

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-K

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

For the fiscal year ended December 31, 1998
Commission file number 1-13397

CORN PRODUCTS INTERNATIONAL, INC.

(Exact Name of Registrant as Specified in Its Charter)

DELAWARE

22-3514823

(State or Other Jurisdiction
of Incorporation or Organization)

(I.R.S. Employer
Identification No.)

6500 SOUTH ARCHER AVENUE, BEDFORD PARK, ILLINOIS

60501-1933

(Address of Principal Executive Offices)

(Zip Code)

Registrant's telephone number, including area code (708) 563-2400

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

Title of Each Class -----	Name of Each Exchange on Which Registered -----
Common Stock, \$.01 par value per share	New York Stock Exchange
Preferred Stock Purchase Rights (currently traded with Common Stock)	New York Stock Exchange

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

NONE

Indicate by check mark whether the Registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

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

The aggregate market value of the Registrant's voting stock held by non-affiliates of the Registrant (based upon the per share closing price of \$23.0 on March 22, 1999, and, for the purpose of this calculation only, the assumption that all Registrant's directors and executive officers are affiliates) was approximately \$815 million.

The number of shares outstanding of the Registrant's Common Stock, par value \$.01 per share, as of March 22, 1999, was 37,486,923.

Documents Incorporated by Reference:

Information required by Part II (Items 6, 7 and 8) and Part IV (Item 14(a)(1)) of this document is incorporated by reference to certain portions of the

Information required by Part III (Items 10, 11, 12 and 13) of this document is incorporated by reference to certain portions of the Registrant's definitive Proxy Statement distributed in connection with its 1999 Annual Meeting of Stockholders.

PART I.

ITEM 1. BUSINESS

THE COMPANY

Corn Products International, Inc. (the "Company") was incorporated as a Delaware corporation in March 1997 to assume the operations of the corn refining business of Bestfoods, Inc., formerly CPC International Inc. ("Bestfoods") and to effect the distribution of 100% of the outstanding shares of the Company to the Bestfoods common stock holders. On December 31, 1997, Bestfoods transferred the assets and related liabilities of its Corn Refining Business to the Company. Effective at 11:59:59 p.m. on December 31, 1997, Bestfoods distributed all of the common stock of the Company to holders of common stock of Bestfoods. Since that time, the Company has operated as an independent company whose common stock is traded on the New York Stock Exchange. Unless the context indicates otherwise, references to the "Company" and "Corn Products" refer to the Corn Refining Business of Bestfoods for periods prior to January 1, 1998 and to Corn Products International, Inc. and its subsidiaries for the periods on or after such date.

OVERVIEW

The Corn Refining Business dates back to the original formation of Bestfoods' predecessor over 90 years ago. In 1906, Corn Products Refining Company was formed through an amalgamation of virtually all the corn syrup and starch companies in the United States. International expansion followed soon thereafter. In 1928, the Corn Refining Business commenced Latin American operations in Brazil, followed quickly by expansions into Argentina and Mexico.

Corn Products International, Inc., together with its subsidiaries, produces a large variety of food ingredients and industrial products derived from the wet milling of corn and other starch-based materials (such as tapioca and yucca). The Company is one of the largest corn refiners in the world and the leading corn refiner in Latin America. In addition, it is the world's leading producer of dextrose and has strong regional leadership in corn starch. The Company's consolidated operations are located in 14 countries with 26 plants and, in 1998, the Company had consolidated net sales of approximately \$1.45 billion. The Company also holds interests in 8 other countries through unconsolidated joint ventures and allied operations, which operate 15 additional plants. Over 60% of the Company's 1998 revenues were generated in North America with the remainder coming from Latin America, Asia and Africa.

Corn refining is a capital-intensive two-step process that involves the wet milling and processing of corn. During the front-end process, corn is steeped in water and separated into starch and co-products such as animal feed and germ. The starch is then either dried for sale or further modified or refined through various processes to make sweeteners and other starch-based products designed to serve the particular needs of various industries. The Company's sweetener products include high fructose corn syrups ("HFCS"), glucose corn syrups, high maltose corn syrups, dextrose, maltodextrins and glucose and corn syrup solids. The Company's starch-based products include both industrial and food grade starches.

The Company supplies a broad range of customers in over 60 industries. The Company's most important customers are in the food and beverage, pharmaceuticals, paper products, corrugated and laminated paper, textiles and brewing industries and in the animal feed markets worldwide. The Company believes its customers value its local approach to service.

As described more fully in Proposal 2 of the Proxy Statement, the

Company purchased majority control of its Mexican Joint Venture on December 2, 1998. As part of that purchase, the Company entered into agreements to purchase the remaining interests in the Joint Venture in two transactions over the next several years. These transactions should continue to allow the Company to be a major presence in the Mexican corn-refining marketplace.

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BUSINESS STRATEGY

Corn Products International's vision is to be "Your local resource, worldwide" to users of corn refined products. We plan on working toward achieving our Vision by continuously focusing on our customers and by providing an environment that attracts and retains competent and committed employees and by seeking to implement the following closely linked strategies, pursuing our "Strategize globally - Execute locally" approach:

- - Continue to drive for leadership in delivered cost efficiency in the markets we serve. Since ours is a cost-driven business, we intend to continue implementing productivity improvements and cost-reduction efforts at our factories. We expect to improve facility reliability with ongoing preventative maintenance, and continue to drive down logistics, raw material and supplies costs through a combination of local and corporate strategic procurement. In the Sales, General and Administrative areas, we plan on continuing to benchmark and analyze costs and processes to further drive cost competitiveness.
- - Maintain our leadership positions - globally in dextrose, and regionally in starch. The Company plans to continue to leverage its worldwide market-leading dextrose business. We believe that recently completed expansions and product-quality investments position the Company for sales growth over the next several years. We intend to invest to satisfy future customer demand and to maintain our share leadership. In starch, we plan to support our regional leadership position through product line extensions and capacity investment as appropriate.
- - In North America, concentrate on continuing to restore acceptable profitability in the United States, and invest to strengthen this large regional business further. 1998 marked a turning point for the Company's business in the United States. We plan to continue to focus our North American organization to regain the profitability we sustained earlier in this decade. At the same time, we intend to seek investment, acquisition and alliance opportunities that have a good strategic fit to our plant processes, products and technical skills to improve profitable "top-line" growth.
- - In the Rest of the World (ROW), continue to improve our solid South American business through organic and external growth investments adapted to the macro-economic environment; elsewhere, selectively enter new countries through acquisitions and alliances to enhance geographic business positions. This overarching long-term strategy is adapted in the short term as needed to this region's periodic swings in economic growth and currency values. At this point, we believe that our strategic moves will constructively address the effects of the Brazilian crisis in the region. We expect that our skilled local management team, developed over decades of operating within South America, will seek to optimize our existing business base and adapt investments in the short term to the changed environment. Throughout Asia and Africa, we intend to continue growing our existing base, while seeking additional profitable growth through acquisitions and strategic alliances.
- - Evaluate other growth opportunities beyond those investments, and act on those that are judged vital to our long-term market position and prosperity. The Company intends to continue to evaluate opportunities for accretive investment. When vital to the prospects of the Company, we plan to make significant investments we believe will provide our stockholders reliable profitable returns and provide the Company with strong geographic or product-based business positions.

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PRODUCTS

The Company sells sweetener products that account for approximately 50% of the net sales of the Corn Refining Business, starch products that account for approximately 25% of net sales, and co-products that account for approximately 25% of net sales.

Sweetener Products. The Company's sweetener products accounted for 50%, or \$731 million, of its net sales in 1998; 54%, or \$761 million, and 55%, or \$842 million, of net sales in 1997 and 1996, respectively.

High Fructose Corn Syrup: The Company produces three types of high fructose corn syrup: (i) HFCS-55, which is primarily used as a sweetener in soft drinks made in the United States, Canada, Mexico and Japan, (ii) HFCS-42, which is used as a sweetener in various consumer products such as fruit-flavored beverages, yeast-raised breads, rolls, dough, ready-to-eat cakes, yogurt and ice cream, and (iii) HFCS-90 used in specialty and low calorie foods.

Glucose Corn Syrups: Corn syrups are fundamental ingredients in many industrial products and are widely used in food products such as baked goods, snack foods, beverages, canned fruits, condiments, candy and other sweets, dairy products, ice cream, jams and jellies, prepared mixes and table syrups. Corn Products offers corn syrups that are manufactured through an ion exchange process, a method that creates the highest quality, purest corn syrups.

High Maltose Corn Syrup: This special type of glucose syrup has a unique carbohydrate profile, making it ideal for use as a source of fermentable sugars in brewing beers. High maltose syrups are also used in the production of confections, canning and some other food processing applications.

Dextrose: The Company was granted the first U.S. patent for dextrose in 1923. The Company currently produces dextrose products that are grouped in three different categories - monohydrate, anhydrous and specialty. Monohydrate dextrose is used across the food industry in many of the same products as glucose corn syrups, especially in confectionery applications. Anhydrous dextrose is used to make solutions for intravenous injection and other pharmaceutical applications, as well as some specialty food applications. Specialty dextrose products are used in a wide range of applications, from confectionery tableting to dry mixes to carriers for high intensity sweeteners. Dextrose also has a wide range of industrial applications, including use in wall board and production of biodegradable surfactants (surface agents), humectants (moisture agents), and as the base for fermentation products including vitamins, organic acids, amino acids and alcohol.

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

Starch Products. Starch products accounted for 25%, or \$357 million, of the Company's net sales in 1998, 23%, or \$328 million, and 22%, or \$336 million, of net sales in 1997 and 1996, respectively. Starches are an important component in a wide range of processed foods, used particularly as a thickener and binder. Corn starch is also sold to corn starch packers for sale to consumers. Starches are also used in paper production to produce a smooth surface for printed communications and to improve strength in today's recycled papers. In the corrugating industry, starches are used to produce high quality adhesives for the production of shipping containers, display board and other corrugated applications. The textile industry has successfully used starches for over a century to provide size and finishes for manufactured products. Industrial starches are used in the production of construction materials, adhesives, pharmaceuticals and cosmetics, as well as in mining, water filtration and oil and gas drilling.

Enzymes. Enzymes are produced and marketed for a variety of food and

industrial applications.

Co-Products Co-products accounted for 25%, or \$360 million, of the Company's net sales in 1998, 23%, or \$329 million, and 23%, or \$346 million, of net sales in 1997 and 1996, respectively. Refined corn oil is sold to packers of cooking oil and to producers of margarine, salad dressings, shortening, mayonnaise and other foods. Corn gluten feed is sold as animal feed. Corn gluten meal and steepwater are sold as additives for animal feed.

OPERATIONS

The Company's North American operations, which include the U.S., Canada and Mexico, operate 11 plants producing regular and modified starches, dextrose, high fructose and high maltose corn syrups and corn syrup solids, dextrins and maltodextrins, caramel color and sorbitol. The Company's plant in Bedford Park, Illinois is a major supplier of starch and dextrose products for the Company's U.S. and export customers. The Company's other U.S. plants in Winston-Salem, North Carolina and Stockton, California enjoy strong market shares in their local areas, as do the Company's Canadian plants in Cardinal, London and Port Colborne, Ontario. The Company is the largest corn refiner in Mexico and was first to locally produce HFCS-55 for sale to the Mexican soft drink bottling industry, having completed an HFCS channel at the San Juan Del Rio plant in 1997.

The Company is the largest corn refiner in South America, with leading market shares in Chile, Brazil and Colombia and a strong position in Argentina. Its South American consolidated operations have 11 plants that produce regular, modified, waxy and tapioca starches, high maltose and corn syrups, dextrins and maltodextrins, dextrose, caramel color, sorbitol and vegetable adhesives. In 1998, the Company completed a significant grind and finished product expansion at its Baradero, Argentina plant. In addition, the Company acquired a small manioc starch plant in Brazil and, as part of the Mexican transaction, a small sorbitol producer in Ecuador.

The Company has additional subsidiaries in Kenya, South Korea, Malaysia and Pakistan, which operate four additional plants. These operations produce modified, regular, waxy and tapioca starches, dextrins, glucose, dextrose and caramel color.

In addition to the operations in which it engages directly, the Company has numerous strategic alliances through technical license agreements with companies in Australia, India, Japan, New Zealand, Thailand, South Africa, Zimbabwe, Serbia and Venezuela. As a group, the Company's strategic alliance partners operate 14 plants and produce high fructose, glucose and high maltose syrups (both corn and tapioca), regular, modified, waxy and tapioca starches, dextrose and dextrins, maltodextrins and caramel color. These products have leading market positions in many of their target markets.

COMPETITION

The corn refining industry is highly competitive. Most of the Company's products compete with virtually identical products and derivatives manufactured by other companies in the industry. The U.S. is the most competitive market with participation by eleven corn refiners. Competitors include ADM Corn Processing Division ("ADM") (a division of Archer Daniels Midland Company), Cargill, A.E. Staley Manufacturing Co. ("Staley") (a subsidiary of Tate & Lyle, PLC) and National Starch and Chemical Company ("National Starch") (a subsidiary of Imperial Chemicals Industries plc). In Latin America, Cargill has corn refining operations in Brazil, National Starch has operations in Brazil and Mexico, and

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ALMEX, a joint venture between ADM and Staley, has operations in Mexico. Several local corn refiners also operate in Latin America. Competition within markets is largely based on price, quality and product availability.

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

CUSTOMERS

The Company supplies a broad range of customers in over 60 industries. Historically, Bestfoods' worldwide branded foods business has been one of the Company's largest customers, accounting for approximately 11% of total sales in 1998. In addition, approximately 15% of the Company's 1998 worldwide sales were of HFCS to international, regional and local companies engaged in the soft drink industry, primarily in North America.

RAW MATERIALS

The basic raw material of the corn refining industry is yellow dent corn. In the United States, the corn refining industry processes about 10% to 15% of the annual U.S. corn crop. The supply of corn in the United States has been, and is anticipated to continue to be, adequate for the Company's domestic needs. The price of corn, which is determined by reference to prices on the Chicago Board of Trade, fluctuates as a result of three primary supply factors -- farmer planting decisions, climate and government policies -- and three major market demand factors -- livestock feeding, shortages or surpluses of world grain supplies and domestic and foreign government policies and trade agreements.

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

Due to the competitive nature of the corn refining industry and the availability of substitute products not produced from corn, such as sugar from cane or beet, end product prices may not necessarily fluctuate in relation to raw material costs of corn.

Over 55% of the Company's starch and refinery products are sold at prices established in supply contracts lasting for periods of up to one year. The remainder of the Company's starch and refinery products is not sold under firm pricing arrangements and actual pricing for those products is affected by the cost of corn at the time of production and sale.

