UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

(Mark One)

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

For the fiscal year ended December 31, 2005

Or

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

For the transition period from to

Commission file number 1-13397

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.)
5 Westbrook Corporate Center, Westchester, Illinois	**60154**
(Address of Principal Executive Offices)	(Zip Code)

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

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

Title of Each Class	Name of Each Exchange on Which Registered
Common Stock, $.01 par value per share	New York Stock Exchange
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 if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☑ No o

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

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

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

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

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

Large accelerated filer ☑ Accelerated filer o Non-accelerated filer o

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

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 $23.76 on June 30, 2005, and, for the purpose of this calculation only, the assumption that all of the Registrant's directors and executive officers are affiliates) was approximately $1,740,052,000.

The number of shares outstanding of the Registrant's Common Stock, par value $.01 per share, as of February 28, 2006, was 73,972,032.

Documents Incorporated by Reference:

Information required by Part I (Items 1 and 2), Part II (Items 5, 6, 7, 7A and 8) and Part IV (Item 15(a)(1)) of this document is incorporated by reference to Exhibit 13.1 included as part of this 2005 Annual Report on Form 10-K.

Information required by Part III (Items 10, 11, 12, 13 and 14) of this document is incorporated by reference to certain portions of the Registrant's definitive Proxy Statement distributed in connection with its 2006 Annual Meeting of Stockholders.

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PART I.

ITEM 1. BUSINESS

The Company

Corn Products International, Inc., was incorporated as a Delaware corporation in 1997 and its common stock is traded on the New York Stock Exchange. Corn Products International, Inc., together with its subsidiaries (the "Company" or "Corn Products"), manufactures and sells a number of ingredients to a wide variety of food and industrial customers.

The Company is a leading regional producer of starches, liquid sweeteners and other ingredients around the world. It is one of the world's largest corn refiners and is the leading corn refiner in South America.

The Company had consolidated net sales of $2.36 billion in 2005. Approximately 60 percent of the Company's 2005 revenues were provided from its North American operations, with the remainder coming from its South America and Asia/Africa operations.

The Company's products are derived primarily from the processing of corn and other starch-based materials, such as tapioca. 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 a water-based solution and separated into starch and other co-products such as animal feed and germ. The starch is then either dried for sale or further processed to make sweeteners and other ingredients that serve the particular needs of various industries.

The Company's sweetener products include high fructose corn syrup ("HFCS"), glucose corn syrups, high maltose corn syrups, caramel color, 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 many diverse industries around the world, including the food and beverage, pharmaceutical, paper products, corrugated, laminated paper, textile and brewing industries, as well as the global animal feed markets.

The Company believes its local approach to production and service, which focuses on local management and control of its worldwide operations, is of high value to its customers.

Products

Sweetener Products. The Company's sweetener products represented approximately 53 percent, 52 percent and 54 percent of the Company's net sales for 2005, 2004 and 2003, respectively.

High Fructose Corn Syrup: The Company primarily produces two types of high fructose corn syrup: (i) HFCS-55, which is mainly used as a sweetener in soft drinks; and (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.

Glucose Corn Syrups: Corn syrups are fundamental ingredients widely used in food products such as baked goods, snack foods, beverages, canned fruits, condiments, candy and other sweets, dairy products, ice cream, jams and jellies, prepared mixes and table syrups. In many markets, the Company 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 corn syrups are also used in the production of confections, canning and some other food processing applications.

Dextrose: The Company was granted the first US 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 hydroscopicity (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 represented approximately 23 percent, 22 percent and 21 percent of the Company’s net sales for 2005, 2004 and 2003, respectively. Starches are an important component in a wide range of processed foods, where they are used particularly as a thickener and binder. Cornstarch is also sold to cornstarch 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.

Co-Products and others. Co-products and others accounted for 24 percent, 26 percent and 25 percent of the Company’s net sales for 2005, 2004 and 2003, respectively. Refined corn oil (from germ) is sold to packers of cooking oil and to producers of margarine, salad dressings, shortening, mayonnaise and other foods. Corn gluten feed is sold as animal feed. Corn gluten meal is sold as high protein feed for chickens, pet food and aquaculture primarily, and steepwater is sold as an additive for animal feed.

Geographic Scope and Operations

The Company operates in one business segment, corn refining, and is managed on a geographic regional basis. The business includes regional operations in North America, South America and Asia/Africa. In 2005, approximately 60 percent of the Company's net sales were derived from operations in North America, while South America and Asia/Africa represented approximately 26 percent and 14 percent, respectively. See Note 15 of the Notes to the Consolidated Financial Statements entitled "Segment Information," included herewith as part of Exhibit 13.1, for certain financial information with respect to geographic areas.

The Company's North America region consists of operations in the US, Canada and Mexico. The region's facilities include 9 plants producing regular and modified starches, dextrose, high fructose, glucose 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 US and export customers. The Company's other US 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 Winston-Salem, Stockton, Port Colborne and London plants primarily produce high fructose corn syrup. The Company is the largest corn refiner in Mexico with plants in Guadalajara, Mexico City and San Juan del Rio.

The Company is the largest corn refiner in South America, with strong market shares in Argentina, Brazil, Chile and Colombia. The Company's South America region includes 11 plants that produce regular, modified, waxy and tapioca starches, high fructose and high maltose corn syrups and corn syrup solids, dextrins and maltodextrins, dextrose, caramel color, sorbitol and vegetable adhesives.

The Company's Asia/Africa region consists of corn and tapioca refining operations in South Korea, Pakistan, Thailand, Kenya and China. The region's facilities include 7 plants that produce modified, regular, waxy and tapioca starches, dextrins, glucose, dextrose, high fructose corn syrups and caramel color.

In addition to the operations in which it engages directly, the Company has strategic alliances through technical license agreements with companies in South Africa and Venezuela. As a group, the Company's strategic alliance partners 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 positions in many of their target markets.

Competition

The corn refining industry is highly competitive. Many of the Company's products are viewed as commodities that compete with virtually identical products and derivatives manufactured by other companies in the industry. The US is a highly competitive market. Competitors include ADM Corn Processing Division ("ADM") (a division of Archer-Daniels-Midland Company), Cargill, Tate & Lyle Ingredients Americas, Inc., National Starch and Chemical Company ("National Starch") (a subsidiary of Imperial Chemicals Industries plc) and several others. Mexico and Canada face competition from US imports and local producers including ALMEX, a Mexican joint venture between ADM and Staley. In South America, Cargill and National Starch have corn-refining operations in Brazil. Other local corn and tapioca refiners also operate in many of our markets. 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, soybean meal and others. 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. Approximately 19 percent of the Company’s 2005 net sales were to companies engaged in the processed foods industry and approximately 18 percent of the Company’s 2005 net sales were to companies engaged in the soft drink industry. Additionally, approximately 11 percent of the Company’s 2005 net sales were to the animal feed market.

Raw Materials

The basic raw material of the corn refining industry is yellow dent corn. 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, Pakistan and Kenya. 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-US affiliates generally fluctuate as a result of the same factors that affect US 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 a manner that correlates to raw material costs of corn.

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. 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. See Item 7A, Quantitative and Qualitative Disclosures about Market Risk, section entitled “Commodity Costs” for additional information.

Product Development

Corn Products has a product application technology center that directs the product development teams worldwide to develop product application solutions to better serve the ingredient needs of the Company’s customers. 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. These efforts are supported by the Company’s marketing, product technology and technology support staff.

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 contracts with trucking companies to deliver bulk products to customer destinations for product delivery. In North America, the trucks generally ship to nearby customers. For customers located considerable distances from Company plants, either rail or 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 to its business. 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 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 range from one to three years, and can be extended by mutual agreement. These relationships have been in place for many years. These agreements in the aggregate provide approximately $3 million of annual income to the Company.

Employees

As of December 31, 2005, the Company had approximately 6,000 employees. Approximately 32 percent of US and 60 percent of non-US employees are unionized. The Company believes its union and non-union employee relations are good. In addition, the Company has approximately 1,000 temporary employees.

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 US, 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. No such fines of a material nature were imposed on the Company in 2005. The Company may also be required to comply with US, 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 US, 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. Based upon current laws and regulations and the enforcement and 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 future financial condition and results of operations.

The Company currently anticipates that it may spend approximately $6 million in fiscal 2006 for environmental control and wastewater treatment equipment to be incorporated into existing facilities and in planned construction projects, including the Argo coal boiler project described in Exhibit 13.1 filed herewith, in the section entitled, "Liquidity and Capital Resources."

Other

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

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Executive Officers of the Registrant

Set forth below are 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
Samuel C. Scott III	61	Chairman and Chief Executive Officer since February 2001 and President since 1997. Mr. Scott also served as Chief Operating Officer from 1997 through January 2001. Prior thereto, he served as President of the worldwide Corn Refining Business of CPC International, Inc; now Unilever Bestfoods (“CPC”), from 1995 to 1997 and was President of CPC’s North American Corn Refining Business from 1989 to 1997. He was elected a Vice President of CPC in 1991. Mr. Scott is a director of Motorola, Inc., The Bank of New York, ACCION U.S.A. and Inroads Chicago. He is also a Trustee of the Chicago Symphony Orchestra and the Conference Board.
Cheryl K. Beebe	50	Vice President and Chief Financial Officer since February 2004. Ms. Beebe previously served as Vice President, Finance from July 2002 to February 2004, as Vice President from 1999 to 2002 and as Treasurer from 1997 to February 2004. Prior thereto, she served as Director of Finance and Planning for the CPC 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 CPC in 1980 and served in various financial positions in CPC’s US consumer food business, North American audit group and worldwide corporate treasury function. She is a member of the Board of Trustees for Farleigh Dickinson University.
Marcia E. Doane	64	Vice President, General Counsel and Corporate Secretary since 1997. Ms. Doane served as Vice President, Legal and Regulatory Affairs of the Corn Products Division of CPC from 1996 to 1997. Prior thereto, she served as Counsel to the Corn Products Division from 1994 to 1996. Ms. Doane joined CPC’s Legal Department in 1989 as Operations Attorney for the Corn Products Division.

