termination of employment, the Executive's eligibility to participate in the ELIP with respect to a Policy (as defined in the ELIP) shall continue; provided that, during the thirty-six (36) or lesser month benefit continuation period described in Section 3.1(e) below, the Executive will attain at least age fifty-five (55) and would have completed, if the Executive's termination of employment had not occurred, at least five (5) Policy Years (as defined in the ELIP) with respect to such Policy.

(e) Subject to (i) and (ii) below, the Company or a Subsidiary shall provide, at the exact same cost as to the Executive, and at the same coverage level, as in effect as of the Executive's date of termination of employment, a continuation of the Executive's (and, where applicable, the Executive's eligible dependents') welfare benefit coverage, including health insurance, dental insurance, group term life insurance and long-term disability insurance (but excluding any flexible spending accounts) for thirty-six (36) months from his date of termination of employment (the "Benefit Period"). However, if the Executive is at least sixty-two (62) years of age as of the date of his termination of employment, the Committee shall have the discretion to alternatively provide the Executive's (and the Executive's eligible dependents') health insurance coverage as described under this subsection (e) for the number of full months until the Executive attains age sixty-five (65). The Executive's applicable COBRA health insurance benefit continuation period shall begin at the end of this thirty-six (36) or lesser month benefit continuation period. If the Company is not able to provide under its welfare benefit plans for employees all or any portion of the welfare benefit coverage required to be provided to the Executive pursuant to this Section 3.1(e), the Company shall provide such coverage through alternative insurance coverage, at the exact same cost as to the Executive, and at the same level of benefits to the Executive, as in effect as of the date of the Executive's termination of employment.

(i) If the Executive becomes covered under the health insurance, dental insurance, group term life insurance or long-term disability insurance coverage of a subsequent employer which does not contain any exclusion or limitation with respect to any preexisting condition of the Executive or the Executive's eligible dependents, the Company's obligation to provide health insurance, dental insurance, group term life insurance or long-term disability insurance coverage pursuant to this Section 3.1(e), whichever is applicable, shall be discontinued prior to the end of the thirty-six (36)



or lesser month continuation period. For purposes of enforcing this offset provision, the Executive shall have a duty to inform the Company as to the terms and conditions of any subsequent employment and the corresponding benefits earned from such employment. The Executive shall provide, or cause to provide, to the Company in writing correct, complete, and timely information concerning the same.

(ii) If, as of the Executive's date of termination of employment, the provision to the Executive of the health insurance, dental insurance, group term life insurance or long-term disability insurance coverage described in this Section 3.1(e) would either: (1) violate the terms of the Company's health insurance, dental insurance, group term life insurance or long-term disability insurance plan (or any other related insurance policies), (2) violate any of the Code's nondiscrimination requirements applicable to the health insurance, dental insurance, group term life insurance or long-term disability insurance coverage, or (3) cause the Executive to be subject to the excise tax under IRC 409A, then the Company, in its sole discretion, may elect to pay the Executive, in lieu of the health insurance, dental insurance, group term life insurance or long-term disability insurance coverage, described under this Section 3.1(e), whichever is applicable, cash payments equal to the total monthly premiums (or in the case of a self-funded health insurance plan, the cost of COBRA continuation coverage) that would have been paid by the Company for the Executive under the health insurance, dental insurance, group term life insurance or long-term disability insurance plan from the date of termination through the thirty-six (36) or lesser months following such date.

In the event that any health insurance, dental insurance, group term life insurance or long-term disability insurance coverage provided under this Section 3.1(e) is subject to federal, state, or local income or employment taxes (other than any such taxes which were applicable to the same extent to the Executive's insurance coverage prior to the Executive's termination of employment) or IRC Section 409A excise tax, or in the event that cash payments are made in lieu of all or a part of such insurance coverage, the Company shall provide the Executive with an additional payment in the amount necessary such that after payment by the Executive of all such taxes (calculated after assuming the Executive pays such taxes for the year in which the payment or benefit occurs at the highest marginal tax rate applicable), including any taxes imposed on the additional payments, the Executive effectively received coverage on a tax-free basis (other than any such taxes which were applicable to the same extent to the Executive's insurance coverage prior to the Executive's termination of employment) or retains a cash amount equal to the cash payments in lieu of insurance coverage provided pursuant to this Section 3.1(e), reduced by any such taxes which are applicable to the Executive's insurance coverage same extent as prior to the Executive's termination of employment.

(f) The Company shall also (i) credit to the Executive's Cash Balance Plan Make-Up Account in the Company's Supplemental Executive Retirement Plan or any successor plan (the "SERP") an amount equal to the value of any benefits forfeited under the Company's Cash Balance Plan for Salaried Employees or any successor plan and (ii) credit to the Executive's Savings Plan Make-Up Account in the SERP an amount equal



to the value of any benefits forfeited under the Company's Retirement Savings Plan for Salaried Employees or any successor plan.

(g) The Company shall provide the Executive with three (3) additional years of service credits under the Company's Cash Balance Plan for Salaried Employees and under the Executive's Cash Balance Plan Make-Up Account in the SERP or any successor plans. However, if the Executive is at least sixty-two (62) years of age as of the date of his termination of employment, the Company shall provide the Executive with a pro rata portion of three (3) additional years of service credits, based on the number of full months until the Executive attains age sixty-five (65). All additional years of service credits (including credits under the Company's Cash Balance Plan for Salaried Employees and under the Executive's Cash Balance Plan Make-Up Account in the SERP) will be calculated consistently with the provisions in the plans, will be based on target total cash compensation as of the date employment terminates (base salary plus target annual bonus), and will be credited to the Executive's Cash Balance Plan Make-Up Account in the SERP. Any distribution from the SERP with respect to such additional credits shall comply with Section 5.1.

(h) The Company shall credit to the Executive's Savings Plan Make-Up Account in the SERP an amount equal to three (3) times the sum of (i) the employer matching contributions and profit sharing contributions made to the Executive's accounts under the Company's Retirement Savings

Plan for Salaried Employees and (ii) the employer matching contributions and profit sharing contributions credited to the Executive's Savings Plan Make-Up Account in the SERP or any successor plans, in each case for the most recent plan year that ended before the date of the Change in Control or, if higher, for the most recent plan year that ended after the date of the Change in Control (in either case, annualized to the extent that such plan year consisted of less than twelve (12) months and/or the Executive was not eligible to participate in the Company's Retirement Savings Plan or Savings Plan Make-Up Account in the SERP, as applicable, for the full plan year). However, if the Executive is at least sixty-two (62) years of age as of the date of his termination of employment, the Company shall provide the Executive with a pro rata portion of three (3) times the sum of such employer matching contributions and profit sharing contributions, based on the number of full months until the Executive attains age sixty-five (65). Any distribution from the SERP with respect to such additional credits shall comply with Section 5.1.