The Company follows a policy of hedging its exposure to commodity fluctuations with commodities futures contracts for certain of its North American corn purchases. All firm priced business is hedged when contracted. Other business may or may not be hedged at any given time based on management's judgment as to the need to fix the costs of its raw materials to protect the Company's profitability. Realized gains and losses arising from such hedging transactions are considered an integral part of the cost of those commodities and are included in the cost when purchased. See Registrant's

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Annual Report to Stockholders "Management Analysis and Discussion" section on "Risk and Uncertainties - Commodity Costs."

GEOGRAPHIC SCOPE

The Company engages in business in 22 countries, operating directly and through affiliates in 14 countries with 26 plants and indirectly through joint ventures and technical licensing agreements elsewhere in South America, Asia, Africa, Australia and New Zealand. The Company has wholly owned operations in North America, South America, Asia and Africa, and other joint venture interests and licensing and technical agreements in South America, Asia and Africa. In 1998, over 60% of the Company's net sales was derived from its operations in North America and less than 40% from operations in other geographic areas, primarily South America (representing over 80% of sales and operating income of other geographic areas). See Note 12 of Notes to Consolidated Financial Statements for certain financial information with respect to geographic areas.

RESEARCH AND DEVELOPMENT

The Company's product development activity is focused on developing product applications for identified customer and market needs. Through this approach, the Company has developed value-added products for use in the

corrugated paper, food, textile, baking and confectionery industries. The Company usually collaborates with customers to develop the desired product application either in the customers' facilities, the Company's technical service laboratories or on a contract basis. The Company's marketing, product technology and technology support staffs devote a substantial portion of their time to these efforts. Product development is enhanced through technology transfers pursuant to existing licensing arrangements.

SALES AND DISTRIBUTION

Salaried sales personnel, who are generally dedicated to customers in a geographic region, sell the Company's products directly to manufacturers and distributors. In addition, the Company has a staff that provides technical support to the sales personnel on an industry basis. The Company generally utilizes contract truckers to deliver bulk products to customer destinations but also has some of its own trucks for product delivery. In North America, the trucks generally ship to nearby customers. For those customers located considerable distances from Company plants, a combination of railcars and trucks is used to deliver product. Railcars are generally leased for terms of five to fifteen years.

PATENTS, TRADEMARKS AND TECHNICAL LICENSE AGREEMENTS

The Company owns a number of patents, which relate to a variety of products and processes and a number of established trademarks under which the Company markets such products. The Company also has the right to use certain other patents and trademarks pursuant to patent and trademark licenses. The Company does not believe that any individual patent or trademark is material. There is not currently any pending challenge to the use or registration of any of the Company's significant patents or trademarks that would have a material adverse impact on the Company or its results of operations.

The Company is a party to nine technical license agreements with third parties in other countries whereby the Company provides technical, management and business advice on the operations of corn refining businesses and receives royalties in return. These arrangements provide the Company with product penetration in the various countries in which they exist, as well as experience and relationships that could facilitate future expansion. The duration of the agreements ranges from one to ten years or longer, and many of these relationships have been in place for many years. These agreements in the aggregate provide approximately \$5 million of annual revenue to the Company.

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EMPLOYEES

As of December 31, 1998, the Company had approximately 5,550 employees, of which approximately 1,000 were located in the U.S. Approximately 30% of U.S. and 28% of non-U.S. employees are unionized. The Company believes its union and non-union employee relations are good.

GOVERNMENT REGULATION AND ENVIRONMENTAL MATTERS

As a manufacturer and maker of food items and items for use in the pharmaceutical industry, the Company's operations and the use of many Company products are subject to various U.S., state, foreign and local statutes and regulations, including the Federal Food, Drug and Cosmetic Act and the Occupational Safety and Health Act, and to regulation by various government agencies, including the United States Food and Drug Administration, which prescribe requirements and establish standards for product quality, purity and labeling. The finding of a failure to comply with one or more regulatory requirements can result in a variety of sanctions, including monetary fines. The Company may also be required to comply with U.S., state, foreign and local laws regulating food handling and storage. The Company believes these laws and regulations have not negatively affected its competitive position.

The operations of the Company are also subject to various U.S., state, foreign and local laws and regulations with respect to environmental matters, including air and water quality and underground fuel storage tanks, and other regulations intended to protect public health and the environment. The Company believes it is in material compliance with all such applicable laws and regulations. Based upon current laws and regulations and the interpretations thereof; the Company does not expect that the costs of future environmental compliance will be a material expense, although there can be no assurance that the Company will remain in compliance or that the costs of remaining in

compliance will not have a material adverse effect on the Company's financial condition and results of operations.

The Company currently anticipates that it will spend approximately \$7 million in fiscal 1999 for environmental control equipment to be incorporated into existing facilities and in planned construction projects. This equipment is intended to enable the Company to continue its policy of compliance with existing known environmental laws and regulations. Under the U.S. Clean Air Act Amendments of 1990, air toxin regulations will be promulgated for a number of industry source categories. The U.S. Environmental Protection Agency's regulatory timetable specifies the promulgation of standards for vegetable oil production and for industrial boilers by the year 2000. At that time, the Company's U.S. facilities may require additional pollution control devices to meet these standards. Currently, the Company can not accurately estimate the ultimate financial impact of the standards.

RELATIONSHIP BETWEEN THE COMPANY AND BESTFOODS

In connection with the spin-off of the Company from Bestfoods at the end of 1997, the Company entered into various agreements with Bestfoods for the purpose of governing certain of the ongoing relationships between Bestfoods and the Company in the future.

The Company entered into a tax indemnification agreement that requires the Company to indemnify Bestfoods against tax liabilities arising from the loss of the tax-free reorganization status of the spin-off. This agreement could restrict the Company, for a two-year period, from entering into certain transactions, including limitations on the liquidation, merger or consolidation with another company, certain issuance and redemption of common stock and the distributions or sale of certain assets.

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The Company entered into a Master Supply Agreement to supply Bestfoods and its affiliates with certain corn refining products at prices based generally on prevailing market conditions for a minimum two-year term, ending December 31, 1999. Pursuant to the Master Supply Agreement, Bestfoods will purchase certain products exclusively from the Company and the Company is restricted from engaging in certain activities that are competitive with Bestfoods involving the sale, manufacture or packaging of "Commodity Consumer products," which are defined in the Master Supply Agreement as "corn starch, corn oil, corn syrup and dextrose which are branded and packaged for sale to the retail trade, club stores, mass merchandisers and food services sector." These are activities in which the Company has not engaged in the past. The Master Supply Agreement is renewable in whole or in part thereafter upon mutual agreement of the parties. At this time, neither Bestfoods nor the Company has expressed an intention not to renew the Master Supply Agreement upon its expiration.

EXECUTIVE OFFICERS OF THE COMPANY

Set forth below is the names and ages of all executive officers of the Company, indicating their positions and offices with the Company.

Name	Age	All positions and offices with the Company
- - - - -	---	-----
Konrad Schlatter	63	Chairman and Chief Executive Officer of Corn Products since 1997. Mr. Schlatter served as Senior Vice President of Bestfoods from 1990 to 1997 and Chief Financial Officer of Bestfoods from 1993 to February 1997
Samuel C. Scott	54	President and Chief Operating Officer of Corn Products since 1997. Mr. Scott served as President of Bestfoods' worldwide Corn Refining Business from 1995 to 1997 and was President of Bestfoods' North American Corn Refining Business from 1989 to 1997. He was elected a Vice President of Bestfoods in 1991. Mr. Scott is a director of Motorola, Inc. and Reynolds Metal Company.
Marcia E. Doane	57	Vice President, General Counsel and Corporate

Secretary of Corn Products since 1997. Ms. Doane served as Vice President, Legal and Regulatory Affairs of the Corn Products Division of Bestfoods from 1996 to 1997. Prior thereto, she served as Counsel to the Corn Products Division from 1994 to 1996. Ms. Doane joined Bestfoods' legal department in 1989 as Operations Attorney for the Corn Products Division.

Frank J. Kocun

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Vice President and President, Cooperative Management Group since 1997. Mr. Kocun served as President of the Cooperative Management Group of the Corn Products Division of Bestfoods from 1991 to 1997 and as Vice President of the Cooperative Management Group from 1985. Mr. Kocun joined Bestfoods in 1968 and served in various executive positions in the Corn Products Division and in Penick Corporation, a Bestfoods subsidiary.

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Eugene J. Northacker

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Vice President and President, Latin American Division since 1997. Mr. Northacker was appointed President of Bestfoods' Latin America Corn Refining Division and elected a Vice President of Bestfoods in 1992. Prior to that, he served as Business Director of Bestfoods' Latin America Corn Refining Division from 1989 to 1992, as Corn Refining General Manager of Bestfoods' then Mexican subsidiary from 1984 to 1986. Mr. Northacker joined Bestfoods in 1968 in the financial group of Bestfoods' North American consumer foods division, and has held executive assignments in several Bestfoods subsidiaries.

Michael R. Pyatt

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Vice President and Executive Vice President, North American Division since 1997. Mr. Pyatt served as Chairman, President and Chief Executive Officer of Canada Starch Co., Inc., a Bestfoods subsidiary, from 1994 to 1997 and as President of the Canadian business of Bestfoods' Corn Products Division, Vice Chairman of Canada Starch and as a Vice President of the Corn Products Division since 1992. Mr. Pyatt joined Bestfoods in 1982 and served in various sales and marketing positions in the Casco business.

James W. Ripley

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Vice President - Finance and Chief Financial Officer since 1997. Mr. Ripley served as Comptroller of Bestfoods from 1995 to 1997. Prior thereto, he served as Vice President of Finance for Bestfoods' North American Corn Refining Division from 1984 to 1995. Mr. Ripley joined Bestfoods in 1968 as chief international accountant, and subsequently served as Bestfoods' Assistant Corporate Comptroller, Corporate General Audit Coordinator and Assistant Comptroller for Bestfoods' European Consumer Foods Division.

Richard M. Vandervoort

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Vice President -Strategic Business Development and Investor Relations since 1998. Mr. Vandervoort has served as Vice President - Business Development and Procurement, Corn Products International North American Division from 1997 to 1998. Prior thereto, he served as Vice President - Business Management and Marketing for Bestfoods'

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Corn Products Division from 1989 to 1997. Mr. Vandervoort joined Bestfoods in 1971 and served in

various executive sales positions in Bestfoods' Corn Products Division and in Peterson/Puritan Inc., a Bestfoods subsidiary.

Cheryl K. Beebe	43	Treasurer since 1997. Ms. Beebe served as Director of Finance and Planning for the Bestfoods Corn Refining Business worldwide from 1995 to 1997 and as Director of Financial Analysis and Planning for Corn Products North America from 1993. Ms. Beebe joined Bestfoods in 1980 and served in various financial positions in Bestfoods.
James I. Hirschak	44	Vice President - Human Resources since 1997. Mr. Hirschak joined Bestfoods in 1976 and held various Human Resources positions in Bestfoods until 1984, when he joined Bestfoods' Corn Products Division. In 1987, Mr. Hirschak was appointed Director, Human Resources for Corn Products' North American operation and has served as Vice President, Human Resources for the Corn Products Division since 1992.
Jack C. Fortnum	42	Comptroller since 1997. Mr. Fortnum served as the Vice President of Finance for Refinerias de Maize, Bestfoods' Argentine subsidiary from 1995 to 1997, as the Director of Finance and Planning for Bestfoods Latin America Corn Refining Division from 1993 to 1995, and as the Vice President and Comptroller of Canada Starch Co., Inc., the Canadian subsidiary of Bestfoods and Vice President of Finance of the Canadian Corn Refining Business from 1989.

ITEM 2. PROPERTIES

The Company operates, directly and through its subsidiaries, 26 manufacturing facilities, 25 of which are owned and one of which is leased (Jundiari, Brazil). In addition, the Company owns its corporate headquarters in Bedford Park, Illinois. The following list details the location of the Company's manufacturing facilities:

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U.S. ----

Stockton, California
Bedford Park, Illinois
Winston-Salem, North Carolina
Beloit, Wisconsin

Canada -----

Cardinal, Ontario
London, Ontario
Port Colborne, Ontario

Africa -----

Eldoret, Kenya

Mexico -----

San Juan del Rio
Guadalajara (2 plants)
Mexico City

South America -----

Baradero, Argentina
Balsa Nova, Brazil
Cabo, Brazil
Jundiari, Brazil
Mogi-Guacu, Brazil
Conchal, Brazil
Llay-Llay, Chile
Barranquilla, Colombia
Cali, Colombia
Medellin, Colombia
Guayaquil, Ecuador

Asia ----

Petaling Jaya, Malaysia
Faisalabad, Pakistan
Inchon, South Korea

In addition to the foregoing, the Company has interests in 15 plants through its unconsolidated joint ventures and allied operations.

While the Company has achieved high capacity utilization, the Company believes its manufacturing facilities are sufficient to meet its current production needs. The Company has preventive maintenance and de-bottlenecking programs designed to further improve grind capacity and facility reliability.

The Company has electricity co-generation facilities at all of its U.S. and Canadian plants, as well as its plants in San Juan del Rio, Mexico, Baradero, Argentina and Faisalabad, Pakistan, that provide electricity at a lower cost than is available from third parties. The Company generally owns and operates such co-generation facilities itself, but has two large facilities at its Stockton, California and Cardinal, Ontario locations that are owned by, and operated pursuant to co-generation agreements with, third parties.

The Company believes it has competitive, up-to-date and cost-effective facilities. In recent years, significant capital expenditures have been made to update, expand and improve the Company's facilities, averaging in excess of \$140 million per year for the last five years. Capital investments have included the rebuilding of the Company's plants in Cali, Colombia and Baradero, Argentina; an expansion of both

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grind capacity and dextrose production capacity at the Company's Argo facility in Bedford Park, Illinois; entry into the high maltose corn syrup business in Brazil, Colombia and Argentina; and the installation of energy co-generation facilities in Canada. In addition, Arancia-CPC completed a major expansion of the San Juan del Rio plant to produce HFCS. The Company believes these capital expenditures will allow the Company to operate highly efficient facilities for the foreseeable future with further annual capital expenditures that are in line with historical averages.

ITEM 3. LEGAL PROCEEDINGS

Under the terms of the agreements relating to the spin-off of the Company from Bestfoods, the Company agreed to indemnify Bestfoods for certain liabilities relating to the operation of the Corn Refining Business prior to the spin-off, including liabilities relating to the proceedings described below.