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Name	Age	All positions and offices with the Company
Jorge L. Fiamenghi	50	Vice President and President of the South America Division since 1999. Mr. Fiamenghi served as Acting President, US/Canadian Region from August 2001 to February 2002. Mr. Fiamenghi served as President and General Manager, Corn Products Brazil from 1996 to 1999. Mr. Fiamenghi was General Manager for the CPC Corn Refining affiliate in Argentina beginning in 1991. Prior thereto, he was Financial and Planning Director for the CPC South American Corn Refining Division from 1989 to 1991, and served as Financial and Administrative Manager for the CPC Corn Refining Division in Mexico beginning in 1987. Mr. Fiamenghi joined CPC in 1971 and served in various financial and planning positions in CPC.
Jack C. Fortnum	49	Vice President since 1999 and President of North America Division since May 2004. Mr. Fortnum previously served as President, US/Canadian Region from July 2003 to May 2004, and as President, US Business from February 2002 until July 2003. Prior to that, Mr. Fortnum served as Executive Vice President, US/Canadian Region from August 2001 until February 2002, as the Controller from 1997 to 2001, as the Vice President of Finance for Refineries de Maiz, CPC's Argentine subsidiary, from 1995 to 1997, as the Director of Finance and Planning for CPC's Latin America Corn Refining Division from 1993 to 1995, and as the Vice President and Comptroller of Canada Starch Operating Company Inc., the Canadian subsidiary of CPC, and as the Vice President of Finance of the Canadian Corn Refining Business from 1989.
Jeffrey B. Hebble	50	Vice President since 2000 and President of the Asia/Africa Division since February 2001. Prior thereto, Mr. Hebble served as Vice President of the Asia/Africa Division since 1998. Mr. Hebble joined CPC in 1986 and served in various positions in the Corn Products Division and in Stamford Food Industries Sdn. Berhad, a Corn Products subsidiary in Malaysia.

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Name	Age	All positions and offices with the Company
James J. Hirchak	52	Vice President — Human Resources since 1997. Mr. Hirchak joined CPC in 1976 and held various Human Resources positions in CPC until 1984, when he joined the CPC Corn Products Division. In 1987, Mr. Hirchak was appointed Director, Human Resources for Corn Products' North American Operations and he served as Vice President, Human Resources for the Corn Products Division of CPC from 1992 to 1997.
Kimberly A. Hunter	44	Corporate Treasurer since February 2004. Ms. Hunter previously served as Director of Corporate Treasury from September 2001 to February 2004. Prior to that, she served as Managing Director, Investment Grade Securities at Bank One Corporation, a financial institution, from 1997 to 2000 and as Vice President, Capital Markets from 1992 to 1997.
Robin A. Kornmeyer	57	Vice President since September 2002 and Controller since January 2002. Prior to that, Mr. Kornmeyer served as Corporate Controller at Foster Wheeler Ltd., a worldwide engineering and construction company, from 2000 to 2002 and as its Director of Corporate Audit Services from 1997 to 2000.
James W. Ripley	62	Senior Vice President, Planning, Information Technology and Compliance since February 2004. Mr. Ripley previously served as Vice President and Chief Financial Officer since 1997 and Vice President, Finance from 1997 to July 2002. Prior thereto, he served as Comptroller of CPC from 1995 to 1997 and as Vice President of Finance for CPC's North American Corn Refining Division from 1984 to 1995. Mr. Ripley joined CPC in 1968 as Chief International Accountant and subsequently served as CPC's Assistant Corporate Comptroller, Corporate General Audit Coordinator and Assistant Comptroller for CPC's European Consumer Foods Division.

ITEM 1A. RISK FACTORS

The Company operates in one business segment, corn refining, and the business is managed on a geographic regional basis. In each country where we conduct business, our business and assets are subject to varying degrees of risk and uncertainty. The following are factors that we believe could cause our actual results to differ materially from expected and historical results. Additional risks that are currently unknown to us may also impair our business or adversely affect our financial condition or results of operations. In addition, forward-looking statements within the meaning of the federal securities laws that are contained in this Form 10-K or in other filings or statements made by the Company may be subject to the risks described below as well as other risks and uncertainties. Please read the cautionary notice regarding forward-looking statements in Item 7 below.

The Company operates a multinational business subject to the economic, political and other risks inherent in operating in foreign countries and with foreign currencies.

The Company has operated in foreign countries and with foreign currencies for many years. The Company's US dollar denominated results are subject to foreign currency exchange fluctuations and its operations are subject to political, economic and other risks. Economic changes, terrorist activity and political unrest may result in business interruption or decreased demand for the Company's products. Protectionist trade measures and import and export licensing requirements could also adversely affect the Company's results of operations. The Company's success will depend in part on its ability to manage continued global political and/or economic uncertainty.

The Company primarily sells world commodities and, historically, local prices have adjusted relatively quickly to offset the effect of a local currency devaluation. The Company may hedge transactions that are denominated in a currency other than the currency of the operating unit entering into the underlying transaction and is subject to the risks normally attendant to such hedging activities.

Raw material and energy price fluctuations, and supply interruptions and shortages could adversely affect the Company's results of operations.

The Company's finished products are made primarily from corn. Purchased corn accounts for between 40 percent and 65 percent of finished product costs. Energy costs represent approximately 14 percent of the Company's finished product costs. The primary use of energy is to create steam in the production process and in dryers to dry product. The Company consumes coal, natural gas, electricity, wood and fuel oil to generate energy. The market prices for these commodities vary depending on supply and demand, world economies and other factors. The Company purchases these commodities based on its anticipated usage and the future outlook for these costs. The Company cannot assure that it will be able to purchase these commodities at prices that it can adequately pass on to customers to sustain or increase profitability.

In the US and Canada, the Company sells a large portion of finished product at firm prices established in supply contracts typically lasting for periods of up to one year. In order to minimize the effect of volatility in the cost of corn related to these firm-priced supply contracts, the Company takes hedging positions by entering into corn futures contracts. 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 positions are intended to minimize the volatility of corn costs on operating profits, occasionally the hedging activity can result in losses, some of which may be material. Outside of North America, sales of finished product under long-term, firm-priced supply contracts are not material. The Company also periodically uses derivative financial instruments to hedge portions of its natural gas costs, primarily in its North American operations.

The Company's ability to generate an adequate return on investment is uncertain.

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 the economic condition of the geographic region of the Company's operations.

The Company's inability to contain costs could adversely affect its future profitability and growth.

The Company's future profitability and growth depends on the Company's ability to contain operating costs and per-unit product costs and to maintain and/or implement effective cost control programs, while at the same time maintaining competitive pricing and superior quality products, customer service and support. 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.

If the Company is unable to contain its operating costs and maintain the productivity and reliability of its production facilities, the profitability and growth of the Company could be adversely affected.

The Company may not have access to the funds required for future growth and expansion.

The Company may need additional funds for working capital to grow and expand its operations. To the extent possible, the Company expects to fund its capital expenditures from operating cash flow. If the Company's operating cash flow is insufficient to fund such expenditures, 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 flows from operations will be sufficient to fund anticipated capital expenditures or that additional funds can be obtained from financial markets or from 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 cover 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.

Increased interest rates could increase our borrowing costs.

From time to time the Company may issue securities to finance acquisitions, capital expenditures, working capital and for other general corporate purposes. An increase in interest rates in the general economy could result in an increase in the Company's borrowing costs for these financings, as well as under any existing debt that bears interest at an unhedged floating rate.

The Company operates in a highly competitive environment and it may be difficult to preserve operating margins and maintain market share.

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 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.

Due to market volatility, the Company cannot assure that it can adequately pass potential increases in the cost of corn on to customers through product price increases or purchase quantities sufficient to sustain or increase its profitability.

Corn purchasing costs, which include the price of the corn plus delivery cost, account for 40 percent to 65 percent of the Company's product costs. The price and availability of corn is influenced by economic and industry conditions, including supply and demand factors such as crop disease and severe weather conditions such as drought, floods or frost that are difficult to anticipate and cannot be controlled by the Company. In addition, government programs supporting sugar prices indirectly impact the price of corn sweeteners, especially high fructose corn syrup.

Volatility in the stock market fluctuations and in quarterly operating results and other factors could adversely affect the market price of the Company's common stock.

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; general conditions in the Company's and its customers' markets; changes in the earnings estimates by analysts or reported results that vary materially from such estimates. In addition, the stock market has experienced significant price fluctuations that have affected the market prices of equity securities of many companies that have been unrelated to the operating performance of any individual company.

Changes in consumer preferences and perceptions may lessen the demand for the Company's products, which would reduce sales and harm the Company's business.

Food products are often affected by changes in consumer tastes, national, regional and local economic conditions and demographic trends. The Company's sales could also be affected by changing consumer tastes—for instance, if prevailing health or dietary preferences cause consumers to avoid food products containing sweetener products in favor of foods that are perceived as more healthy.

The uncertainty of acceptance of products developed through biotechnology could effect the profitability of the Company.

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

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

Approximately 32 percent of US and 60 percent of non-US employees are unionized. Strikes, lockouts or other work stoppages or slow downs involving the Company's unionized employees could have a material adverse effect on the Company.

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

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

No assurance can be given that the Company will continue to pay dividends.

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

Anti-takeover provisions in the Company's charter documents and under Delaware law may make it more difficult to acquire the Company.

Certain provisions of the Company's Amended and Restated Certificate of Incorporation (the "Corn Products Charter") and the Company's Amended 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 Company's 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 Amended By-Laws and certain provisions of the Corn Products Charter, (vi) authorization for the Company's Board to issue without stockholder approval preferred stock with such terms as the Board of Directors may determine and (vii) authorization for the Company's 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 percent or more of the Company's 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 Company's 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 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 Company's 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 the Company's Common Stock, and may also inhibit increases in the market price of the Company's Common Stock that could result from takeover attempts or speculation.

The Company's reliance on certain industries for a significant portion of sales could have a material adverse affect on the business.

Approximately 19 percent of the Company's 2005 worldwide sales were made to companies engaged in the processed foods industry and approximately 18 percent were made to companies in the soft drink industry. Additionally, approximately 11 percent of the Company's 2005 worldwide sales were made to the animal feed market. If the Company's processed foods customers, soft drink customers or animal feed customers were to substantially decrease their purchases, the business of the Company might be materially adversely affected. However, 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.

An outbreak of a life threatening communicable disease could negatively impact the Company's business.

