

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

Form 10-Q

(Mark One)

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

FOR THE QUARTERLY PERIOD ENDED JUNE 30, 2018

or

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

(State or other jurisdiction of incorporation or organization)

22-3514823

(I.R.S. Employer Identification Number)

5 WESTBROOK CORPORATE CENTER
WESTCHESTER, ILLINOIS

(Address of principal executive offices)

60154

(Zip Code)

(708) 551-2600

(Registrant's telephone number, including area code)

(Former name, former address and former fiscal year, if changed since last report)

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes No

Indicate by check mark 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 No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer

Accelerated filer

Non-accelerated filer

Smaller reporting company

(Do not check if a smaller reporting company)

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

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

Indicate the number of shares outstanding of each of the registrant's classes of common stock, as of the latest practicable date.

CLASS	OUTSTANDING AT JULY 31, 2018
Common Stock, \$.01 par value	71,027,153 shares

ITEM 1

FINANCIAL STATEMENTS

Ingredion Incorporated (“Ingredion”)
Condensed Consolidated Statements of Income
(Unaudited)

(in millions, except per share amounts)	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2018	2017	2018	2017
Net sales before shipping and handling costs	\$ 1,608	\$ 1,558	\$ 3,189	\$ 3,110
Less: shipping and handling costs	112	101	224	200
Net sales	1,496	1,457	2,965	2,910
Cost of sales	1,136	1,084	2,251	2,186
Gross profit	360	373	714	724
Operating expenses	161	158	317	308
Other income, net	(2)	(1)	(4)	(3)
Restructuring/impairment charges	8	6	11	16
Operating income	193	210	390	403
Financing costs, net	25	20	41	41
Other, non-operating income	(1)	(1)	(2)	(3)
Income before income taxes	169	191	351	365
Provision for income taxes	53	58	92	105
Net income	116	133	259	260
Less: Net income attributable to non-controlling interests	2	3	5	6
Net income attributable to Ingredion	<u>\$ 114</u>	<u>\$ 130</u>	<u>\$ 254</u>	<u>\$ 254</u>
Weighted average common shares outstanding:				
Basic	71.9	71.8	72.1	72.0
Diluted	72.8	73.2	73.2	73.4
Earnings per common share of Ingredion:				
Basic	<u>\$ 1.59</u>	<u>\$ 1.81</u>	<u>\$ 3.52</u>	<u>\$ 3.53</u>
Diluted	<u>\$ 1.57</u>	<u>\$ 1.78</u>	<u>\$ 3.47</u>	<u>\$ 3.46</u>

See Notes to Condensed Consolidated Financial Statements

ITEM 1

FINANCIAL STATEMENTS

Ingredion Incorporated (“Ingredion”)
Condensed Consolidated Statements of Comprehensive (Loss) Income
(Unaudited)

(in millions)	Three Months Ended June 30,		Six Months Ended June 30,	
	2018	2017	2018	2017
Net income	\$ 116	\$ 133	\$ 259	\$ 260
Other comprehensive (loss) income:				
(Losses) gains on cash flow hedges, net of income tax effect of \$5, \$1, \$— and \$4, respectively	(16)	3	1	8
(Gains) losses on cash flow hedges reclassified to earnings, net of income tax effect of \$—, \$—, \$1 and \$1, respectively	(1)	(2)	2	1
Actuarial gains (losses) on pension and other postretirement obligations, settlements and plan amendments, net of income tax effect of \$—	—	1	(1)	1
Gains related to pension and other postretirement obligations reclassified to earnings, net of income tax effect of \$—	—	(1)	—	(1)
Unrealized gains on investments, net of income tax effect of \$—	—	1	1	1
Currency translation adjustment	(117)	(8)	(96)	32
Comprehensive (loss) income	(18)	127	166	302
Less: Comprehensive income attributable to non-controlling interests	—	3	1	6
Comprehensive (loss) income attributable to Ingredion	\$ (18)	\$ 124	\$ 165	\$ 296

See Notes to Condensed Consolidated Financial Statements

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FINANCIAL STATEMENTS

**Ingredion Incorporated (“Ingredion”)
Condensed Consolidated Balance Sheets**

(in millions, except share and per share amounts)	June 30, 2018 (Unaudited)	December 31, 2017
Assets		
Current assets:		
Cash and cash equivalents	\$ 359	\$ 595
Short-term investments	6	9
Accounts receivable, net	909	961
Inventories	866	823
Prepaid expenses	30	27
Total current assets	<u>2,170</u>	<u>2,415</u>
Property, plant and equipment, net of accumulated depreciation of \$3,003 and \$2,991, respectively	2,161	2,217
Goodwill	794	803
Other intangible assets, net of accumulated amortization of \$153 and \$139, respectively	476	493
Deferred income tax assets	10	9
Other assets	137	143
Total assets	<u>\$ 5,748</u>	<u>\$ 6,080</u>
Liabilities and equity		
Current liabilities:		
Short-term borrowings	\$ 133	\$ 120
Accounts payable and accrued liabilities	749	837
Total current liabilities	<u>882</u>	<u>957</u>
Non-current liabilities	247	227
Long-term debt	1,530	1,744
Deferred income tax liabilities	202	199
Share-based payments subject to redemption	31	36
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, 77,810,875 issued at June 30, 2018 and December 31, 2017, respectively	1	1
Additional paid-in capital	1,128	1,138
Less: Treasury stock (common stock: 6,791,995 and 5,815,904 shares at June 30, 2018 and December 31, 2017, respectively) at cost	(615)	(494)
Accumulated other comprehensive loss	(1,106)	(1,013)
Retained earnings	3,426	3,259
Total Ingredion stockholders' equity	<u>2,834</u>	<u>2,891</u>
Non-controlling interests	22	26
Total equity	<u>2,856</u>	<u>2,917</u>
Total liabilities and equity	<u>\$ 5,748</u>	<u>\$ 6,080</u>

See Notes to Condensed Consolidated Financial Statements

ITEM 1

FINANCIAL STATEMENTS

Ingredion Incorporated (“Ingredion”)
Condensed Consolidated Statements of Equity and Redeemable Equity
(Unaudited)

(in millions)	Total Equity						Share-based Payments Subject to Redemption
	Common Stock	Additional Paid-In Capital	Treasury Stock	Accumulated Other Comprehensive Loss	Retained Earnings	Non- Controlling Interests	
Balance, December 31, 2017	\$ 1	\$ 1,138	\$ (494)	\$ (1,013)	\$ 3,259	\$ 26	\$ 36
Net income attributable to Ingredion					254		
Net income attributable to non-controlling interests						5	
Dividends declared					(88)	(4)	
Repurchases of common stock			(141)				
Share-based compensation, net of issuance		(6)	20				(5)
Other comprehensive loss				(93)		(4)	
Other		(4)			1	(1)	
Balance, June 30, 2018	<u>\$ 1</u>	<u>\$ 1,128</u>	<u>\$ (615)</u>	<u>\$ (1,106)</u>	<u>\$ 3,426</u>	<u>\$ 22</u>	<u>\$ 31</u>

(in millions)	Total Equity						Share-based Payments Subject to Redemption
	Common Stock	Additional Paid-In Capital	Treasury Stock	Accumulated Other Comprehensive Loss	Retained Earnings	Non- Controlling Interests	
Balance, December 31, 2016	\$ 1	\$ 1,149	\$ (413)	\$ (1,071)	\$ 2,899	\$ 30	\$ 30
Net income attributable to Ingredion					254		
Net income attributable to non-controlling interests						6	
Dividends declared					(73)	(11)	
Repurchase of common stock			(123)				
Share-based compensation, net of issuance		(8)	21				(3)
Other comprehensive income				42			
Balance, June 30, 2017	<u>\$ 1</u>	<u>\$ 1,141</u>	<u>\$ (515)</u>	<u>\$ (1,029)</u>	<u>\$ 3,080</u>	<u>\$ 25</u>	<u>\$ 27</u>

See Notes to Condensed Consolidated Financial Statements

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FINANCIAL STATEMENTS

Ingredion Incorporated (“Ingredion”)
Condensed Consolidated Statements of Cash Flows
(Unaudited)

(in millions)	Six Months Ended	
	June 30,	
	2018	2017
Cash provided by operating activities		
Net income	\$ 259	\$ 260
Non-cash charges to net income:		
Depreciation and amortization	107	103
Mechanical stores expense	29	28
Deferred income taxes	8	(2)
Charge for fair value markup of acquired inventory	—	9
Other	21	23
Changes in working capital:		
Accounts receivable and prepaid expenses	(3)	7
Inventories	(73)	(36)
Accounts payable and accrued liabilities	(23)	(92)
Margin accounts	(4)	13
Other	31	(11)
Cash provided by operating activities	<u>352</u>	<u>302</u>
Cash used for investing activities		
Capital expenditures and mechanical stores purchases, net of proceeds on disposals	(160)	(144)
Payments for acquisitions	—	(13)
Short-term investments	3	(8)
Other	2	—
Cash used for investing activities	<u>(155)</u>	<u>(165)</u>
Cash used for financing activities		
Proceeds from borrowings	131	585
Payments on debt	(319)	(592)
Repurchases of common stock	(141)	(133)
Issuances of common stock for share-based compensation, net of settlements	(3)	5
Dividends paid, including to non-controlling interests	(92)	(83)
Cash used for financing activities	<u>(424)</u>	<u>(218)</u>
Effects of foreign exchange rate changes on cash	(9)	10
Decrease in cash and cash equivalents	(236)	(71)
Cash and cash equivalents, beginning of period	595	512
Cash and cash equivalents, end of period	<u>\$ 359</u>	<u>\$ 441</u>

See Notes to Condensed Consolidated Financial Statements

INGREDION INCORPORATED (“Ingredion”)
Notes to Condensed Consolidated Financial Statements

1. Interim Financial Statements

References to the “Company” are to Ingredion Incorporated (“Ingredion”) and its consolidated subsidiaries. These statements should be read in conjunction with the consolidated financial statements and the related notes to those statements contained in the Company’s Annual Report on Form 10-K for the year ended December 31, 2017.

The unaudited Condensed Consolidated Financial Statements included herein were prepared by management on the same basis as the Company’s audited Consolidated Financial Statements for the year ended December 31, 2017 and reflect all adjustments (consisting solely of normal recurring items unless otherwise noted) which are, in the opinion of management, necessary for the fair presentation of results of operations and cash flows for the interim periods ended June 30, 2018 and 2017, and the financial position of the Company as of June 30, 2018. The results for the interim periods are not necessarily indicative of the results expected for the full years.

2. Recently Adopted and New Accounting Standards

Recently Adopted Accounting Standards

ASU No. 2014-09, Revenue from Contracts with Customers (Topic 606):

In May 2014, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) No. 2014-09, *Revenue from Contracts with Customers (Topic 606)* that introduced a five-step revenue recognition model in which an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The ASU requires disclosures sufficient to enable users to understand the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers, including qualitative and quantitative disclosures about contracts with customers, significant judgments and changes in judgments, and assets recognized from the costs to obtain or fulfill a contract. The FASB also issued additional ASUs to provide further updates and clarification to this Update, including ASU 2015-14, ASU 2016-08, ASU 2016-10, ASU 2016-12 and ASU 2016-20. This standard is effective for fiscal years beginning after December 15, 2017, including interim periods within that reporting period.

As of January 1, 2018, the Company adopted Accounting Standards Codification (“ASC”) 606, *Revenue from Contracts with Customers*, and all the related amendments (“new revenue standard”). The Company performed detailed procedures to review its revenue contracts held with its customers and did not identify any changes to the nature, amount, timing or uncertainty of revenue and cash flows arising from the contracts with customers as a result of the new revenue standard.

The new revenue standard requires the Company to recognize revenue under the core principle to depict the transfer of products to customers in an amount reflecting the consideration the Company expects to receive. In order to achieve that core principle, the Company applies the following five-step approach: (1) identify the contract with a customer, (2) identify the performance obligations in the contract, (3) determine the transaction price, (4) allocate the transaction price to the performance obligations in the contract, and (5) recognize revenue when a performance obligation is satisfied.

The Company identified customer purchase orders, which in some cases are governed by a master sales agreement, as the contracts with its customers. For each contract, the Company considers the transfer of products, each of which is distinct, to be the identified performance obligation. In determining the transaction price for the performance obligation, the Company evaluates whether the price is subject to adjustment to determine the consideration to which the Company expects to be entitled. The pricing model can be fixed or variable within the contract. The variable pricing model is based on historical commodity pricing and is determinable prior to completion of the performance obligation. Additionally, the Company has certain sales adjustments for volume incentive discounts and other discount arrangements that reduce the transaction price. The reduction of transaction price is estimated using the expected value method based on an analysis of historical volume incentives or discounts, over a period of time considered adequate to account for current pricing and business trends. Historically, actual volume incentives and discounts relative to those estimated and included when determining the transaction price have not materially differed. The product price as specified in the contract, net of

any discounts, is considered the standalone selling price as it is an observable input which depicts the price as if sold to a similar customer in similar circumstances. Payment is received shortly after the performance obligation is satisfied, therefore, the Company has elected the practical expedient under ASC 606-10-32-18 to not assess whether a contract has a significant financing component.

Revenue is recognized when the Company's performance obligation is satisfied and control is transferred to the customer, which occurs at a point in time, either upon delivery to an agreed upon location or to the customer. Further, in determining whether control has transferred, the Company considers if there is a present right to payment and legal title, along with risks and rewards of ownership having transferred to the customer.