In July 1995, Bestfoods received a federal grand jury subpoena in connection with an investigation by the Antitrust Division of the U.S. Department of Justice of U.S. corn refiners regarding the marketing of high fructose corn syrup and other "food additives" (the investigation of Bestfoods relates only to high fructose corn syrup). Bestfoods has produced the documents sought by the Justice Department. Bestfoods, as a high fructose corn syrup producer, was also named as one of the defendants in a number of private treble damage class actions, by direct and indirect customers, and one individual action, alleging violations of federal and state antitrust laws. Following the certification of the consolidated federal class actions, Bestfoods entered into a settlement of the federal claims for \$7 million. Bestfoods also settled the one individual action (Gray and Company v. Archer Daniels Midland et al., Civ. No. 97-69-AS) in the United States District Court for the District of Oregon (subsequently transferred to the United States District Court for the Central District of Illinois, Peoria Division for consolidation in MDL, Docket No. 1087 and Matter File No. 95-1477). A stipulated joint dismissal of Bestfoods from the Gray and Company litigation was received by the court on January 28, 1998. Bestfoods remains a party to the state law actions filed in Alabama, California, the District of Columbia, West Virginia, and Kansas, each of which was filed in 1995 or 1996. A state law action filed in Michigan was dismissed on February 4, 1998 for lack of progress after plaintiffs' motion to certify a class was denied. The amount of damages claimed in the various state law actions is either unspecified or stated as not exceeding \$50,000 per claimant.

The Company is currently subject to claims and suits arising in the ordinary course of business, including environmental proceedings. The Company does not believe that the results of such legal proceedings, even if unfavorable to the Company, will be material to the Company. There can be no assurance,

however, that any claims or suits arising in the future, taken individually or in the aggregate, will not have a material adverse effect on the Company's financial condition or results of operations.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITYHOLDERS

There were no matters submitted to a vote of securityholders, through the solicitation of proxies or otherwise, during the fourth quarter ended December 31, 1998.

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PART II

ITEM 5. MARKET FOR THE REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

Shares of Corn Product's Common Stock are traded on the New York Stock Exchange ("NYSE") under the ticker symbol "CPO." The range of the NYSE reported high and low closing sale prices of the Company's Common Stock, holders of record, and quarterly dividends are set forth in page 35 of the Annual report to Stockholders for the year ended December 31, 1998 and incorporated herein by reference.

On December 2, 1998, the Company issued an aggregated of 1,764,706 shares of the Company's Common Stock as partial consideration related to the acquisition the controlling interest in the Company's Mexican Joint Venture (as more fully described in Form 8-K filed by the Company on October 21, 1998, regarding the transaction along with the Transaction Agreement, Stockholders Agreement and Option Agreement filed therewith as exhibits 1-3 respectively.)

All of the shares were acquired by the recipient for investment with no view toward public resale or distribution thereof without registration. The recipient qualified as an accredited investor, the offer and sale were made without any public solicitation, and the stock certificate bears a restrictive legend.

The Company's policy is to pay a modest dividend. The amount and timing of the dividend payment, if any, is based on a number of factors including estimated earnings, financial position and cash flow. The payment of a dividend is solely at the discretion of the Corn Products' Board of Directors. It is subject to the Company's financial results and the availability of surplus funds to pay dividends.

ITEM 6. SELECTED FINANCIAL DATA

Incorporated by reference from the Registrant's Annual Report to Stockholders, page 35-36, section entitled "Supplemental Financial Information."

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

Incorporated by reference from the Registrant's Annual Report to Stockholders, pages 8-13, section entitled "Management's Discussion and Analysis."

QUALITATIVE & QUANTITATIVE RISKS

Incorporated by reference from the Registrant's Annual Report to Stockholders, pages 11-13, section entitled "Management's Discussion and Analysis - Risks and Uncertainties."

INTERNATIONAL OPERATIONS AND FOREIGN EXCHANGE. For more than 70 years, the Company has operated a multinational business subject to the risks inherent in operating in foreign countries and with foreign currencies. The Company's US Dollar denominated results are subject to foreign exchange fluctuations, and its non-US operations are subject to political, economic and other risks.

The Company primarily sells world commodities and; therefore, believes that local prices will adjust relatively quickly to offset the effect of a local devaluation. Corn Products generally does not enter into foreign currency

hedging transactions. The Company's policy is to hedge only commercial transactions denominated in a currency other than the currency of the country in which the operating unit responsible for the transaction is located.

UNCERTAIN ABILITY TO GENERATE ADEQUATE FINANCIAL PERFORMANCE. The Company's ability to generate operating income and to increase profitability depends to a large extent upon its ability to price finished products at a level that will cover manufacturing and raw material costs and provide a profit margin. The Company's ability to maintain appropriate price levels is determined by a number of factors largely beyond the Company's control, such as aggregate industry supply and market demand, which may vary from time to time and by the geographic region of the Company's operations. For example, the Company's profits sharply declined in 1996 and 1997. The primary reason for the profit decline in 1997 was a significant expansion of high fructose corn syrup industry capacity in North America ahead of demand. The sharp and unusual increase in the cost of corn during 1996, which could not be fully passed on in increased prices, was the primary cause of the profit decline in 1996. Other factors also affect the

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Company's profitability, including the economic conditions in various geographic regions and countries in which the Company manufactures and sells its finished products. Accordingly, there can be no assurance that the Company will successfully reverse these declines in profit.

UNCERTAIN ABILITY TO CONTAIN COSTS OR TO FUND CAPITAL EXPENDITURES. The Company's future profitability and growth also depends on the Company's ability to contain operating costs and per-unit product costs, to maintain and/or implement effective cost control programs and to develop successfully value-added products and new product applications, while at the same time maintaining competitive pricing and superior quality products, customer service and support. The Company's ability to maintain a competitive cost structure depends on continued containment of manufacturing, delivery and administrative costs as well as the implementation of cost-effective purchasing programs for raw materials, energy and related manufacturing requirements. The Company plans to focus capital expenditures on implementing productivity improvements and, if supported by customer demand, expand the production capacity of its facilities. Additional funds may be needed for working capital as the Company grows and expands its operations. To the extent possible, these capital expenditures and other expenses are expected to be funded from operations. If the Company's cash flow is insufficient to fund such expenses, the Company may either reduce its capital expenditures or utilize certain general credit facilities. The Company may also seek to generate additional liquidity through the sale of debt or equity securities in private or public markets or through the sale of non-productive assets. The Company cannot provide any assurance that cash flow from operations will be sufficient to fund anticipated capital expenditures and working capital requirements or that additional funds can be obtained from the financial markets or the sale of assets at terms favorable to the Company. If the Company is unable to generate sufficient cash flows or raise sufficient additional funds to fund capital expenditures, it may not be able to achieve its desired operating efficiencies and expansion plans, which may adversely impact the Company's competitiveness and, therefore, its results of operations.

INTEREST RATE EXPOSURE. Approximately 60% of the Company's borrowings are short term credit facilities with floating interest rates. In the future, the Company may convert a portion of the current debt into a longer term fixed rate instrument. The remaining 40% of the Company's debt is long term with variable interest rates primarily tied to LIBOR. Should short-term rates change, this could affect our interest costs: current economic projections do not indicate a significant change in the interest rate in the near future.

COMPETITION; EXPANDING INDUSTRY CAPACITY. The Company operates in a highly competitive environment. Almost all of the Company's products compete with virtually identical or similar products manufactured by other companies in the corn refining industry. In the United States, there are ten other corn refiners, several of which are divisions of larger enterprises that have greater financial resources and some of which, unlike the Company, have vertically integrated their corn refining and other operations. Many of the Company's products also compete with products made from raw materials other than corn. Fluctuation in prices of these competing products may affect prices of, and profits derived from, the Company's products. Competition within markets is largely based on price, quality and product availability.

PRICE VOLATILITY AND UNCERTAIN AVAILABILITY OF CORN. Corn purchasing costs, which include the price of the corn plus delivery cost, vary between 40% and 65% of the Company's product costs. The price and availability of corn are influenced by economic and industry conditions, including supply and demand factors such as crop disease and severe weather conditions such as drought, floods or frost, that are difficult to anticipate and cannot be controlled by the Company. In 1996, profitability was adversely impacted by an exceptional increase in corn costs, which the Company was not able to offset with an increase in the price of its products. In addition, the price of corn sweeteners, especially high fructose

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corn syrup, is indirectly impacted by government programs supporting sugar prices. There can be no assurance that the Company will be able to purchase corn at prices that can be adequately passed on to customers or in quantities sufficient to sustain or increase its profitability.

COMMODITY COSTS. The Company's finished products are made primarily from corn. Purchased corn accounts for 40% to 65% of finished product costs. In North America, the Company sells a large portion of finished product at firm prices established in supply contracts lasting for periods of up to one year. In order to minimize the effect of volatility in the cost of corn related to these firm-priced supply contracts, the Company enters into corn futures contracts, or takes hedging positions in the corn futures market. From time to time, the Company may also enter into anticipatory hedges. These contracts typically mature within one year. At expiration, the Company settles the derivative contracts at a net amount equal to the difference between the then-current price of corn and the fixed contract price. While these hedging instruments are subject to fluctuations in value, changes in the value of the underlying exposures the Company is hedging generally offset such fluctuations. While the corn futures contracts or hedging position are intended to minimize the volatility of corn costs on operating profits, occasionally the hedging activity can result in losses, some of which may be material. In the Rest of the World, sales of finished product under long-term firm-priced supply contracts are not material.

Based on the Company's overall commodity hedge exposure at December 31, 1998, a hypothetical 10% change in market rates applied to the fair value of the instruments would have no material impact on the Company's earnings, cash flows, or financial position.

VOLATILITY OF MARKETS. The market price for the common stock of the Company may be significantly affected by factors such as the announcement of new products or services by the Company or its competitors, technological innovation by the Company, its competitors or other vendors, quarterly variations in the Company's operating results or the operating results of the Company's competitors, analysts or reported results that vary materially from such estimates. In addition, the stock market has experienced significant price fluctuations that have affected the market prices of equity securities of many companies that have been unrelated to the operating performance of any individual company. These broad market fluctuations may materially and adversely affect the market price of the Company's common stock.

UNCERTAINTY OF DIVIDENDS. The payment of dividends is at the discretion of the Corn Products Board and will be subject to the Company's financial results and the availability of surplus funds to pay dividends. No assurance can be given that the Company will continue to pay any dividends.

CERTAIN ANTI-TAKEOVER EFFECTS. Certain provisions of the Company's Amended and Restated Certificate of Incorporation (the "Corn Products Charter") and the Company's By-Laws (the "Corn Products By-Laws") and of the Delaware General Corporation Law (the "DGCL") may have the effect of delaying, deterring or preventing a change in control of the Company not approved by the Corn Products Board. These provisions include (i) a classified Board of Directors, (ii) a requirement of the unanimous consent of all stockholders for action to be taken without a meeting, (iii) a requirement that special meetings of stockholders be called only by the Chairman of the Board or the Board of Directors, (iv) advance notice requirements for stockholder proposals and

nominations, (v) limitations on the ability of stockholders to amend, alter or repeal the Corn Products By-Laws and certain provisions of the Corn Products Charter, (vi) authorization for the Corn Products Board to issue without stockholder approval preferred stock with such terms as the Board of Directors may determine and (vii) authorization for the Corn Products Board to consider the interests of creditors, customers, employees and other constituencies of the Company and its subsidiaries and the effect upon communities in which the Company and its subsidiaries do business, in evaluating proposed corporate transactions. With certain exceptions, Section 203 of the DGCL ("Section 203") imposes certain restrictions on mergers and other business combinations between the Company and any holder of 15% or more of the Corn Products Common Stock. In addition, the Company has adopted a stockholder rights plan (the "Rights Plan"). The Rights Plan is designed to protect stockholders in the event of an unsolicited offer and other takeover tactics, which, in the opinion of the Corn Products Board, could impair the Company's ability to represent stockholder interests. The provisions of the Rights Plan may render an unsolicited takeover of the Company more difficult or less likely to occur or might prevent such a takeover.

These provisions of the Corn Products Charter and Corn Products By-Laws, the DGCL and the Rights Plan could discourage potential acquisition proposals and could delay or prevent a change in

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control of the Company, although such proposals, if made, might be considered desirable by a majority of the Company's stockholders. Such provisions could also make it more difficult for third parties to remove and replace the members of the Corn Products Board. Moreover, these provisions could diminish the opportunities for a stockholder to participate in certain tender offers, including tender offers at prices above the then-current market value of Corn Products Common Stock, and may also inhibit increases in the market price of Corn Products Common Stock that could result from takeover attempts or speculation.

LIMITED RELEVANCE OF HISTORICAL FINANCIAL INFORMATION. The Company's historical financial information may not necessarily reflect the results of operations, financial position and cash flows OF the Company in the future or the results of operations, financial position and cash flows had the Company operated as a separate stand-alone entity during the periods presented.

RELIANCE ON MAJOR CUSTOMERS. Historically, Bestfoods' worldwide branded foods business has been one of the Company's largest customers, accounting for approximately 11% of total sales in 1998. A master supply agreement was negotiated with Bestfoods to supply Bestfoods with Company product at prices based generally on market conditions for a minimum two year term ending December 31, 1999, which can be renewed upon the agreement of both parties. In addition, approximately 15% of the worldwide sales of the Corn Refining Business in 1997 represented sales of high fructose corn syrup to international, regional and local companies engaged in the soft drink industry, primarily in North America. If Bestfoods were not to continue to purchase products from the Company or the Company's soft drink customers were to substantially decrease their purchases, the business of the Company might be materially adversely affected.

READINESS FOR THE YEAR 2000. The Year 2000 (Y2K) issue is the result of certain computer programs using two digits rather than four to define the applicable year. During 1997, the Company developed a plan (the "Program") to address the Year 2K issue and began converting its computer systems to be Y2K compliant. The Company established a team with appropriate senior management support to identify and correct Y2K issues. The Company expects to fix or replace internal software where necessary. This includes software in all of the Company's manufacturing plants, building facilities and business systems. If not corrected, affected computer applications could fail or create erroneous results.

The Program involves assessment, evaluation, testing and remediation. During 1998, the Company substantially completed the assessment phase of the Program and prioritized these systems based on their criticality to business operations, and began evaluation and remediation. Evaluation involves the analysis of identified information technology (IT) and non-IT systems for Y2K compliance. Remediation includes rewriting code in existing software, installation of new software and replacement of non-compliant equipment. As of December 31, 1998, considerable progress had been made in remediation. In

addition, through the use of third party consultants, the Company continues an ongoing process of evaluating vendor statements and publicly available information about the Y2K compliance of various systems in operation at its sites. The Company intends to modify or replace systems, as appropriate, which appear non-compliant, particularly those of high or medium priority.

Y2K compliance depends not only on our internal manufacturing and administrative processes, but also on the ability of the different participants in the supply chain to interchange products, services, and information without interruption. The Company also is communicating with suppliers and service providers to ascertain whether the equipment and services provided by them will be Y2K compliant. Until the Company receives and analyzes responses from suppliers and providers, the Company cannot assess the potential impact of third party supplier and service provider Y2K issues.