(i) The Executive's Cash Balance Plan Make-Up Account and Savings Plan Make-Up Account in the SERP shall be fully vested on the date of the Executive's termination of employment.

(j) The Executive shall receive the cash value of his current retiree healthcare spending account ("RHCSA") and related dependent healthcare spending account, plus the value of three (3) additional years of Company contributions to such accounts. However, if the Executive is at least sixty-two (62) years of age as of the date of his termination of employment, the Company shall provide the Executive with a pro rata portion of the value of three (3) additional years of Company contributions to such accounts, based on the number of full months until the Executive attains age sixty-five (65). The Executive



shall be immediately vested in his RHCSA and related dependent healthcare spending account on the date of the Executive's termination of employment and the account balances will be paid out in accordance with the terms of the Company's Master Retiree Welfare Plan or any successor plan. To the extent the Executive's RHCSA and related dependent healthcare spending account may not be immediately vested and paid out under the Company's Master Retiree Welfare Plan or any successor plan, such amounts shall be paid out of the general assets of the Company. In addition, notwithstanding anything to the contrary in the Company's Master Retiree Welfare Plan or any successor plan, the Executive shall be immediately eligible to participate in the benefits available to Retirees thereunder, and the Executive and the Executive's spouse shall remain eligible for their lifetimes, to participate, on an after-tax basis in the event that the Executive's RHCSA or dependent healthcare spending account, whichever is applicable, has a zero balance, to participate the benefits provided to Retiree's under the Company's Master Retiree Welfare Plan or any successor plan as of the date of the Executive's termination of employment. If the Company is not able to provide under its Master Retiree Welfare Plans or any successor plan all or any portion of the welfare benefit coverage required to be provided to the Executive and the Executive's spouse pursuant to this Section 3.1(j), the Company shall provide such coverage through alternative insurance coverage.

(k) The Company shall provide the Executive with executive-level outplacement services for a period of one (1) year from the date of the Executive's termination of employment. Such outplacement services shall be provided through an outplacement firm that is mutually agreed upon by the parties.

(l) The Company shall (i) pay the Executive a lump sum cash amount equivalent to the same level of personal allowances (such as club dues and automobile expenses) for the period of three (3) months, as the Executive received immediately prior to his termination of employment, and (ii) continue to pay the lease payments on the vehicle provided to the Executive by the Company for a period of three (3) months or, if less, the remainder of the lease period in effect as of the Executive's date of termination of employment. The Executive shall be entitled to the continued use of such vehicle during such period and to purchase the vehicle at the end of such period on the terms provided in the applicable lease agreement.

(m) All other rights and benefits that the Executive is vested in, pursuant to other plans and programs of the Company.

The Executive shall be entitled to all payments and benefits provided for by or pursuant to this Section 3.1 whether or not he seeks or obtains other employment, except as otherwise specifically provided in this Section 3.1.

**Article 4. Benefits Upon Termination Outside of Protection Period**

**4.1** If, outside of a Protection Period, the Executive's employment by the Company or a Subsidiary shall be terminated by the Company without Cause, if the Executive signs a General Release, the Executive shall be entitled to the benefits provided for below:



(a) The Company or a Subsidiary shall pay to the Executive through the date of the Executive's termination of employment base salary at the rate then in effect, together with salary in lieu of vacation accrued and unused to the date on which Executive's employment terminates, and all other benefits due to Executive through the date of Executive's termination of employment, in accordance with the standard payroll and other practices of the Company or Subsidiary.

(b) The Company or Subsidiary shall also pay to the Executive as a severance payment an amount equal to one (1) times his base salary in effect on the date of his date of termination of employment.

**Article 5. Benefits Payment Schedule**

**5.1** **Payment Schedule.** Payments due to the Executive pursuant to Article 3 or Article 4 shall be paid as follows:

(a) If the Executive is not a "Specified Employee" (as that term is defined and determined under IRC Section 409A) or if the Executive is a Specified Employee, then only with respect to payments provided in Section 3.1 or 4.1 that are not deferred compensation subject to IRC Section 409A, as soon as administratively practicable, but in no event later than March 15 of the calendar year after the calendar year of the Executive's date of Separation from Service (as defined under IRC Section 409A); and

(b) If the Executive is a Specified Employee, for payments that are deferred compensation subject to IRC Section 409A, as soon as administratively practicable on or after, but in no event later than the end of the calendar year in which such date occurs, or, if later, the 15th day of the third calendar month following such date, the date six (6) months following the Executive's date of Separation from Service.

Notwithstanding the above, the Company's obligation to pay severance amounts due to the Executive pursuant to Article 3 or Article 4, to the extent not already paid, shall cease immediately and such payments will be forfeited, if the Executive violates any condition described in Sections 6.1, 6.2, 6.3 or 6.4, after his termination of employment. To the extent already paid, should the Executive violate any condition described in Sections 6.1, 6.2, 6.3 or 6.4, after his termination of employment, the severance amounts provided hereunder shall be repaid in their entirety by the Executive to the Company, and all rights to such payments shall be forfeited.

**Article 6. Restrictive Covenants**

**6.1 Confidentiality.** The Company has advised the Executive and the Executive acknowledges that it is the policy of the Company to maintain as secret and confidential all Protected Information (as defined below), and that Protected Information has been and will be developed at substantial cost and effort to the Company. The Executive shall not at any time, directly or indirectly, divulge, furnish or make accessible to any person, firm, corporation, association, or other entity (otherwise than as may be required in the regular course of Executive's employment), nor use in any manner, either during the Executive's employment period or after the termination, for any reason, any Protected Information, or cause any such information of the Company or its Subsidiaries to enter the public domain. For purposes of this Agreement, "Protected Information" means trade secrets, confidential and proprietary business information of the Company or its Subsidiaries, and any other



information of the Company, including but not limited to, software, records, manuals, books, forms, documents, notes, letters, reports, data, tables, compositions, articles, devices, apparatus, customer lists (including potential customers), sources of supply, processes, plans, materials, pricing information, internal memoranda, marketing plans, internal policies, and products and services which may be developed from time to time by the Company, its Subsidiaries and its agents or employees, including the Executive; provided, however that information that is in the public domain (other than as a result of a breach of this Agreement), approved for release by the Company or lawfully obtained from third parties who are not bound by a confidentiality agreement with the Company, is not Protected Information.