The outbreak of Severe Acute Respiratory Syndrome ("SARS") previously affected the economies of certain countries where the Company's products are manufactured and sold. If the economies of any countries where the company sells or manufactures its products is affected by a similar outbreak of SARS, the Avian Flu, or other life threatening communicable diseases, it could result in decreased sales and unfavorably impact the Company's business.

Cross-border disputes between countries in which the Company operates could result in duties, taxes or other costs that could adversely affect the Company's results of operations.

Due to cross-border disputes with the United States, the Company's operations in Mexico and Canada could be adversely affected by actions taken by the governments of those two countries. In 2002, Mexico imposed a discriminatory tax on beverages sweetened with HFCS, which resulted in a substantial reduction of sales of HFCS in Mexico. However, sales of HFCS in Mexico have returned to historical levels and are continuing despite the continuation of the tax. In addition, Canada has recently imposed a significant duty on imported United States grain. If we are unable to maintain sales levels of high fructose corn syrup in Mexico and/or minimize the impact of the duties in Canada, the results of operations for these two countries could be negatively affected and the Company could be required to recognize a charge for impairment.

The recognition of impairment charges on goodwill or long-lived assets would adversely impact the future financial position and results of operations of the Company.

The Company performs an annual impairment assessment for goodwill and, as necessary, for long-lived assets. If the results of such assessments were to show that the fair value of the property, plant and equipment or goodwill were less than the carrying values, the Company would be required to recognize a charge for impairment of goodwill and/or long-lived assets and the amount of the impairment charge could be material.

Unanticipated changes in our tax rates or exposure to additional income tax liabilities could impact the Company's profitability.

We are subject to income taxes in both the United States and various other foreign jurisdictions, and our domestic and international tax liabilities are subject to allocation of expenses among different jurisdictions. Our effective tax rates could be adversely affected by changes in the mix of earnings by jurisdiction, changes in tax laws or tax rates, changes in the valuation of deferred tax assets and liabilities, and material adjustments from tax audits.

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

Operating difficulties at the Company's manufacturing plants could adversely affect our operating results.

Corn refining is a capital intensive industry. The Company has 27 plants and has preventive maintenance and de-bottlenecking programs designed to maintain and improve grind capacity and facility reliability. This includes the shutdown and replacement of three current coal-fired boilers with one new coal-fired boiler at our Argo facility in Bedford Park, Illinois. See also Management's Discussion and Analysis of Financial Condition and Results of Operations, section entitled "Liquidity and Capital Resources," included herewith as part of Exhibit 13.1 for additional information relating to this capital project. If the Company encounters operating difficulties at a plant for an extended period of time or start up problems with the Argo boiler or other improvement projects, we may not be able to meet certain sales order commitments and could incur significantly higher operating expenses which could adversely affect our operating results.

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ITEM 1B. UNRESOLVED STAFF COMMENTS.

None

ITEM 2. PROPERTIES

The Company operates, directly and through its consolidated subsidiaries, 27 manufacturing facilities, 26 of which are owned and one of which is leased (Jundiai, Brazil). In addition, the Company leases its corporate headquarters in Westchester, Illinois. The following list details the locations of the Company's manufacturing facilities within each of its three geographic regions:

North America	South America	Asia/Africa
Cardinal, Ontario, Canada	Baradero, Argentina	Shouguang, China
London, Ontario, Canada	Chacabuco, Argentina	Eldoret, Kenya
Port Colborne, Ontario, Canada	Balsa Nova, Brazil	Cornwala, Pakistan
San Juan del Rio, Queretaro, Mexico	Cabo, Brazil	Faisalabad, Pakistan
Guadalajara, Jalisco, Mexico	Conchal, Brazil	Ichon, South Korea
Mexico City, Edo. de Mexico	Jundiai, Brazil	Inchon, South Korea
Stockton, California, U.S.	Mogi-Guacu, Brazil	Sikhiu, Thailand
Bedford Park, Illinois, U.S.	Llay-Llay, Chile	
Winston-Salem, North Carolina, U.S.	Barranquilla, Colombia	
	Cali, Colombia	
	Guayaquil, Ecuador	

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. This includes the shutdown and replacement of three current coal-fired boilers with one new coal-fired boiler at our Argo facility in Bedford Park, Illinois. See also Management's Discussion and Analysis of Financial Condition and Results of Operations, section entitled "Liquidity and Capital Resources," included herewith as part of Exhibit 13.1 for additional information relating to this capital project.

The Company has electricity co-generation facilities at all of its US and Canadian plants, as well as at its plants in San Juan del Rio, Mexico; Baradero, Argentina; and Balsa Nova and Mogi-Guacu, Brazil, that provide electricity at a lower cost than is available from third parties. The Company generally owns and operates such co-generation facilities itself, except for the facilities at its Stockton, California; Cardinal, Ontario; Balsa Nova and Mogi-Guacu, Brazil locations, that are owned by, and operated pursuant to co-generation agreements with, third parties.

The Company believes it has competitive facilities. In recent years, significant capital expenditures have been made to update, expand and improve the Company's facilities, averaging $110 million per year for the last three years. The Company believes these capital expenditures will allow the Company to operate efficient facilities for the foreseeable future. The Company currently anticipates that capital expenditures for 2006 will approximate $150 million. Included in this estimate are expenditures relating to the completion of the previously announced $100 million capital project at our Argo plant located in Bedford Park, Illinois. Construction began in the fourth quarter of 2004 and the project is expected to be completed by the end of the third quarter of 2006. It is anticipated that annual capital expenditures beyond 2006 will be in line with historical averages.

ITEM 3. LEGAL PROCEEDINGS

On October 21, 2003, the Company submitted, on its own behalf and on behalf of its Mexican affiliate, CPIngredientes, S.A. de C.V., (previously known as Compania Proveedora de Ingredientes) a Request for Institution of Arbitration Proceedings Submitted Pursuant to Chapter 11 of the North American Free Trade Agreement ("NAFTA") (the "Request"). The Request was submitted to the International Centre for Settlement of Investment Disputes and was brought against the United Mexican States. In the Request, the Company asserts that the imposition by Mexico of a discriminatory tax on beverages containing HFCS breached various obligations of Mexico under NAFTA. The Company seeks damages of not less than $325 million. See also Note 3 of the Notes to the Consolidated Financial Statements included in Exhibit 13.1 herewith.

Between May and June of 2005, the Company, Samuel Scott and Cheryl Beebe were named as defendants in five purported securities class action suits filed in the United States District Court for the Northern District of Illinois. The complaints alleged violations of certain federal securities laws and sought unspecified damages on behalf of a purported class of purchasers of the Company's common stock between January 25, 2005 and April 4, 2005. In August 2005, all of these class actions were consolidated in the matter of Monty Blatt v. Corn Products International, Inc. (N.D. Ill. 05 C 3033). In November 2005, plaintiffs filed a consolidated amended complaint containing essentially the same legal claims. Cheryl Beebe was not named as a defendant in the consolidated amended complaint. The Company believes the lawsuit is without merit and intends to defend it vigorously. The matter has been tendered by the Company to its insurance carrier for defense and indemnification.

In July 2005, a shareholder derivative lawsuit, Halverson v. Samuel Scott, et al. (05 CH 12162), was filed in the Circuit Court of Cook County, Illinois against Corn Products International, its directors and certain members of senior management. The lawsuit makes various claims asserting mismanagement and breaches of fiduciary duty related to the Company's performance in the first quarter of 2005. The subject matter of the derivative lawsuit is substantially the same as that of the shareholder class action, Monty Blatt v. Corn Products International, Inc. (N.D. Ill. 05 C 3033). All proceedings in this lawsuit are currently stayed by agreement of the parties. The Company believes the lawsuit is without merit and intends to defend it vigorously. The matter has been tendered by the Company to its insurance carrier for defense and indemnification.

The Company is defending claims brought against its predecessor, which was named as one of the defendants in a number of private treble damage state class actions by direct and indirect HFCS customers. The only remaining action still pending is in the state court of Kansas. Preliminary approval of the Kansas settlement was granted by the judge assigned to the case on December 10, 2004 and notice to the class has been completed. The Company expects final approval of the Kansas settlement. The terms of the proposed settlement would not have a material adverse effect on the financial results of the Company.

In June 2005, certain associations purporting to represent Canadian corn producers filed a request that the Canadian government investigate the effect of United States corn subsidization on the Canadian corn market and the alleged dumping of United States corn into Canada. In September 2005, the Canadian government initiated an anti-dumping and/or countervailing duty investigation on corn imported from the United States. In November 2005, the Canadian government made a positive determination in connection with the preliminary determination of injury and in December 2005 imposed preliminary antidumping and countervailing duties. The Company has been and continues to vigorously oppose the imposition of antidumping and countervailing duties.

The Company is currently subject to various other claims and suits arising in the ordinary course of business, including certain 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, whether 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 SECURITY HOLDERS

There were no matters submitted to a vote of security holders, through the solicitation of proxies or otherwise, during the quarter ended December 31, 2005.

PART II

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

Shares of Corn Products' Common Stock are traded on the New York Stock Exchange ("NYSE") under the ticker symbol "CPO." Information about the range of the NYSE reported high, low and closing market prices of the Company's Common Stock, holders of record and quarterly dividends are incorporated by reference from the Supplemental Financial Information filed herewith as part of Exhibit 13.1, section entitled "Common Stock Market Prices and Dividends."

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 Company's Board of Directors. It is subject to the Company's financial results and the availability of surplus funds to pay dividends.

Issuer Purchases of Equity Securities:

(shares in thousands)	Total Number of Shares Purchased	Average Price Paid Per Share	Total Number of Shares Purchased as part of Publicly Announced Plans or Programs	Maximum Number (or Approximate Dollar Value) of Shares that may yet be Purchased Under the Plans or Programs
Oct. 1 – Oct. 31, 2005	—	—	—	2,311 shares
Nov. 1 – Nov. 30, 2005	—	—	—	2,311 shares
Dec. 1 – Dec. 31, 2005	—	—	—	2,311 shares
Total	—	—	—	

On February 9, 2005, the Company's Board of Directors approved a stock repurchase program, which runs through February 28, 2010, under which the Company may repurchase up to 4 million shares of its outstanding common stock. As of December 31, 2005, the Company had repurchased 1.69 million shares under the program, leaving 2.31 million shares available for repurchase.