Historically, the Company included warehousing costs as a reduction of net sales before shipping and handling costs. In connection with the adoption of the new revenue standard, the Company determined these warehousing costs which were previously included as a reduction in net sales before shipping and handling costs are more appropriately classified as fulfillment activities. Therefore, upon adoption of the new revenue standard, the Company elected to include these costs within shipping and handling costs. The Company has elected to continue to classify shipping and handling costs as a reduction of net sales after implementing the new revenue standard consistent with its historical presentation. The Company has elected to make this adjustment on a retrospective basis, resulting in the change to the Condensed Consolidated Statements of Income shown below. The Company notes that the reclassification does not change reported net sales.

<u>(in millions)</u>	<u>Three Months Ended June 30, 2017</u>		<u>Six Months Ended June 30, 2017</u>	
	<u>As Reported</u>	<u>As Adjusted</u>	<u>As Reported</u>	<u>As Adjusted</u>
<u>Condensed Consolidated Statements of Income:</u>				
Net sales before shipping and handling costs	\$ 1,542	\$ 1,558	\$ 3,079	\$ 3,110
Less: shipping and handling costs	85	101	169	200
Net sales	<u>\$ 1,457</u>	<u>\$ 1,457</u>	<u>\$ 2,910</u>	<u>\$ 2,910</u>

The Company used the full retrospective method, which requires the restatement of all previously presented financial results. The adoption of the new standard did not result in any retrospective changes to the Company's Condensed Consolidated Statements of Comprehensive Income, Condensed Consolidated Balance Sheets, Condensed Consolidated Statements of Equity and Redeemable Equity, or the Condensed Consolidated Statements of Cash Flows. For detailed information about the Company's revenue recognition refer to Note 4 of the Notes to the Condensed Consolidated Financial Statements.

ASU No. 2017-07, Compensation-Retirement Benefits (Topic 715):

In March 2017, the FASB issued ASU No. 2017-07, *Compensation – Retirement Benefits (Topic 715): Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost*. This Update requires an entity to change the classification of the net periodic benefit cost for pension and postretirement plans within the statement of income by eliminating the ability to net all of the components of the costs together within operating income. The Update requires the service cost component to continue to be presented within operating income, classified within either cost of sales or operating expenses depending on the employees covered within the plan. The remaining components of the net periodic benefit cost, however, must be presented in the statement of income as a non-operating income (loss) below operating income. The Update was effective for annual periods beginning after December 15, 2017.

As of January 1, 2018, the Company adopted the amendments to ASC 715. The Company retrospectively adopted the presentation of service cost separate from the other components of net periodic costs for all periods presented. The interest cost, expected return on assets, amortization of prior service costs, net remeasurement, and other costs have been reclassified from cost of sales and operating expenses to other, non-operating income. The Company elected to apply the practical expedient which allows it to reclassify amounts disclosed previously in the retirement benefits note as the basis for applying retrospective presentation for comparative periods as it is impracticable to determine the disaggregation of the cost components for amounts capitalized and amortized in those periods. On a prospective basis, the other components of net periodic benefit costs will not be included in amounts capitalized in inventory.

The adoption of the new standard did not result in any retrospective changes to the Company's Condensed Consolidated Statements of Comprehensive Income, Condensed Consolidated Balance Sheets, Condensed Consolidated Statements of Equity and Redeemable Equity, or the Condensed Consolidated Statements of Cash Flows. The adoption of the new standard impacted the presentation of the Company's previously reported results in the Condensed Consolidated Statements of Income and Note 6 of the Condensed Consolidated Financial Statements as follows:

(in millions)	Three Months Ended June 30, 2017		Six Months Ended June 30, 2017	
	As Reported	As Adjusted	As Reported	As Adjusted
Condensed Consolidated Statements of Income:				
Cost of sales	\$ 1,084	\$ 1,084	\$ 2,185	\$ 2,186
Gross profit	373	373	725	724
Operating expenses	157	158	306	308
Operating income	211	210	406	403
Other, non-operating income	—	(1)	—	(3)

(in millions)	Three Months Ended June 30, 2017		Six Months Ended June 30, 2017	
	As Reported	As Adjusted	As Reported	As Adjusted
Operating income:				
North America	\$ 181	\$ 180	\$ 341	\$ 338
South America	4	4	18	19
Asia Pacific	29	30	59	60
EMEA	29	29	57	57
Corporate	(22)	(23)	(42)	(44)
Subtotal	221	220	433	430
Total operating income	\$ 211	\$ 210	\$ 406	\$ 403

Adoption of Highly Inflationary Accounting in Argentina

ASC 830, *Foreign Currency Matters* requires the use of highly inflationary accounting for countries whose cumulative three-year inflation exceeds 100 percent. The Company has been closely monitoring the inflation data and currency volatility in Argentina, where there are multiple data sources for measuring and reporting inflation. In the second quarter of 2018, the Argentine peso rapidly devalued relative to the U.S. dollar, which along with increased inflation, indicated that the three-year cumulative inflation in that country exceeded 100 percent as of June 30, 2018. As a result, the Company elected to adopt highly inflationary accounting as of July 1, 2018 for its affiliate, Ingridion Argentina S.A. ("Argentina"). Under highly inflationary accounting, Argentina's functional currency becomes the U.S. dollar, and its income statement and balance sheet will be measured in U.S. dollars using both current and historical rates of exchange. The effect of changes in exchange rates on Argentine peso-denominated monetary assets and liabilities will be reflected in earnings in financing costs. As of June 30, 2018, Argentina had a small net peso monetary liability position. Net sales of Argentina were less than four percent of the Company's consolidated net sales for the six months ended June 30, 2018.

New Accounting Standards

In February 2016, the FASB issued ASU No. 2016-02, *Leases (Topic 842)*, which supersedes *Topic 840, Leases*. This Update increases the transparency and comparability of organizations by recognizing lease assets and lease liabilities on the balance sheet for leases longer than 12 months and disclosing key information about leasing arrangements. The recognition, measurement and presentation of expenses and cash flows arising from a lease by a lessee have not significantly changed. The FASB also issued ASU 2018-11 to provide further updates and clarification to this Update. This Update is effective for annual periods beginning after December 15, 2018, with early adoption permitted. The Company currently plans to adopt the standard on January 1, 2019. Adoption will require a modified retrospective approach for the transition. The Company expects the adoption of the guidance in this Update to have a material impact on its Consolidated Balance Sheets as operating leases will be recognized both as assets and liabilities on the Consolidated Balance Sheets. The Company's adoption process is ongoing, including evaluating and quantifying the impact on its consolidated financial statements, identifying the population of leases (and embedded leases), implementing a selected technology solution and collecting and validating lease data.

In January 2017, the FASB issued ASU No. 2017-04, *Intangibles – Goodwill and Other (Topic 350): Simplifying the Test for Goodwill Impairment*. This Update simplifies the subsequent measurement of goodwill as the Update eliminates Step 2 from the goodwill impairment test. Instead, under the Update, an entity should perform its annual, or interim, goodwill impairment test by comparing the fair value of a reporting unit with its carrying amount. An entity should then recognize an impairment charge for the amount by which the carrying amount exceeds the reporting unit's fair value, with the loss recognized not to exceed the total amount of goodwill allocated to that reporting unit. This Update is effective for annual periods beginning after December 15, 2019, with early adoption permitted.

In August 2017, the FASB issued ASU No. 2017-12, *Derivatives and Hedging (Topic 815): Targeted Improvements to Accounting for Hedging Activities*. This Update modifies accounting guidance for hedge accounting by making more hedge strategies eligible for hedge accounting, amending presentation and disclosure requirements, and changing how companies assess ineffectiveness. The intent is to simplify the application of hedge accounting and increase transparency of information about an entity's risk management activities. The amended guidance is effective for annual periods beginning after December 15, 2018, with early adoption permitted. The Company is in the process of assessing the effects of these updates including potential changes to existing hedging arrangements, as well as the implementation approach for accounting for these changes. The Company intends to adopt this standard on January 1, 2019.

In February 2018, the FASB issued ASU No. 2018-02, *Income Statement - Reporting Comprehensive Income (Topic 220): Reclassification of Certain Tax Effects from Accumulated Other Comprehensive Income*. This Update allows for the reclassification of stranded tax effects on items resulting from the Tax Cuts and Jobs Act ("TCJA") from accumulated other comprehensive income to retained earnings. Tax effects unrelated to the 2017 Tax Act are released from AOCI using either the specific identification approach or the portfolio approach based on the nature of the underlying item. The guidance is effective for annual periods beginning after December 15, 2018, with early adoption permitted. The Company does not expect the adoption of this guidance to have a material impact. The Company anticipates adopting this guidance at the earlier of January 1, 2019 or upon finalization of provisional amounts related to the TCJA.

3. Acquisitions

On March 9, 2017, the Company completed its acquisition of Sun Flour Industry Co., Ltd. ("Sun Flour") in Thailand for \$18 million. As of June 30, 2018, the Company has paid \$16 million in cash and recorded \$2 million in accrued liabilities for deferred payments due to the previous owner. The Company funded the acquisition primarily with cash on-hand. The acquisition of Sun Flour added a fourth manufacturing facility to the Company's operations in Thailand. Sun Flour produces rice-based ingredients used primarily in the food industry. The results of the acquired operation are included in the Company's consolidated results from the acquisition date forward within the Asia Pacific business segment, and \$14 million of goodwill was allocated to that segment.

The Company finalized the purchase price allocation for all areas for the Sun Flour acquisition during the first quarter of 2018. The finalization of goodwill and intangible assets did not have a significant impact on previously estimated amounts. The acquisition of Sun Flour added \$15 million to goodwill and identifiable intangible assets and \$3 million to net tangible assets as of the acquisition date.

Goodwill represents the amount by which the purchase price exceeds the estimated fair value of the net assets acquired. The goodwill results from synergies and other operational benefits expected to be derived from the acquisitions. The goodwill related to Sun Flour is not tax deductible.

Pro-forma results of operations for the acquisition made in 2017 has not been presented as the effect of the acquisition would not be material to the Company's results of operations for any periods presented.

The Company incurred immaterial pre-tax acquisition and integration costs for the six months ended June 30, 2018. The Company incurred \$2 million of pre-tax acquisition and integration costs for the six months ended June 30, 2017 associated with its recent acquisitions.

4. Revenue Recognition

The Company applies the provisions of ASC 606-10, *Revenue from Contracts with Customers*. The Company recognizes revenue under the core principle to depict the transfer of products to customers in an amount reflecting the consideration the Company expects to receive. In order to achieve that core principle, the Company applies the following five-step approach: (1) identify the contract with a customer, (2) identify the performance obligations in the contract, (3) determine the transaction price, (4) allocate the transaction price to the performance obligations in the contract, and (5) recognize revenue when a performance obligation is satisfied.

The Company identified customer purchase orders, which in some cases are governed by a master sales agreement, as the contracts with its customers. For each contract, the Company considers the transfer of products, each of which is distinct, to be the identified performance obligation. In determining the transaction price for the performance obligation, the Company evaluates whether the price is subject to adjustment to determine the consideration to which the Company expects to be entitled. The pricing model can be fixed or variable within the contract. The variable pricing model is based on historical commodity pricing and is determinable prior to completion of the performance obligation. Additionally, the Company has certain sales adjustments for volume incentive discounts and other discount arrangements that reduce the transaction price. The reduction of transaction price is estimated using the expected value method based on an analysis of historical volume incentives or discounts, over a period of time considered adequate to account for current pricing and business trends. Historically, actual volume incentives and discounts relative to those estimated and included when determining the transaction price have not materially differed. Volume incentives and discounts are accrued at the satisfaction of the performance obligation and accounted for in accounts payable and accrued expenses in the Condensed Consolidated Balance Sheets. These amounts are not significant as of June 30, 2018 and December 31, 2017. The product price as specified in the contract, net of any discounts, is considered the standalone selling price as it is an observable input which depicts the price as if sold to a similar customer in similar circumstances. Payment is received shortly after the performance obligation is satisfied, therefore, the Company has elected the practical expedient under ASC 606-10-32-18 to not assess whether a contract has a significant financing component.

Revenue is recognized when the Company's performance obligation is satisfied and control is transferred to the customer, which occurs at a point in time, either upon delivery to an agreed upon location or to the customer. Further, in determining whether control has transferred, the Company considers if there is a present right to payment and legal title, along with risks and rewards of ownership having transferred to the customer.

Shipping and handling activities related to contracts with customers represent fulfillment costs and are presented as a reduction of net sales. Taxes assessed by governmental authorities and collected from customers are accounted for on a net basis and excluded from revenues. The Company applies a practical expedient to expense costs to obtain a contract as incurred as most contracts are one year or less. These costs are comprised primarily from the Company's internal sales force compensation program. Under the terms of these programs these are generally earned and the costs are recognized at the time the revenue is recognized.

From time to time the Company may enter into long term contracts with its customers. Historically, the contracts entered into by the Company do not result in significant contract assets or liabilities. Any such arrangements are accounted for in other assets or accounts payable and accrued liabilities in the Condensed Consolidated Balance Sheets. There were no significant contract assets or liabilities as of June 30, 2018 and December 31, 2017.