**6.2 Nonsolicitation.** During the term of this Agreement and for a period after the Executive's date of termination of employment equal to (i) thirty-six (36) months if the Executive's employment by the Company or a Subsidiary is terminated within a Protection Period or (ii) twelve (12) months if the Executive's employment by the Company or a Subsidiary is terminated outside of a Protection Period, the Executive shall not , directly or indirectly, other than on behalf of the Company or its Subsidiaries:

(A) Induce or assist in the inducement of any individual away from the Company's or any of its Subsidiaries' employ or from the faithful discharge of such individual's contractual and fiduciary obligations to serve the Company's or any of its Subsidiaries' interests with undivided loyalty; or

(B) Induce or assist in the inducement of any individual or entity that provides services to the Company or any of its Subsidiaries to reduce any such services provided to, or to terminate their relationship with the Company or any of its Subsidiaries.

**6.3 Noncompetition.** The Executive expressly acknowledges that the Company and its Subsidiaries market and sell products globally, and given the Executive's substantial experience and expertise in the industry including his significant exposure, access to, and participation in the development of the Company's and its Subsidiaries' strategy, marketing, intellectual property and confidential and proprietary information, his business affiliation with any individual or entity that sells or develops products similar to, or that may serve as a substitute for, the Company's or any of its Subsidiaries' products, would cause substantial and irreparable harm to the Company's, and/or its Subsidiaries' business. Accordingly, the Executive agrees that during his employment with the Company or any of its Subsidiaries, and for a period after the termination of his employment with the Company and its Subsidiaries equal to (i) thirty-six (36) months if the Executive's employment by the Company or a Subsidiary is terminated within a Protection Period or (ii) twelve (12) months if the Executive's employment by the Company or a Subsidiary is terminated outside of a Protection Period, the Executive shall not, directly or indirectly, other than on behalf of the Company or its Subsidiaries, participate or become involved as an owner, partner, member, director, officer, employee, or consultant, or otherwise enter into any business relationship, with any individual or entity anywhere in the world that develops, produces, manufactures, sells, or distributes starch, corn, rice, potato, oils, sweeteners, starches or other products produced by the Company or any of its Subsidiaries or that could be used as a substitute for such products including, but not limited to, Tapioca, Manioc, Yucca or Potato starches; Dextrose, Stevia-based or other high intensity sweeteners, Glucose, Polyols, HFCS, High



Meltose syrup, texturants, and Maltodextrin sweeteners; Prebiotics; Omega-3; seed development, emulsifiers, encapsulants, non-synthetic green products, Plant derived calcium and minerals; Inulin fibers; Resins used in adhesives and fragrances; Corn oil; Gluten protein; and Caramel Color, and specifically including but not limited to the following entities that manufacture such or similar products: ADM, Cargill, Bunge, Roquette, Penford, Staley, Tate & Lyle, and Avebe.

**6.4 Ownership.** The Executive agrees that all inventions, copyrightable material, business and/or technical information, marketing plans, customer lists, and trade secrets which arise out of the performance of this Agreement are the property of the Company.

**6.5 Injunctive Relief.** The Executive acknowledges and agrees that the covenants contained in this Article 6 are reasonable in scope and duration, and are necessary to protect the Company's, and its Subsidiaries' legitimate business interests. Without limiting the rights of the Company and/or its Subsidiaries to pursue any other legal and/or equitable remedies available to them for any breach by the Executive of the covenants contained in this Article 6, the Executive acknowledges that a breach of those covenants would cause a loss to the Company and/or its Subsidiaries for which it could not reasonably or adequately be compensated by damages in an action at law, that remedies other than injunctive relief could not fully compensate the Company and/or its Subsidiaries for a breach of those covenants and that, accordingly, the Company and/or its Subsidiaries shall be entitled to seek injunctive relief to prevent any breach or continuing breaches of the Executive's covenants as set forth in this Article 6. It is the intention of the parties that if, in any action before any court empowered to enforce such covenants, any term, restriction, covenant, or promise is found to be unenforceable, then such term, restriction, covenant, or promise shall be deemed modified to the extent necessary to make it enforceable by such court.

**Article 7. No Other Severance Benefits; Right to Other Plan Benefits.**

In the event of termination of the Executive's employment under circumstances entitling the Executive to benefits hereunder, the Executive shall not be entitled to any other severance benefits except those provided by or pursuant to this Agreement, and the Executive hereby waives any claim against the Company or any of its Subsidiaries or affiliates for any additional severance benefits to which he might otherwise be entitled, including under any plan, program, policy or arrangement maintained by the Company or any of its Subsidiaries or affiliates. Except as provided in the preceding sentence, nothing in this Agreement shall be construed as limiting in any way any rights or benefits that the Executive may have pursuant to the terms of any other plan, program, policy or arrangement maintained by the Company or any of its Subsidiaries or affiliates.

**Article 8. Termination of Employment Agreements.**

Any and all Employment Agreements entered into between the Company or any of its Subsidiaries and the Executive prior to the date of this Agreement are hereby terminated.

**Article 9. Termination and Amendment; Successors; Binding Agreement.**

**9.1** This Agreement shall terminate on the close of business on the date preceding the one-year anniversary of the date of this Agreement; provided, however, that commencing on the annual anniversary of the date of this Agreement and each anniversary of the date of this Agreement thereafter, the term of this Agreement shall automatically be extended for one additional year unless at least six (6) months prior to such anniversary date, the Company or the Executive shall have given



notice to the other party, in accordance with Article 10, that this Agreement shall not be extended. This Agreement may be amended only by an instrument in writing signed by the Company and the Executive. The Company expressly acknowledges that, during the term of this Agreement, the Executive shall have a binding and irrevocable right to the benefits set forth hereunder in the event of his termination of employment during a Protection Period to the extent provided in Section 2.1. Any purported amendment or termination of this Agreement by the Company, other than pursuant to the terms of this Section 9.1, shall be ineffective, and the Executive shall not lose any right hereunder by failing to contest such a purported amendment or termination.

**9.2** The Company shall require any successor (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business and/or assets of the Company or to any subsidiary that employs the Executive, to expressly assume and agree to honor this Agreement in the same manner and to the same extent that the Company would be required to so honor if no such succession had taken place. Failure of the Company to obtain such agreement prior to the effectiveness of any such succession shall be a violation of this Agreement and shall entitle the Executive to benefits from the Company or such successor in the same amount and on the same terms as the Executive would be entitled hereunder if he terminated his employment for Good Reason, except that for purposes of implementing the foregoing, the date on which any such succession becomes effective shall be deemed the date of termination of employment. As used in this Section 9.2, "Company" shall mean the Company hereinbefore defined and any successor to its business and/or assets as aforesaid which executes and delivers the agreement provided for in this Section 9.2 or which otherwise becomes bound by all the terms and provisions of this Agreement by operation of law. The Company shall promptly notify the Executive of any succession by purchase, merger, consolidation or otherwise to all or substantially all the business and/or assets of the Company and shall state whether or not the successor has executed the agreement required by this Section 9.2 and, if so, shall make a copy of such agreement available to the Executive.