The Company is exploring alternative solutions and developing contingency plans for handling mission critical areas in the event that remediation is unsuccessful. The Company anticipates that

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contingency plans may include the stockpiling of necessary supplies, the build-up of inventory, creation of computerized or manual back-up systems, replacement of vendors, and addition of new vendors. The Company expects to complete the Program, including establishment of contingency plans, in August 1999.

The Company currently estimates the total costs of the Program to achieve Y2K readiness at \$10 to \$14 million of expense. Planned capital expenditures indirectly related to Y2K, could add an additional \$5 to \$7 million to the cost of the Program. As of December 1998, the direct costs incurred by the Program to remediate Y2K issues were \$7 million and capital expenditures indirectly related to Y2K were an additional \$1.

Corn Products' Y2K plan is subject to a variety of risks and uncertainties. Some of the risks and uncertainties are beyond the Company's control, such as the Y2K preparedness of third party vendors and service providers and unidentified issues with hardware, software and embedded systems. The Company can not assure that it will successfully complete the Program on a timely basis, achieving Y2K readiness prior to January 1, 2000, or a prior critical failure date. The Company's failure to successfully complete the Y2K project could have a material adverse impact on its ability to manufacture and/or deliver its products.

FORWARD-LOOKING STATEMENTS

This Form 10-K contains certain forward-looking statements concerning the Company's financial position, business strategy, budgets, projected costs and plans and objectives of management for future operations as well as other statements including words such as "anticipate," "believe," "plan," "estimate," "expect," "intend," and other similar expressions. These statements contain certain inherent risks and uncertainties. Although the Company believes its expectations reflected in such forward-looking statements are based on reasonable assumptions, stockholders are cautioned that no assurance can be given that such expectations will prove correct and that actual results and developments may differ materially from those conveyed in such forward-looking statements. Important factors that could cause actual results to differ materially from the expectations reflected in the forward-looking statements herein include fluctuations in worldwide commodities markets and the associated risks of hedging against such fluctuations; fluctuations in aggregate industry supply and market demand; general economic, business and market conditions in the various geographic regions and countries in which the Company manufactures and sells its products, including fluctuations in the value of local currencies; increased competitive and/or customer pressure in the corn refining industry; and Year 2000 preparedness. Such forward-looking statements speak only as of the date on which they are made and the Company does not undertake any obligation to update any forward-looking statement to reflect events or circumstances after the date of this Form 10-K Report. If the Company does update or correct one or more forward-looking statements, investors and others should not conclude that the Company will make additional updates or corrections with respect thereto or with respect to other forward-looking statements.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

Incorporated by reference from the Registrant's Annual Report to Stockholders, pages 14-36, sections entitled "Independent Auditors' Report," and "Financial Statements."

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

None.

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PART III

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

The information contained under the headings "Board of Directors," "Matters To Be Acted Upon - Election of Directors" and "Section 16(a) Beneficial Ownership Reporting Compliance" in the Company's definitive proxy statement for the Company's 1999 Annual Meeting of Stockholders (the "Proxy Statement") and the information contained under the heading "Executive Officers of the Registrant" in Item 1 hereof is incorporated herein by reference.

ITEM 11. EXECUTIVE COMPENSATION

The information contained under the heading "Executive Compensation" in the Proxy Statement is incorporated herein by reference.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The information contained under the heading "Security Ownership of Certain Beneficial Owners and Management" in the Proxy Statement is incorporated herein by reference.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

The information contained under the heading "Certain Relationships and Related Transactions" in the Proxy Statement is incorporated herein by reference.

PART IV

ITEM 14. EXHIBITS, FINANCIAL STATEMENT SCHEDULES AND REPORTS ON FORM 8-K

Item 14(a) (1) Consolidated Financial Statements and Schedules

Incorporated by reference from The Registrant's Annual Report to Stockholders, pages 14-36, sections entitled "Independent Auditors' Report," and "Financial Statements."

Item 14(a) (2) Financial Statement Schedules

All financial statement schedules have been omitted either because the information is not required or is otherwise included in the financial statements and notes thereto.

Item 14(a) (3) Exhibits

The Exhibits set forth in the accompanying Exhibit Index are filed as a part of this report. The following is a list of each management contract or compensatory plan or arrangement required to be filed as an Exhibit to this report;

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Exhibit Number
- -----

10.9
10.10
10.11
10.12
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10.17
10.18

Item 14(b) Reports on Form 8-K

The following reports on Form 8-K were filed during the quarter ended December 31, 1998.

09/16/98 - Press Release - First Quarterly Dividend and Share Buyback Program
10/21/98 - Arancia Acquisition Announcement
12/02/98 - Arancia Acquisition Completion Announcement

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SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities and Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized, on the 31 day of March, 1999.

CORN PRODUCTS INTERNATIONAL, INC.

By: *Konrad Schlatter

Konrad Schlatter
Chairman and Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this Report has been signed below by the following persons on behalf of the Registrant, in the capacities indicated and on the 31 day of March, 1999.

Signature	Title
- - - - -	-----
*Konrad Schlatter Konrad Schlatter	Chairman and Chief Executive Officer
/s/ James W. Ripley James W. Ripley	Chief Financial Officer
/S/ Jack Fortnum Jack Fortnum	Comptroller
*Ignacio Aranguren-Castiello Ignacio Aranguren-Castiello	Director
*Alfred C. DeCrane, Jr. Alfred C. DeCrane, Jr.	Director
*William C. Ferguson William C. Ferguson	Director

*Bernard H. Kastory
Bernard H. Kastory

Director

*Richard G. Holder
Richard G. Holder

Director

*William S. Norman
William S. Norman

Director

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*Samuel C. Scott
Samuel C. Scott

Director

*Clifford B. Storms
Clifford B. Storms

Director

*By: /s/ Marcia E. Doane
Marcia E. Doane
Attorney-in-fact

(Being the principal executive officers, the principal financial and accounting officers and all of the directors of Corn Products International, Inc.)

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EXHIBIT NO. - - - - -	DESCRIPTION - - - - -
2.1**	Distribution Agreement dated December 1, 1997, between the Company and Bestfoods
3.1**	Amended and Restated Certificate of Incorporation of the Company, filed as Exhibit 3.1 to the Company's Registration Statement on Form 10, File No.1-13397
3.2**	Amended By-Laws of the Company, filed as Exhibit 3.2 to the Company's Registration Statement on Form 10, File No.1-13397
4.1**	Rights Agreement dated November 19, 1997 between the Company and First Chicago Trust Company of New York, filed as Exhibit 1 to the Company's Registration Statement on Form 8-A1 2B, File No.001-13397
4.2**	Certificate of Designation for the Company's Series A Junior Participating Preferred Stock, filed as Exhibit 1 to the Company's Registration Statement on Form 8-A1 2B, File No.001-13397
4.3**	5-Year Revolving Credit Agreement dated December 17, 1997 among the Company and the agents and banks named therein
10.1**	Master Supply Agreement dated January 1, 1998 between the Company and Bestfoods
10.2**	Tax Sharing Agreement dated December 1, 1997 between the Company and Bestfoods
10.3**	Tax Indemnification Agreement dated December 1, 1997 between the Company and Bestfoods
10.4**	Debt Agreement dated December 1, 1997 between the Company

and Bestfoods

- 10.5** Transition Services Agreement dated December 1, 1997 between the Company and Bestfoods
- 10.6** Master License Agreement dated January 1, 1998 between the Company and Bestfoods

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EXHIBIT NO.	DESCRIPTION
10.7**	Employee Benefits Agreement dated December 1, 1997 between the Company and Bestfoods, filed as Exhibit 4.E to the Company's Registration Statement on Form S-8, File No.333-43525
10.8**	Access Agreement dated January 1, 1998 between the Company and Bestfoods
10.9**	Stock Incentive Plan of the Company, filed as Exhibit 4.E to the Company's Registration Statement on Form S-8, File No.333-43525
10.10**	Deferred Stock Unit Plan of the Company
10.11**	Form of Severance Agreement entered into by each of K. Schlatter, S.C. Scott, E.J. Northacker, J.W. Ripley and F.J. Kocun (the "Named Executive Officers")
10.12**	Letter Agreement dated December 12, 1997 between the Company and E.J. Northacker
10.13**	Letter Agreement dated December 12, 1997 between the Company and F.J. Kocun
10.14**	Form of Indemnification Agreement entered into by each of the members of the Company's Board of Directors and the Named Executive Officers
10.15**	Deferred Compensation Plan for Outside Directors of the Company
10.16**	Supplemental Executive Retirement Plan
10.17**	Executive Life Insurance Plan
10.18**	Deferred Compensation Plan
12.1	Earnings Per Share Computation
13.1*	The 1998 Annual Report to Stockholders
21.1*	Subsidiaries of the Company
23.1*	Consent of KPMG LLP
24.1*	Powers of Attorney
27.1*	Financial Data Schedule

* Incorporated herein by reference as indicated in the exhibit description.

** Incorporated herein by reference to the exhibits filed with the Company's Annual Report on Form 10-K for the year ended December 31, 1997.

Earnings Per Share

Corn Products International, Inc.
 Computation of Net Income
 Per Share of Capital Stock

(All figures are in thousands except per share data)

	Year Ended December 31, 1988 -----
Basic	
Shares outstanding at the start of the period	35,594
Weighted average of new shares issued during the period	328
Weighted average of shares issued during the period for exercise of stock options	40
Weighted average of treasury shares purchased during the period	(12)

Average shares outstanding - basic	35,950
Effect of Dilutive Securities	
Dilutive shares outstanding - Assuming dilution	906
Shares assumed to have been purchased for treasury with assumed proceeds from the exercise of stock options	800

Average shares outstanding - assuming dilution	36,056
Income from continuing operations	42,955
Net income	42,955
Income Per Share - Basic	
Continuing operations	1.19
Net Income	1.19
Income Per Share - Dilutive	
Continuing operations	1.19
Net Income	1.19

MANAGEMENT DISCUSSION AND ANALYSIS
OVERVIEW AND OUTLOOK

Corn Products International, Inc., became an independent and public Company as of December 31, 1997 after being spun off from CPC International Inc. (CPC), now Bestfoods. This discussion and the comparative financial statements included in this Annual Report were prepared by attributing the historical data for CPC's Corn Refining Business to the Company. The results for the periods prior to December 31, 1997 were extracted from the consolidated results of CPC, of which the Company was an integral part until spun off as a separate operation. This may not necessarily be indicative of the result of operations or the financial position that the Company would have obtained during the periods shown had it been independent.

During our first year as an independent public company, Corn Products made considerable progress in improving profitability by focusing all its operations on pricing, volume, costs and efficiencies, and enhancing the quality of products and customer services. Our primary goal is to return to a satisfactory level of profitability. The Company's objective is to provide continuously increasing returns to our shareholders. Our strategy is to drive for delivered cost leadership in the markets we serve and maintain our market positions, in particular, our product leadership positions globally in dextrose and regionally in starch.

Our business grew solidly in 1998 as our North American business returned to profitability, although still below the profit levels we saw only a few years ago. The over-supply situation in the US sweeteners' marketplace which developed in 1996 for High Fructose Corn Syrup (HFCS), led to significant price declines in 1997. The supply/demand balance improved in 1997 and continued to show improvement in 1998, but is still below historical levels. Profitability has not returned to the levels experienced in 1994 and 1995.

To date in 1999, the industry has been experiencing further improvement in utilization rates and the Company has experienced better margins. We intend to concentrate on restoring the United States to higher profitability, and plan to make investments that we expect to strengthen our largest regional business. This will include taking advantage of our positions throughout Canada, Mexico and the United States to maximize our regional strength.

In December 1998, the Company completed a transaction to acquire the majority control of Arancia-CPC, our joint venture in Mexico. Based on 1998 results, we expect this acquisition to add approximately \$350 million in annual net sales and to place us solidly as the No. 3 producer in NAFTA.

In the Rest of the World, in 1998, the Company experienced continued volume growth, although at a slower pace than experienced in prior years. In many countries where we do business, the rate of economic progress of recent years slowed as the financial market turmoil, which began in Asia, spread to South America. The resulting reduced growth of some of our customers negatively impacted our profits returns in 1998 as demand weakened and limited our ability to adjust prices. In 1999, the Company anticipates improvement in some areas, but sees difficulties in areas such as Brazil after the devaluation of its currency in January of 1999. Our 70-year presence in South America has given us experience in how to successfully manage through turbulent economic times. We plan to further improve our solid South American business through timely growth investments. Elsewhere, we plan to selectively enhance our other geographic positions. At the start of 1999, we acquired the corn refining business of Bang-IL in South Korea, which we expect, based on 1998 results, will add \$65 million in annual net sales in 1999.

RESULTS OF OPERATIONS

NET SALES. 1998 net sales grew 2 percent to \$1,448 million from \$1,418 million

in 1997, with 4 percent higher volume. 1998 pricing was lower in some areas than in 1997, reflecting the passthrough of lower corn costs and lower exchange rates. However, in North America, net sales grew by 5 percent, including one month of additional sales from our Mexican operations, resulting from our increased investment. Pricing in the U.S. business rebounded from a disappointing 1997 with a 4 percent increase in net sales on 1 percent higher volume. The down cycle in HFCS, which hit a pricing low in 1997, improved somewhat in 1998, but still remains low versus historical levels. In Canada, lower pricing and lower exchange rates offset volume gains resulting in a 9 percent reduction in net sales. In the Rest of the World, net sales declined 2 percent as lower exchange rates and prices more than offset volume gains of 7 percent.

1997 net sales were down 7 percent from \$1,524 million in 1996. The 1997 net sales decline came, despite 5 percent volume growth, as lower corn costs combined with excess supply in the HFCS business resulting in significantly lower prices. Excess supply was caused by significant new capacity coming on stream and a lower than expected increase in demand from Mexico.

COST OF SALES AND OPERATING EXPENSES. Cost of sales for 1998 was marginally lower than 1997, despite the 4 percent increase in volume. Lower cost of sales resulted from lower corn costs and operating efficiencies. Consequently, 1998 gross profit margins improved to 12 percent of sales, from 10 percent in 1997 and 9 percent in 1996. The North American business showed a significant turnaround in 1998; however, further improvement is still necessary to achieve an acceptable level of return. The Rest of the World operations continue to achieve good profit, although somewhat moderated, as the emerging markets work through the effects of the financial market turmoil. Cost of sales in 1997 was 7 percent below 1996. The high costs of corn experienced in 1996 declined during 1997. In 1996, cost of sales included a \$40 million write down for certain liquidated corn futures positions, when corn prices fell sharply toward the end of the year.