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"). The nature, amount, timing and uncertainty of the Company's net sales are managed by the Company primarily based on its geographic segments. Each region's product sales are unique to each region and have unique risks.

(in millions)	Three Months Ended June 30,		Six Months Ended June 30,	
	2018	2017	2018	2017
Net sales to unaffiliated customers:				
North America	\$ 916	\$ 905	\$ 1,790	\$ 1,786
South America	232	228	481	483
Asia Pacific	201	187	395	366
EMEA	147	137	299	275
Total	\$ 1,496	\$ 1,457	\$ 2,965	\$ 2,910

Additionally, the nature, amount, timing and uncertainty of the Company's net sales are managed based on its global customer mix. The Company sells to customers in a broad range of industries and evaluates the economic factors impacting its net sales through consideration of the industries into which its products are sold. Four distinct industries it focuses on are food, beverage, brewing (collectively, food & beverage ingredients) and animal nutrition. The following table, which is gathered using customer industry classifications, disaggregates the Company's net sales by industry served:

(in millions)	Three Months Ended June 30,		Six Months Ended June 30,	
	2018	2017	2018	2017
Food	\$ 799	\$ 777	\$ 1,583	\$ 1,538
Beverage	165	168	331	329
Brewing	114	101	217	213
Food and Beverage Ingredients	1,078	1,046	2,131	2,080
Animal Nutrition	153	146	303	295
Other	265	265	531	535
Total Net sales	\$ 1,496	\$ 1,457	\$ 2,965	\$ 2,910

5. Impairment and Restructuring Charges

For the three and six months ended June 30, 2018, the Company recorded \$8 million and \$11 million of pre-tax restructuring charges, respectively. During the second quarter of 2018, the Company introduced its Cost Smart program, designed to improve profitability, further streamline its global business and deliver increased value to shareholders through anticipated savings in cost of sales, including freight, and SG&A. The Company recorded \$6 million of employee-related severance costs related to its Cost Smart SG&A program for the three and six months ended June 30, 2018 in its South America and North America segments. The Company also recorded other costs related to the Finance Transformation initiative of \$2 million and \$4 million for the three and six months ended June 30, 2018, respectively. In addition, there were other restructuring costs related to the leaf extraction process in Brazil of \$1 million for the six months ended June 30, 2018.

For the three and six months ended June 30, 2017, the Company recorded \$6 million and \$16 million, respectively, of net restructuring charges. For the three and six months ended June 30, 2017, the Company recorded total pre-tax restructuring-related charges in Argentina of \$6 million and \$17 million, respectively, for employee-related severance and other costs related to an organizational restructuring effort. The Company recorded \$1 million of other costs related to the Finance Transformation initiative in the three and six months ended June 30, 2017, respectively. Additionally, for the three and six months ended June 30, 2017, the Company recorded a reduction in employee severance costs of \$1 million and \$2 million, respectively, related to the refinement of estimates for prior year restructuring activities.

A summary of the Company's employee-related severance accrual as of June 30, 2018 is as follows (in millions):

Balance in employee-related severance accrual as of December 31, 2017	\$ 11
Cost Smart severance	6
Payments made to terminated employees	(4)
Foreign exchange translation	(2)
Balance in employee-related severance accrual as of June 30, 2018	\$ 11

Of the \$11 million severance accrual as of June 30, 2018, \$10 million is expected to be paid in the next 12 months.

On July 11, 2018, the Board of Directors authorized the cessation of wet-milling at the Stockton, California plant and the establishment of a shipping distribution station at that facility by the end of 2018, as part of the Cost Smart cost of sales program. The Company expects the cessation of wet-milling at the Stockton plant to result in up to \$53 million of pre-tax restructuring-related charges in 2018. The Company expects fixed asset accelerated depreciation of \$38 million and mechanical stores write-downs of up to \$8 million to be incurred in the third and fourth quarters of 2018 as the manufacturing operations are wound down. Estimated pre-tax, employee-related severance and other restructuring costs associated with the closure are approximately \$7 million, including employee-related severance of \$3 million and other closing costs of \$4 million. There were no restructuring charges related to the Stockton plant for the three or six months ended June 30, 2018.

6. 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 EMEA. Its North America segment includes businesses in the U.S., Canada and Mexico. The Company's South America segment includes businesses in Brazil, Colombia, Ecuador and the Southern Cone of South America, which includes Argentina, Chile, Peru and Uruguay. Its Asia Pacific segment includes businesses in South Korea, Thailand, China, Japan, Indonesia, the Philippines, Singapore, Malaysia, India, Australia and New Zealand. The Company's EMEA segment includes businesses in Germany, the United Kingdom, Pakistan, South Africa and Kenya. The Company does not aggregate its operating segments when determining its reportable segments. Net sales by product are not presented because to do so would be impracticable.

(in millions)	Three Months Ended June 30,		Six Months Ended June 30,	
	2018	2017	2018	2017
Net sales to unaffiliated customers:				
North America	\$ 916	\$ 905	\$ 1,790	\$ 1,786
South America	232	228	481	483
Asia Pacific	201	187	395	366
EMEA	147	137	299	275
Total	<u>\$ 1,496</u>	<u>\$ 1,457</u>	<u>\$ 2,965</u>	<u>\$ 2,910</u>
Operating income:				
North America	\$ 150	\$ 180	\$ 293	\$ 338
South America	20	4	46	19
Asia Pacific	27	30	50	60
EMEA	29	29	60	57
Corporate	(25)	(23)	(48)	(44)
Subtotal	201	220	401	430
Restructuring/impairment charges	(8)	(6)	(11)	(16)
Acquisition/integration costs	—	—	—	(2)
Charge for fair value markup of acquired inventory	—	(4)	—	(9)
Total operating income	<u>\$ 193</u>	<u>\$ 210</u>	<u>\$ 390</u>	<u>\$ 403</u>

(in millions)	As of June 30, 2018	As of December 31, 2017
Total assets		
North America	\$ 3,728	\$ 3,967
South America	694	812
Asia Pacific	798	774
EMEA	528	527
Total	<u>\$ 5,748</u>	<u>\$ 6,080</u>

7. Financial Instruments, Derivatives and Hedging Activities

The Company is exposed to market risk stemming from changes in commodity prices (primarily 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-related futures, options and swap contracts, foreign currency-related forward contracts, interest rate swaps and Treasury lock agreements (“T-Locks”).

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 12 to 24 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 fixed-priced customer sales contracts. The Company uses over-the-counter natural 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. The Company also enters into futures contracts to hedge price risk associated with fluctuations in the market price of ethanol. 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 Condensed Consolidated Balance Sheets as part of accumulated other comprehensive income/loss (“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.

As of June 30, 2018, AOCI included \$7 million of losses (net of income taxes of \$5 million), pertaining to commodities-related derivative instruments designated as cash flow hedges. As of December 31, 2017, AOCI included \$12 million of losses (net of tax of \$7 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 interest rate swaps and T-Locks. The Company periodically enters into T-Locks to hedge its exposure to interest rate changes. 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 Company also has an interest rate swap agreement that effectively converts the interest rates on \$200 million of its \$400 million of 4.625 percent senior notes due November 1, 2020, to variable rates. This swap agreement calls for the Company to receive interest at the fixed coupon rate of the respective notes and to pay interest at a variable rate based on the six-month U.S. LIBOR rate plus a spread. The Company has designated this interest rate swap agreement as a hedge of the changes in fair value of the underlying debt obligations attributable to changes in interest rates and accounts for it as a fair value hedge. The change in fair value of an interest rate swap designated as a hedging instrument that effectively offsets the variability in the fair value of outstanding debt obligations is reported in earnings. This amount offsets the gain or loss (the change in fair value) of the hedged debt instrument that is attributable to changes in interest rates (the hedged risk), which is also recognized in earnings. The fair value of the interest rate swap agreement as of

June 30, 2018, was a \$3 million loss, and is reflected in the Condensed Consolidated Balance Sheets within non-current liabilities, with an offsetting amount recorded in long-term debt to adjust the carrying amount of the hedged debt obligations. As of December 31, 2017, the fair value of the interest rate swap agreement was a \$1 million gain, and is reflected in the Condensed Consolidation Balance Sheets within other assets, with an offsetting amount recorded in long-term debt to adjust the carrying amount of hedged debt obligations. The Company did not have any T-Locks outstanding as of June 30, 2018 or December 31, 2017.

As of June 30, 2018, AOCI included \$2 million of losses (net of income taxes of \$1 million) related to settled T-Locks. As of December 31, 2017, AOCI included \$2 million of losses (net of income taxes of \$1 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.

Foreign currency hedging: Due to the Company's global operations, including operations in 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 the results of its foreign operations are translated to U.S. dollars and to transactional foreign exchange risk when transactions not denominated in the functional currency 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. As of June 30, 2018, the Company had foreign currency forward sales contracts that are designated as fair value hedges with an aggregate notional amount of \$426 million and foreign currency forward purchase contracts with an aggregate notional amount of \$135 million that hedged transactional exposures. As of December 31, 2017, the Company had foreign currency forward sales contracts with an aggregate notional amount of \$447 million and foreign currency forward purchase contracts with an aggregate notional amount of \$121 million that hedged transactional exposures.

The Company also has foreign currency derivative instruments that hedge certain foreign currency transactional exposures and are designated as cash flow hedges. As of June 30, 2018, AOCI included \$1 million of losses (net of an insignificant amount of tax) related to foreign currency derivative instruments. As of December 31, 2017, AOCI included \$1 million of gains (net of income taxes of \$1 million) related to these hedges.

The fair value and balance sheet location of the Company's derivative instruments, presented gross in the Condensed Consolidated Balance Sheets, are reflected below:

Derivatives Designated as Hedging Instruments (in millions):	Fair Value of Derivative Instruments as of June 30, 2018			
	Balance Sheet Location	Fair Value	Balance Sheet Location	Fair Value
Commodity and foreign currency	<i>Accounts receivable, net</i>	\$ 12	<i>Accounts payable and accrued liabilities</i>	\$ 22
Commodity, foreign currency and interest rate contracts	<i>Other assets</i>	1	<i>Non-current liabilities</i>	11
		<u>\$ 13</u>		<u>\$ 33</u>

Derivatives Designated as Hedging Instruments (in millions):	Fair Value of Derivative Instruments as of December 31, 2017			
	Balance Sheet Location	Fair Value	Balance Sheet Location	Fair Value
Commodity and foreign currency	<i>Accounts receivable, net</i>	\$ 11	<i>Accounts payable and accrued liabilities</i>	\$ 23
Commodity, foreign currency and interest rate contracts	<i>Other assets</i>	3	<i>Non-current liabilities</i>	8
		<u>\$ 14</u>		<u>\$ 31</u>

As of June 30, 2018, the Company had outstanding futures and option contracts that hedged the forecasted purchase of approximately 61 million bushels of corn. 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. As of June 30, 2018, the Company had no outstanding future or option contracts for soybean oil. The Company also had outstanding swap and option contracts that hedged the forecasted purchase of approximately 32 million mmbtu's of natural gas at June 30, 2018. Additionally, as of June 30, 2018, the Company had outstanding ethanol futures contracts that hedged the forecasted sale of approximately 6 million gallons of ethanol.

Additional information relating to the Company's derivative instruments is presented below:

Derivatives in Cash-Flow Hedging Relationships (in millions, pre-tax)	Amount of Gains (Losses) Recognized in OCI		Location of Gains (Losses)	Amount of Gains (Losses) Reclassified from AOCI into Income	
	Three Months Ended	Three Months Ended	Reclassified from AOCI	Three Months Ended	Three Months Ended
	June 30, 2018	June 30, 2017	into Income	June 30, 2018	June 30, 2017
Commodity contracts	\$ (17)	\$ 4	Cost of sales	\$ 2	\$ 2
Foreign currency contracts	(4)	—	Net sales/Cost of sales	—	—
Interest rate contracts	—	—	Financing costs, net	(1)	—
Total	\$ (21)	\$ 4		\$ 1	\$ 2

Derivatives in Cash-Flow Hedging Relationships (in millions, pre-tax)	Amount of Gains (Losses) Recognized in OCI		Location of Gains (Losses)	Amount of Gains (Losses) Reclassified from AOCI into Income	
	Six Months Ended	Six Months Ended	Reclassified from AOCI	Six Months Ended	Six Months Ended
	June 30, 2018	June 30, 2017	into Income	June 30, 2018	June 30, 2017
Commodity contracts	\$ 3	\$ 11	Cost of sales	\$ (3)	\$ (1)
Foreign currency contracts	(2)	1	Net sales/Cost of sales	1	—
Interest rate contracts	—	—	Financing costs, net	(1)	(1)
Total	\$ 1	\$ 12		\$ (3)	\$ (2)

As of June 30, 2018, AOCI included \$6 million of losses (net of income taxes of \$2 million) on commodities-related derivative instruments designated as cash flow hedges that are expected to be reclassified into earnings during the next 12 months. Transactions and events expected to occur over the next 12 months that will necessitate reclassifying these derivative gains to earnings include the sale of finished goods inventory, which includes previously hedged purchases of corn, natural gas, and ethanol. The Company expects the losses to be offset by changes in the underlying commodities costs. Additionally, as of June 30, 2018, AOCI included \$1 million of losses (net of an insignificant amount of taxes) on settled T-Locks and an insignificant amount of losses related to foreign currency hedges which are expected to be reclassified into earnings during the next 12 months.