**9.3** This Agreement and all rights of the Executive hereunder shall inure to the benefit of, and shall be enforceable by, the Executive and the Executive's legal representatives. If the Executive should die while any amounts remain payable to his hereunder, all such amounts shall be paid to his designated beneficiary or, if there be no such beneficiary, to his estate**.**

**9.4** The Company expressly acknowledges and agrees that the Executive shall have a contractual right to the benefits provided hereunder, and the Company expressly waives any ability, if possible, to deny liability for any breach of its contractual commitment hereunder upon the grounds of lack of consideration, accord and satisfaction or any other defense. If any dispute arises after a Change in Control as to whether the Executive is entitled to benefits under this Agreement, there shall be a presumption that the Executive is entitled to such benefits and the burden of proving otherwise shall be on the Company.

**9.5** The Company's obligation to provide the benefits set forth in this Agreement shall be absolute and unconditional and shall not be affected by any circumstances, including, without limitation, any set-off, counterclaim, recoupment, or other right which the Company or any Subsidiary may have against the Executive or anyone else. All amounts payable by the Company hereunder shall be paid without notice or demand. Each and every payment made hereunder by the Company or any Subsidiary shall be final, and neither the Company nor any Subsidiary will seek to



recover all or any portion of such payment from the Executive or from whomsoever may be entitled thereto, for any reason whatsoever.

**Article 10. Notice.**

All notices of termination and other communications provided for in this Agreement shall be in writing and shall be deemed to have been duly given when delivered by hand or mailed by United States registered mail, return receipt requested, addressed as follows:

If to the Executive:

If to the Company:

Ingredion Incorporated
5 Westbrook Corporate Center
Westchester, IL 60154
**Attention**: Vice President – Human Resources

or to such other address as either party may have furnished to the other in writing in accordance herewith.

**Article 11. Miscellaneous.**

No provision of this Agreement may be waived or modified unless such waiver or modification is in writing and signed by the Executive and the Company's Chief Executive Officer or such other officer as may be designated by the Board. No waiver by either party of any breach by the other party of, or compliance with, any provision of this Agreement shall be deemed a waiver of similar or dissimilar provisions at the same or any prior or subsequent time. The validity, interpretation, construction and performance of this Agreement shall be governed by the laws of the State of Illinois, without regard to its principles of conflict of laws, and by applicable laws of the United States.

**Article 12. Validity.**

The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision, which shall remain in full force and effect.

**Article 13. Legal Expenses; Dispute Resolution; Arbitration; Pre-Judgment Interest.**

**13.1** The Company shall promptly pay all legal fees and related expenses incurred by the Executive in seeking to obtain or enforce any right or benefit under this Agreement (including all fees and expenses, if any, incurred in seeking advice in connection therewith).



**13.2** If any dispute or controversy arises under or in connection with this Agreement, including without limitation any claim under any Federal, state or local law, rule, decision or order relating to employment or the fact or manner of its termination, the Company and the Executive shall attempt to resolve such dispute or controversy through good faith negotiations.

**13.3** If such parties fail to resolve such dispute or controversy within ninety days, such dispute or controversy shall, if the Executive so elects, be settled by arbitration, conducted before a panel of three arbitrators in Chicago, Illinois in accordance with the applicable rules and procedures of the Center for Public Resources then in effect. Judgment upon the award rendered by the arbitrators may be entered in any court having jurisdiction. Such arbitration shall be final and binding on the parties. Costs of any arbitration, including, without limitation, reasonable attorneys' fees of both parties, shall be borne by the Company.

**13.4** If such parties fail to resolve such dispute or controversy within ninety days and the Executive does not elect arbitration, legal proceedings may be instituted, in which event the Company shall be required to pay the Executive's legal fees and related expenses to the extent set forth in Section 13.1 above.

**13.5** Pending the resolution of any arbitration or court proceeding, the Company shall continue payment of all amounts due the Executive under this Agreement and all benefits to which the Executive is entitled, including medical and life insurance benefits, other than those specifically at issue in the arbitration or court proceeding and excluding long term disability benefits.

**13.6** If the Executive is awarded amounts pursuant to arbitration or court proceeding, the Company shall also pay pre-judgment interest on such amounts calculated at the Prime Rate (as defined below) in effect on the date of such payment. For purposes of this Agreement, the term "Prime Rate" shall mean the prime rate as published in the Wall Street Journal Midwest edition showing such rate in effect as of the first business day of each calendar quarter.

* * * * *

IN WITNESS WHEREOF, the parties have executed this Agreement on the day and year first above written.

______________________________
**Executive**

Ingredion Incorporated

By: ______________________________
**Company Representative Position**

**Exhibit 10.38**

5 Westbrook Corporate Center
Westchester, IL 60154

PERSONAL & CONFIDENTIAL

September 02, 2013

Assignment details for Ricardo Souza
Mexico to Brazil

Dear Ricardo:

On behalf of ***Ingredion*** (the "Company"), we are pleased to confirm the terms and conditions of your international assignment to Brazil (the "Host") as **Senior Vice President & President, South America Ingredient Solutions,** reporting to Ilene Gordon. These terms and conditions will take effect from the start of the international assignment. Your international assignment is subject to the Host obtaining the necessary work permit for you to be eligible to start work in the Host Country on the date that the international assignment starts.

The administrative arrangements and allowances to assist you in your move to the Host Country, and those available during your international assignment, are set out in the 'Schedule' accompanying this letter. During your international assignment, you will be required to comply with the laws of the Host Country and follow the rules and practices of the Host.

Save as varied by this letter and the Schedule, your terms and conditions of employment with the Company remain unchanged.

**1. IDENTITY OF EMPLOYER**

During your international assignment you will remain an employee of the Company's Mexican entity. Your terms and conditions of employment will continue while you are in Brazil except in so far as modified by this letter and the Schedule.

**2. DURATION**

It is intended that your international assignment to the Host Country shall begin on **January 1, 2014.** Subject to satisfactory performance, it shall continue for a period of **21 months**. The period in the Host Country will be treated as a period of continuous employment with the Company for both statutory and contractual purposes and will count towards any of your service-related entitlements, including pension.