Operating expense increased 6 percent to \$101 million in 1998 from \$95 million in 1997 and \$88 million in 1996. The increase in 1998 operating expense was largely due to corporate costs associated with being a stand-alone entity. Excluding the increased corporate cost, 1998 operating expense declined 2 percent from the prior year.

Equity in earnings of unconsolidated affiliates improved in 1998, compared to 1997, primarily due to improved results in the Mexican joint venture.

RESTRUCTURING CHARGE. In 1997, the Company recorded a \$94 million pre-tax (\$71 million after tax) restructuring charge. The charge was primarily for severance and severance related costs for more than 200 employees, principally in the Company's international operations. The Company has used the majority of the restructuring provision.

SPIN-OFF COSTS. In 1997, the Company also recorded a \$15 million pre-tax (\$12 million after tax) charge for costs related to the spin-off of the Corn Refining Business from CPC.

OPERATING INCOME. Operating income for 1998 was \$84 million, up from \$48 million in 1997, excluding special charges for spin-off and restructuring. In North America, 1998 operating income improved \$50 million from 1997 reflecting improved margins in HFCS and glucose, and solid results in Mexico. In the Rest of the World, operating income was down 7 percent to \$76 million dollars from the \$82 million achieved in 1997.

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Excluding the restructuring charge and spin-off costs described above, 1997 operating income declined 26% from 1996 to \$48 million, primarily attributable to the unfavorable high fructose pricing situation in North America.

FINANCING COSTS. 1998 financing costs decreased approximately 50 percent to \$13 million from \$28 million in 1997, as the Company significantly reduced its borrowings through most of the year. Lower borrowings resulted from better operating performance and the consequent improved cash flow.

1997 financing costs were in-line with 1996 as debt allocated by CPC (the then parent company) and interest rates both remained relatively stable.

PROVISION FOR INCOME TAXES. The Company's effective tax rate for 1998 was 35 percent. This represents the favorable effect of foreign source income in countries where tax rates are generally lower than in the United States. In 1997, the Company reported a pre-tax loss arising from restructuring and spin-off charges. The tax benefit rate attributed to these special items was 24 percent. The tax rate attributed to 1997 operating profits was 35 percent. This resulted in a net effective rate of 21 percent for 1997. The effective rate in 1996 of 33.6 percent was an assumed rate for CPC.

CUMULATIVE EFFECT OF A CHANGE IN ACCOUNTING PRINCIPLE. In 1997, the Company recorded a \$3 million after-tax charge because of a change in accounting principal. The change in accounting principal resulted from a pronouncement by the Emerging Issues Task Force (EITF) requiring companies to expense certain previously capitalized reengineering costs.

NET INCOME. Net income for 1998 totaled \$43 million compared to \$11 million in 1997, excluding the after tax effect of special charges in 1997. The improvement in net income largely reflects the improvement in the North American business, as well as the lower financing costs. The 1997 net loss was \$75 million, including the special charges for restructuring, spin-off and the cumulative effect of change in accounting principal. 1996 net income was \$23 million, reflecting adverse corn prices and the write-down of corn futures.

Earnings per share increased to \$1.19 per fully diluted share, up from the \$0.30 per share before the restructuring and spin-off costs and change in accounting principle, or a loss of \$2.10 after these charges.

LIQUIDITY & CAPITAL RESOURCES

Total assets increased to \$1,946 million from \$1,666 million at December 31, 1997. This increase was the result of the consolidation of the Mexican operations resulting from the Arancia transaction, which added \$400 million in assets. Excluding this transaction, total assets declined \$120 million, reflecting the repayment of a \$60 million loan made by the Company to Arancia-CPC earlier in the year. The proceeds from the loan, along with cash, were used to repay \$114 million in revolving debt in the United States and Canada. The effect of weaker currencies also reduced total assets.

In the past five years, the Company has invested over \$700 million in capital projects and modernized or expanded most of its plants in line with projected market demand. The Company plans to continue investing to meet customer demand and drive for delivered cost leadership.

NET CASH FLOWS. Cash flows in 1998 continued to fund the Company's working capital, capital expenditure program and a modest dividend payment. Net cash flows from 1998 operations were \$90 million, down from \$215 million in 1997. The 1997 cash flows included the results of the additional quarter in operations outside of North America due to the change in the year-end reporting period. 1997 cash flows from operations was exceptionally high, despite the net loss for the year, and resulted from reductions in trade working capital combined with the adjustment for

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the restructuring charge and spin-off costs described above. In 1996, lower net income, together with higher working capital, resulted in a negative cash flow from operations.

Cash used for investing activities in 1998 was \$60 million, compared to \$133 million in 1997. This resulted from lower capital expenditures of \$91 million, compared to \$116 million in 1997, the receipt of the repayment of the \$60 million loan noted above and the initial payment on the Mexican transaction. In 1996, The Company expended \$251 million for investing activities. This amount included \$191 million for net capital expenditures and the \$60 million loan to the Company's Mexican joint venture to fund capital projects, which was repaid in 1998.

The Company has a \$340 million 5-year revolving credit facility in the United States due December 2002. Outstanding borrowings against the revolver at December 31, 1998, were \$152 million at a rate of 5.45 percent. Long-term debt assumed in conjunction with the Arancia-CPC transaction amounts to \$154 million. The current portion of long term debt is \$7 million. The Company also has a number of short-term credit facilities in its foreign operations consisting of operating lines of credit. The Company expects these credit facilities, together with cash flow from operations, to provide sufficient operating funds for capital expenditures in support of its business strategies.

RISK AND UNCERTAINTIES

The Company operates in one business segment and in 22 countries. In each country, the business and assets are subject to varying degrees of risk and uncertainty. The Company insures its business and assets in each country against insurable risk in a manner that it deems appropriate. The Company believes there is no concentration of risk with any single customer or supplier, or small group of customers or suppliers, whose failure or non-performance would materially affect the Company's results. The Company also has policies to handle other financial risks discussed below.

COMMODITY COSTS. The Company's finished products are made primarily from corn. Purchased corn accounts for 40 percent to 65 percent of finished product costs. In North America, the Company sells a large portion of finished product at firm prices established in supply contracts lasting for periods of up to one year. In order to minimize the effect of volatility in the cost of corn related to these firm-priced supply contracts, the Company enters into corn futures contracts, or takes hedging positions in the corn futures market. From time to time, the Company may also enter into anticipatory hedges. These contracts typically mature within one year. At expiration, the Company settles the derivative contracts at a net amount equal to the difference between the then-current price of corn and the fixed contract price. While these hedging instruments are subject to fluctuations in value, changes in the value of the underlying exposures the Company is hedging generally offset such fluctuations. While the corn futures contracts or hedging position are intended to minimize the volatility of corn costs on operating profits, occasionally the hedging activity can result in losses, some of which may be material. In the Rest of the World, sales of finished product under long-term firm-priced supply contracts are not material.

Based on the Company's overall commodity hedge exposure at December 31, 1998, a hypothetical 10% change in market rates applied to the fair value of the instruments would have no material impact on the Company's earnings, cash flows, financial position, or fair value of commodity price risk sensitive instruments over a one-year period.

INTERNATIONAL OPERATIONS AND FOREIGN EXCHANGE. For more than 70 years, the Company has operated a multinational business subject to the risks inherent in operating in foreign countries and with foreign

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currencies. The Company's US Dollar denominated results are subject to foreign exchange fluctuations, and its non-US operations are subject to political, economic and other risks.

The Company primarily sells world commodities and; therefore, believes that local prices will adjust relatively quickly to offset the effect of a local devaluation. Corn Products generally does not enter into foreign currency hedging transactions. The Company's policy is to hedge only commercial transactions denominated in a currency other than the currency of the country in which the operating unit responsible for the transaction is located.

INTEREST RATE EXPOSURE. Approximately 60 percent of the Company's borrowings are short term credit facilities with floating interest rates. In the future, the Company may convert a portion of the current debt into a longer term fixed rate instrument. The remaining 40 percent of the Company's debt is long term with variable interest rates primarily tied to LIBOR. Should short-term rates change, this could affect our interest costs: current economic projections do not indicate a significant change in the interest rate in the near future.

READINESS FOR THE YEAR 2000. The Year 2000 (Y2K) issue is the result of certain computer programs using two digits rather than four to define the applicable year. During 1997, the Company developed a plan (the Program) to address the Year 2K issue and began converting its computer systems to be Y2K compliant. The Company established a team with appropriate senior management support to identify and correct Y2K issues. The Company expects to fix or replace internal software where necessary. This includes software in all of the Company's manufacturing plants, building facilities and business systems. If not corrected, affected computer applications could fail or create erroneous results.

The Program involves assessment, evaluation, testing and remediation. During 1998, the Company substantially completed the assessment phase of the Program and prioritized these systems based on their criticality to business operations, and began evaluation and remediation. Evaluation involves the analysis of identified information technology (IT) and non-IT systems for Y2K compliance. Remediation includes rewriting code in existing software, installation of new software and replacement of non-compliant equipment. As of December 31, 1998, considerable progress had been made in remediation. In addition, through the use of third party consultants, the Company continues an ongoing process of evaluating vendor statements and publicly available information about the Y2K compliance of various systems in operation at its sites. The Company intends to modify or replace systems, as appropriate, which appear non-compliant, particularly those of high or medium priority.

Y2K compliance depends not only on our internal manufacturing and administrative processes, but also on the ability of the different participants in the supply chain to interchange products, services, and information without interruption. The Company also is communicating with suppliers and service providers to ascertain whether the equipment and services provided by them will be Y2K compliant. Until the Company receives and analyzes responses from suppliers and providers, the Company cannot assess the potential impact of third party supplier and service provider Y2K issues.

The Company is exploring alternative solutions and developing contingency plans for handling mission critical areas in the event that remediation is unsuccessful. The Company anticipates that contingency plans may include the stockpiling of necessary supplies, the build-up of inventory, creation of computerized or manual back-up systems, replacement of vendors,

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and addition of new vendors. The Company expects to complete the Program, including establishment of contingency plans, in August 1999.

The Company currently estimates the total costs of the Program to achieve Y2K readiness at \$10 to \$14 million of expense. Planned capital expenditures indirectly related to Y2K, could add an additional \$5 to \$7 million to the cost of the Program. As of December 1998, the direct costs incurred by the Program to remediate Y2K issues were \$7 million and capital expenditures indirectly related to Y2K were an additional \$1.

Corn Products' Y2K plan is subject to a variety of risks and uncertainties. Some of the risks and uncertainties are beyond the Company's control, such as the Y2K preparedness of third party vendors and service providers and unidentified issues with hardware, software and embedded systems. The Company can not assure that it will successfully complete the Program on a timely basis, achieving Y2K readiness prior to January 1, 2000, or a prior critical failure date. The Company's failure to successfully complete the Y2K project could have a material adverse impact on its ability to manufacture and/or deliver its products.

FORWARD LOOKING STATEMENTS

This annual report contains certain forward-looking statements concerning the Company's financial position, business strategy, budgets, projected costs and plans and objectives of management for future operations as well as other statements including words such as "anticipate," "believe," "plan," "estimate," "expect," "intend," and other similar expressions. These statements contain

certain inherent risks and uncertainties. Although the Company believes its expectations reflected in such forward-looking statements are based on reasonable assumptions, stockholders are cautioned that no assurance can be given that such expectations will prove correct and that actual results and developments may differ materially from those conveyed in such forward-looking statements. Important factors that could cause actual results to differ materially from the expectations reflected in the forward-looking statements herein include fluctuations in worldwide commodities markets and the associated risks of hedging against such fluctuations; fluctuations in aggregate industry supply and market demand; general economic, business and market conditions in the various geographic regions and countries in which the Company manufactures and sells its products, including fluctuations in the value of local currencies; increased competitive and/or customer pressure in the corn refining industry; and Year 2000 preparedness. Such forward-looking statements speak only as of the date on which they are made and the Company does not undertake any obligation to update any forward-looking statement to reflect events or circumstances after the date of this Annual Report. If the Company does update or correct one or more forward-looking statements, investors and others should not conclude that the Company will make additional updates or corrections with respect thereto or with respect to other forward-looking statements. For a further description of risk factors, see the Company's Annual report on Form 10-K for the year ended December 31, 1998.

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REPORT OF MANAGEMENT

THE MANAGEMENT OF CORN PRODUCTS is responsible for the financial and operating information contained in this Annual Report, including the financial statements covered by the independent auditors' report. The statements were prepared in conformity with United States generally accepted accounting principles and include, where necessary, informed estimates and judgements.

The results for the periods prior to January 1, 1998 were extracted from the consolidated results of CPC International, Inc., of which the Company was an integral part until it was spun off as a separate operation on December 31, 1997. Those results may not necessarily be indicative of the results of operations or financial position that would have been obtained if the Company had been a separate, independent company during the periods shown.

The Company maintains systems of accounting and internal control designed to provide reasonable assurance that assets are safeguarded against loss, and that transactions are executed and recorded properly so as to ensure that the financial records are reliable for preparing financial statements.

Elements of these control systems are the establishment and communication of accounting and administrative policies and procedures, the selection and training of qualified personnel, and continuous programs of internal audits.

The Company's financial statements are reviewed by its Audit Committee, which is composed entirely of outside Directors. This Committee meets periodically with the independent auditors and management to review the scope and results of the annual audit, interim reviews, internal controls, internal auditing, and financial reporting matters. The independent auditors have direct access to the Audit Committee.

James W. Ripley
Chief Financial Officer
January 29, 1999

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REPORT OF INDEPENDENT AUDITORS

KPMG

THE BOARD OF DIRECTORS AND STOCKHOLDERS
CORN PRODUCTS INTERNATIONAL, INC.:

We have audited the accompanying consolidated balance sheets of Corn Products International, Inc. and Subsidiaries as of December 31, 1998 and 1997, and the related consolidated statements of income, comprehensive income, stockholders' equity and cash flows for each of the years in the three-year period ended December 31, 1998. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Corn Products International, Inc. and Subsidiaries as of December 31, 1998 and 1997, and the results of their operations and their cash flows for each of the years in the three year period ended December 31, 1998, in conformity with generally accepted accounting principles.

As discussed in Note 2 to the Consolidated Financial Statements, the Company changed its method of accounting for business process reengineering costs in 1997.