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

(in millions)	As of June 30, 2018				As of December 31, 2017			
	Total	Level 1 (a)	Level 2 (b)	Level 3 (c)	Total	Level 1 (a)	Level 2 (b)	Level 3 (c)
Available for sale securities	\$ 10	\$ 10	\$ —	\$ —	\$ 10	\$ 10	\$ —	\$ —
Derivative assets	13	2	11	—	14	3	11	—
Derivative liabilities	33	14	19	—	31	11	20	—
Long-term debt	1,592	—	1,592	—	1,845	—	1,845	—

- (a) Level 1 inputs consist of quoted prices (unadjusted) in active markets for identical assets or liabilities.
- (b) 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.
- (c) 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. As of

June 30, 2018, the carrying value and fair value of the Company's long-term debt were \$1.5 billion and \$1.6 billion, respectively.

8. Share-Based Compensation

Stock Options: Under the Company's stock incentive plan ("SIP"), stock options are granted at exercise prices that equal the market value of the underlying common stock on the date of grant. The options have a 10-year term and are exercisable upon vesting, which occurs over a three-year period at the anniversary dates of the date of grant. Compensation expense is generally recognized on a straight-line basis for all awards over the employee's vesting period or over a one-year required service period for certain retirement eligible executive level employees. The Company estimates a forfeiture rate at the time of grant and updates the estimate throughout the vesting of the stock options within the amount of compensation costs recognized in each period.

The Company granted non-qualified options to purchase 215 thousand shares and 278 thousand shares for the six months ended June 30, 2018 and 2017, respectively. The fair value of each option grant was estimated using the Black-Scholes option-pricing model with the following assumptions:

	Six Months Ended June 30,	
	2018	2017
Expected life (in years)	5.5	5.5
Risk-free interest rate	2.5 %	1.9 %
Expected volatility	19.8 %	22.5 %
Expected dividend yield	1.8 %	1.7 %

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 U.S. Treasury yield curve in effect at the grant date for the period corresponding to the expected life of the options. Expected volatility is based on historical volatilities of the Company's common stock. Dividend yields are based on current dividend payments.

Stock option activity for the six months ended June 30, 2018 was as follows:

	Number of Options (in thousands)	Weighted Average Exercise Price per Share	Average Remaining Contractual Term (Years)	Aggregate Intrinsic Value (in millions)
Outstanding as of December 31, 2017	2,095	\$ 71.81	5.87	\$ 142
Granted	215	133.61		
Exercised	(122)	45.44		
Cancelled	(11)	82.53		
Outstanding as of June 30, 2018	2,177	\$ 79.34	5.94	\$ 75
Exercisable as of June 30, 2018	1,688	\$ 67.14	5.37	\$ 74

For the six months ended June 30, 2018, cash received from the exercise of stock options was \$6 million. As of June 30, 2018, the unrecognized compensation cost related to non-vested stock options totaled \$5 million, which is expected to be amortized over the weighted-average period of approximately 1.8 years.

Additional information pertaining to stock option activity is as follows:

(dollars in millions, except per share)	Three Months Ended June 30,		Six Months Ended June 30,	
	2018	2017	2018	2017
Weighted average grant date fair value of stock options granted (per share)	\$ —	\$ —	\$ 24.01	\$ 23.90
Total intrinsic value of stock options exercised	3	5	11	12

Restricted Stock Units: The Company has granted restricted stock units (“RSUs”) to certain key employees. The RSUs are subject to cliff vesting, generally after three years provided the employee remains in the service of the Company. Compensation expense is generally recognized on a straight-line basis for all awards over the employee’s vesting period or over a one-year required service period for certain retirement eligible executive level employees. The Company estimates a forfeiture rate at the time of grant and updates the estimate throughout the vesting of the RSUs within the amount of compensation costs recognized in each period. The fair value of the RSUs is determined based upon the number of shares granted and the market price of the Company’s common stock on the date of the grant.

The following table summarizes RSU activity for the six months ended June 30, 2018:

(RSUs in thousands)	Number of RSUs	Weighted Average Fair Value per Share
Non-vested as of December 31, 2017	387	\$ 100.13
Granted	106	131.00
Vested	(124)	83.37
Cancelled	(10)	112.90
Non-vested as of June 30, 2018	359	\$ 114.57

As of June 30, 2018, the total remaining unrecognized compensation cost related to RSUs was \$20 million, which will be amortized over a weighted average period of approximately 2.0 years.

Performance Shares: The Company has a long-term incentive plan for senior management in the form of performance shares. The ultimate payments for performance shares awarded and vested will be based solely on the Company’s total shareholder return as compared to the total shareholder return of its peer group. The number of shares that ultimately vest can range from zero to 200 percent of the awarded grant depending on the Company’s total shareholder return as compared to the total shareholder return of the peer group. The share award vesting will be calculated at the end of the three-year period and is subject to approval by management and the Compensation Committee. 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 graded vesting schedule.

For the six months ended June 30, 2018 the Company awarded 27 thousand performance shares at a weighted average fair value of \$141.91 per share, respectively.

The 2015 performance share awards vested in the first quarter of 2018, achieving a 200 percent pay out of the grant, or 92 thousand total vested shares. There were four thousand performance share cancellations during the six months ended June 30, 2018.

As of June 30, 2018, the unrecognized compensation cost related to these awards was \$4 million, which will be amortized over the remaining requisite service periods of 1.9 years.

The following table summarizes the components of the Company's share-based compensation expense:

(in millions)	Three Months Ended June 30,		Six Months Ended June 30,	
	2018	2017	2018	2017
Stock options:				
Pre-tax compensation expense	\$ 2	\$ 2	\$ 3	\$ 4
Income tax benefit	(1)	—	(1)	(1)
Stock option expense, net of income taxes	1	2	2	3
RSUs:				
Pre-tax compensation expense	3	3	6	6
Income tax benefit	—	(1)	(1)	(2)
RSUs, net of income taxes	3	2	5	4
Performance shares and other share-based awards:				
Pre-tax compensation expense	1	1	2	3
Income tax benefit	—	—	—	(1)
Performance shares and other share-based compensation expense, net of income taxes	1	1	2	2
Total share-based compensation:				
Pre-tax compensation expense	6	6	11	13
Income tax benefit	(1)	(1)	(2)	(4)
Total share-based compensation expense, net of income taxes	\$ 5	\$ 5	\$ 9	\$ 9

9. Net Periodic Pension and Postretirement Benefit Costs

For detailed information about the Company's pension and postretirement benefit plans, please refer to Note 10 of the Notes to the Consolidated Financial Statements included in the Company's Annual Report on Form 10-K for the year ended December 31, 2017.

On January 1, 2018, the Company adopted ASU No. 2017-07, *Compensation- Retirement Benefits (Topic 715): Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost*. As a result, the interest cost, expected return on plan assets and amortization of actuarial loss components of net periodic benefit cost for the Company's pension plans and other postretirement plans are presented as other, non-operating income on the Condensed Consolidated Statements of Income. There is no change to the presentation of the service cost component of net periodic benefit cost.

The following table sets forth the components of net periodic benefit cost of the U.S. and non-U.S. defined benefit pension plans for the periods presented:

(in millions)	Three Months Ended June 30,				Six Months Ended June 30,			
	U.S. Plans		Non-U.S. Plans		U.S. Plans		Non-U.S. Plans	
	2018	2017	2018	2017	2018	2017	2018	2017
Service cost	\$ 2	\$ 2	\$ 1	\$ 1	\$ 3	\$ 3	\$ 2	\$ 2
Interest cost	3	3	2	3	6	6	5	5
Expected return on plan assets	(5)	(5)	(3)	(2)	(10)	(10)	(5)	(5)
Amortization of actuarial loss	—	—	1	—	—	—	1	1
Net periodic benefit cost	\$ —	\$ —	\$ 1	\$ 2	\$ (1)	\$ (1)	\$ 3	\$ 3

The Company currently anticipates that it will make approximately \$5 million in cash contributions to its pension plans in 2018, consisting of \$3 million to its non-U.S. pension plans and \$2 million to its U.S. pension plans. For the six months ended June 30, 2018, cash contributions of approximately \$1 million were made to the non-U.S. plans and less than \$1 million to the U.S. plans.

The following table sets forth the components of net postretirement benefit cost for the periods presented:

(in millions)	Three Months Ended June 30,		Six Months Ended June 30,	
	2018	2017	2018	2017
Service Cost	\$ —	\$ —	\$ —	\$ —
Interest cost	1	1	2	2
Amortization of prior service credit	—	(1)	(1)	(2)
Net periodic benefit cost	<u>\$ 1</u>	<u>\$ —</u>	<u>\$ 1</u>	<u>\$ —</u>

10. Earnings per Common Share

The following table provides the computation of basic and diluted earnings per common share ("EPS") for the periods presented:

(in millions, except per share amounts)	Three Months Ended June 30, 2018			Three Months Ended June 30, 2017		
	Net Income Available to Ingression	Weighted Average Shares	Per Share Amount	Net Income Available to Ingression	Weighted Average Shares	Per Share Amount
Basic EPS	\$ 114	71.9	\$ 1.59	\$ 130	71.8	\$ 1.81
Effect of Dilutive Securities:						
Incremental shares from assumed exercise of dilutive stock options and vesting of dilutive RSUs and other awards						
		0.9			1.4	
Diluted EPS	<u>\$ 114</u>	<u>72.8</u>	<u>\$ 1.57</u>	<u>\$ 130</u>	<u>73.2</u>	<u>\$ 1.78</u>

(in millions, except per share amounts)	Six Months Ended June 30, 2018			Six Months Ended June 30, 2017		
	Net Income Available to Ingression	Weighted Average Shares	Per Share Amount	Net Income Available to Ingression	Weighted Average Shares	Per Share Amount
Basic EPS	\$ 254	72.1	\$ 3.52	\$ 254	72.0	\$ 3.53

Effect of Dilutive Securities:						
Incremental shares from assumed exercise of dilutive stock options and vesting of dilutive RSUs and other awards						
		1.1			1.4	
Diluted EPS	<u>\$ 254</u>	<u>73.2</u>	<u>\$ 3.47</u>	<u>\$ 254</u>	<u>73.4</u>	<u>\$ 3.46</u>

For the three and six months ended June 30, 2018, approximately 0.6 million and 0.3 million share-based awards of common stock, respectively, were excluded from the calculation of diluted EPS as the impact of their inclusion would have been anti-dilutive. For the three and six months ended June 30, 2017, approximately 0.3 million share-based awards of common stock were excluded from the calculation of diluted EPS as the impact of their inclusion would have been anti-dilutive.

11. Inventories

Inventories are summarized as follows:

(in millions)	As of June 30, 2018	As of December 31, 2017
Finished and in process	\$ 506	\$ 495
Raw materials	309	278
Manufacturing supplies and other	51	50
Total inventories	<u>\$ 866</u>	<u>\$ 823</u>

12. Debt

As of June 30, 2018 and December 31, 2017, the Company's total debt consisted of the following:

<u>(in millions)</u>	<u>As of</u> <u>June 30, 2018</u>	<u>As of</u> <u>December 31, 2017</u>
3.2% senior notes due October 1, 2026	\$ 496	\$ 496
4.625% senior notes due November 1, 2020	399	398
6.625% senior notes due April 15, 2037	254	254
5.62% senior notes due March 25, 2020	200	200
Term loan credit agreement due April 25, 2019	165	395
Revolving credit facility	19	—
Fair value adjustment related to hedged fixed rate debt instruments	(3)	1
Long-term debt	1,530	1,744
Short-term borrowings	133	120
Total debt	<u>\$ 1,663</u>	<u>\$ 1,864</u>

The Company's long-term debt as of June 30, 2018 includes the Term Loan Credit Agreement ("Term Loan") of \$165 million that matures on April 25, 2019. This borrowing is included in the long-term debt as the Company has the ability and intent to refinance it on a long-term basis prior to the maturity date. The Company paid \$230 million towards the Term Loan in the six months ended June 30, 2018.

13. Income Taxes

The Tax Cuts and Jobs Act ("TCJA") was enacted on December 22, 2017. The TCJA introduced numerous changes in the U.S. federal tax laws. Changes that have a significant impact on the Company's effective tax rate are a reduction in the U.S. corporate tax rate from 35 percent to 21 percent and the imposition of a U.S. tax on its global intangible low-taxed income ("GILTI"). The TCJA also provides for a one-time transition tax on the deemed repatriation of cumulative foreign earnings as of December 31, 2017, and eliminates the tax on dividends from the Company's foreign subsidiaries by allowing a 100 percent dividends received deduction.

On December 22, 2017, Staff Accounting Bulletin No. 118 ("SAB 118") was issued to provide guidance on the application of U.S. Generally Accepted Accounting Principles ("GAAP") to situations in which the registrant does not have all the necessary information available, prepared or analyzed (including computations) in sufficient detail to complete the accounting for the income tax effects of the TCJA.