**3. REMUNERATION**

Details of your base salary and provision for the payment of all taxes are set out in the Schedule.

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**4. CONFIDENTIALITY AND INTELLECTUAL PROPERTY RIGHTS AND CONTINUING PROVISIONS**

4.1 The terms and conditions of your employment with the Company with respect to confidential information and intellectual property rights in materials, patents and inventions discovered by you will remain in full force and effect.

**5. ALLOWANCES**

All of the allowances associated with your international assignment are set out in the Schedule. The data used to calculate these allowances is subject to periodic review. You will be advised of any changes prior to their implementation.

**6. LOCAL WORKING RULES AND PRACTICES**

6.1 During your international assignment you will be required to observe the Host's working rules and practices then in force and as amended from time to time. You will be subject to the Host's disciplinary and grievance procedures. However, no disciplinary sanction may be imposed by the Host without prior knowledge and approval of Diane Frisch, Senior Vice President, Human Resources. Details of all rules and practices applicable to you during your international assignment are in the Host's staff handbook (or similar publication), a copy of which will be provided to you by the Host's HR Department.

6.2 If there is any conflict between a provision of this letter and/or the Schedule and the local working rules and practices of the Host, then the terms of this letter and the Schedule shall apply.

**7. TERMINATION**

7.1 The Company may terminate the international assignment by giving to you two months' written notice. Upon termination of the international assignment, the allowances and other arrangements applicable during the period of your international assignment will cease.

7.2 You and the Company may terminate your employment with the Company in accordance with the terms and conditions of your employment with the Company. Other than for reason of cause, the Company will not serve notice of termination of your employment until the date on which your international assignment comes to an end, whether because the assignment period has expired or because it has been terminated on two month's notice in accordance with clause 7.1.

**8. GOVERNING LAW**

This international assignment letter and the Schedule will be governed by and construed in accordance with the laws of the Home Country and you agree that the courts of the Home Country will have exclusive jurisdiction.

**9. ACCEPTANCE**

If you are in agreement with the terms set out above and the provisions in the Schedule please sign and return this letter, initialling each page of the Schedule. This will indicate your agreement to and acceptance of the terms of this letter and the Schedule, and will amend the terms and conditions of your employment with the Company.



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Sincerely,

/s/ Diane Frisch
Diane Frisch
Senior Vice President, Human Resources, Ingredion

***To accept this offer, please sign below and initial each page.***

I accept the international assignment on the terms and conditions set out above and in the attached Schedule. I agree that these provisions amend the terms and conditions of my contract of international assignment with the Company.

Signed /s/Ricardo de Abrue Souza

Date 09/02/13

cc: Ilene Gordon
Marcelo Couto
Corporate Compensation

Deloitte
Mercer

Attachments: Schedule



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**SCHEDULE**

**Administrative Arrangements and Allowances**

**1. LOCATION**

During your International Assignment, you will based in Sao Paulo, Brazil.

**2. REMUNERATION**

**2.1 Base Salary**

Your international assignment salary (Home Base Salary) will be maintained to a US equivalent of $450,447 gross per annum. The payment and all deductions will be made in the Home Country currency through the Home payroll unless otherwise stated in this Letter and/or Schedule. For base salary purposes, the FX rate between Mexico and the US will be reviewed and the home base salary adjusted twice per year; February and July. Select allowances will be delivered through the Host payroll system in accordance with statutory payroll delivery requirements in Brazil.

This new salary is inclusive of your 2014 merit increase and your base salary will next be reviewed in 2015 with corresponding changes effective ***April, 2015.***

**2.2 International Living Allowance**

You will receive an annual net international living allowance equal to 5% of your Home Salary, delivered in the Host. The allowance is payable with the same frequency as regular Host payroll delivery cycle, and will be reviewed whenever your Home gross salary is reviewed. The percentage base of the allowance will remain at 5% and will not be adjusted during your international assignment. Currently, the annual net amount is **BRL 57,044.**

**3. OTHER BENEFITS**

**3.1 Short Term Incentive Plan**

You will be eligible to participate in the Annual Incentive Plan, (AIP), and your targets will be aligned with the business performance of the Company and its applicable regions. The bonus award will be delivered by the Home Country and will be calculated based on the Company's target award. Any such payments will be made to you after deductions for tax at the applicable Home Country rates. Any benefits arising under this plan will be based on your 12-month Home Salary at the end of the annual incentive plan review period. The target award will be **75% of your Home Salary**.



**3.2 Long Term Incentive Plan**

Based on the level of this position, you will continue to be eligible to participate in Ingredion's Long-term Incentive program. All awards granted as an eligible participant of this program are based on performance. The value of your award delivered in 2014 will be **USD $400,000.**

**3.3 Retirement**

During your international assignment, you will continue to participate in the pension plan based in Mexico.

**4. STATE BENEFITS**

Throughout the duration of this assignment you will continue to participate in all applicable statutory home-based Social benefit Programs. This will include the statutory "13-month" salary which will be delivered through the Mexico payroll system, per the current payroll delivery schedule.

**5. TAXATION**

**5.1 Host Country Taxation**

You will be responsible for complying with any and all applicable income tax regulations in your home and host country and in any other countries where you are required to pay taxes as a result of your assignment. During this assignment, required income tax returns will be prepared by the Company's designated tax services provider (currently Deloitte Tax LLP) at the Company's expense. If you choose to use the services of another provider for tax matters, this will be at your own expense, and you will no longer be provided with tax equalized benefits.

Representatives of the Company's dedicated tax services provider will conduct meetings with you to ensure your familiarity with your home and host country's tax requirements as well as your responsibilities in the tax filing process. Should you choose to utilize the Company's designated tax provider, you must furnish all information necessary to complete your income tax returns on a timely basis so that you and the company meet relevant fiscal and statutory regulations. Any additional costs incurred due to information you provide which is incomplete, inaccurate, or not provided on a timely basis will be passed on to you.

The company will pay for advice in relation to general circumstances required for the preparation of your home and host country income tax returns and other matters related to your relocation, but if you have personal assets or investments which may materially affect your position, then such costs of advice on these matters will generally be your responsibility.

The Company will pay for extension filings relating to tax years of assignment, if applicable as well as responses to notices received in relation to Ingredion compensation or tax positions related to your assignment.



**5.2 Tax Equalization**

As you may be aware, as a result of your services outside of Mexico, you may become liable for foreign income taxes on the wages earned outside of Mexico. In order to neutralize the financial impact to you, you will be eligible for tax equalization during your assignment outside of Mexico. The objectives of tax equalization are:

1. To ensure that an employee on assignment outside the home country does not suffer an additional tax liability or benefit from a tax gain as a result of services performed outside the home country.