KPMG LLP
Chicago, Illinois
January 29, 1999

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CORN PRODUCTS INTERNATIONAL, INC. - CONSOLIDATED STATEMENTS OF INCOME

YEAR ENDED DECEMBER 31
(IN MILLIONS EXCEPT PER SHARE AMOUNTS)

	----- 1998 -----	----- 1997 -----	----- 1996 -----
Net sales	\$ 1,448	\$ 1,418	\$ 1,524
Cost of sales	1,277	1,280	1,381
GROSS PROFIT	----- 171 -----	----- 138 -----	----- 143 -----
Selling, general and administrative costs	101	95	88
Restructuring and spin-off costs - net	--	109	--
Equity in (earnings) of unconsolidated affiliates	(14)	(5)	(10)
	----- 87 -----	----- 199 -----	----- 78 -----
OPERATING INCOME (LOSS)	84	(61)	65

Financing costs	13	28	28
	-----	-----	-----
Income (loss) before income taxes and minority interest	71	(89)	37
(Provision) benefit for income taxes	(25)	19	(12)
Minority stockholder interest	(3)	(2)	(2)
	-----	-----	-----
NET INCOME (LOSS) BEFORE CHANGE IN ACCOUNTING PRINCIPLE	43	(72)	23
Cumulative effect of change in accounting principle net of income tax benefits of \$2 million	--	3	--
	-----	-----	-----
	=====	=====	=====
NET INCOME (LOSS)	\$ 43	\$ (75)	\$ 23
	=====	=====	=====
Weighted average common shares outstanding:			
Basic	36.0	35.6	35.6
Diluted	36.1	35.6	35.6
Earnings (loss) per common share*			
Basic and diluted:			
Net income before change in accounting principle	\$ 1.19	\$ (2.02)	\$ 0.64
Cumulative effect of change in accounting principle	--	\$ (0.08)	--
Net income (loss) per common share	\$ 1.19	\$ (2.10)	\$ 0.64

See notes to the consolidated financial statements.

* 1997 and 1996 per share amounts are pro forma.

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CORN PRODUCTS INTERNATIONAL, INC. - CONSOLIDATED BALANCE SHEETS

AS OF DECEMBER 31 (IN MILLIONS, EXCEPT PER SHARE AMOUNTS)	1998	1997
	-----	-----
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 36	\$ 85
Accounts receivable - net	224	182
Inventories	175	123
Prepaid expenses	6	13
Deferred tax asset	24	20
	-----	-----
TOTAL CURRENT ASSETS	465	423
	-----	-----
Property, plant and equipment		
Land	54	52
Buildings	668	496
Machinery and equipment	1,931	1,650
	-----	-----
Total property, plant and equipment, at cost	2,653	2,198
Less accumulated depreciation	(1,355)	(1,141)
	-----	-----
Investments in and loans to unconsolidated subsidiaries	1,298	1,057
Goodwill, net of accumulated amortization	28	168
Other assets	129	--
	-----	-----
TOTAL ASSETS	\$ 1,946	\$ 1,666
	=====	=====

LIABILITIES AND STOCKHOLDERS' EQUITY

CURRENT LIABILITIES		
Short term borrowings and current portion of long term debt	\$ 250	\$ 337
Accounts payable	96	90
Accrued liabilities	59	69
TOTAL CURRENT LIABILITIES	405	496
Non-current liabilities		
Long-term debt	63	37
Deferred taxes on income	154	13
Minority stockholders' interest	180	128
	91	6
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 - 37,611,396 and 35,594,360 issued and outstanding on December 31, 1998 and December 31, 1997, respectively	1	1
Additional paid in capital	1,066	1,008
Less: Treasury stock (common stock; 51,374 shares in 1998) at cost	(1)	--
Deferred compensation - restricted stock	(2)	--
Accumulated comprehensive income (loss)	(48)	(23)
Retained earnings	37	--
TOTAL STOCKHOLDERS' EQUITY	1,053	986
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	1,946	\$ 1,666

See notes to the consolidated financial statements.

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CORN PRODUCTS INTERNATIONAL, INC. -
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

YEAR ENDED DECEMBER 31
(IN MILLIONS)

	1998	1997	1996
NET INCOME (LOSS)	\$ 43	\$(75)	\$ 23
Other comprehensive income/loss			
Currency translation adjustment	(25)	(11)	(2)
COMPREHENSIVE INCOME (LOSS)	\$ 18	\$(86)	\$ 21

See notes to the consolidated financial statements.

CORN PRODUCTS INTERNATIONAL, INC. -
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

(IN MILLIONS)	COMMON STOCK	ADDITIONAL PAID-IN CAPITAL	TREASURY STOCK	DEFERRED COMPENSATION	ACCUMULATED COMPREHENSIVE INCOME (LOSS)	RETAINED EARNINGS	NET STOCKHOLDER INVESTMENT
BALANCE, DECEMBER 31, 1995	\$0	\$0	\$0	\$0	\$(10)	\$0	\$610
Net income							23
Transfer from CPC, net							404
Currency translation					(2)		

adjustment							
BALANCE, DECEMBER 31, 1996	\$0	\$0	\$0	\$0	\$ (12)	\$0	\$1,037
Net income							(75)
Net income for the change in reporting period							10
Transfer from CPC, net		1,008					(972)
Currency translation adjustment					(11)		
Stock issued in connection with spin-off	1						
BALANCE, DECEMBER 31, 1997	\$1	\$1,008	\$0	\$0	\$ (23)	\$0	\$0
Net income							43
Dividends declared							(6)
Issuance of common stock in connection with acquisition		51					
Issuance of common stock as compensation		6					
Deferred compensation - restricted stock				(2)			
Stock options exercised		1					
Purchase of treasury stock			(1)				
Translation adjustment					(25)		
BALANCE, DECEMBER 31, 1998	\$1	\$1,066	\$ (1)	\$ (2)	\$ (48)	\$37	\$0

See notes to the consolidated financial statements.

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CORN PRODUCTS INTERNATIONAL, INC. - Consolidated Statements of Cash Flows

YEARS ENDED DECEMBER 31
(in millions)

	1998	1997	1996
CASH FLOWS FROM (USED FOR) OPERATING ACTIVITIES			
Net income (loss)	\$ 43	\$ (75)	\$ 23
Net income for the change in reporting period	--	10	--
Non-cash charges (credits) to net income:			
Depreciation and amortization	95	103	88
Restructuring and spin-off charges	--	109	--
Cumulative effect of change in accounting principle - net	--	3	--
Deferred taxes	10	10	(17)
Other - net	--	1	(23)
Equity in earnings of unconsolidated affiliates	--	--	(1)
Changes in trade working capital:			
Accounts receivable and prepaid items	(5)	34	(95)
Inventories	(32)	34	(50)
Income taxes	3	--	--
Other assets	(5)	--	--
Accounts payable and accrued liabilities	(19)	(14)	(30)
Net cash flows from (used for) operating activities	90	215	(105)
CASH FLOWS FROM (USED FOR) INVESTING ACTIVITIES:			
Capital expenditures	(91)	(116)	(192)
Proceeds from disposal of plants and properties	2	4	1
Payment for acquisition, net of cash of \$15 million acquired	(31)	--	--
Investments in and loans to unconsolidated affiliates	60	(21)	(60)
Net cash flows used for investing activities	(60)	(133)	(251)
CASH FLOWS FROM (USED FOR) FINANCING ACTIVITIES:			
Payments on short term borrowings, net of proceeds	(86)	--	(12)
Payments on long term debt, net of proceeds	(10)	(23)	(35)
Other non-current liabilities	21	--	--
Dividends paid	(3)	--	--
Cost of common stock repurchased	(1)	--	--
Increase (decrease) in transfer from CPC International, Inc., net	--	(6)	404

Net cash flows from (used for) financing activities	(79)	(29)	357
Increase (decrease) in cash and cash equivalents	(49)	53	1
Cash and cash equivalents, beginning of period	85	32	31
Cash and cash equivalents, end of period	\$ 36	\$ 85	\$ 32
Supplemental cash flow information:			
Interest paid	\$ 11	\$ 19	\$ 19
Income taxes paid	\$ 12	\$ 10	\$ 11

See notes to the consolidated financial statements.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 - BASIS OF PRESENTATION

On February 26, 1997, the Board of Directors of CPC International Inc. approved the spin-off of CPC's corn refining and related business (the "Corn Refining Business") to its stockholders. As a result of the spin-off on December 31, 1997, CPC distributed 100 percent of the Company's common stock (the "Corn Products Common Stock") through a special dividend to its stockholders. The financial statements at December 31, 1997 reflect the effects of the spin-off. The Company carries its assets and liabilities at historical cost. The historical actions of CPC's Corn Refining Business, including CPC'S accounting policies, are attributable to the Company. The financial results for the years ended December 31, 1996 and 1997 included in these financial statements are not necessarily indicative of the results that would have occurred if the Company had been an independent public company during that time.

NOTE 2 - SUMMARY OF ACCOUNTING POLICIES

PRINCIPLES OF CONSOLIDATION - The consolidated financial statements include the accounts of the Company and its majority owned subsidiaries. Intercompany accounts and transactions have been eliminated in consolidation.

CHANGES IN REPORTING PERIOD - Prior to the 1998 financial year, the accounts of subsidiaries outside of North America were based on fiscal years ending September 30; however, as of December 31, 1997 the Company changed the fiscal year end for its subsidiaries located outside North America to that of its North American operation, which is the calendar year. The results of the three-month stub period for 1997 were included as an adjustment of shareholders' equity.

FOREIGN CURRENCY TRANSLATION - Assets and liabilities of foreign subsidiaries other than those in highly inflationary economies are translated at current exchange rates with the related translation adjustments reported as a separate component of stockholders' equity. Income statements accounts are translated at the average exchange rate during the period. In highly inflationary economies where the U.S. dollar is considered the functional currency, monetary assets and liabilities are translated at current exchange rates with the related adjustment included in net income. Non-monetary assets and liabilities are translated at historical exchange rates.

CASH AND CASH EQUIVALENTS - Cash equivalents consist of all investments purchased with an original maturity of three months or less, and which have virtually no risk of loss in value.

INVENTORIES are stated at the lower of cost or market. In the United States, corn is valued at cost on the last-in, first-out method. Had the first-in, first-out method been used for US inventories, the carrying value of these inventories would have increased by \$7.8 million and \$10.5 million

in 1998 and 1997, respectively. Outside the United States, inventories generally are valued at average cost.

PROPERTY, PLANT AND EQUIPMENT - Property, plant and equipment are stated at cost. Depreciation is generally computed on the straight-line method over the

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NOTE 2 - SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

estimated useful lives of depreciable assets at rates ranging from 10 to 50 years for buildings and 5 to 20 years for all other assets. Where permitted by law, accelerated depreciation methods are used for tax purposes. Long-lived assets are reviewed for impairment whenever the facts and circumstances indicate that the carrying amount may not be recoverable.

INVESTMENTS IN UNCONSOLIDATED AFFILIATES are carried at cost or less, adjusted to reflect the Company's proportionate share of income or loss less dividends received.

GOODWILL - Goodwill represents the excess of cost over fair value of net assets acquired and is being amortized over a period of 40 years using the straight-line method. The carrying value of goodwill is reviewed if the facts and circumstances suggest that it may be impaired. Negative operating results, negative cash flows from operations, among other factors, could be indicative of the impairment of goodwill. If this review indicates that goodwill will not be recoverable, the Company's carrying value of the goodwill would be reduced.

INCOME TAXES - Deferred income taxes reflect the difference between the assets and liabilities recognized for financial reporting purposes and amounts recognized for tax purposes. Deferred taxes are based on tax laws as currently enacted. The Company makes provisions for estimated US and foreign income taxes, less available tax credits and deductions, that may be incurred on the remittance by the Company's subsidiaries of undistributed earnings, except those deemed to be indefinitely reinvested.

COMMODITIES - The Company follows a policy of hedging its exposure to commodity fluctuations with commodities futures contracts for its North American corn purchases. All firm priced business is hedged, other business may or may not be hedged at any given time based on management's decisions as to the need to fix the cost of such raw materials to protect the Company's profitability. Realized gains and losses arising from such hedging transactions are considered an integral part of the cost of these commodities and are included in the cost when purchased.

EARNING PER COMMON SHARE - Basic earnings per common share have been computed by dividing net income (loss) by the weighted average shares outstanding, 36.0 million at December 31, 1998, and 35.6 million at December 31, 1997, the distribution date. For the purpose of this calculation and the diluted earnings per share, the shares outstanding at December 31, 1997, were assumed to be outstanding for all prior periods. Diluted earnings per share has been computed by dividing net income (loss) by the weighted average shares outstanding at December 31, 1998 and 1997, including the dilutive effects of stock options outstanding for a total of 36.1 million and 35.6 million, respectively. 1997 and 1996 EPS have been presented on a pro forma basis, assuming 35.6 million shares were outstanding.

RISK AND UNCERTAINTIES - The Company operates in one business segment and in more than 20 countries. In each country, the business is subject to varying degrees of risk and uncertainty. It insures its business and assets in each country against insurable risks in a manner that it deems appropriate. Because of its diversity, the Company believes that the risk of loss from non-insurable events in any one country would not have a material adverse effect on the Company's operations as a whole. Additionally, the

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NOTE 2 - SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

Company believes there is no concentration of risk with any single customer or supplier, or small group of customers or suppliers, whose failure or non-performance would materially affect the Company's results.

USE OF ESTIMATES - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

CHANGE IN ACCOUNTING PRINCIPLE - In November 1997 Emerging Issues Task Force (EITF) issued No. 97-13 "Accounting for Business Process Reengineering Costs," which requires that certain costs related to reengineering business processes either done separately or in conjunction with an information technology project be expensed rather than capitalized. This requirement was effective in the fourth quarter of 1997 and required that any unamortized balance of previously capitalized costs be expensed and treated as a change in accounting principle. Accordingly, for the year ended December 31, 1997, the Company recorded a cumulative effect of a change in accounting principle of \$5 million before taxes, \$3 million after taxes, or \$0.08 per common share.

REPORTING COMPREHENSIVE INCOME - Comprehensive income is a more inclusive financial reporting methodology, which includes disclosure of certain financial information that has not historically been recognized in the calculation of net income. Other comprehensive income refers to revenues, expenses, gains and losses, which, under generally accepted accounting principles, have previously been reported as separate components of equity such as currency translation. The Company has adopted this reporting for the current year.

SEGMENTAL INFORMATION - The Company is in one business segment - corn refining - and produces a wide variety of products.

EMPLOYERS' DISCLOSURES ABOUT PENSIONS AND OTHER POST-RETIREMENT BENEFITS (SFAS 132) - SFAS 132 supercedes the disclosure requirements in SFAS 87, Employers' Accounting for Pensions, and SFAS 106, Employers' Accounting for Post-retirement Benefits Other Than Pensions. The overall objective of SFAS 132 is to improve and standardize disclosures about pensions and other post-retirement benefits and to make the required information more understandable. The Company has adopted SFAS 132 for the current year. There was no effect on the results of operations or financial position.