The Company has calculated what it believes is a reasonable estimate of the impact of the TCJA in accordance with SAB 118 and its understanding of the TCJA, including published guidance as of the date of this filing. In the fourth quarter of 2017, the Company recorded \$23 million of provisional income tax expense related to the TCJA. The provisional amount of \$23 million is composed of the following items:

<u>(in millions)</u>		
One-time transition tax	\$	21
Remeasurement of deferred tax assets and liabilities		(38)
Net impact of provision for taxes on unremitted earnings		33
Other items, net		7
Net impact of the TCJA on 2017 income tax expense	<u>\$</u>	<u>23</u>

The Company may update its estimate in 2018 as additional information, including guidance from federal and state regulatory agencies, becomes available and the Company finalizes its computations, which are complex and subject to interpretation. Any adjustment to these provisional tax amounts will be recorded in the quarter of 2018 in which its analysis is completed. The Company has not made any adjustments to the provisional tax amounts for the three and six months ended June 30, 2018.

Because of the complexity of the new GILTI rules, the Company is continuing to evaluate this provision of the TCJA for the application of ASC 740. Under GAAP, the Company is allowed to make an accounting policy choice of either treating taxes due on future U.S. inclusions in taxable income related to GILTI as a current-period expense when

incurred (the “period cost method”) or factoring such amounts into its measurement of its deferred taxes (the “deferred method”). The Company has not made any adjustments related to potential GILTI tax in its financial statements, as it has not made a policy decision regarding whether to record deferred taxes on GILTI.

14. Accumulated Other Comprehensive Loss

The following is a summary of net changes in accumulated other comprehensive loss by component and net of tax for the six months ended June 30, 2018 and 2017:

(in millions)	Cumulative Translation Adjustment	Deferred (Loss) Gain on Hedging Activities	Pension and Postretirement Adjustment	Unrealized (Loss) Gain on Investment	Accumulated Other Comprehensive Loss
Balance, December 31, 2017	\$ (951)	\$ (13)	\$ (51)	\$ 2	\$ (1,013)
Other comprehensive (loss) income before reclassification adjustments	(96)	1	(1)	1	(95)
Amount reclassified from accumulated OCI	—	3	—	—	3
Tax provision	—	(1)	—	—	(1)
Net other comprehensive (loss) income	(96)	3	(1)	1	(93)
Balance, June 30, 2018	\$ (1,047)	\$ (10)	\$ (52)	\$ 3	\$ (1,106)

(in millions)	Cumulative Translation Adjustment	Deferred (Loss) Gain on Hedging Activities	Pension and Postretirement Adjustment	Unrealized (Loss) Gain on Investment	Accumulated Other Comprehensive Loss
Balance, December 31, 2016	\$ (1,008)	\$ (7)	\$ (56)	\$ —	\$ (1,071)
Other comprehensive income before reclassification adjustments	32	12	1	1	46
Amount reclassified from accumulated OCI	—	2	(1)	—	1
Tax provision	—	(5)	—	—	(5)
Net other comprehensive income	32	9	—	1	42
Balance, June 30, 2017	\$ (976)	\$ 2	\$ (56)	\$ 1	\$ (1,029)

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

(in millions)	Three Months Ended June 30,		Six Months Ended June 30,		Affected Line Item in Condensed Consolidated Statements of Income
	2018	2017	2018	2017	
Gains (losses) on cash flow hedges:					
Commodity contracts	\$ 2	\$ 2	\$ (3)	\$ (1)	Cost of sales
Foreign currency contracts	—	—	1	—	Net sales/cost of sales
Interest rate contracts	(1)	—	(1)	(1)	Financing costs, net
Gains related to pension and other postretirement obligations	—	1	—	1	
Total before-tax reclassifications	\$ 1	\$ 3	\$ (3)	\$ (1)	
Tax provision	—	—	1	1	
Total after-tax reclassifications	\$ 1	\$ 3	\$ (2)	\$ —	

ITEM 2

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Overview

We are a major supplier of high-quality food and industrial ingredient solutions to customers around the world. We have 44 manufacturing plants located in 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, brewing, and animal nutrition industries, among others.

Our growth strategy is centered on delivering value-added ingredient solutions for our customers. The foundation of our strategy is operating excellence, which includes our focus on safety, quality and continuous improvement. We see growth opportunities in three areas: first, we are working to expand our current business through organic growth; second, we are focused on broadening our ingredient portfolio with on-trend products through internal and external business development; finally, we look for growth from geographic expansion as we pursue extension of our reach to new locations. The ultimate goal of these strategies and actions is to enhance shareholder value.

Net sales grew in the three and six months ended June 30, 2018 compared to 2017, while operating income and net income declined versus the three and six months ended June 30, 2017. Our decline in earnings was driven principally by performance in our North America segment due to higher production and freight costs and lower sweetener and industrial starch demand in U.S./Canada. In addition, lower Asia Pacific operating income due primarily to higher tapioca costs was partially offset by operating income growth in our South America and EMEA segments.

In July 2018, the Company announced a \$125 million savings target for its Cost Smart program, designed to improve profitability, further streamline its global business, and deliver increased value to shareholders. The Company is setting forth Cost Smart savings targets to include an anticipated \$75 million in cost of sales savings, including freight, and \$50 million in anticipated SG&A savings by year-end 2021.

Additionally, on July 11, 2018, the Board of Directors authorized the cessation of wet-milling at the Stockton, California plant and the establishment of a shipping distribution station at that facility by the end of 2018, as part of the Cost Smart cost of sales program. We expect the cessation of wet-milling at the Stockton plant to result in up to \$53 million of pre-tax restructuring-related charges in 2018. We expect fixed asset accelerated depreciation of \$38 million and mechanical stores write-downs of up to \$8 million to be incurred in the third and fourth quarters of 2018 as the manufacturing operations are wound down. Estimated pre-tax, employee-related severance and other restructuring costs associated with the closure are estimated to be \$7 million, including employee-related severance of \$3 million and other closing costs of \$4 million. There were no restructuring charges related to the Stockton plant for the three or six months ended June 30, 2018.

During the second quarter of 2018, we recorded \$8 million of pre-tax restructuring charges. Employee-related severance costs associated with the Cost Smart SG&A program were \$6 million. We also recorded \$2 million in other restructuring related costs related to our Finance Transformation initiative.

Our cash provided by operating activities increased to \$352 million for the six months ended June 30, 2018 from \$302 million in the year-earlier period, including one-time net tax receipts of \$89 million, included within working capital changes, primarily as a result of the 2017 Tax Cuts and Jobs Act and the U.S.-Canada tax settlement. Our cash used for financing activities was \$424 million during the six months ended June 30, 2018, primarily due to debt repayments on the Term Loan Credit Agreement ("Term Loan") of approximately \$230 million during the first quarter of 2018 and the repurchase of approximately 1.25 million shares of our common stock in open market transactions for \$141 million during the second quarter of 2018.

Looking ahead, in North America, we expect full year operating income to be lower than the prior year given higher freight and production costs. In South America, we expect operating income to improve over the prior year driven by volume recovery and favorable raw material prices. We expect operating income to be flat to down in Asia Pacific due to prolonged higher tapioca costs. We expect operating income growth in EMEA in 2018.

Results of Operations

We have significant operations in four reporting segments: 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 U.S. dollars at the applicable average exchange rates for the period. Fluctuations in foreign currency exchange rates affect the U.S. dollar amounts of our foreign subsidiaries' revenues and expenses. The impact of foreign currency exchange rate changes, where significant, is provided below.

We acquired Sun Flour Industry Co., Ltd. ("Sun Flour") on March 9, 2017. The results of the acquired business are included in our consolidated financial results from the acquisition date forward. While we identify fluctuations due to the acquisition, our discussion below also addresses results of operations absent the impact of the acquisition and the results of the acquired business, where appropriate, to provide a more comparable and meaningful analysis.

For the Three Months Ended June 30, 2018 With Comparatives for the Three Months Ended June 30, 2017

<u>(in millions)</u>	<u>Three Months Ended June 30,</u>		<u>Favorable</u>	<u>Favorable</u>
	<u>2018</u>	<u>2017</u>	<u>(Unfavorable)</u>	<u>(Unfavorable)</u>
			<u>Variance</u>	<u>Percentage</u>
Net sales	\$ 1,496	\$ 1,457	\$ 39	3 %
Cost of sales	1,136	1,084	(52)	(5)%
Gross profit	360	373	(13)	(3)%
Operating expenses	161	158	(3)	(2)%
Other income, net	(2)	(1)	1	100 %
Restructuring/impairment charges	8	6	(2)	(33)%
Operating income	193	210	(17)	(8)%
Financing costs, net	25	20	(5)	(25)%
Other, non-operating income	(1)	(1)	—	— %
Income before income taxes	169	191	(22)	(12)%
Provision for income taxes	53	58	5	9 %
Net income	116	133	(17)	(13)%
Less: Net income attributable to non-controlling interests	2	3	1	33 %
Net income attributable to Ingredion	<u>\$ 114</u>	<u>\$ 130</u>	<u>\$ (16)</u>	<u>(12)%</u>

Net income attributable to Ingredion. Net income attributable to Ingredion for the three months ended June 30, 2018 decreased by 12 percent to \$114 million from \$130 million for the three months ended June 30, 2017.

Results for the second quarter of 2018 include after-tax costs of \$5 million of net restructuring costs primarily associated with our Cost Smart SG&A program and Finance Transformation initiative and \$2 million of interest penalty associated with the final tax settlement between the U.S. and Canada. Results for the second quarter of 2017 include after-tax costs of \$5 million of net restructuring costs primarily associated with our restructuring effort in Argentina and \$3 million related to the flow-through of costs primarily associated with the sale of TIC Gums inventory that was adjusted to fair value at the acquisition date in accordance with business combination accounting rules.

Net sales. Our net sales for the second quarter of 2018 of \$1.5 billion increased by 3 percent compared to the three months ended June 30, 2017. The increase was driven primarily by volume growth of 3 percent and increased price/product mix of 1 percentage point, offset by unfavorable currency translation of 1 percentage point.

Cost of sales. Cost of sales was \$1.1 billion for the three months ended June 30, 2018 and 2017. Our gross profit margin was 24 percent for the three months ended June 30, 2018, down from 26 percent for the three months ended June 30, 2017. Gross profit margin decreased primarily due to higher freight and production costs in our North America segment and higher tapioca costs in Thailand.

Operating expenses. Operating expenses for the second quarter of 2018 increased to \$161 million from \$158 million last year. This increase was primarily driven by higher employee costs. Operating expenses, as a percentage of net sales were flat at 11 percent for the three months ended June 30, 2018 and 2017.

Financing costs, net. Financing costs for the three months ended June 30, 2018 increased to \$25 million from \$20 million for the three months ended June 30, 2017, primarily due to foreign exchange losses.

Provision for income taxes. The effective tax rate was 31.4 percent for the three months ended June 30, 2018. We use the U.S. Dollar as the functional currency for our subsidiaries in Mexico. In the three months ended June 30, 2018, the effective tax rate was increased by 2.8 percent due to the devaluation of the Mexican Peso versus the U.S. Dollar. In addition, we increased the valuation allowance on the net deferred tax assets of a foreign subsidiary. As a result, in the three months ended June 30, 2018, the effective tax rate was increased by 0.6 percent.

The above unfavorable items were offset by the provisions of the Tax Cuts and Jobs Act (“TCJA”) enacted on December 22, 2017. The TCJA introduced numerous changes in the U.S. federal tax laws. Changes that have a significant impact on our effective tax rate are a reduction in the U.S. corporate tax rate from 35 percent to 21 percent; elimination of federal income tax on dividends from our foreign subsidiaries, and the imposition of a U.S. tax on our global intangible low-taxed income (“GILTI”). The TCJA also eliminated the domestic production activities deduction for years beginning after December 31, 2017.

The effective income tax rate was 30.4 percent for the three months ended June 30, 2017. Our effective income tax rate for the three months ended June 30, 2017 was reduced by 0.9 percent due to the revaluation of the Mexican Peso versus the U.S. Dollar. In addition, we increased the valuation allowance on the net deferred tax assets of a foreign subsidiary. As a result, in the three months ended June 30, 2017, the effective tax rate was increased by 2.8 percent. The above tax items were offset by individually insignificant items.

Segment Results

North America

<u>(in millions)</u>	<u>Three Months Ended June 30,</u>		<u>Favorable</u>	<u>Favorable</u>
	<u>2018</u>	<u>2017</u>	<u>(Unfavorable)</u>	<u>(Unfavorable)</u>
			<u>Variance</u>	<u>Percentage</u>
Net sales to unaffiliated customers	\$ 916	\$ 905	\$ 11	1 %
Operating income	150	180	(30)	(17)%

Net sales. Our increase in net sales of 1 percent for the three months ended June 30, 2018, as compared to the three months ended June 30, 2017, was primarily driven by a 1 percent volume increase and 1 percent favorable foreign currency offset by 1 percentage point unfavorable impact in price/product mix driven by increased freight costs.

Operating income. Our decrease in operating income of \$30 million for the three months ended June 30, 2018, as compared to the three months ended June 30, 2017, was primarily driven by increased production and freight costs and lower U.S./Canada sweetener and industrial starch demand.

South America

<u>(in millions)</u>	<u>Three Months Ended June 30,</u>		<u>Favorable</u>	<u>Favorable</u>
	<u>2018</u>	<u>2017</u>	<u>(Unfavorable)</u>	<u>(Unfavorable)</u>
			<u>Variance</u>	<u>Percentage</u>
Net sales to unaffiliated customers	\$ 232	\$ 228	\$ 4	2 %
Operating income	20	4	16	400 %

Net sales. Our increase in net sales of 2 percent for the three months ended June 30, 2018, as compared to the three months ended June 30, 2017, was primarily driven by a 8 percentage point favorable impact from price/product mix

driven by pass through of foreign currency devaluations and 8 percent volume growth, offset by 14 percent unfavorable foreign currency driven by the weaker Argentine peso and Brazilian real.