2. To provide professional tax return preparation assistance to the employee to ensure compliance with home country expatriate tax laws as well as the tax laws of the host country.

Thus, tax equalization is designed to ensure that your income tax burden while on assignment will be approximately the same as your home country income tax would have been, regardless of the country to which you are assigned. It is the Company's intent that assignment allowances and reimbursements are tax free to you. You will bear the approximate equivalent of home country (and local, if applicable) income and social taxes on Company income and personal earnings that would have been incurred had you remained in the home country. The Company's designated tax services provider will prepare your tax equalization settlement subsequent to the preparation of your home country tax returns.

The hypothetical tax withheld will be based on the state in which you worked and resided prior to the assignment. All appropriate state tax rates and rules will be applied in computing the tax. This provision also applies to city taxes, where city taxes are imposed.

For tax purposes, income is generally sourced based on the physical location of the taxpayer while performing the services, irrespective of the fact that the taxpayer remains on the Mexico payroll. Any benefit from foreign tax credits that arise as a result of this foreign source income may result in a benefit available on your individual income tax return. This benefit may be property of the Company and if so should be remitted to the company. The Company has the right to require you to file an amended tax return, prepared by the Company's designated tax provider, to claim an anticipated tax benefit associated with the international assignment.

Any tax reimbursement or tax gross-up due to you will be made as soon as administratively possible after the amount is determined. However, in no event will the tax payment be made after the later of: (a) the end of the second tax year in which your related tax return is required to be filed for the year to which the compensation subject to the tax payment relates, or (b) the end of the second taxable year after your foreign tax return or payment is due.

**6. LEAVE/VACATION ENTITLEMENT**

**6.1** During your employment to the Host, your vacation entitlement will be determined by the Home country vacation policy, or you will be entitled to 4 weeks of vacation, whichever is higher. Home leave trips are included in your vacation entitlement. During your employment, the Host's practice regarding leave reporting and recording will apply to your employment and must be taken in accordance with those local rules and practices. All leave entitlement accrued during your employment should be taken before the end of the employment.



**6.2** The company will provide you with two home leave trips every 12 months of the assignment, travel class in accordance with the corporate travel policy. You are required to keep all travel ticket receipts for taxation purposes.

**6.3** In addition to basic entitlement, you are also eligible for any public holidays given in the Host Country.

**7. ACCOMMODATIONS AND TRANSPORTATION OF PERSONAL EFFECTS**

**7.1** During the international assignment you will be provided with a monthly accommodations allowance of **BRL 25,000**, net of taxes.

**7.2** If rental accommodation is furnished, the Company will pay reasonable expenses for transport of personal belongings and household effects. If furnished housing is not available, shipment of furniture and personal goods is permitted; maximum volume is one 40ft container sea shipment and 500 lbs (226.8 kg) air shipment.

You will be responsible for the cost of insuring your personal effects while on international assignment.

**7.3** You will also be responsible for the costs of all utilities incurred in connection with your occupation of the Host Country accommodation, including but not limited to electricity, gas, water and telephone supplies.

**7.4** If you choose to sell your Home Country property or release rented property immediately before or during your international assignment, your net assignment salary will be reduced by a 'housing deduction' calculated as 15% of your Adjusted Home Salary.

Should you maintain a Home Country property, you will receive net USD 3,600 per year for the cost of reasonable and customary property management services for your Home Country property while on assignment. You will be responsible for securing the property management services for your Home country property according to the specific services required.

You will also be reimbursed for required utilities for your Home Country housing upon submission of the documented expenses. Reimbursable utilities include gas, electricity and water/refuse. Costs related to telephone and television will not be reimbursed.

You are requested to notify Corporate Compensation if your housing situation changes in your Home Country and adjustments to allowances and taxation will be executed as necessary.

**7.5** On the termination of the international assignment and in the event your employment does not continue in Mexico on local terms, other than in circumstances where your employment ends by reason of the termination of your employment with the Company by your resignation or your dismissal for cause, the Host will pay cover reasonable removal expenses from the Host Country to support your repatriation.



**8. RELOCATION ALLOWANCE**

8.1 In the month in which your assignment starts and ends, you will be paid a one-time net relocation allowance equivalent to **USD 10,000**. This allowance will be delivered to you by the Company's relocation partner, and is intended to cover furnishings, electronics, and other indefinable expenses associated with your transfer and resettlement.

8.2 No other relocation expenses, except where outlined elsewhere in this letter, will be paid.

**9. COST OF LIVING ADJUSTMENT (COLA)**

The Cost of Living Adjustment (Cola) will be applied during your international assignment to account for differentials in living costs between your Home and Host Countries.

This COLA will be reviewed from time to time, up to two times per year. The COLA may either increase or decrease and has currently been set at **BRL 137,622** per year. This amount will be provided to you on a net basis and will be delivered through the Host payroll at the onset of your assignment, and will be delivered with the same frequency as the regular payroll schedule in Brazil.

**10. HOST COUNTRY CAR**

While on assignment, you will receive a company car allowance in accordance with the Brazil car policy.

**11. INSURANCES**

During your international assignment, you will participate in the Ingredion International Assignee medical benefit programs and your health coverage will be provided by Cigna. During this period, your participation in home-based medical insurance programs in Mexico will continue as well.



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TO: Ricardo Souza

FROM: Leslie Retcher

CC: Diane Frisch, Marcelo Couto, Robert Simitz

SUBJECT: Three-month salary "true up" schedule

DATE: February 19, 2014

As approved by the compensation committee and in consideration of our commitment to deliver your 13-month base salary in MXN as a "fixed" annualized amount equivalent to USD 493,347 (effective 1/1/2014), a review of your 13-month annual salary will be conducted as per the following methodology and schedule going forward:

- A review of the three-month rolling average foreign exchange rate of MXN to USD has been conducted for the period dated 10/1/2013 — 12/31/2013, and your base salary will be updated to reflect the MXN equivalent based on the approved, fixed USD amount as of January 1, 2014.
    - Using the official average FX rate as reported by Mexico bank system and Ingredion's finance team in Mexico for the period of 10/1/13 — 12/31/13, the average exchange was 13.0277 MXP to every $1 USD. As such, your annualized 13-month salary updated as of 1/1/2014 will be **6,427,176MXP / year** for the period of 1/1/2014 — 3/31/2014, and will be delivered to you in accordance with the local Mexico payroll schedule and process, less applicable hypothetical taxes and withholdings.
- The same review and update will occur as of March 30, 2014, again assessing the three month rolling average exchange for the months of January, February and March, and your salary will be updated as of April 1, 2014 to the approved USD equivalent.
- This methodology for updating your salary against the approved USD equivalent will be conducted every three months thereafter for the duration of your assignment.