IMPACT OF RECENTLY ISSUED ACCOUNTING STANDARDS - In June 1998, the Financial Accounting Standards Board ("FASB") issued SFAS 133, "Accounting for Derivative Instruments and Hedging Activities", which is required to be adopted in years beginning after June 15, 1999. The Statement will require the Company to recognize all derivatives on the balance sheet at fair value. Derivatives that are not hedges must be adjusted to fair value through income. If the derivative is a hedge, depending on the nature of the hedge, changes in the fair value of derivatives will either be offset against the change in fair value of the hedged assets, liabilities, or firm commitments through earnings or recognized in other comprehensive income until the hedged item is recognized in earnings. The derivative's change in fair value, which is not directly offset by hedging, will be immediately recognized in earnings.

RECLASSIFICATIONS - Certain reclassifications have been made to the 1997 financial statements to conform to the 1998 presentation. These reclassifications had no effect on previously recorded net income or shareholders' equity.

NOTE 3 - MEXICAN TRANSACTION

During the first quarter of 1995, the Company entered into a joint venture with Arancia, S.A. de C.V. (the "Joint Venture"), a corn refining business located in Mexico. This investment had been accounted for under the equity method. In October 1998, the Company entered into certain agreements to acquire the remaining interest in its joint venture in three transactions over the next several years. The closing of the initial transaction occurred on December 1, 1998, whereby the Company obtained effective control of the Joint Venture through the issuance of common stock and the payment of cash. The Company has the option to acquire all of the remaining interest in the Joint Venture in two additional transactions. The acquisition has been accounted for under the purchase method of accounting. The fair value of the net assets of the joint venture at December 1, 1998 was \$136 million, in addition the Company recorded goodwill of \$127 million. The Company has reflected the series of transactions as if they were completed on December 1, 1998. The future installment payments are reflected as minority stockholder's interest and will accrue interest at the same rate as the Company's short term US credit facility, which at December 31, 1998, was 5.45%.

The acquired assets and assumed liabilities as of December 1, 1998 were composed of the following:

(in millions)

Working capital	\$ 51
Fixed assets	266
Other assets	3
Long term debt	152
Other liabilities	32

Had the acquisition been made at the beginning of 1997, the Company's pro forma unaudited results would have been:

(in millions, except per share amounts)

Year ended December 31	1998	1997

Net sales	\$1,784	\$1,744
Net earnings (loss)	46	(84)
Earnings (loss) per share	1.22	(2.30)

The unaudited pro forma results are not necessarily indicative of the results that would have been attained had the acquisition occurred at the beginning of 1998 or of results that may be expected in the future.

NOTE 4 - SPIN-OFF AND RESTRUCTURING

SPIN-OFF FROM AND TRANSACTIONS WITH CPC, NOW BESTFOODS

On December 31, 1997, CPC distributed 100 percent of the Corn Products common stock through a special dividend to its shareholders. After the spin-off, CPC had no direct ownership of the Company. In connection with the spin-off, the Company entered into various agreements for the purpose of governing certain of the ongoing relationships between CPC and the

Company after the distribution.

The Company has entered into a tax indemnification agreement that requires the Company to indemnify CPC against tax liabilities arising from the loss of the tax-free reorganization status of the spin-off. This agreement could restrict the Company, for a two-year period ending December 31, 1999, from entering into certain transactions, including limitations on the liquidation, merger or consolidation with another company, certain issuance and redemption of our common stock and the distribution or sale of certain assets.

A master supply agreement was negotiated to supply CPC and its affiliates with certain corn refining products at prices based generally on prevailing market conditions for a minimum two-year term, ending December 31, 1999, which can be renewed upon the agreement of both parties. The Company had sales to CPC for the year ended December 31, 1998, of \$161 million. Prior to the spin-off, intercompany sales with CPC for the years ended December 31, 1997, and 1996, amounted to \$177 million, and \$157 million, respectively.

RESTRUCTURING CHARGES - NET AND SPIN-OFF COSTS

In 1997, the Company recorded a \$94 million pretax restructuring charge and a \$15 million pre-tax spin-off charge from CPC. The restructuring charge, \$76 million of which was utilized in 1997, and \$9 million of which was utilized in 1998, includes the costs of the separation of facilities that were used by CPC to produce both consumer foods and corn-derived products, employee costs, and other charges. The spin-off charge utilized entirely during 1997 encompassed the direct costs of the spin-off, including legal, tax and investment banking fees. The remaining \$9 million will be utilized in 1999.

NOTE 5 - FINANCIAL INSTRUMENTS

FAIR VALUE OF FINANCIAL INSTRUMENTS

The carrying values of cash equivalents, accounts receivable, accounts payable and debt approximate fair values.

COMMODITIES

At December 31, 1998 and 1997, the Company had open corn commodity futures contracts of \$295 million and \$154 million, respectively. Contracts open for delivery beyond March 31, 1999, amounted to \$224 million, of which \$61 million is due in May 1999, \$56 million is due in July 1999, \$41 million is due in September 1999, \$55 million is due in December 1999, and \$11 million is due in March 2000. At December 31, 1998, the price of corn under these contracts was \$12 million above market quotations of the same date.

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NOTE 6 - FINANCING ARRANGEMENTS

The Company had total debt outstanding of \$404 million and \$350 million on December 31, 1998 and 1997, respectively. Short-term borrowings in the United States and Canada consist primarily of unsecured credit lines, which provide for a maximum of \$340 million and \$49 million, respectively in borrowings. In addition the Company has various local country lines of credit for operations.

At December 31, short-term borrowings consist of the following:

(in millions)

1998	1997
----	----

US revolving credit facility (5.45%)	\$152	\$190
Canadian line of credit (5.40% - 6.75% interest)	24	100
Other borrowings in various currencies (6.30% - 46% interest)	67	44
Current portion of long-term debt	7	3

Total	\$250	\$337
=====		

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

(in millions)	1998	1997
	----	----
Mexican Export Credit, due 2000 at LIBOR + 1.49%	\$ 24	\$ --
Mexican Import Credit Facility, due 2001 at LIBOR + 1.75%	40	--
Mexican Import Credit Facility, due 2007 at LIBOR + 3.30%	60	--
Other, due in varying amounts through 2007, fixed and floating interest rates ranging from 5.9% - 18%	39	16

Total	\$161	\$ 16

Less current maturities	7	3

Long-term debt	\$154	\$ 13
=====		

Maturities of long-term debt are \$31 million in 2000, \$47 million in 2001, \$4 million in 2002, \$72 million in 2003 and thereafter. The LIBOR rate at December 31, 1998 was 5.06%.

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NOTE 7 - LEASES

The Company leases rail cars and certain machinery and equipment under various operating leases. Rental expense under operating leases was \$18.7 million, \$18.3 million, and \$12.2 million in 1998, 1997 and 1996, respectively. Minimum lease payments existing at December 31, 1998 are shown below:

(IN MILLIONS)	YEAR	MINIMUM LEASE PAYMENT

	1999	\$16.9
	2000	15.1
	2001	10.1
	2002	7.3
	Balance thereafter	34.3

NOTE 8 - INCOME TAXES

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

(in millions)	1998	1997	1996
INCOME (LOSS) BEFORE INCOME TAXES:			
United States	\$ 8	\$ (128)	\$ (20)
Outside the United States	63	39	57
Total	\$ 71	\$ (89)	\$ 37
PROVISION FOR INCOME TAXES:			
Current tax expense			
US federal	1	(31)	27
State and local	1	(4)	(2)
Foreign	13	6	4
Total current	\$ 15	\$ (29)	\$ 29
Deferred tax expense (benefit)			
US federal	5	7	(22)
State and local	--	2	1
Foreign	5	1	4
Total deferred	10	10	(17)
Total provision (benefit)	\$ 25	\$ (19)	\$ 12

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NOTE 8 - INCOME TAXES (CONTINUED)

The tax effects of significant temporary differences, which comprise the deferred tax liabilities and assets at December 31, 1998 and 1997, are as follows:

(in millions)	1998	1997
Plants and properties	\$210	\$134
Pensions	--	13
Gross deferred tax liabilities	210	147
Restructuring reserves	2	11
Employee benefit reserves	11	14
Pensions	4	--
Other	35	14
Gross deferred tax assets	52	39
Valuation allowance	2	--
Total deferred tax liabilities	\$156	\$108

Total net deferred tax liabilities and assets shown above included current and non-current elements. CPC is responsible for substantially all income taxes prior to December 31, 1997, under the terms of the distribution; accordingly the valuation allowance was reduced to zero at December 31,

1997. The Company recorded a valuation allowance in the amount of \$2 million at December 31, 1998, to reflect the estimated amount of deferred tax assets which, more likely than not, will not be realized.

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

	1998	1997	1996
Provision for tax at US statutory rate	35.0%	(35.0)%	35.0%
Taxes related to foreign income	(2.3)	(7.5)	(0.6)
State and local taxes - net	0.5	(1.5)	(0.5)
Restructuring and spin-off charges	--	14.0	--
Other items - net	1.8	8.7	(0.3)
Provision at effective tax rate	35.0%	(21.3)%	33.6%

The effective tax rate in 1998 was 35 percent. This reflects foreign tax rates in countries where statutory rates are lower than the US statutory rate.

The effective rate in 1997 on the tax benefit of 21.3 percent derived from a lower benefit associated with the restructuring and spin-off charges, lower tax on average from foreign jurisdictions and an assumed rate for CPC International Inc.

Taxes that would result from dividend distributions by foreign subsidiaries to the United States are provided to the extent dividends are anticipated. As of December 31, 1998, approximately \$214 million of retained earnings of foreign subsidiaries are retained indefinitely by the subsidiaries for capital and operating requirements.

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NOTE 9 - PENSION PLANS AND OTHER POST-RETIREMENT BENEFIT PLANS

The Company and its subsidiaries have a number of non-contributory defined benefit pension plans covering substantially all employees in the US and Canada, including certain employees in other foreign countries. Plans for most salaried employees provide pay-related benefits based on years of service. Plans for hourly employees generally provide benefits based on flat dollar amounts and years of services. The Company's general funding policy is to provide contributions within the limits of deductibility under current tax regulations. Certain foreign countries allow income tax deductions without regard to contribution levels, and the Company's policy in those countries is to make the contribution required by the terms of the plan. Domestic plan assets consist primarily of common stock, real estate, corporate debt securities and short-term investment funds.

Effective January 1, 1998, the plan for domestic salaried employees was amended to a defined benefit "cash balance" pension plan, which provides benefits based on service and company credits to the employee's accounts of between 3 percent and 10 percent of base salary, bonus and overtime.

The Company also provides health care and life insurance benefits for retired employees in the United States and Canada. Effective January 1, 1998, the Company amended its US post-retirement medical plans for salaried employees to provide Retirement Health Care Spending Accounts. The Company provides access to retiree medical insurance post-retirement. US salaried employees accrue an account during employment, which can be used after employment to purchase post-retirement medical insurance from the

Company and Medigap or Medicare HMO policies after age 65. The accounts are credited with a flat dollar amount, indexed for inflation annually during employment. The accounts accrue interest credits using a rate equal to a specified amount above the yield on 5-year Treasury notes. These employees become eligible for benefits when they meet minimum age and service requirements. The Company accrues a flat dollar amount on an annual basis for each domestic salaried employee. These amounts, plus credited interest, can be used to purchase post-retirement medical insurance. The Company has the right to modify or terminate these benefits.

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NOTE 9 - PENSION PLANS AND OTHER POST-RETIREMENT BENEFIT PLANS (CONTINUED)

A reconciliation of the changes in the plans' benefit obligations, fair value of assets, and the plans' funded status reconciled to the amounts recognized on the balance sheet on December 31, 1998 and 1997 are as follows:

(in millions)	PENSION BENEFITS		OTHER BENEFITS	
	1998	1997	1998	1997
CHANGE IN BENEFITS OBLIGATION				
Benefit obligation at beginning of year	\$ 97	147	\$ 15	13
Service cost	3	4	1	1
Interest cost	7	7	1	1
Benefit obligation transferred	--	(60)	--	--
Benefits paid	(3)	(1)	--	--
-----	-----	-----	-----	-----
Benefit obligation at end of year	\$ 104	97	\$ 17	15
=====				
CHANGE IN PLAN ASSETS				
Fair value of plan assets at beginning of year	\$ 105	141	--	--
Actual return on plan assets	7	25	--	--
Plan assets transferred	--	(60)	--	--
Benefits paid	(3)	(1)	--	--
-----	-----	-----	-----	-----
Fair value of plan assets at end of year	\$ 109	105	--	--
=====				
Funded status	\$ 5	\$ 8	(\$ 17)	(\$ 15)
Unrecognized net actuarial loss (gain)	(19)	(24)	--	(1)
Unrecognized prior service cost	5	5	(5)	(4)
Unrecognized transition obligation	--	(1)	--	--
-----	-----	-----	-----	-----
Prepaid (accrued) benefit cost	(\$ 9)	(\$ 12)	(\$ 22)	(\$ 20)
=====				

For pension plans with an accumulated benefit obligation ("ABO") in excess of plan assets, both the projected benefit obligation ("PBO") and ABO exceeded the fair value of the plan assets by \$5 million as of December 31, 1998. The PBO and ABO exceed the fair value of the plan assets by \$5 and \$6 million, respectively as of December 1997. The plans are unfunded.

The following table provides the components of net periodic benefit costs for the plans for the years ended December 31:

(in millions)	PENSION BENEFITS			OTHER BENEFITS		
	1998	1997	1996	1998	1997	1996
-----	-----	-----	-----	-----	-----	-----
Service cost	\$ 3	\$ 4	\$ 4	\$ 1	\$ 1	\$ 1
Interest cost	7	7	10	1	1	4
Actual return on plan assets	(7)	(25)	(18)	--	--	--
Net amortization and deferral	(2)	17	8	(1)	--	(1)

Net periodic benefit cost	\$ 1	\$ 3	\$ 4	\$ 1	\$ 2	\$ 4
---------------------------	------	------	------	------	------	------

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NOTE 9 - PENSION PLANS AND OTHER POST-RETIREMENT BENEFIT PLANS (CONTINUED)

The weighted average assumptions used in accounting for the Company's benefits at December 31 are as follows:

	PENSION BENEFITS			OTHER BENEFITS		
	1998	1997	1996	1998	1997	1996
Discount rates	6.75%	7.0%	7.5%	6.75%	7.5%	7.0%
Rate of compensation increase	3.75%	5.0%	5.5%	--	--	--
Expected return on plan assets	8.25%	10.0%	8.6%	--	--	--

Annual increases in per capita cost of health care benefits of 9.5 percent pre-age-65 and 7.5 percent post-age-65 were assumed for 1998 to 1999. Rates were assumed to decrease by 1 percent thereafter until reaching 4.5 percent. Increasing the assumed health care cost trend rate by 1 percent increases the APBO at December 31, 1998 by \$1.5 million, with a corresponding effect on the service and interest cost components of the net periodic post-retirement benefit cost for the year then ended of \$0.2 million.