Operating income. Our increase in operating income of \$16 million for the three months ended June 30, 2018 compared to the three months ended June 30, 2017, was primarily driven by volume growth, improved operational efficiencies, the lapping of our 2017 Argentina manufacturing optimization project and a modestly improving macroeconomic environment.

Asia Pacific

(in millions)	Three Months Ended June 30,		Favorable	Favorable
	2018	2017	(Unfavorable)	(Unfavorable)
			Variance	Percentage
Net sales to unaffiliated customers	\$ 201	\$ 187	\$ 14	7 %
Operating income	27	30	(3)	(10)%

Net sales. Our increase in net sales of 7 percent for the three months ended June 30, 2018 compared to the three months ended June 30, 2017, was primarily driven by favorable currency translation of 4 percentage points, a 2 percentage point increase in price/product mix due to core customer mix diversification and 1 percent volume growth.

Operating income. Our decrease in operating income of \$3 million for the three months ended June 30, 2018, as compared to the three months ended June 30, 2017, was primarily driven by a lag in the pass through of higher tapioca costs partially offset by volume growth and favorable foreign exchange rates.

EMEA

(in millions)	Three Months Ended June 30,		Favorable	Favorable
	2018	2017	(Unfavorable)	(Unfavorable)
			Variance	Percentage
Net sales to unaffiliated customers	\$ 147	\$ 137	\$ 10	7 %
Operating income	29	29	—	— %

Net sales. Our increase in net sales of 7 percent for the three months ended June 30, 2018 compared to the three months June 30, 2017, was primarily driven by a volume increase of 9 percent offset by a 1 percentage point decrease due to price/product mix and an unfavorable currency translation of 1 percentage point.

Operating income. Our operating income remained flat for the three months ended June 30, 2018 compared to the three months ended June 30, 2017, as a result of volume growth being offset by unfavorable currency translation driven by the weaker Pakistani rupee and higher raw material costs in Pakistan.

For the Six Months Ended June 30, 2018
With Comparatives for the Six Months Ended June 30, 2017

(in millions)	Six Months Ended June 30,		Favorable (Unfavorable)	Favorable (Unfavorable)
	2018	2017	Variance	Percentage
Net sales	\$ 2,965	\$ 2,910	\$ 55	2 %
Cost of sales	2,251	2,186	(65)	(3)%
Gross profit	714	724	(10)	(1)%
Operating expenses	317	308	(9)	(3)%
Other income, net	(4)	(3)	1	33 %
Restructuring/impairment charges	11	16	5	31 %
Operating income	390	403	(13)	(3)%
Financing costs, net	41	41	—	— %
Other, non-operating income	(2)	(3)	(1)	(33)%
Income before income taxes	351	365	(14)	(4)%
Provision for income taxes	92	105	13	12 %
Net income	259	260	(1)	— %
Less: Net income attributable to non-controlling interests	5	6	1	17 %
Net income attributable to Ingredion	\$ 254	\$ 254	\$ —	— %

Net income attributable to Ingredion. Net income attributable to Ingredion for the six months ended June 30, 2018 remained flat at \$254 million compared to the six months ended June 30, 2017.

Our results for the six months ended June 30, 2018 include after-tax restructuring charges of \$8 million consisting of \$4 million of employee-related severance costs associated with the Cost Smart SG&A program, \$3 million of other restructuring costs related to the Finance Transformation initiative and \$1 million of costs related to our leaf extraction process in Brazil. Results for the six months ended June 30, 2017 include after-tax costs of \$16 million of net restructuring costs primarily associated with our restructuring effort in Argentina, \$6 million related to the flow-through of costs primarily associated with the sale of TIC Gums inventory that was adjusted to fair value at the acquisition date in accordance with business combination accounting rules, and \$1 million associated with the integration of acquired operations.

Net sales. Our increase in net sales of 2 percent for the six months ended June 30, 2018 as compared to the six months ended June 30, 2017, was primarily driven by volume growth of 2 percent.

Cost of sales. Cost of sales for the six months ended June 30, 2018 increased to \$2.3 billion from \$2.2 billion for the six months ended June 30, 2017. Our gross profit margin was 24 percent for the six months ended June 30, 2018, down from 25 percent compared to the six months ended June 30, 2017. The gross profit margin decreased primarily due to higher freight and production costs in our North America segment and higher tapioca costs in Thailand.

Operating expenses. Our operating expenses increased 3 percent to \$317 million for the six months ended June 30, 2018 as compared to \$308 million for the six months ended June 30, 2017. The increase was primarily driven by higher employee costs. Operating expenses, as a percentage of net sales, were flat at 11 percent for the six months ended June 30, 2018 and 2017.

Financing costs, net. Financing costs for the six months ended June 30, 2018 remained flat compared to the six months ended June 30, 2017, primarily due to a decrease in interest expense as a result of lower debt balances offset by foreign exchange losses.

Provision for income taxes. The effective income tax rate for the six months ended June 30, 2018 was 26.2 percent. We use the U.S. Dollar as the functional currency for our subsidiaries in Mexico. In the six months ended June 30, 2018, the effective tax rate was increased by 0.1 percent due to the devaluation of the Mexican Peso versus the U.S. Dollar. In addition, we increased the valuation allowance on the net deferred tax assets of a foreign subsidiary. As a result, in the six months ended June 30, 2018, the effective tax rate was increased by 0.3 percent.

The above unfavorable items were offset by the provisions of the Tax Cuts and Jobs Act (“TCJA”) enacted on December 22, 2017. The TCJA introduced numerous changes in the U.S. federal tax laws. Changes that have a significant impact on our effective tax rate are a reduction in the U.S. corporate tax rate from 35 percent to 21 percent; elimination of federal income tax on dividends from our foreign subsidiaries, and the imposition of a U.S. tax on our global intangible low-taxed income (“GILTI”). The TCJA also eliminated the domestic production activities deduction for years beginning after December 31, 2017.

The effective income tax rate for the six months ended June 30, 2017 was 28.8 percent. Our effective income tax rate for the six months ended June 30, 2017 was reduced by 2.0 percent, due to the revaluation of the Mexican Peso versus the U.S. Dollar. In addition, we increased the valuation allowance on the net deferred tax assets of a foreign subsidiary. As a result, in the six months ended June 30, 2017, the effective tax rate was increased by 1.7 percent. The above tax items were offset by individually insignificant items.

Segment Results

North America

<u>(in millions)</u>	<u>Six Months Ended June 30,</u>		<u>Favorable</u>	<u>Favorable</u>
	<u>2018</u>	<u>2017</u>	<u>(Unfavorable)</u>	<u>(Unfavorable)</u>
			<u>Variance</u>	<u>Percentage</u>
Net sales to unaffiliated customers	\$ 1,790	\$ 1,786	\$ 4	— %
Operating income	293	338	(45)	(13)%

Net sales. Our net sales remained relatively flat for six months ended June 30, 2018, as compared to the six months ended June 30, 2017, primarily driven by volume increases of 1 percent which were offset by a 1 percentage point unfavorable impact in price/product mix driven by increased freight and production costs.

Operating income. Our operating income decreased \$45 million for the six months ended June 30, 2018 compared to the six months ended June 30, 2017, primarily driven by increased production and freight costs, lower U.S./Canada sweetener and industrial starch demand and commodity pricing pressures.

South America

<u>(in millions)</u>	<u>Six Months Ended June 30,</u>		<u>Favorable</u>	<u>Favorable</u>
	<u>2018</u>	<u>2017</u>	<u>(Unfavorable)</u>	<u>(Unfavorable)</u>
			<u>Variance</u>	<u>Percentage</u>
Net sales to unaffiliated customers	\$ 481	\$ 483	\$ (2)	— %
Operating income	46	19	27	142 %

Net sales. Our net sales remained relatively flat for the six months ended June 30, 2018, as compared to the six months ended June 30, 2017. Volume growth of 7 percent and a 4 percentage point favorable impact from price/product mix was offset by an 11 percentage point unfavorable foreign currency translation driven by the weaker Argentine peso and Brazilian real.

Operating income. Our increase in operating income of \$27 million for the six months ended June 30, 2018, as compared to the six months ended June 30, 2017, was primarily driven by volume growth, improved operational efficiencies, the lapping of our 2017 Argentina manufacturing optimization project and a modestly improving macroeconomic environment.

(in millions)	Six Months Ended June 30,		Favorable (Unfavorable)	Favorable (Unfavorable)
	2018	2017	Variance	Percentage
Net sales to unaffiliated customers	\$ 395	\$ 366	\$ 29	8 %
Operating income	50	60	(10)	(17)%

Net sales. Our net sales increased 8 percent for the six months ended June 30, 2018, as compared to the six months ended June 30, 2017, primarily driven by favorable currency translation of 6 percentage points, volume growth of 1 percent and a 1 percentage point increase in price/product mix due to core customer mix diversification.

Operating income. Our operating income decreased \$10 million for the six months ended June 30, 2018, as compared to the six months ended June 30, 2017, primarily driven by a lag in the pass through of higher tapioca costs partially offset by volume growth and favorable foreign exchange rates.

EMEA

(in millions)	Six Months Ended June 30,		Favorable (Unfavorable)	Favorable (Unfavorable)
	2018	2017	Variance	Percentage
Net sales to unaffiliated customers	\$ 299	\$ 275	\$ 24	9 %
Operating income	60	57	3	5 %

Net sales. Our net sales increased 9 percent for the six months ended June 30, 2018, as compared to the six months ended June 30, 2017. The increase was primarily driven by volume growth of 6 percent and favorable currency translation of 3 percentage points.

Operating income. Our operating income increased \$3 million for the six months ended June 30, 2018, as compared to the six months ended June 30, 2017, primarily driven by volume growth offset by higher raw material costs in Pakistan.

Liquidity and Capital Resources

Cash provided by operating activities for the six months ended June 30, 2018 was \$352 million, as compared to \$302 million for the six months ended June 30, 2017. The increase in operating cash flow includes one-time net tax receipts of \$89 million primarily as a result of the 2017 Tax Cuts and Jobs Act and the U.S.-Canada tax settlement.

Capital expenditures and mechanical store purchases of \$160 million for the six months ended June 30, 2018 are in line with our capital spending plan for the year. We anticipate that our capital expenditures and mechanical stores purchases will be approximately \$330 million to \$360 million for 2018.

As of June 30, 2018, there were borrowings of \$165 million outstanding under the Term Loan and borrowings of \$19 million outstanding under the revolving credit facility (the "Revolving Credit Agreement"). We paid \$230 million towards the Term Loan during the six months ended June 30, 2018. In addition to the borrowing availability under the Revolving Credit Agreement, we have approximately \$485 million of unused operating lines of credit in the various foreign countries in which we operate.

As of June 30, 2018, we had total debt outstanding of \$1.7 billion, compared to \$1.9 billion as of December 31, 2017.

As of June 30, 2018 our total debt consists of the following:

(in millions)	
3.2% senior notes due October 1, 2026	\$ 496
4.625% senior notes due November 1, 2020	399
6.625% senior notes due April 15, 2037	254
5.62% senior notes due March 25, 2020	200
Term loan credit agreement due April 25, 2019	165
Revolving credit facility	19
Fair value adjustment related to hedged fixed rate debt instruments	(3)
Long-term debt	1,530
Short-term borrowings	133
Total debt	<u>\$ 1,663</u>

The weighted average interest rate on our total indebtedness was approximately 4.8 percent for the six months ended June 30, 2018, compared to 4.3 percent in the six months ended June 30, 2017.

On May 16, 2018, our Board of Directors declared a quarterly cash dividend of \$0.60 per share of common stock. This dividend was paid on July 25, 2018 to stockholders of record at the close of business on July 2, 2018.

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

We have not provided foreign withholding taxes, state income taxes, and federal and state taxes on foreign currency gains/losses on accumulated undistributed earnings of certain foreign subsidiaries because these earnings are considered 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 U.S. to satisfy domestic liquidity needs arising in the ordinary course of business, including liquidity needs associated with our domestic debt service requirements. Approximately \$351 million of the total \$365 million of cash and cash equivalents and short-term investments at June 30, 2018 was held by our operations outside of the U.S. We expect that available cash balances and credit facilities in the U.S., along with cash generated from operations and access to debt markets, will be sufficient to meet our operating and other cash needs for the foreseeable future.

Hedging and Financial Risk

Hedging: We are exposed to market risk stemming from changes in commodity prices (primarily corn and natural gas), 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-related futures, options and swap contracts, forward currency-related contracts and options, interest rate swap agreements and Treasury lock agreements (“T-Locks”). See Note 7 of the Notes to the Condensed 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 our 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 12 to 24 months, in order to hedge price risk associated with fluctuations in market prices. We also enter into futures contracts to hedge price risk associated with fluctuations in the market price of ethanol. We are unable to directly hedge price risk related to co-product sales; however, we occasionally 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 cash flow hedge derivative instruments to market are recorded as a component of other comprehensive income (“OCI”). As of June 30, 2018, our accumulated other comprehensive loss account (“AOCI”) included \$7 million of losses (net of income taxes of \$5 million) related to these derivative instruments. It is anticipated that \$6 million of these losses (net of income taxes of \$2 million) will be reclassified into earnings during the next 12 months. We expect the losses to be offset by changes in the underlying commodities costs.