ITEM 6. SELECTED FINANCIAL DATA

Incorporated by reference from the Supplemental Financial Infomation filed herewith as part of Exhibit 13.1, section entitled "Ten-Year Financial Highlights."

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

Incorporated by reference from Exhibit 13.1 filed herewith, section entitled "Management's Discussion and Analysis of Financial Condition and Results of Operations."

Forward Looking Statements

This Form 10-K contains or may contain forward-looking statements within the meaning of Section 27A of the Securities Exchange Act of 1933 and Section 21E of the Securities Exchange Act of 1934. The Company intends these forward looking statements to be covered by the safe harbor provisions for such statements. These statements include, among other things, any predictions regarding the Company's future financial condition, earnings, revenues, expenses or other financial items, any statements concerning the Company's prospects or future operation, including management's plans or strategies and objectives therefor and any assumptions underlying the foregoing. These statements can sometimes be identified by the use of forward looking words such as "may," "will," "anticipate," "believe," "plan," "project," "estimate," "expect," "intend," "continue," "pro forma," "forecast" or other similar expressions or the negative thereof. All statements other than statements of historical facts in this report or referred to or incorporated by reference into this report are "forward-looking statements." These statements are subject to certain inherent risks and uncertainties. Although we believe our expectations reflected in these forward-looking statements are based on reasonable assumptions, stockholders are cautioned that no assurance can be given that our expectations will prove correct. Actual results and developments may differ materially from the expectations conveyed in these statements, based on various factors, including fluctuations in worldwide commodities markets and the associated risks of hedging against such fluctuations; fluctuations in aggregate industry supply and market demand; general political, economic, business, market and weather conditions in the various

geographic regions and countries in which we manufacture and/or sell our products; fluctuations in the value of local currencies, energy costs and availability, freight and shipping costs, and changes in regulatory controls regarding quotas, tariffs, duties, taxes and income tax rates; operating difficulties; boiler reliability; labor disputes; genetic and biotechnology issues; changing consumption preferences and trends; increased competitive and/or customer pressure in the corn-refining industry; the outbreak or continuation of hostilities including acts of terrorism; stock market fluctuation and volatility; and our ability to maintain sales levels of HFCS in Mexico. Our forward-looking statements speak only as of the date on which they are made and we do not undertake any obligation to update any forward-looking statement to reflect events or circumstances after the date of the statement. If we do update or correct one or more of these statements, investors and others should not conclude that we will make additional updates or corrections. For a further description of risk factors, see Item 1A-Risk Factors above and subsequent reports on Forms 10-Q and 8-K.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Interest Rate Exposure. Approximately 61 percent of the Company's borrowings at December 31, 2005 are fixed rate bonds and loans. Interest on the remaining 39 percent of the Company's borrowings is subject to change based on changes in short-term rates, which could affect our interest costs. Included in the floating rate indebtedness information above is $150 million of our $200 million Senior Notes due 2009 which, through the use of interest rate swaps, had effectively been converted from fixed to floating rate debt. Included in the fixed rate indebtedness information above is $18 million of Korean term loan debt which, through the use of cross currency interest rate swaps, has effectively been converted from floating rate US dollar to fixed rate Korean Won debt. See also Note 8 of the Notes to the Consolidated Financial Statements entitled "Financing Arrangements" included herewith as part of Exhibit 13.1, for further information. A hypothetical increase of 1 percentage point in the weighted average floating interest rate for 2005 would have increased interest expense and reduced pretax income for 2005 by approximately $3 million.

At December 31, 2005 and 2004, the carrying and fair values of long-term debt, including the current portion, were as follows:

	2005		2004	
(in millions)	Carrying value	Fair value	Carrying value	Fair value
8.25% senior notes, due 2007	$ 254	$ 266	$ 254	$ 280
8.45% senior notes, due 2009	199	219	199	233
Korean loans	28	28	27	27
Total	$ 481	$ 513	$ 480	$ 540

On February 1, 2006, the Company terminated the fixed to floating interest rate swap agreements associated with $150 million of its 8.45 percent senior notes. The swap termination resulted in a gain of approximately $3 million that will be amortized as a reduction to financing costs over the remaining term of the underlying debt (through August 2009).

Commodity Costs. The Company's finished products are made primarily from corn. In the US and Canada, the Company sells a large portion of finished product at firm prices established in supply contracts typically lasting for periods of up to one year. In order to minimize the effect of volatility in the cost of corn related to these firm-priced supply contracts, 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 positions are intended to minimize the volatility of corn costs on operating profits, occasionally the hedging activity can result in losses, some of which may be material. Outside of North America, sales of finished product under long-term, firm-priced supply contracts are not material.

Energy costs for the Company represent a significant portion of its operating costs. The primary use of energy is to create steam in the production process and in dryers to dry product. The Company consumes coal, natural gas, electricity, wood and fuel oil to generate energy. The market prices for these commodities vary depending on supply and demand, world economies and other factors. The Company purchases these commodities based on its anticipated usage and the future outlook for these costs. The Company cannot assure that it will be able to purchase these commodities at prices that it can adequately pass on to customers to sustain or increase profitability. The Company periodically uses derivative financial instruments to hedge portions of its natural gas costs, primarily in its North American operations.

The Company's commodity price hedging instruments generally relate to contracted firm-priced business. Based on the Company's overall commodity hedge exposure at December 31, 2005, a hypothetical 10 percent decline in market prices applied to the fair value of the instruments would result in a charge to other comprehensive income (loss) of approximately $22 million, net of income tax benefit. It should be noted that any change in the fair value of the contracts, real or hypothetical, would be substantially offset by an inverse change in the value of the underlying hedged item.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

Incorporated by reference from Exhibit 13.1 filed herewith, sections entitled "Report of Independent Registered Public Accounting Firm," "Consolidated Financial Statements and Notes" and "Supplemental Financial Information."

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

None.

ITEM 9A. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

Management of the Company, including the Chief Executive Officer and the Chief Financial Officer, performed an evaluation of the effectiveness of the Company's disclosure controls and procedures as of December 31, 2005. Based on that evaluation, the Chief Executive Officer and Chief Financial Officer concluded that the Company's disclosure controls and procedures are effective in providing reasonable assurance that all material information required to be filed in this report has been recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms. There have been no changes in the Company's internal controls over financial reporting that were identified during the evaluation that have materially affected, or are reasonably likely to materially affect, the Company's internal controls over financial reporting.

Management's Report on Internal Control over Financial Reporting

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

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

1. Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company.

2. Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in conformity with accounting principles generally accepted in the United States, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company.

3. Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

Management conducted an evaluation of the effectiveness of internal control over financial reporting based on the framework of *Internal Control — Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Based on the evaluation, management concluded that the Company's internal control over financial reporting was effective as of December 31, 2005. Management's assessment of the effectiveness of the Company's internal control over financial reporting has been audited by KPMG LLP, an independent registered public accounting firm, as stated in their report, a copy of which follows.

Report of Independent Registered Public Accounting Firm

The Board of Directors and Stockholders
Corn Products International, Inc.:

We have audited management's assessment, included in the accompanying Management's Report on Internal Control over Financial Reporting, that Corn Products International, Inc. maintained effective internal control over financial reporting as of December 31, 2005, based on criteria established in *Internal Control—Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (the COSO criteria). Corn Products International, Inc.'s management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting. Our responsibility is to express an opinion on management's assessment and an opinion on the effectiveness of the Company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, evaluating management's assessment, testing and evaluating the design and operating effectiveness of internal control, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

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

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

In our opinion, management's assessment that Corn Products International, Inc. maintained effective internal control over financial reporting as of December 31, 2005, is fairly stated, in all material respects, based on the COSO criteria. Also, in our opinion, Corn Products International, Inc. maintained, in all material respects, effective internal control over financial reporting as of December 31, 2005, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets of Corn Products International, Inc. and subsidiaries as of December 31, 2005 and 2004, and the related consolidated statements of income, comprehensive income, stockholders' equity and redeemable equity, and cash flows for each of the years in the three-year period ended December 31, 2005, and our report dated March 8, 2006 expressed an unqualified opinion thereon.

KPMG LLP
Chicago, Illinois
March 8, 2006

ITEM 9B. OTHER INFORMATION

None.

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 – Proposal 1. Election of Directors” and “Section 16(a) Beneficial Ownership Reporting Compliance” in the Company’s definitive proxy statement for the Company’s 2006 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. The Company has adopted a code of ethics that applies to its principal executive officer, principal financial officer, and controller. The code of ethics is posted on the Company’s Internet website, which is found at www.cornproducts.com. The Company intends to include on its website any amendments to, or waivers from, a provision of its code of ethics that applies to the Company’s principal executive officer, principal financial officer or controller that relates to any element of the code of ethics definition enumerated in Item 406(b) of Regulation S-K.

ITEM 11. EXECUTIVE COMPENSATION

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

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

The information contained under the headings “Equity Compensation Plan Information as of December 31, 2005” and “Security Ownership of Certain Beneficial Owners and Management” in the Proxy Statement is incorporated herein by reference.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

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

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

The information contained under the heading “2005 and 2004 Audit Firm Fee Summary” in the Proxy Statement is incorporated herein by reference.

PART IV

ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

Item 15(a)(1) Consolidated Financial Statements

Incorporated by reference from Exhibit 13.1 filed herewith, sections entitled “Report of Independent Registered Public Accounting Firm,” and “Consolidated Financial Statements and Notes.”

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Item 15(a)(2) Financial Statement Schedules

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

Item 15(a)(3) Exhibits

The Exhibits set forth in the accompanying Exhibit Index are filed as a part of this report. Provided below is a list of each exhibit that contains a management contract or compensatory plan or arrangement required to be filed as an Exhibit to this report:

Exhibit Number
10.1
10.2
10.3
10.4
10.5
10.6
10.7
10.8
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SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized, on the 8th day of March, 2006.

CORN PRODUCTS INTERNATIONAL, INC.

By: /s/ Samuel C. Scott III
Samuel C. Scott III
Chairman, President and Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this Report has been signed below by the following persons on behalf of the Registrant, in the capacities indicated and on the 8th day of March, 2006.