In addition to the defined benefit plans, the Company sponsors defined-contribution pension plans covering certain domestic and foreign employees. Contributions are determined by matching a percentage of employee contributions. Expense recognized in 1998, 1997 and 1996 was \$4.6 million, \$3.6 million and \$2.9 million, respectively.

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NOTE 10 - SUPPLEMENTARY BALANCE SHEET INFORMATION

Supplementary Balance Sheet Information is set forth below:

(in millions)	1998	1997
ACCOUNTS RECEIVABLE - NET		
Accounts receivable - trade	\$ 193	\$ 146
Accounts receivable - other	36	40
Allowance for doubtful accounts	(5)	(4)
Total accounts receivable - net	224	182
INVENTORIES		
Finished and in process	110	51
Raw materials	43	43
Manufacturing supplies	22	29
Total inventories	175	123

ACCRUED LIABILITIES		
Compensation expenses	2	2
Dividends payable	3	--
Accrued interest	3	--
Restructuring reserves	9	18
Taxes payable other than taxes on income	12	10
Other	30	39

Total accrued liabilities	59	69

NONCURRENT LIABILITIES		
Employee's pension, indemnity, retirement, and related provisions	35	35
Other noncurrent liabilities	28	2

Total noncurrent liabilities	63	37
=====		

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NOTE 11 - STOCKHOLDERS' EQUITY

COMMON STOCK

The Company has authorized 200 million shares of \$0.01 par value common stock. On December 31, 1997, 35.6 million shares were distributed to the shareholders of CPC.

During 1998, the Company issued 1,764,706 common shares in connection with the purchase of the controlling interest of Arancia-CPC, S.A. In addition, the Company substituted 143,018 restricted common shares upon the spin-off, and issued 36,600 additional restricted shares and 72,712 common shares upon the exercise of stock options under the stock option plan.

PREFERRED STOCK AND STOCKHOLDER'S RIGHTS PLAN

The Company has authorized 25 million shares of \$0.01 par value preferred stock of which one million shares were designated as Series A Junior Participating Preferred Stock for the stockholder's rights plan. Under this plan, each share of the Corn Products Common Stock issued in the distribution carries with it the right to purchase one one-hundredth of a share of preferred stock. The rights will at no time have voting power or pay dividends. The rights will become exercisable if on or before December 31, 1999, a person or group acquires or announces a tender offer that would result in the acquisition of 10 percent or more of the Corn Products Common Stock or after December 31, 1999 would result in the acquisition of 15 percent or more of the Corn Products Common Stock. When exercisable, each full right entitles a holder to buy one one-hundredth of a share of Series A Junior Participating Preferred Stock at a price of \$120. If the Company is involved in a merger or other business combination with a 10 percent or more stockholder on or before December 31, 1999 or a 15 percent or more stockholder thereafter, each full right will entitle a holder to buy a number of the acquiring company's shares having a value of twice the exercise price of the right. Alternatively, if a 10 or 15 percent stockholder (as applicable) engages in certain self-dealing transactions or acquires the Company in such a manner that the Corn Products International and its common stock survive, or if any person acquires 10 or 15 percent or more of the Corn Products Common Stock (as applicable), except pursuant to an offer for all shares at a fair price, each full right not owned by a 10 or 15 percent or more stockholder may be exercised for Corn Products Common Stock (or, in certain circumstances, other consideration) having a market value of twice the exercise price of the right. The Company may redeem the rights for one cent each at any time before an acquisition of 10 or 15 percent or more of its voting securities (as applicable). Unless redeemed earlier, the rights will expire on December 31, 2007.

TREASURY STOCK

The Company purchased on the open market 33,000 shares of its common stock at an aggregate purchase price of \$28.70 per share, during the year ended December 31, 1998. Also, the Company, acquired 18,454 shares of its common

stock through conversion from cancelled restricted shares and repurchase from employees under the stock option plan at an aggregate purchase price of \$30.76 per share, or fair value at the date of purchase. All of the acquired shares are held as common stock in treasury, less shares issued to employees under the stock option plan.

STOCK OPTION PLAN

The Company has established stock option plan for certain key employees. In addition, all

NOTE 11 - STOCKHOLDERS' EQUITY (CONTINUED)

existing CPC stock options of Company employees were converted to stock options to acquire Corn Products Common Stock. These stock options retain their vesting schedules and existing expiration dates.

During January through November 1998, the Company granted additional options to purchase 1,097,200 shares of common stock. These options are exercisable upon vesting, and vest at one and two-year anniversary dates from the date of grant. As of December 31, 1998, certain of these non-qualified options have been forfeited due to the termination of employees.

In addition to stock options, 143,018 shares were converted under the restricted stock award provisions of the plan at December 31, 1997. During 1998, the Company granted an additional 36,600 of these awards. The cost of these awards is being amortized over the restriction period.

Under the provisions of FAS 123, the Company accounts for stock-based compensation using the intrinsic value method prescribed by APB 25. On a pro forma basis, net income would have been \$38 million or \$1.05 per share in 1998 and a loss of \$76 million or \$2.13 per share in 1997. For purposes of this pro forma disclosure under SFAS 123, the estimated fair value of the awards is amortized to expense over the awards' vesting period.

The fair value of the awards was estimated at the grant date using a Black-Scholes option pricing model with the following weighted average assumptions for 1998, 1997, and 1996 respectively: risk-free interest rates of 5.67, 6.57 and 6.54 percent; volatility factor of 35 percent; and a weighted average expected life of the awards of 5 years.

The Black-Scholes model requires the input of highly subjective assumptions and does not necessarily provide a reliable measure of fair value.

A summary of stock option and restricted stock transactions for the year ended December 31, 1998 follows:

Number of shares:	STOCK OPTIONS	RESTRICTED STOCK

Outstanding at beginning of year	477,371	143,018
Granted	1,097,200	36,600
Exercised / vested	(72,712)	(44,598)
Canceled	(23,353)	(12,644)
Outstanding at end of year	1,478,506	122,376

Exercisable at end of year	393,806	--

Price range at end of year	\$13.06-32.31	--

Weighted average exercise price	\$ 29.24	--

Weighted average fair value of options granted during the current year	\$ 11.38	

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NOTE 12 - GEOGRAPHIC INFORMATION

The Company operates in one business segment - Corn Refining - and is managed on a geographic regional basis. Its North American Operations include its wholly-owned Corn Refining businesses in the United States and Canada and majority ownership in Mexico. Its Rest of World businesses include primarily 100 percent owned Corn Refining operations in South America, and joint ventures and alliances in Asia, Africa and other areas. Also included in this group is its North American enzyme business.

(in millions)	1998	1997	1996

SALES TO UNAFFILIATED CUSTOMERS:			
North America	\$ 916	\$ 871	\$ 1,030
Rest of the World	532	547	494

Total	\$ 1,448	\$ 1,418	\$ 1,524
=====			
OPERATING INCOME:			
North America	18	\$ (32)	\$ 14
Rest of the World	76	82	51
Corporate	(10)	(2)	
Restructuring and spin-off costs	--	(109)*	--

TOTAL	\$ 84	\$ (61)	\$ 65
=====			
TOTAL ASSETS:			
North America	\$ 1,316	\$ 1,089	\$ 1,037
Rest of the World	630	577	611

TOTAL	\$ 1,946	\$ 1,666	\$ 1,648
=====			
DEPRECIATION AND AMORTIZATION:			
North America	\$ 63	\$ 63	\$ 60
Rest of the World	32	32	28

TOTAL	\$ 95	\$ 95	\$ 88
=====			
CAPITAL EXPENDITURES:			
North America	\$ 40	\$ 53	\$ 77
Rest of the World	51	47	115

TOTAL	\$ 91	\$ 100	\$ 192
=====			

All data for Rest of World is based on a 12-month fiscal year.

*1997 includes a \$30 million charge from CPC for consumer and corporate restructuring; \$30 million for North American corn refining; \$49 million for restructuring other.

NOTE 13 - SUBSEQUENT EVENTS

On January 14, 1999, the Company acquired the corn wet milling business of Bang IL Industrial Co., Ltd., a Korean corporation through an asset purchase for \$65 million. The assets purchased included the net working capital, plant, property and equipment of the corn wet milling business.

The acquisition was funded primarily from a combination of debt both in the United States and from local banking sources.

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SUPPLEMENTAL FINANCIAL INFORMATION

QUARTERLY FINANCIAL DATA

Summarized quarterly financial data is as follows:

(in millions, except per share amounts)	1st QTR	2nd QTR	3rd QTR	4th QTR
1998				
Net sales	\$ 339	\$ 367	\$ 359	\$ 383
Gross profit	39	40	44	48
Net income	8	11	13	11
Basic earnings per common share	\$0.22	\$0.30	\$0.35	\$0.32
Diluted earnings per common share	\$0.22	\$0.30	\$0.35	\$0.32
1997				
Net sales	\$ 337	\$ 358	\$ 360	\$ 363
Gross profit	21	33	42	42
Restructuring and spin-off charges - net	--	65	18	--
Net income (loss)	(9)	(64)	(10)	11
Basic earnings per common share	(\$0.25)	(\$1.79)	(\$0.28)	\$0.30
Diluted earnings per common share	(\$0.25)	(\$1.79)	(\$0.28)	\$0.30

COMMON STOCK MARKET PRICES AND DIVIDENDS

The Company's common stock is listed and traded on the New York Stock Exchange. The following table sets forth, for the periods indicated, the high, low, and closing market prices of the common stock and common stock cash dividends.

	1st QTR	2nd QTR	3rd QTR	4th QTR
1998				
Market price range of common stock				
High	\$35.87	\$38.31	\$33.82	\$30.37
Low	27.00	31.50	23.25	23.00
Close	35.87	33.87	25.25	30.37
Dividends declared per common share				
	--	--	\$ 0.08	\$ 0.08

The number of shareholders of the Company's stock at December 31, 1998 was approximately 21,000.

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SIX-YEAR FINANCIAL HIGHLIGHTS

(in millions, except per share amounts)	1998	1997	1996	1995	1994	1993
SUMMARY OF OPERATIONS						
Net sales	\$ 1,448	\$ 1,418	\$ 1,524	\$ 1,387	\$ 1,385	\$ 1,243
Restructuring and spin-off charges - net	--	83	--	(23)	12	--
Net income (loss)	43	(75)	23	135	100	99
Basic earnings per common share	\$ 1.19	\$ (2.10)	\$ 0.64	\$ 3.79	\$ 2.81	\$ 2.78
Cash dividend declared per common share	\$ 0.16	--	--	--	--	--
BALANCE SHEET DATA						
Working capital	\$ 60	\$ (73)	\$ 147	\$ 31	\$ 106	\$ 33
Plants and properties - net	1,298	1,057	1,057	920	830	792
Total assets	1,946	1,666	1,663	1,306	1,207	1,110
Total debt	404	350	350	363	294	209
Stockholders' equity	1,053	986	1,025	600	550	484
Shares outstanding, year-end in millions	37.6	35.6	--	--	--	--
STATISTICAL DATA(1)						
Depreciation and amortization	\$ 95	\$ 95	\$ 88	\$ 82	\$ 80	\$ 78
Capital expenditures	91	100	192	188	145	122
Maintenance and repairs	67	69	61	65	65	57
Total employee costs	131	142	170	164	149	177

(1) All data is based on a 12 month fiscal year

SUBSIDIARIES OF THE REGISTRANT

Following is a list of the Registrant's subsidiaries and their subsidiaries showing the percentage of voting securities owned, or other bases of control, by the immediate parent of each.

DOMESTIC - 100%

Corn Products International, Inc.
 Corn Products Sales Corporation
 Crystal Car Line, Inc.
 Enzyme Bio-Systems Ltd.
 Feed Products Limited
 The Chicago, Peoria and Western Railway Company
 Cali Investment Corp.
 Colombia Millers Ltd.
 Hispano-American Company, Inc.
 Inversiones Latinoamericanas S.A.
 Bedford Construction Company
 Corn Products Puerto Rico, Inc.

FOREIGN - 100%

Argentina: Productos de Maiz, S.A.
 Brazil: Corn Products Brazil Ingredientes Industriais, Ltda.
 Canada: Canada Starch (1998) Company
 -Casco Inc.
 -Casco Sales Company Inc.
 -1093593 Ontario Inc.
 -Casco Freight Canada Inc.
 -Corn Products Canada Inc.
 Chile: Corn Products Chile Inducorn S.A.
 Colombia: Industrias del Maiz S.A.
 Colombia: Derivados del Maiz y de la Yuca S.A. (Delmaiz in Yucal) S.A.
 Honduras: Almidones del Istmo S.A. de C.V.
 Japan: Corn Products Japan Ltd.
 Kenya: Corn Products Kenya Ltd.
 Korea: Corn Products Korea, Inc.
 Malaysia: Stamford Food Industries Sdn. Bhd.
 Mexico: Productos Modificados S.A. de C.V.
 Pakistan: CPC Rafhan Ltd.
 Singapore: Corn Products Trading PTE Co.
 Uruguay: Valdon, S.A.
 Venezuela: Corn Products Venezuela
 Ecuador: Indumaiz del Ecuador S.A.
 Thailand: Corn Products Marketing (Thailand) Ltd

OTHER

Pakistan: CPC Rafhan Ltd. - 51%
 Mexico: Arancia S.A. de C.V. - 79.1% (Indirect and Direct)
 Aracorn S.A. de C.V. 49%
 Arrendadora Gefemesa S.A. de C.V. (100%)
 Ecuador: Poliquimicos del Ecuador S.A. - 91.7%
 Japan: Nihon Skokuhin Kaho 21%

The Company also has other subsidiaries which, if considered in the aggregate as a single subsidiary, would not constitute a significant subsidiary.

CONSENT OF KPMG LLP

The Board of Directors
Corn Products International, Inc.

We consent to incorporation by reference in the Registration Statements on Forms S-8 (No. 333-43479 and 333-43525) of Corn Products International, Inc. of our report dated January 29, 1999, relating to the consolidated balance sheets of Corn Products International, Inc. and Subsidiaries as of December 31, 1998 and 1997 and the related consolidated statements of income, stockholders' equity, and cash flows for each of the years in the three-year period ended December 31, 1998 which report is incorporated by reference in the December 31, 1998 annual report on Form 10-K of Corn Products International, Inc.

/s/ KPMG LLP

March 31, 1999
Chicago, Illinois

<ARTICLE> 5

<LEGEND>

SUMMARY FINANCIAL INFORMATION EXTRACTED FROM THE CONSOLIDATED BALANCE SHEET OF
CORN PRODUCTS INTERNATIONAL, INC. AT DECEMBER 31, 1998 AND THE CONSOLIDATED
STATEMENT OF INCOME FOR THE TWELVE-MONTHS ENDED DECEMBER 31, 1998.

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