Foreign Currency Exchange Risk: Due to our global operations, including operations in 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 operations' results are translated to U.S. dollars 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. As of June 30, 2018, we had foreign currency forward sales contracts with an aggregate notional amount of \$426 million and foreign currency forward purchase contracts that are designated as fair value hedges with an aggregate notional amount of \$135 million that hedged transactional exposures.

We also have foreign currency derivative instruments that hedge certain foreign currency transactional exposures and are designated as cash flow hedges. As of June 30, 2018, AOCI included \$1 million of losses (net of an insignificant amount of taxes) relating to these hedges.

We have significant operations in Argentina. Historically, we have utilized the official exchange rate published by the Argentine government for remeasurement purposes. Due to exchange controls put in place by the Argentine government, a parallel market exists for exchanging Argentine pesos to U.S. dollars at rates less favorable than the official rate, although the difference in rates has decreased significantly from past levels. We have been closely monitoring the inflation data and currency volatility in Argentina, where there are multiple data sources for measuring and reporting inflation. In the second quarter of 2018, the Argentine peso rapidly devalued relative to the U.S. dollar, which along with increased inflation, indicated that the three-year cumulative inflation in that country exceeded 100 percent as of June 30, 2018. As a result, we elected to adopt highly inflationary accounting as of July 1, 2018 for our affiliate, Ingredion Argentina S.A. ("Argentina"). Under highly inflationary accounting, Argentina's functional currency becomes the U.S. dollar, and its income statement and balance sheet will be measured in U.S. dollars using both current and historical rates of exchange. The effect of changes in exchange rates on Argentine peso-denominated monetary assets and liabilities will be reflected in earnings in financing costs. As of June 30, 2018, Argentina had a small net peso monetary liability position. Net sales of Argentina were less than four percent of our consolidated net sales for the six months ended June 30, 2018.

Interest Rate Risk: We occasionally use interest rate swaps and 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 as of June 30, 2018.

As of June 30, 2018, our AOCI account included \$2 million of losses (net of income taxes of \$1 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. It is anticipated that \$1 million of these losses (net of an insignificant amount of taxes) will be reclassified into earnings during the next 12 months.

As of June 30, 2018, we have an interest rate swap agreement that effectively converts the interest rates on \$200 million of our \$400 million of 4.625 percent senior notes due November 1, 2020, to variable rates. This swap agreement calls for us to receive interest at the fixed coupon rate of the respective notes and to pay interest at a variable rate based on the six-month U.S. dollar LIBOR rate plus a spread. We have designated this interest rate swap agreement as a hedge of the changes in fair value of the underlying debt obligation attributable to changes in interest rates and account for it as fair value hedge. The fair value of the interest rate swap agreement as of June 30, 2018 was a \$3 million loss, and is reflected in the Condensed Consolidated Balance Sheets within non-current liabilities, with an offsetting amount recorded in long-term debt to adjust the carrying amount of the hedged debt obligations.

Critical Accounting Policies and Estimates

Our critical accounting policies and estimates are described in Management's Discussion and Analysis of Financial Condition and Results of Operations included in our 2017 Annual Report on Form 10-K. See Note 2 of the Notes to the Condensed Consolidated Financial Statements for additional information regarding the Company's adoption of the new revenue and pension standards. There have been no other changes to our critical accounting policies and estimates during the three and six months ended June 30, 2018.

FORWARD-LOOKING STATEMENTS

This Form 10-Q 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," "assume," "believe," "plan," "project," "estimate," "expect," "intend," "continue," "pro forma," "forecast," "outlook," "propels," "opportunities," "potential", "provisional", 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 circumstances or 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, investors 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, 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; 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, beverage, paper and corrugating, 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; particularly recently enacted United States tax reform; operating difficulties; availability of raw materials, including potato starch, tapioca, gum arabic and the specific varieties of corn upon which some of our products are based; our ability to develop or acquire new products and services at rates or of qualities sufficient to meet expectations; 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 achieve expected cost savings under our Cost Smart program; 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 corn-refining 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 "Risk Factors" included in our Annual Report on Form 10-K for the year ended December 31, 2017 and subsequent reports on Forms 10-Q and 8-K.

ITEM 3**QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK**

See the discussion set forth in Part II, Item 7A. Quantitative and Qualitative Disclosures About Market Risk at pages 55 to 56 in our Annual Report on Form 10-K for the year ended December 31, 2017, for a discussion as to how we address risks with respect to interest rates, raw material and energy costs and foreign currencies. There have been no material changes in the information that would be provided with respect to those disclosures from December 31, 2017 to June 30, 2018.

ITEM 4**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 June 30, 2018. 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 information required to be disclosed in the reports that we file or submit under the Securities Exchange Act of 1934, as amended, has been recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission'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 three months ended June 30, 2018 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II OTHER INFORMATION

ITEM 1 LEGAL PROCEEDINGS

We are a party to a large number of labor claims relating to our Brazilian operations. We have reserved an aggregate of approximately \$4 million as of June 30, 2018 in respect of these claims. These labor claims primarily relate to dismissals, severance, health and safety, work schedules and salary adjustments.

We are currently subject to various other claims and suits arising in the ordinary course of business, including certain environmental proceedings and other commercial claims. We also routinely receive inquiries from regulators and other government authorities relating to various aspects of our business, including with respect to compliance with laws and regulations relating to the environment, and at any given time, we have matters at various stages of resolution with the applicable governmental authorities. The outcomes of these matters are not within our complete control and may not be known for prolonged periods of time. We do not believe that the results of currently known legal proceedings and inquires, even if unfavorable to us, will be material to us. There can be no assurance, however, that such claims, suits or investigations 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 2 UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

Issuer Purchases of Equity Securities:

<u>(shares in thousands)</u>	<u>Total Number of Shares Purchased</u>	<u>Average Price Paid per Share</u>	<u>Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs</u>	<u>Maximum Number (or Approximate Dollar Value) of Shares That May Yet be Purchased Under the Plans or Programs at End of Period</u>
April 1 – April 30, 2018	—	—	—	3,702 shares
May 1 – May 31, 2018	1,250	112.91	1,250	2,452 shares
June 1 – June 30, 2018	—	—	—	2,452 shares
Total	1,250	112.91	1,250	

On December 12, 2014, the Board of Directors authorized a stock repurchase program permitting the Company to purchase up to 5 million of its outstanding common shares from January 1, 2015 through December 31, 2019. As of June 30, 2018, we have 2.5 million shares available for repurchase under the stock repurchase program.

ITEM 6
EXHIBITS

a) Exhibits

Exhibits required by Item 601 of Regulation S-K are listed in the Exhibit Index hereto.

All other items hereunder are omitted because either such item is inapplicable or the response is negative.

EXHIBIT INDEX

<u>Number</u>	<u>Description of Exhibit</u>
10.17	<u>Form of Amended and Restated Executive Severance Agreement entered into by James P. Zallie, Christine M. Castellano, Anthony P. DeLio, James D. Gray, Jorgen Kokke and Robert J. Stefansic.</u>
10.18	<u>Form of Executive Severance Agreement entered into by Elizabeth Adefioye, Valdirene Bastos-Licht, Larry Fernandes and Pierre Perez y Landazuri</u>
31.1	<u>CEO Section 302 Certification Pursuant to the Sarbanes-Oxley Act of 2002</u>
31.2	<u>CFO Section 302 Certification Pursuant to the Sarbanes-Oxley Act of 2002</u>
32.1	<u>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</u>
32.2	<u>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</u>
101	The following financial information from Ingredion Incorporated's Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2018 formatted in Extensible Business Reporting Language (XBRL): (i) the Condensed Consolidated Statements of Income; (ii) the Condensed Consolidated Statements of Comprehensive Income; (iii) the Condensed Consolidated Balance Sheets; (iv) the Condensed Consolidated Statements of Equity and Redeemable Equity; (v) the Condensed Consolidated Statements of Cash Flows; and (vi) the Notes to the Condensed Consolidated Financial Statements.

SIGNATURES

Pursuant to the requirements 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.

INGREDION INCORPORATED

DATE: August 3, 2018

By /s/ James D. Gray
James D. Gray
Executive Vice President and Chief Financial Officer

DATE: August 3, 2018

By /s/ Stephen K. Latreille
Stephen K. Latreille
Vice President and Corporate Controller

Ingredion Incorporated Amended and Restated Executive Severance Agreement

Amended and Restated Agreement, made this ___th day of June 2018, by and between **Ingredion Incorporated**, a Delaware corporation (the "Company"), and _____ (the Executive"), amending and restating the agreement between the parties dated _____, 2___ to be and read in its entirety as follows.

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 Securities Exchange Act of 1934, as amended (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 Ingedion Incorporated Stock Incentive Plan (the "Incentive Plan") that are not vested shall vest 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 Ingedion 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/her employment with the Company and its Subsidiaries within a Protection Period, except a termination of employment because of his/her 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 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 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 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/her 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 material 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/her 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/her right to terminate his/her 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 (including in each case without limitation a transfer due to merger or other consolidation) 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/her death, because of a Disability, by the Company for Cause, or by the Executive other than for Good Reason, if, no later than sixty (60) days after the date the Executive's employment by the Company or a Subsidiary shall terminate, 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"), and such General Release is not revoked by the Executive and becomes effective, 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 Plan 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/her highest base salary in effect during any period of twelve (12) consecutive months within the thirty-six (36) months immediately preceding his/her date of termination of employment; and (B) the target annual bonus established for the Executive under the Company's Annual Incentive Plan 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/her 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) 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, if provided to the Executive by the Executive's employer, insurance (but excluding any flexible spending accounts) for thirty-six (36) months from his/her 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/her 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 (d) for the number of full months until the Executive attains age sixty-five (65). The Executive's applicable COBRA or any legally required health insurance benefit continuation period applicable to the Executive 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(d), 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(d), 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(d) 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 requirements of applicable law relating 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, or any comparable tax under applicable law, 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(d), 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 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(d) 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 any comparable tax under applicable law, 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(d), 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.

- (e) 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 Pension Plan 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.
- (f) The Company shall provide the Executive with three (3) additional years of service credits under the Company's Pension Plan 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/her 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 Pension Plan 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.

- (g) 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, basic 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, basic 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/her 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.
- (h) 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.
- (i) The Executive shall receive the cash value of his/her current retiree healthcare spending account ("RHCSA") and related dependent healthcare spending account. The Executive shall be immediately vested in his/her 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(i), the Company shall provide such coverage through alternative insurance coverage.
- (j) 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.

- (k) 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/her 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.
- (l) 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.

Notwithstanding any other provision of this Agreement, if any payment or benefit the Executive would receive pursuant to a Change in Control or otherwise (whether paid, payable or provided pursuant to the terms of this Agreement or otherwise) (each a "Payment" and collectively the "Payments") could constitute a "parachute payment" within the meaning of Section 280G of the Internal Revenue Code of 1986, as amended (the "Code"), then the Payments shall be either (i) reduced such that the maximum amount of the Payments shall be One Dollar (\$1.00) less than the amount that would cause the Payments to be subject to the excise tax imposed by Section 4999 of the Code (the "Excise Tax"), or (ii) delivered in full pursuant to the terms of this Agreement. The determination of whether clause (i) or (ii) of the preceding sentence shall be given effect shall be made by the Company on the basis of which of such clauses results in the receipt by the Executive of the greater Net After-Tax Receipt (as defined below) of the aggregate Payments. The term "Net After-Tax Receipt" shall mean the present value (as determined in accordance with Section 280G of the Code) of the Payments net of all applicable federal, state and local income, employment and other applicable taxes and the Excise Tax. If clause (ii) above is given effect and the Payments are reduced, such reduction shall be accomplished by first reducing or eliminating the portion of the Payments that are payable in cash and then by reducing or eliminating the non-cash portion of the Payments, in each case in reverse order beginning with payments and benefits which are to be paid or provided the furthest in time from the date of the determination described below and in each case in accordance with Section 409A of the Code. Unless the Company and the Executive otherwise agree in writing, any determination required under this paragraph shall be made by the independent public accounting firm serving as the Company's auditing firm (the "Third Party"), and all such determinations shall be conclusive, final and binding on the parties hereto. The Company and the Executive shall furnish to the Third Party such information and documents as the Third Party may reasonably request in order to make a determination under this paragraph. The Company shall bear all fees and costs of the Third Party with respect to all determinations under or contemplated by this paragraph.

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 no later than 60 (sixty) days after the date of the Executive's employment, the Executive signs a General Release, and such General

Release is not revoked by the Executive and becomes effective, 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/her base salary in effect on the date of his/her 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 Section 409A of the Code) 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 Section 409A of the Code, payments shall be made or commence 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 Section 409A of the Code) and, with respect to payments that are deferred compensation subject to Section 409A of the Code, no later than ninety (90) days after the date of the Executive's Separation from Service; provided, however, that, in the case of a payment that is deferred compensation, if the ninety (90) day period following the Executive's Separation from Service during which the payment is to be made or commence overlaps the end of a calendar year, such payment shall be made in the second calendar year; and
- (b) If the Executive is a Specified Employee, for payments that are deferred compensation subject to Section 409A of the Code, payments shall be made or commence on the first day of the seventh month following the Executive's date of Separation from Service.