Signature: /s/ Ricardo de Abreu Souza
Ricardo Souza

Date: 01/30/2014

**EXHIBIT 11.1**

**Earnings Per Share Computation**

**INGREDION INCORPORATED**
**Computation of Net Income per Share of Common Stock**

(in millions, except per share data)

| | | Year Ended December 31, 2013 |
|---|---|---|
| Basic | | |
| Shares outstanding at the start of the period | | 77.0 |
| Weighted average of new shares issued under share-based compensation plans | | 0.4 |
| Weighted average of treasury shares issued under share-based compensation plans | | 0.1 |
| Weighted average of treasury shares purchased during the period | | (0.6) |
| Other | | 0.1 |
| Average shares outstanding — basic | | 77.0 |
| | | |
| Effect of Dilutive Securities | | |
| Average dilutive shares outstanding — assuming dilution | | 1.3 |
| Average shares outstanding — diluted | | 78.3 |
| | | |
| Net income attributable to Ingredion | $ | 395.7 |
| | | |
| Net income per common share of Ingredion — Basic | $ | 5.14 |
| | | |
| Net income per common share of Ingredion — Diluted | $ | 5.05 |

EXHIBIT 12.1

**COMPUTATION OF RATIO OF EARNINGS TO FIXED CHARGES**

**INGREDION INCORPORATED**
**Computation of Ratios of Earnings to Fixed Charges**

| (in millions, except ratios) | 2013 | 2012 | 2011 | 2010 | 2009 |
|---|---|---|---|---|---|
| Income before income taxes and earnings of non-controlling interests | $ 546.8 | $ 600.6 | $ 593.4 | $ 275.5 | $ 115.2 |
| Fixed charges | 79.9 | 84.3 | 88.5 | 72.4 | 41.2 |
| Capitalized interest | (4.3) | (5.6) | (5.2) | (2.6) | (6.6) |
| Total | $ 622.4 | $ 679.3 | $ 676.7 | $ 345.3 | $ 149.8 |
| | | | | | |
| RATIO OF EARNINGS TO FIXED CHARGES | 7.79 | 8.06 | 7.65 | 4.77 | 3.64 |
| | | | | | |
| FIXED CHARGES: | | | | | |
| Interest expense on debt | $ 74.6 | $ 79.4 | $ 83.4 | $ 69.4 | $ 38.8 |
| Amortization of discount on debt | 3.4 | 3.2 | 3.0 | 1.6 | 1.3 |
| Interest portion of rental expense on operating leases | 1.9 | 1.7 | 2.1 | 1.4 | 1.1 |
| Total | $ 79.9 | $ 84.3 | $ 88.5 | $ 72.4 | $ 41.2 |

## SUBSIDIARIES OF THE REGISTRANT

The Registrant's subsidiaries as of December 31, 2013, are listed below showing the percentage of voting securities directly or indirectly owned by the Registrant. All other subsidiaries, if considered in the aggregate as a single subsidiary, would not constitute a significant subsidiary.

| | Percentage of voting securities directly or indirectly owned by the Registrant (1) | State or Country of incorporation or organization |
|---|---|---|
| Arrendadora Gefemesa, S.A. de C.V. | 100 | Mexico |
| Bebidas y Algo Mas S.A. de C.V. | 100 | Mexico |
| Bedford Construction Company | 100 | New Jersey |
| Brunob II B.V. | 100 | The Netherlands |
| Brunob IV B.V. | 100 | The Netherlands |
| Cali Investment Corp. | 100 | Delaware |
| Casco Holding LLC | 100 | Delaware |
| Colombia Millers Ltd. | 100 | Delaware |
| Corn Products Americas Holdings S.à r.l. | 100 | Luxembourg |
| Corn Products Development, Inc. | 100 | Delaware |
| Corn Products Espana Holding LLC | 100 | Delaware |
| Corn Products Germany GmbH | 100 | Germany |
| Corn Products Global Holding S.à r.l. | 100 | Luxembourg |
| Corn Products Inc. & Co. KG | 100 | Germany |
| Corn Products Kenya Limited | 100 | Kenya |
| Corn Products Malaysia Sdn. Bhd. | 100 | Malaysia |
| Corn Products Mauritius (Pty) Ltd. | 100 | Mauritius |
| Corn Products Netherlands Holding S.à r.l. | 100 | Luxembourg |
| Corn Products Puerto Rico Inc. | 100 | Delaware |
| Corn Products Sales Corporation | 100 | Delaware |
| Corn Products Southern Cone S.A. | 100 | Argentina |
| Corn Products (Thailand) Co., Ltd. | 100 | Thailand |
| Corn Products UK Finance LP | 100 | England and Wales |
| Corn Products Venezuela, C.A. | 100 | Venezuela |
| CPIngredients, LLC d/b/a GTC Nutrition | 100 | Colorado |
| CP Ingredients India Private Limited | 100 | India |
| Crystal Car Line, Inc. | 100 | Illinois |
| Deutsche ICI GmbH | 100 | Germany |
| Feed Products Limited | 100 | New Jersey |
| Globe Ingredients Nigeria Limited | 100 | Nigeria |
| Hispano-American Company, Inc. | 100 | Delaware |
| ICI Mauritius (Holdings) Limited | 100 | Mauritius |
| ICI Servicios Mexico, S.A. de C.V. | 100 | Mexico |
| IMASA Brasil | 100 | Brazil |
| Ingredion ANZ Pty Ltd. | 100 | Australia |
| Ingredion Argentina S.A. | 100 | Argentina |
| Ingredion Brasil Ingredientes Industriais Ltda. | 100 | Brazil |
| Ingredion Canada Incorporated | 100 | Canada |
| Ingredion Chile S.A. | 100 | Chile |
| Ingredion Colombia S.A. | 100 | Colombia |