Signature	Title
/s/ Samuel C. Scott III Samuel C. Scott III	Chairman, President and Chief Executive Officer
/s/ Cheryl K. Beebe Cheryl K. Beebe	Chief Financial Officer
/s/ Robin A. Kornmeyer Robin A. Kornmeyer	Controller
*Richard J. Almeida Richard J. Almeida	Director
*Luis Aranguren Luis Aranguren	Director
*Guenther E. Greiner Guenther E. Greiner	Director
*Ronald M. Gross Ronald M. Gross	Director
*Karen L. Hendricks Karen L. Hendricks	Director
*Bernard H. Kastory Bernard H. Kastory	Director

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Signature	Title
*Gregory B. Kenny Gregory B. Kenny	Director
*Barbara A. Klein Barbara A. Klein	Director
*William S. Norman William S. Norman	Director
*James M. Ringler James M. Ringler	Director
*By: /s/ Marcia E. Doane Marcia E. Doane Attorney-in-fact	

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

Exhibit No.	Description
3.1*	Amended and Restated Certificate of Incorporation of the Company, filed as Exhibit 3.1 to the Company's Registration Statement on Form 10, File No. 1-13397
3.2*	Amended By-Laws of the Company, filed as Exhibit 3.i to the Company's report on Form 8-K dated February 3, 2006, File No. 1-13397
4.1*	Rights Agreement dated as of November 19, 1997 (Amended and Restated as of September 9, 2002), between the Company and The Bank of New York, filed as Exhibit 4 to the Company's quarterly report on Form 10-Q for the quarter ended September 30, 2002, File No. 1-13397
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-Al2B, File No. 1-13397
4.3*	Five year Revolving Credit Agreement dated as of September 2, 2004 among the Company and the agents and banks named therein filed as Exhibit 10 to the Company's report on Form 10-Q for the quarter ended September 30, 2004
4.4*	First Amendment to Revolving Credit Agreement dated October 8, 2004, filed as Exhibit 4.4 to the Company's annual report on Form 10-K for the year ended December 31, 2004, File No. 1-13397
4.5*	Indenture Agreement dated as of August 18, 1999 between the Company and The Bank of New York, as Trustee, filed on August 27, 1999 as Exhibit 4.1 to the Company's current report on Form 8-K, File No. 1-13397, as amended by First Supplemental Indenture filed on July 8, 2002 as Exhibit 99.4 to the Company's current report on Form 8-K, File No. 1-13397, and by Second Supplemental Indenture filed on November 18, 2002 as Exhibit 4 to the Company's current report on Form 8-K, File No. 1-13397
4.6*	First Supplemental Indenture dated July 8, 2002 between the Company and The Bank of New York, as Trustee, filed on July 8, 2002 as Exhibit 99.4 to the Company's current report on Form 8-K, File No. 1-13397
4.7*	Second Supplemental Indenture dated November 18, 2002 between the Company and The Bank of New York, as Trustee, filed on November 18, 2002 as Exhibit 4 to the Company's current report on Form 8-K, File No. 1-13397
10.1*	The Corn Products International, Inc. Stock Incentive Plan, included as Appendix B to the Company's Proxy Statement filed on Schedule 14A on March 29, 2005, File No. 1-13397
10.2**	Deferred Stock Unit Plan of the Company
10.3**	Form of Severance Agreement entered into by each of the Named Executive Officers

10.4*	Form of Amendment to Executive Severance Agreement entered into by each of the Named Executive Officers, filed as Exhibit 10.10 to the Company's annual report on Form 10-K for the year ended December 31, 2000, File No. 1-13397
10.5**	Form of Indemnification Agreement entered into by each of the members of the Company's Board of Directors and the Named Executive Officers
10.6*	Deferred Compensation Plan for Outside Directors of the Company (Amended and Restated as of September 19, 2001), filed as Exhibit 4(d) to the Company's Registration Statement on Form S-8, File No. 333-75844, as amended by Amendment No. 1 dated December 1, 2004, filed as Exhibit 10.5 to the Company's annual report on Form 10-K for the year ended December 31, 2004, File No. 1-13397
10.7*	Supplemental Executive Retirement Plan (Amended and Restated as of January 1, 2001), filed as Exhibit 10 to the Company's quarterly report on Form 10-Q/A for the quarter ended March 31, 2002, File No. 1-13397
10.8**	Executive Life Insurance Plan
10.9**	Deferred Compensation Plan, as amended by Amendment No. 1 filed as Exhibit 10.21 to the Company's annual report on Form 10-K/A for the year ended December 31, 2001, File No. 1-13397
10.10*	Annual Incentive Plan, included as Appendix C to the Company's Proxy Statement filed on Schedule 14A on March 29, 2005, File No. 1-13397
10.11*	Performance Plan, filed as Exhibit 10.19 to the Company's annual report on Form 10-K for the year ended December 31, 1999, File No. 1-13397
10.12**	Tax Sharing Agreement dated December 1, 1997 between the Company and Bestfoods
10.13*	Employee Benefits Agreement dated December 1, 1997 between the Company and Bestfoods, filed as Exhibit 4.E to the Company's Registration Statement on Form S-8, File No. 333-43525
10.14*	Executive Life Insurance Plan, Compensation Committee Summary, filed as Exhibit 10.14 to the Company's annual report on Form 10-K for the year ended December 31, 2004, File No. 1-13397
10.15*	Form of Executive Life Insurance Plan Participation Agreement and Collateral Assignment entered into by the Named Executive Officers with the exception of Jorge Fiamenghi, filed as Exhibit 10.15 to the Company's annual report on Form 10-K for the year ended December 31, 2004, File No. 1-13397
10.16*	Form of Performance Share Award, filed as Exhibit 10.1 to the Company's report on Form 8-K dated January 31, 2006, File No. 1-13397
10.17	Natural Gas Purchase and Sale Agreement between Corn Products Brasil-Ingredientes Industrias Ltda. and Companhia de Ga de Sao Paulo-Comgas

11.1	Earnings Per Share Computation
12.1	Computation of Ratio of Earnings to Fixed Charges
13.1	Management's Discussion and Analysis of Financial Condition and Results of Operations and Consolidated Financial Statements and Notes
18.1*	Preferability letter from KPMG, filed as Exhibit 18.1 to the Company's annual report on Form 10-K for the year ended December 31, 2000, File No. 1-13397
21.1	Subsidiaries of the Registrant
23.1	Consent of Independent Registered Public Accounting Firm
24.1	Power of Attorney
31.1	CEO Section 302 Certification Pursuant to the Sarbanes-Oxley Act of 2002
31.2	CFO Section 302 Certification Pursuant to the Sarbanes-Oxley Act of 2002
32.1	CEO Certification Pursuant to Section 1350 of Chapter 63 of Title 18 of the United States Code as created by the Sarbanes-Oxley Act of 2002
32.2	CFO Certification Pursuant to Section 1350 of Chapter 63 of Title 18 of the United States Code as created by the Sarbanes-Oxley Act of 2002

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* 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.

Exhibit 10.17

NATURAL GAS PURCHASE AND SALE AGREEMENT

COGENERATION

COMPANHIA DE GÁS DE SÃO PAULO — COMGÁS

X

CORN PRODUCTS BRASIL — INGREDIENTES INDUSTRIAIS LTDA.

January / 2006

Natural Gas Purchase and Sale Agreement

Corn Products Brasil and Companhia de Gás de São Paulo — Comgás

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NATURAL GAS PURCHASE AND SALE AGREEMENT ENTERED INTO BY AND BETWEEN, COMPANHIA DE GÁS DE SÃO PAULO - COMGÁS AND, ON THE OTHER SIDE, CORN PRODUCTS BRASIL - INGREDIENTES INDUSTRIAIS LTDA:

By this private instrument of piped natural gas purchase and sale agreement, the parties hereof, on the one side, **COMPANHIA DE GÁS DE SÃO PAULO — COMGÁS**, concessionaire of piped gas distribution services in the State of São Paulo, a corporation of authorized capital, headquartered in the City of São Paulo, at Rua das Olimpíadas, 205, 10° andar, enrolled with the National Register of Legal Entities of the Ministry of Finance (CNPJ) under No. 61.856.571/0001-17, hereinafter referred to as **COMGÁS**, herein represented as per its by-laws, and, on the other side

CORN PRODUCTS BRASIL — INGREDIENTES INDUSTRIAIS LTDA., a private limited company, headquartered in the City of São Paulo, State of São Paulo, at Av. do Café, 277, Torre B, 2° andar, enrolled with the National Register of Legal Entities of the Ministry of Finance (CNPJ) under No. 01.730.520/0001-12, hereinafter referred to as the **USER**, herein properly represented, by virtue of the mutual promises and covenants herein contained, agree to be bound as follows:

WHEREAS:

- the decision of the Federal Government to increase the participation of natural gas in the national energetic matrix;
- Law No. 9,478/97, which establishes provisions on the National Energetic Policy, has as one of its purposes the development, in economic bases, of the use of natural gas;
- Decree No. 3,371, of February 24, 2000, which established, within the competency of the Ministry of Mines and Energy, the PRIORITY PROGRAM OF THERMOELECTRICITY, and MME Ordinance No. 551, of December 6, 2000, which ruled the program of incentive to cogeneration, stimulated entrepreneurs and investors to submit proposals for the implementation of Cogeneration Thermoelectric Projects;

- the Cogeneration Plant was included in said Priority Program of Thermoelectricity by means of GCE Resolution No. 127 of April 16, 2002;
- as provided for in paragraph 2 of Article 25 of the Constitution of the Republic — with the wording ascribed to it by the Constitutional Amendment No. 5 of August 15, 1995 — , it is incumbent upon the States to exploit directly, or by means of a concession, the piped Gas services pursuant to the law;
- as per the concession agreement entered into with the State of São Paulo, Comgás is the exclusive concessionaire of public services of piped Gas distribution in the State of São Paulo, covering the location area of the Cogeneration Plant;
- Comgás entered into the Comgás-Supplier Agreement with the Supplier;
- Comgás intends to provide to the User and the latter intends to purchase from Comgás, according to the rules and conditions of this Agreement, the Natural Gas to be used exclusively as fuel at the Cogeneration Plant;
- the last generating unit of the Cogeneration Plant started commercial operation on June 26, 2004, in accordance with ANEEL Decision No. 490 of June 25, 2004; and
- On December, 29, 2004, Comgás and the User executed a gas supply agreement, within the context of the Priority Program of Thermoelectricity, for the supply of Gas by Comgás to be used exclusively as fuel in the Cogeneration Plant, which was amended on March, 30, 2005, on May 31, 2005 and on July 20, 2005, on November 20, 2005 and on December 20, 2005 (“Short-Term Agreement”), pursuant to which Comgás and the User agreed to execute, a natural gas supply agreement to be used as fuel in the Cogeneration Plant, also under the conditions of the Priority Program of Thermoelectricity, with term of up to 20 years;

do hereby agree to establish that this Natural Gas Purchase and Sale Agreement shall be ruled by the following clauses and conditions:

ARTICLE ONE — DEFINITIONS AND INTERPRETATION OF TERMS

1.1 In this Agreement, whenever they are written in upper case, the terms below will have the definitions that are assigned to them in this article:

Year – shall mean a period of time that:

a) for the first Year, shall begin on the Commercial Supply Start-up Day and shall end the last Day of the corresponding year;

b) for each YEAR succeeding the YEAR referred to in item (a) above, except for the last YEAR of effectiveness of the AGREEMENT, shall begin on the first DAY of the corresponding year and shall end on the last DAY of the corresponding year;

c) for the last YEAR of effectiveness of the AGREEMENT, shall begin on the first DAY of the corresponding year and shall end on the last DAY of effectiveness of the AGREEMENT;

provided, however, that the term ”year”, where not written in upper case, shall mean a calendar year.

Arbitration - IS DEFINED IN ITEM 19.1.2.

ARBITRATOR (FIRST ARBITRATOR, SECOND ARBITRATOR, THIRD ARBITRATOR) - shall mean each member of the ARBITRATION TRIBUNAL appointed pursuant to item 19.2.3.

CALORIE – shall mean the quantity of heat required to increase the temperature from one gram (1g) of pure water from fourteen point five Celsius degrees (14.5ºC) up to fifteen point five Celsius degrees (15.5ºC) at the absolute pressure of 0.101325MPa.

FORTUITOUS CASE OR FORCE MAJEURE - is defined in Article Fourteen.

COGENERATION PLANT - shall mean all the equipment of the cogeneration plant called Corn Mogi Co-Generator Central, driven by natural gas, located in the Municipality of Mogi Guaçu, State of São Paulo, which will receive the GAS for purposes of COGENERATION, inserted into the PRIORITY PROGRAM OF THERMOELECTRICITY.

COGENERATION - corresponds to the process of combined production of useful heat and mechanical energy, usually converted totally or partially into electric energy from the chemical energy made available by one or more fuels, pursuant to Article 3 of ANEEL Resolution No. 21 of January 20, 2000 or in any other LAW that amends or replaces it.

REFERENCE CONDITIONS - shall mean a temperature of twenty degrees Celsius (20ºC) and absolute pressure of 0.101325MPa and the SUPERIOR CALORIFIC POWER (SCP) for the GAS equal to the REFERENCE CALORIFIC POWER.

BASE CONDITIONS - shall mean a temperature of twenty degrees Celsius (20ºC) and absolute pressure of 0,101325Mpa.

Regulation and Measurement Set (CRM) - Set of equipment owned by Comgás intended to regulate the pressure and measure and record the volumes, pressures and temperature of Gas that will supply the Cogeneration Plant, installed at a place to be assigned by User, close to its boundary, as agreed upon between the Parties. This station is the one responsible for officially measuring the Natural Gas supply subject of this Agreement.

Agreement — shall mean this Natural Gas Purchase and Sale Agreement, its annex, as well as any amendments and changes agreed upon and signed by the Parties.

Supplier-Comgás Agreement - shall mean a natural gas purchase and sale agreement entered into between the Supplier and Comgás, having as its purpose the purchase, by Comgás, and the sale, by Supplier of the Natural Gas subject of this Agreement, to be used exclusively as fuel at the Cogeneration Plant.

Short-Term Agreement – shall mean the agreement specified in the last whereas.

Day - shall mean a period of time that will start at 6:00 a.m. (six o' clock) of each day and will end at 6:00 a.m. (six o' clock) of the following day; and the term "day" when not written in upper case shall mean a period of twenty-four (24) hours that will start at 0:00 (midnight) of each day and will end at midnight (0:00) of the same day.

Collection Document - shall mean every invoice, trade bill, debt note or document issued by one Party for collection of any amount to be paid, under the Agreement, by the other Party.

Dollar or US$ - shall mean the legal currency of the United States of America.

Affiliate Company – shall mean any company (i) controlled by one of the Parties, (ii) the controlling company of one of the Parties or (iii) under the common control of the controlling company of one of the Parties.

Failure in Supply (FF) - is any situation characterized by the occurrence, on any given Day, at the Delivery Point, of any one of the following events:

a. lack of availability of Gas in accordance with the Daily Requested Amount;

b. non-acceptance of the DAILY REQUESTED AMOUNT (DRA) by COMGÁS, except under the terms of item 9.9.1.1 or item 17.1;

c. restriction or interruption in the supply of GAS as a result of an operating fact not attributable to the USER;

d. non-conformity in relation to the specifications of GAS defined in item 5.1;

e. subject to the provisions of items 7.3 and 7.4, failure to comply with any of the GAS delivery conditions defined in items 7.2 and 7.5;

except for any of the following events — when there will be no FAILURE IN SUPPLY:

i. the fact being attributed to an FORTUITOUS CASE OR FORCE MAJEURE;

ii. for a fact attributable to the USER;

iii. upon the previous agreement by the USER in receiving the GAS out of specification or in nonconformity with the provisions of item 5.1, or the receipt of the GAS by the USER out of specification or in nonconformity with the provisions of item 5.1, under the terms of item 5.2 (v);

IV. COMGÁS' refusal to accept a DAILY REQUESTED AMOUNT (DRA) incompatible with the situations of COMGÁS' SCHEDULED INTERRUPTIONS and/or of SUPPLIER'S SCHEDULED INTERRUPTIONS .

PROVIDER — is the party with which the SUPPLIER has entered into or may enter into a natural gas purchase agreement for the supply of GAS subject of this AGREEMENT.

COMMERCIAL SUPPLY- shall mean the supply of NATURAL GAS made by COMGÁS to the USER at the COGENERATION PLANT under the conditions set forth in this AGREEMENT.

GUARANTEE – is the guarantee to be delivered by the USER to COMGÁS, in the terms of item 11.9 and its subitems.

NATURAL GAS or GAS — is the natural gas subject of this AGREEMENT, consisting of a mixture of hydrocarbons that are essentially comprised of methane, other hydrocarbons and non-fuel gases, which are extracted from natural reservoirs and which are found in the gaseous state under the BASE CONDITIONS. When not written in upper case, the terms "gas" and "natural gas" refer to the generality of the product, and not necessarily to this AGREEMENT.

Commercial Supply Start-up- shall mean the date, defined under the terms of Article Three, on which the Commercial Supply shall start.

Law - shall mean any law, code, decree, regulation, resolution, ordinance, deliberation, judgment, order, directive, political directions, agreements or any other requirements or restrictions enacted by any Public Body, provided that these latter two be regulated.

Distribution Margin – is defined in items 8.1.2 and 8.1.2.1.

Month — shall mean a period of time that:

a) with respect to the first Month, will start on the Commercial Supply Start-up Day and will end on the last Day of the relevant month;

b) with respect to each Month of effectiveness of the Agreement following the first Month, except for the last Month of effectiveness of the Agreement, will start on the first Day of the month and end on the last Day of the relevant month;

c) with respect to the last Month of effectiveness of the Agreement, will start on the first Day of the relevant month and end on the last Day of effectiveness of the Agreement.

provided, however, that, when not written in upper case, the term “month” shall mean a calendar month.

Cubic Meter (m^3) - is the volume of Gas that, under the Base Conditions, occupies the volume of one (1) cubic meter.

Change in Law - shall mean the occurrence, after the execution date of this Agreement, of any of the following events which demonstrably affects the performance of the obligations undertaken by the Parties, under the terms of this instrument:

i. enactment, commencement of effectiveness, change, suspension or revocation of any Law;

ii. change in the interpretation or application of any Law.

Notice - shall mean any communication in writing sent by one Party to the other, required or allowed under the terms of this Agreement.

Public Body - shall mean a body, agency, entity or public law legal entity that has jurisdiction over either Party or the transactions provided for in this Agreement.

Scheduled Interruptions - are transitory situations foreseen and informed by means of a Notice with, at least, ninety (90) days in advance, which demand the restriction or interruption in the supply or receipt of Gas, for purposes of maintenance or repair, technically recommended, in pipelines, in the Cogeneration Plant or in related ducts:

- to the supply of Gas by the Carrier to the Supplier or by the Supplier to Comgás (Supplier's Scheduled Interruptions);
- to the supply of Gas by Comgás to the User (Comgás' Scheduled Interruptions); and
- to the receipt of Gas by the User, for maintenance of equipment of the Cogeneration Plant or of the User's plant (User's Scheduled Interruptions),

which, for the rightful reasons provided for in this Agreement, shall fit the following rules or principles:

i. for the User, the total number of days of Scheduled Interruptions, cumulatively, may not exceed, in each five (5)-Year period, the average of twenty (20) Days per Year, provided that, in each Year, the number of days of interruption shall not exceed sixty (60) Days, Comgás being allowed to coordinate its Scheduled Interruptions within such period, jointly with the User;

ii. for Comgás or its Supplier, the total time of Scheduled Interruptions may not exceed, in each three (3)-Year period, the total of fifteen (15) Days;

the Parties shall use their efforts in order to cause the coincidence of their respective Days of Scheduled Interruptions.

Party(ies) — shall mean, in the singular, Comgás or the User, as per the context; and in the plural, shall mean Comgás and the User, concomitantly.

Affected Party- shall mean the Party invoking the occurrence of an Fortuitous Case or Force Majeure, in order to be released from the compliance with any of its obligations under this Agreement.

Expert Proceeding- shall mean the procedure for dispute resolution provided for in item 19.3.

Expert - shall mean the qualified technician pursuant to item 19.3.3 who is appointed for purposes of dispute resolution through Expert Proceeding.