All amounts and benefits payable hereunder shall be reduced by any and all required or authorized withholding and deductions.

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/her 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/her 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.

Executive understands that, notwithstanding anything to the contrary in this Agreement, nothing contained in this Agreement limits his/her ability to report possible violations of law or regulation to, file a charge or complaint or otherwise communicate with, or participate in any investigation or proceeding of, the Securities and Exchange Commission or any other federal, state or local governmental agency or commission, including by providing documents or other information, without notice to the Company.

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/her 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/her 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/her employment with the Company or any of its Subsidiaries, and for a period after the termination of his/her 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, stevia, strawberry and other agricultural raw materials, oils, sweeteners, starches, concentrates, essences 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 Maltose 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, Caramel Color, fruit concentrates, fruit purees, fruit essences or formulated fruit products, vegetable concentrates, vegetable purees, vegetable essences or formulated vegetable products, hydrocolloid products, systems and blends, and specifically including but not limited to the following entities that manufacture such or similar products: ADM, Cargill, Bunge, Roquette, and Tate & Lyle.

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. The Executive has been notified by the Company, and understands, that the foregoing provisions of Section 6.4 do not apply to an invention for which no equipment, supplies, facilities or trade secret information of the Company or any of its affiliates was used and which was developed entirely on his/her own time, unless: (a) the invention relates (i) to the business of the Company or any of its affiliates or (ii) to the Company's or any of its affiliates' actual or demonstrably anticipated research and development, or (b) the invention results from any work performed by him/her for the Company or any of its affiliates.

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.

The Executive hereby covenants and agrees that all the amounts he may be entitled to in the event of termination of the Executive's employment under circumstances entitling the Executive to benefits hereunder, shall be offset by any and all other amounts due to him/her from the Company or any Subsidiary for dismissal without cause, including, without limitation, any severance payments due in accordance with any applicable statute or statutes. Thus, any amounts that are paid to the Executive as a consequence of the change in control of the Company are not cumulative with other severance payments due to the Executive and shall be reduced by any local termination payments that may be due to him/her from the Company or any Subsidiary. 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 this article, 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. Entire Agreement

This Agreement contains the entire agreement between the parties with respect to the subject matter contained herein and supersedes all prior or contemporaneous negotiations, understandings or agreements between the parties or between the Executive and the Company or any of its Subsidiaries, whether written or oral, with respect to such subject matter, provided that (a) notwithstanding any other language in this Agreement, this Agreement does not supersede or preclude the enforceability of any restrictive covenant provision contained in any prior or contemporaneous agreement entered into by the Executive with the Company or any of its affiliates, and (b) no prior or contemporaneous restrictive covenant obligation you have to the Company or any of its affiliates supersedes or precludes the enforceability of any provision contained in this Agreement.

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 consistent with Article 10 hereof. Subject to Section 5.1, 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/her 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 it 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/her 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 him/her hereunder, all such amounts shall be paid to his/her designated beneficiary or, if there be no such beneficiary, to his/her 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 Subject to Section 5.1, 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, except as expressly set forth in this Agreement. All amounts payable by the Company hereunder shall be paid without notice or demand. Subject to Section 5.1 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.

9.6 As used in this Agreement, "Company" shall mean the Company hereinbefore defined and any successor which otherwise becomes bound by all the terms and provisions of this Agreement by operation of law.

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: Senior Vice President and Chief Human Resources Officer

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 Human Resources 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. Nothing in this Agreement changes the at-will status of the Executive's employment (except with respect to such notice requirements expressly set forth in Section 2.1(c) and (d) hereof).

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

Ingredient Incorporated

By: _____

Company Representative Position

Ingredion Incorporated Amended and Restated Executive Severance Agreement

Amended and Restated Agreement, made this ___th day of June 2018, by and between **Ingredion Incorporated**, a Delaware corporation (the "Company"), and _____(the "Executive"), amending and restating the agreement between the parties dated _____, 2___ to be and read in its entirety as follows.

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 Securities Exchange Act of 1934, as amended (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 Ingedion Incorporated Stock Incentive Plan (the "Incentive Plan") that are not vested shall vest 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 Ingedion 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/her employment with the Company and its Subsidiaries within a Protection Period, except a termination of employment because of his/her 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 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 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 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/her 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 material 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/her 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/her right to terminate his/her 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 (including in each case without limitation a transfer due to merger or other consolidation) 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/her death, because of a Disability, by the Company for Cause, or by the Executive other than for Good Reason, if, no later than sixty (60) days after the date the Executive's employment by the Company or a Subsidiary shall terminate, 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"), and such General Release is not revoked by the Executive and becomes effective, 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 Plan 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/her highest base salary in effect during any period of twelve (12) consecutive months within the thirty-six (36) months immediately preceding his/her date of termination of employment; and (B) the target annual bonus established for the Executive under the Company's Annual Incentive Plan 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/her 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) 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, if provided to the Executive by the Executive's employer, insurance (but excluding any flexible spending accounts) for thirty-six (36) months from his/her 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/her 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 (d) for the number of full months until the Executive attains age sixty-five (65). The Executive's applicable COBRA or any legally required health insurance benefit continuation period applicable to the Executive 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(d), 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(d), 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(d) 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 requirements of applicable law relating 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, or any comparable tax under applicable law, 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(d), 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 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(d) 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 any comparable tax under applicable law, 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(d), 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.

- (e) 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 Pension Plan 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.
- (f) The Company shall provide the Executive with three (3) additional years of service credits under the Company's Pension Plan 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/her 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 Pension Plan 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.

- (g) 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, basic 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, basic 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/her 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.
- (h) 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.
- (i) The Executive shall receive the cash value of his/her current retiree healthcare spending account ("RHCSA") and related dependent healthcare spending account. The Executive shall be immediately vested in his/her 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(i), the Company shall provide such coverage through alternative insurance coverage.
- (j) 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.

- (k) 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/her 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.
- (l) 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.

Notwithstanding any other provision of this Agreement, if any payment or benefit the Executive would receive pursuant to a Change in Control or otherwise (whether paid, payable or provided pursuant to the terms of this Agreement or otherwise) (each a "Payment" and collectively the "Payments") could constitute a "parachute payment" within the meaning of Section 280G of the Internal Revenue Code of 1986, as amended (the "Code"), then the Payments shall be either (i) reduced such that the maximum amount of the Payments shall be One Dollar (\$1.00) less than the amount that would cause the Payments to be subject to the excise tax imposed by Section 4999 of the Code (the "Excise Tax"), or (ii) delivered in full pursuant to the terms of this Agreement. The determination of whether clause (i) or (ii) of the preceding sentence shall be given effect shall be made by the Company on the basis of which of such clauses results in the receipt by the Executive of the greater Net After-Tax Receipt (as defined below) of the aggregate Payments. The term "Net After-Tax Receipt" shall mean the present value (as determined in accordance with Section 280G of the Code) of the Payments net of all applicable federal, state and local income, employment and other applicable taxes and the Excise Tax. If clause (ii) above is given effect and the Payments are reduced, such reduction shall be accomplished by first reducing or eliminating the portion of the Payments that are payable in cash and then by reducing or eliminating the non-cash portion of the Payments, in each case in reverse order beginning with payments and benefits which are to be paid or provided the furthest in time from the date of the determination described below and in each case in accordance with Section 409A of the Code. Unless the Company and the Executive otherwise agree in writing, any determination required under this paragraph shall be made by the independent public accounting firm serving as the Company's auditing firm (the "Third Party"), and all such determinations shall be conclusive, final and binding on the parties hereto. The Company and the Executive shall furnish to the Third Party such information and documents as the Third Party may reasonably request in order to make a determination under this paragraph. The Company shall bear all fees and costs of the Third Party with respect to all determinations under or contemplated by this paragraph.

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 no later than 60 (sixty) days after the date of the Executive's employment, the Executive signs a General Release, and such General

Release is not revoked by the Executive and becomes effective, 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/her base salary in effect on the date of his/her 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 Section 409A of the Code) 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 Section 409A of the Code, payments shall be made or commence 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 Section 409A of the Code) and, with respect to payments that are deferred compensation subject to Section 409A of the Code, no later than ninety (90) days after the date of the Executive's Separation from Service; provided, however, that, in the case of a payment that is deferred compensation, if the ninety (90) day period following the Executive's Separation from Service during which the payment is to be made or commence overlaps the end of a calendar year, such payment shall be made in the second calendar year; and
- (b) If the Executive is a Specified Employee, for payments that are deferred compensation subject to Section 409A of the Code, payments shall be made or commence on the first day of the seventh month following the Executive's date of Separation from Service.

All amounts and benefits payable hereunder shall be reduced by any and all required or authorized withholding and deductions.

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/her 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/her 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.

Executive understands that, notwithstanding anything to the contrary in this Agreement, nothing contained in this Agreement limits his/her ability to report possible violations of law or regulation to, file a charge or complaint or otherwise communicate with, or participate in any investigation or proceeding of, the Securities and Exchange Commission or any other federal, state or local governmental agency or commission, including by providing documents or other information, without notice to the Company.

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/her 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/her 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/her employment with the Company or any of its Subsidiaries, and for a period after the termination of his/her 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, stevia, strawberry and other agricultural raw materials, oils, sweeteners, starches, concentrates, essences 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 Maltose 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, Caramel Color, fruit concentrates, fruit purees, fruit essences or formulated fruit products, vegetable concentrates, vegetable purees, vegetable essences or formulated vegetable products, hydrocolloid products, systems and blends, and specifically including but not limited to the following entities that manufacture such or similar products: ADM, Cargill, Bunge, Roquette, and Tate & Lyle.

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. The Executive has been notified by the Company, and understands, that the foregoing provisions of Section 6.4 do not apply to an invention for which no equipment, supplies, facilities or trade secret information of the Company or any of its affiliates was used and which was developed entirely on his/her own time, unless: (a) the invention relates (i) to the business of the Company or any of its affiliates or (ii) to the Company's or any of its affiliates' actual or demonstrably anticipated research and development, or (b) the invention results from any work performed by him/her for the Company or any of its affiliates.

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.

The Executive hereby covenants and agrees that all the amounts he may be entitled to in the event of termination of the Executive's employment under circumstances entitling the Executive to benefits hereunder, shall be offset by any and all other amounts due to him/her from the Company or any Subsidiary for dismissal without cause, including, without limitation, any severance payments due in accordance with any applicable statute or statutes. Thus, any amounts that are paid to the Executive as a consequence of the change in control of the Company are not cumulative with other severance payments due to the Executive and shall be reduced by any local termination payments that may be due to him/her from the Company or any Subsidiary. 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 this article, 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. Entire Agreement

This Agreement contains the entire agreement between the parties with respect to the subject matter contained herein and supersedes all prior or contemporaneous negotiations, understandings or agreements between the parties or between the Executive and the Company or any of its Subsidiaries, whether written or oral, with respect to such subject matter, provided that (a) notwithstanding any other language in this Agreement, this Agreement does not supersede or preclude the enforceability of any restrictive covenant provision contained in any prior or contemporaneous agreement entered into by the Executive with the Company or any of its affiliates, and (b) no prior or contemporaneous restrictive covenant obligation you have to the Company or any of its affiliates supersedes or precludes the enforceability of any provision contained in this Agreement.

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 consistent with Article 10 hereof. Subject to Section 5.1, 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/her 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 it 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/her 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 him/her hereunder, all such amounts shall be paid to his/her designated beneficiary or, if there be no such beneficiary, to his/her 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 Subject to Section 5.1, 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, except as expressly set forth in this Agreement. All amounts payable by the Company hereunder shall be paid without notice or demand. Subject to Section 5.1 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.

9.6 As used in this Agreement, "Company" shall mean the Company hereinbefore defined and any successor which otherwise becomes bound by all the terms and provisions of this Agreement by operation of law.

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: Senior Vice President and Chief Human Resources Officer

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 Human Resources 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. Nothing in this Agreement changes the at-will status of the Executive's employment (except with respect to such notice requirements expressly set forth in Section 2.1(c) and (d) hereof).

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

CERTIFICATION OF CHIEF EXECUTIVE OFFICER

I, James P. Zallie, certify that:

1. I have reviewed this quarterly report on Form 10-Q 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: August 3, 2018

/s/ James P. Zallie
James P. Zallie
President and Chief Executive Officer

CERTIFICATION OF CHIEF FINANCIAL OFFICER

I, James D. Gray, certify that:

1. I have reviewed this quarterly report on Form 10-Q 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: August 3, 2018

/s/ James D. Gray

James D. Gray
Executive Vice President and Chief Financial Officer

**Certification Pursuant to
18 U.S.C. Section 1350,
as Adopted Pursuant to
Section 906 of the
Sarbanes-Oxley Act of 2002**

I, James P. Zallie, the Chief Executive Officer of Ingredion Incorporated, certify that to my knowledge (i) the report on Form 10-Q for the quarter ended June 30, 2018 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/ James P. Zallie

James P. Zallie

Chief Executive Officer

August 3, 2018

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.

**Certification Pursuant to
18 U.S.C. Section 1350,
as Adopted Pursuant to
Section 906 of the
Sarbanes-Oxley Act of 2002**

I, James D. Gray, the Chief Financial Officer of Ingredion Incorporated, certify that to my knowledge (i) the report on Form 10-Q for the quarter ended June 30, 2018 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/ James D. Gray

James D. Gray
Chief Financial Officer
August 3, 2018

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.