| | | |
|---|---|---|
| Ingredion Ecuador S.A. | 100 | Ecuador |
| Ingredion Employee Services S.à r.l. | 100 | Luxembourg |
| Ingredion Espana, S.L.U. | 100 | Spain |
| Ingredion Germany GmbH | 100 | Germany |
| Ingredion Holding LLC | 100 | Delaware |
| Ingredion Integra, S.A. de C.V. | 100 | Mexico |
| Ingredion Japan K.K. | 100 | Japan |
| Ingredion Korea Incorporated | 100 | Korea |
| Ingredion Malaysia Sdn. Bhd. | 100 | Malaysia |
| Ingredion Mexico, S.A. de C.V. | 100 | Mexico |
| Ingredion Peru S.A. | 100 | Peru |
| Ingredion Philippines, Inc. | 100 | Philippines |
| Ingredion Singapore Pte. Ltd. | 100 | Singapore |
| Ingredion South Africa (Pty) Ltd. | 100 | South Africa |
| Ingredion (Thailand) Ltd. | 100 | Thailand |
| Ingredion UK Limited | 100 | England and Wales |
| Ingredion Uruguay S.A. | 100 | Uruguay |
| Inversiones Latinoamericanas S.A. | 100 | Delaware |
| Laing-National Limited | 100 | England and Wales |
| National Starch & Chemical (Thailand) Ltd | 100 | Thailand |
| National Starch Company | 100 | Nevada |

| | | |
|---|---|---|
| National Starch Servicios, S.A. de C.V. | 100 | Mexico |
| National Starch Specialties (Shanghai) Ltd | 100 | China |
| PT National Starch | 100 | Indonesia |
| Rafhan Maize Products Co. Ltd. | 70.3 | Pakistan |
| Raymond & White River LLC | 100 | Indiana |
| The Chicago, Peoria and Western Railway Company | 100 | Illinois |

(1) With respect to certain companies, shares in the names of nominees and qualifying shares in the names of directors are included in the above percentages.

**Exhibit 23.1**

# Consent of Independent Registered Public Accounting Firm

The Board of Directors
Ingredion Incorporated:

We consent to the incorporation by reference in the registration statements on Form S-8 (Nos. 333-43525, 333-71573, 333-75844, 333-33100, 333-105660, 333-113746, 333-129498, 333-143516, 333-160612 and 333-171310) of Ingredion Incorporated (formerly known as Corn Products International, Inc.) of our report dated February 24, 2014, with respect to the consolidated balance sheets of Ingredion Incorporated and subsidiaries as of December 31, 2013 and 2012, and the related consolidated statements of income, comprehensive income, equity and redeemable equity, and cash flows for each of the years in the three-year period ended December 31, 2013, and the effectiveness of internal control over financial reporting as of December 31, 2013, which report appears in this December 31, 2013 annual report on Form 10-K of Ingredion Incorporated.

/s/ KPMG LLP

Chicago, Illinois
February 24, 2014

Exhibit 24.1

**INGREDION INCORPORATED.**
**POWER OF ATTORNEY**

Form 10-K for the Fiscal Year Ended December 31, 2013

KNOW ALL MEN BY THESE PRESENTS, that I, as a director of Ingredion Incorporated, a Delaware corporation (the "Company"), do hereby constitute and appoint Christine M. Castellano as my true and lawful attorney-in-fact and agent, for me and in my name, place and stead, to sign the Annual Report on Form 10-K of the Company for the fiscal year ended December 31, 2013, and any and all amendments thereto, and to file the same and other documents in connection therewith with the Securities and Exchange Commission, granting unto said attorney-in-fact full power and authority to do and perform each and every act and thing requisite and necessary to be done in the premises, as fully to all intents and purposes as I might or could do in person, hereby ratifying and confirming all that said attorney-in-fact may lawfully do or cause to be done by virtue thereof.

IN WITNESS WHEREOF, I have executed this instrument this 24th day of February, 2014.

/s/ Richard J. Almeida
Richard J. Almeida

/s/ Luis Aranguren-Trellez
Luis Aranguren-Trellez

/s/ David B. Fischer
David B. Fischer

/s/ Ilene S. Gordon
Ilene S. Gordon

/s/ Paul Hanrahan
Paul Hanrahan

/s/ Wayne M. Hewett
Wayne M. Hewett

/s/ Rhonda L. Jordan
Rhonda L. Jordan

/s/ Gregory B. Kenny
Gregory B. Kenny

/s/ Barbara A. Klein
Barbara A. Klein

/s/ Victoria J. Reich
Victoria J. Reich

/s/ James M. Ringler
James M. Ringler

/s/ Dwayne A. Wilson
Dwayne A. Wilson

**EXHIBIT 31.1**

**CERTIFICATION OF CHIEF EXECUTIVE OFFICER**

I, Ilene S. Gordon, certify that:

1. I have reviewed this annual report on Form 10-K of Ingredion Incorporated;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15 (f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the Registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 24, 2014

/s/ Ilene S. Gordon
Ilene S. Gordon
Chairman, President and
Chief Executive Officer

**EXHIBIT 31.2**

**CERTIFICATION OF CHIEF FINANCIAL OFFICER**

I, Jack C. Fortnum, certify that:

1. I have reviewed this annual report on Form 10-K of Ingredion Incorporated;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15 (f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the Registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 24, 2014

/s/ Jack C. Fortnum
Jack C. Fortnum
Executive Vice President
and Chief Financial Officer

**EXHIBIT 32.1**

**Certification Pursuant to
18 U.S.C. Section 1350,
as Adopted Pursuant to
Section 906 of the
Sarbanes-Oxley Act of 2002**

I, Ilene S. Gordon, the Chief Executive Officer of Ingredion Incorporated, certify that to my knowledge (i) the report on Form 10-K for the fiscal year ended December 31, 2013 as filed with the Securities and Exchange Commission on the date hereof (the “Report”) fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and (ii) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of Ingredion Incorporated.

/s/ Ilene S. Gordon

Ilene S. Gordon
Chief Executive Officer
February 24, 2014

A signed original of this written statement required by Section 906 has been provided to Ingredion Incorporated and will be retained by Ingredion Incorporated and furnished to the Securities and Exchange Commission or its staff upon request.

**EXHIBIT 32.2**

**Certification Pursuant to**
**18 U.S.C. Section 1350,**
**as Adopted Pursuant to**
**Section 906 of the**
**Sarbanes-Oxley Act of 2002**

I, Jack C. Fortnum, the Chief Financial Officer of Ingredion Incorporated, certify that to my knowledge (i) the report on Form 10-K for the fiscal year ended December 31, 2013 as filed with the Securities and Exchange Commission on the date hereof (the “Report”) fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and (ii) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of Ingredion Incorporated.

/s/ Jack C. Fortnum
Jack C. Fortnum
Chief Financial Officer
February 24, 2014

A signed original of this written statement required by Section 906 has been provided to Ingredion Incorporated and will be retained by Ingredion Incorporated and furnished to the Securities and Exchange Commission or its staff upon request.