Reference Calorific Value (RCV) — shall mean the SCV of nine thousand four hundred Kilocalories per Cubic Meter (9,400 kcal/m3).

Superior Calorific Value (SCV) — shall mean the quantity of heat produced by combustion, under constant pressure, of a mass of gas occupying a volume of one cubic meter ($1m^3$) at the temperature of twenty degrees Celsius (20^oC) and under absolute pressure of 0.101325MPa, with total condensation of the combustion water vapor. Its measurement unit shall be $kcal/m^3$.

Delivery Point — shall mean the location where the Gas shall be made available to the User, as set forth in Article Six.

Price of Gas Sale - is defined in item 8.1, its subitems related thereto.

Gas Price - is defined in item 8.1.1, its subitems and annex(es) related thereto.

Priority Program of Thermoelectricity (PPT) - shall mean the program for implementation of thermoelectric plants established by the Federal Government under the authority of the Ministry of Mines and Energy, in accordance with Decree No. 3,371 of February 24, 2000.

Amount of Gas or Amount of Natural Gas — shall mean any volume of Natural Gas subject of this Agreement, expressed in Cubic Meters under the Reference Conditions.

Daily Contracted Amount (DCA) - is the Amount of Gas subject of this Agreement as defined in Article Four.

Scheduled Daily Amount (SDA) — is the Amount of Gas subject of this Agreement, which the User, in its schedule of amounts to be taken, in accordance with the provisions established in item 9.2, has requested Comgás to made available at the Delivery Point on the corresponding Day and which has been accepted by Comgás.

Daily Taken Amount (DTA) - is defined in item 9.4.

Daily Requested Amount (DRA) - is the Amount of Gas that, in accordance with the rules of this Agreement and subject to the limit of the Daily Contracted Amount, the User requests that Comgás make available to the User, on any given day, at the Delivery Point.

Missing Amount (QF) – corresponds, on each Day, to the shortfall between the Daily Requested Amount and the Amount of Gas actually made available to the User by Comgás at the Delivery Point on that same Day.

Measured Amount (QM) - is the Amount of Gas that, in accordance with the ascertainment made by the Measurement Systems of the CRM, has been delivered at the CRM on the Day, corrected for the Reference Conditions on the Day. For purposes of correction of the Measured Amount, the factor resulting from the division of the average daily SCP of Gas on the Day – as determined at the point closest to the CRM where the Gas is sampled for laboratorial analysis – by PCR, with rounding up of the fourth decimal place shall be applied to the measured volume.

Amount Not Taken (ANT) - corresponds, in any given Year or Month of Gas supply, to an Amount of Gas that the User has taken below its Take or Pay commitment.

Amount Paid and Not Taken (APNT) - corresponds to the accrued balance, in Amount of Gas, by the User before Comgás as a result of payments made to Comgás of the Amounts Not Taken (ANT), and it may be recovered by the User within the term and under the conditions provided for in this Agreement.

Amount Paid and Not Taken of the Year (APNTY) – is the specific Amount Paid and Not Taken (APNT) of a determined Year, according to item 9.5.2.

Amount Recovered by User (ARU) - is an Amount of Gas that on any given Day or in a given period, in accordance with the rules set forth in Article Nine, is recovered by the User and deducted from its balance of Amount Paid and Not Taken (APNT).

Kilocalorie (kcal) - shall mean one thousand (1,000) Calories.

Real or **R$** - shall mean the legal currency in Brazil.

Amounts Taken in Excess of Schedule — are defined in item 9.6.

Amounts Taken Below Schedule - are defined in item 9.7.

Arbitration Award - shall mean the final award (as per items 19.2.5 and 19.2.6) to be presented by the Arbitration Tribunal to the Parties in procedures for disputes resolution.

Ship or Pay - is defined in item 9.8.

Measurement System - shall mean the set of primary and secondary elements of flow, temperature and pressure measurement and, if any, converters, transmitters, flow computers, integrators and recorders.

Supplier – shall mean Petróleo Brasileiro S.A – Petrobras, as supplier of Natural Gas to Comgás, under the terms of Supplier-Comgás Agreement or any other that may replace it.

Take or Pay — is defined in item 9.3, items “b” and “c”.

Distribution Take or Pay – is defined in item 9.8.2 (ii).

Exchange Rate - means the average rate for sale of Dollar defined as the effective rate on the respective date of conversion disclosed by the Brazilian Central Bank’s System (SISBACEN), identified as PTAX-800 transaction — Option 5 – Currency 220.

Carrier - shall mean any provider of natural gas transportation service through pipelines, established in accordance with the applicable provisions of the National Petroleum Agency (ANP) or an entity replacing it in the competence of regulating and/or inspecting said activity.

Arbitration Tribunal – is defined in item 19.2.3.

Measured Volume – means any amount of GAS measured by the CRM measurement system in cubic meters under the base conditions.

ARTICLE TWO — PURPOSE

2.1 The purpose of this Agreement is the sale and supply by Comgás, and the purchase and receipt by the User, in the conditions set forth herein, of Natural Gas, exclusively for serving the needs of the Cogeneration Plant

ARTICLE THREE – COMMERCIAL SUPPLY

3.1 For the purposes of this Agreement, it is established, as the date of execution of this Agreement, the Commercial Supply Start-up date.

ARTICLE FOUR – DAILY CONTRACTED AMOUNT

4.1 The Daily Contracted Amount (DCA), at the Reference Conditions, shall be of three hundred thousand Cubic Meters per day (300,000 m^3/day).

4.1.1 After ten (10) years the USER shall be entitled to increase, the DAILY CONTRACTED AMOUNT (DCA) in up to five percent (5%) upon NOTICE to COMGÁS sent at least twelve (12) months before the new DCA becomes effective.

ARTICLE FIVE — QUALITY

5.1 THE Gas TO BE DELIVERED BY Comgás TO THE User SHALL PRESENT CHARACTERISTICS OF QUALITY THAT MEET, AT LEAST, THE SPECIFICATIONS OF ORDINANCE NO. 104 OF JULY 8, 2002, ISSUED BY THE NATIONAL PETROLEUM AGENCY – ANP OR THOSE THAT MAY REPLACE IT IN VIEW OF A SUPERVENING Law.

5.2 WHENEVER Comgás IS AWARE OF THE POSSIBILITY OF THE Gas BEING SUPPLIED AT THE Delivery Point, PARTIALLY OR TOTALLY, IN NONCONFORMITY WITH THE SPECIFICATIONS SET FORTH IN ITEM 5.1, THE FOLLOWING PROVISIONS SHALL APPLY:

i. COMGÁS shall notify, in writing, the USER, as soon as possible, of the expected non-conformity in the GAS to be supplied, indicating what would be the probable non-conforming items and, precisely, the respective quality deviations;

ii. after the receipt of the NOTICE referred to in item above, the USER shall inform, as soon as possible, whether it accepts or not to receive the GAS out of specification; it being henceforth expressly understood and accepted that the USER's failure to inform its decision within the term stated in the NOTICE will be considered as the USER's option not to receive the GAS out of specification.

iii. if it opts to receive the GAS out of specification, the USER shall be entitled to a ten percent (10%) discount on the portion of the price pertaining to the GAS (commodity), except when the nonconformity is only pertaining to a SCP greater than the specified;

iv. if, however, the USER opts not to receive the GAS out of specification or fails to inform its decision and, it actually does not take said GAS, the FAILURE IN SUPPLY for the non-compliance with the DRA will deemed to have occurred, and COMGÁS shall bear the payment of the penalties provided for in item 9.9.2;

v. if the User has informed that it would reject the Gas out of specification or fails to inform its decision, but, in spite of that, the Gas is taken at the Delivery Point, the Failure in Supply will be not be deemed to have occurred, and Comgás shall not be liable for any penalties and/or liability for damages that may eventually be caused to the equipment and facilities of the User, as well as to the Cogeneration Plant as a result of the informed non-conformity; being preserved, however, the right of the User to the discount referred to in subitem (iii) above.

5.2.1 If Comgás delivers the Gas out of the specification provided for in item 5.1, without giving prior Notice to the User of the existing non-conformity, the following rules shall be applicable:

a) If, exclusively as a result of the nonconformity presented by the Gas and the cause-effect relation being duly evidenced, the Cogeneration Plant suffers any damages in its equipment, then, unless the nonconformity has occurred as a result of an Fortuitous Case or Force Majeure, Comgás shall bear, always subject to the limit provided for in Article Twenty, until the damages have been repaired;

(i) with the penalties applicable for the cases of Failure in Supply, as provided for in item 9.9.2, subject to the limit established in item 9.9.3;

(ii) the costs determined according the procedures set forth in item 19.1.1, effectively incurred with the repair of the equipment of the Cogeneration Plant that has evidently been damaged by the use of the Gas out of specification, subject to the limit established in item 5.2.2 below.

b) If the supply of Gas out of specification does not cause any damages to the equipment of the Cogeneration Plant or if the cause-effect relation referred to in item (a) above has not been evidenced, the Failure in Supply shall be deemed not to have occurred, and Comgás shall not be liable for any penalties and indemnification for the repair of damages, being preserved, however, the right of the User to the discount referred to in item 5.2 (iii) above — which discount, however, is not enforceable if the non-conformity has resulted from an Fortuitous Case or Force Majeure.

c) In case of item (a) above, during the period required for repairing the equipment of the Cogeneration Plant, the Take or Pay, Ship or Pay and Distribution Take or Pay commitments will be suspended. Said commitments will also be suspended during the period required for repairing the equipment of the Cogeneration Plant in case the damage of such equipment has occurred as a result of the occurrence of an Fortuitous Case or Force Majeure. The period required as stated above will be determined as per the procedure provided for in item 19.1.1.

5.2.2 Subject to the provisions of Article Twenty, in any event, the total of payments of Comgás set forth in item 5.2.1(a)(ii) shall exceed, during the whole effectiveness of this Agreement, the maximum limit corresponding to five per cent (5%) of the value of the Agreement, determined by the following formula:

IL = K x 0.05 x DCA x N x GP, where:

IL — is the maximum limit of payment by Comgás;

DCA — is the Daily Contracted Amount;

N — is the number of days of effectiveness of the Agreement, calculated as of the execution date of the Agreement up to the final date set forth in item 13.1;

GP — is the Gas Price in force on the date of occurrence of the event set forth in item 5.2.1(a)(ii) converted to Reais per Cubic Meter at the Reference Conditions according to the Exchange Rate of the last business day of the Month of payment of a certain indemnification.

K is the percentage of use of the IL, which shall vary from 0 to 1, and, on the execution date of this Agreement, shall correspond to 1. At each payment made by Comgás under the terms of item 5.2.1(a)(ii), a new K factor shall be determined by the reduction of (i) the percentage corresponding to such payment in relation to the value 0.05 x DCA x N x GP from the (ii) previous K factor.

5.3 Irrespectively of the analyses made by the User, Comgás shall verify the quality of the Gas supplied, by means of analyses whose results shall be forwarded to the User in a periodicity compatible with the frequency of measurement set forth in Ordinance ANP No. 104.

5.3.1 Upon the occurrence of a discrepancy between the results of quality verifications made by the Parties, each of them shall grant free access to the other Party in order to follow up the sampling and the analysis of the Gas, aimed at establishing a solution for the pending matter.

5.4 In case the dispute is not settled within ten (10) days as of the occurrence of the discrepancy referred to in item 5.3.1, the dispute will be submitted to an Expert Proceeding.

ARTICLE SIX — DELIVERY POINT AND PROPERTY TRANSFER

6.1 The Delivery Point will be located immediately downstream the outlet flange of the Regulation and Measurement Set (CRM), which shall in turn be located in the User's Unit located at Rua Paula Bueno, 2935 – Mogi Guaçu, State of São Paulo.

6.2 It is established as measurement point the Regulation and Measurement Set (CRM) owned by Comgás, located at the User's facilities.

6.3 The transfer of ownership of the Gas from Comgás to the User will occur at the Delivery Point.

6.3.1 All risks and losses of Gas:

- Up to the Delivery Point shall be for the account of Comgás;
- As from the Delivery Point shall be for the account of the User.

ARTICLE SEVEN – TERMS FOR DELIVERY OF GAS

7.1 The Gas will be delivered by Comgás to the User at the Delivery Point in conformity with the quality aspects set forth in Article Five.

7.2 The supply control manometric pressure at the Delivery Point will be no more than seventeen (17) kgf/cm^2 and not less than twelve (12) kgf/cm^2.

7.2.1 In special situations, the Parties may define control pressures other than that stated in item 7.2.

7.3 The average hourly flow shall be no more than one twenty-fourth (1/24) of the Daily Contracted Amount — DCA, provided that an increase of up to ten percent (10%) shall be allowed.

7.4 The instantaneous flow, in Cubic Meters per hour, shall not be more than one twenty-fourth (1/24) of the Scheduled Daily Amount — SDA,

PROVIDED THAT AN INCREASE, FOR PERIODS NOT GREATER THAN FIFTEEN (15) MINUTES A Day, OF UP TO TEN PERCENT (10%) SHALL BE ALLOWED.

7.5 THE MAXIMUM DELIVERY TEMPERATURE OF THE Gas SHALL BE THIRTY-FIVE DEGREES CELSIUS (35ºC).

ARTICLE EIGHT – PRICE

8.1 The PRICE OF GAS SALE (PS) at the DELIVERY POINT to be charged by COMGÁS for the exclusive purposes of COGENERATION will be comprised of the sum of two portions: one related to the GAS Price (GP) and other related to the DISTRIBUTION MARGIN (DM), in accordance with their respective values at each time, so that PS = GP + DM.

8.1.1 The GAS PRICE (GP), in turn, is comprised of the sum of two portions: one related to the *commodity* (PC) and the other related to TRANSPORTATION (PT), so that: GP = PC + PT and shall be determined and readjusted as per the methodology stated in Annex 1.

8.1.1.1 The GAS PRICE (GP) shall be added by the taxes levied on the purchase of gas by COMGÁS in the SUPPLIER-COMGÁS AGREEMENT which are not creditable in view of legal determination or determination of any competent authority.

8.1.2 The DISTRIBUTION MARGIN (DM) shall be that set forth by the Commission of Public Energy Services – CSPE for the cogeneration segment stated in Ordinance CSPE No. 366, of May 30, 2005 or any other that may replace it.

8.1.2.1 Pursuant to Annex 2 of CSPE Ordinance No. 366/05, the DISTRIBUTION MARGIN (DM) shall be calculated in cascade, i.e., progressively for each class of consumption, considering the amount of GAS consumed by USER in the month:

CLASS	m 3/month	COGENERATION OF ELECTRIC ENERGY FOR SELF CONSUMPTION OR SALE TO END CONSUMER (VARIABLE R$/m 3 with PIS and COFINS and without ICMS)
1	Up to 100,000.00 m3	0.1661096
2	100,000.01 through 500,000.00 m3	0.1314942
3	500,000.01 through 2,000,000.00 m3	0.1291321

CLASS	m 3/month	COGENERATION OF ELECTRIC ENERGY FOR SELF CONSUMPTION OR SALE TO END CONSUMER (VARIABLE R$/m 3 with PIS and COFINS and without ICMS)
4	2,000,000.01 through 4,000,000.00 m3	0.1168830
5	4,000,000.01 through 7,000,000.00m3	0.1022740
6	7,000,000.01 through 10,000,000.00 m3	0.0876628
7	((OVER)) 10,000,000.00 m3	0.0727138

8.2 The Price of Gas Sale (PS) shall be added by the Tax on Operations Pertaining to the Movement of Merchandise and on Interstate and Intermunicipality Transportation Service Provision and Communications – ICMS, under the terms of the applicable legislation, as well as by any other federal, state and municipal taxes (taxes, fees, rates, tax and para-tax contributions) levied or that may be levied on the operation of this Agreement.

ARTICLE NINE — SCHEDULING OF AMOUNTS TO BE TAKEN, COMMITMENTS AND PENALTIES FOR DEFAULT

9.1 Before the date of the first request of Gas, each Party shall inform to the other, by means of Notice, a fax number to which the operating notices shall be transmitted in relation to the performance of this Agreement.

9.2 **Scheduling of Amounts of Gas to be Taken**

As of the Commercial Supply Start-up, the User shall send on a monthly basis to Comgás, with twelve (12) days in advance from the beginning of the Month of supply, a Notice with the schedule of the amount of Gas to be taken referring to the current Month and to the two subsequent Months.

9.2.1 The schedule referred to above shall detail the Daily Requested Amounts (DRA) for the next Month, as well as, only for the sake of indication, the total amounts for the two subsequent months, everything taking into account the Scheduled Interruptions and subject to the limit of the Daily Contracted Amount (DCA).

9.2.2 The schedule of the Month shall detail, for the sake of indication, the portion of the Amount Paid and Not Taken (APNT) which will be used on each Day of that Month — which will become, upon the use, the Amount Recovered by User (ARU). Such amount may not exceed, on the daily average of that Month, forty-four percent (44%) of the Daily Contracted Amount (DCA), except after the end of this Agreement, when, subject to the provisions of item 9.5.3 (b), such amount shall be a hundred per cent (100%) of that would be the old DCA.

9.2.3 The Daily Requested Amount (DRA) for any given day may be changed (increased or decreased) by the User, subject to the limit of the DCA, upon delivery of Notice to Comgás up to 8:00 a.m. (eight o' clock) of the day previous to the corresponding day of supply.

9.2.4 Until two o' clock (2:00 p.m.) of the day previous to the corresponding day of supply, Comgás, through delivery of Notice to the User, shall confirm the acceptance of the Daily Requested Amount, which will be considered as the Scheduled Daily Amount. Comgás' failure to make such confirmation within the term provided for above shall be automatically considered as acceptance of the Daily Requested Amount (DRA) by Comgás, and such DRA shall be automatically considered SDA.

9.2.5 Exceptionally, upon the occurrence of any operating problems that restrict the capacity of Gas delivery, the Parties may negotiate a reduction of the Scheduled Daily Amount (SDA) for any given Day. Should the Parties agree on such reduction, the Daily Contracted Amount (DCA), exclusively on that Day, will be reduced to the amount of the new Scheduled Daily Amount (SDA), not characterizing thus Failure in Supply.

9.2.6 If there is availability of Gas and interest of Comgás and the User, the Scheduled Daily Amount (SDA) may be increased during the Day, and the quantity so increased shall be then the Scheduled Daily Amount (SDA) of said Day.

9.3 Commitments of Gas Receipt (Take or Pay)

Except for the situations of non-delivery or non-receipt of Gas for Failure in Supply, Scheduled Interruptions or Fortuitous Case or Force Majeure of either Party, the User undertakes to:

a) purchase and take, on a daily basis, from Comgás no more than one hundred and ten percent (110%) of the Scheduled Daily Amount (SDA), limited to one hundred and ten percent (110%) of the Daily Contracted Amount (DCA), and not less than eighty percent (80%) of the Scheduled Daily Amount (SDA) of Gas for the corresponding Day, subject, in case of the noncompliance, to the penalties provided for in items 9.6 and 9.7 and respective subitems;

b) at every Month of the effectiveness of the Agreement, purchase and take from Comgás — and, even if it does not take, pay– an Amount of Gas that, at the daily average of the corresponding Month is either equal to or greater than fifty-six percent (56%) of the Daily Contracted Amount in effect referred to by Article Four;

c) at every Year of the effectiveness of the Agreement, purchase and take from Comgás — and, even if it does not take, pay– an Amount of Gas that, at the daily average of the corresponding Year is either equal to or greater than eighty percent (80%) of the Daily Contracted Amount (DCA) in effect referred to by Article Four;

9.3.1 The percentages referred to in subitems (b) and (c) of item 9.3 correspond to the monthly and annual Take or Pay commitments, whose compliance will be verified by taking into account only the Daily Taken Amount (DTA) such as defined in item 9.4.

9.4 Daily Taken Amount (DTA)

The Daily Taken Amount (DTA) will be determined by the formula:

DTA = QM – ARU

where :

DTA — Is the Daily Taken Amount;

QM — Is the Measured Amount at CRM on the respective Day; and

ARU — Is the Amount Recovered by the User on the respective Day.

9.4.1 The sum, in the Month, of the Daily Taken Amounts (DTAs) will be used as parameter for purposes of determination of the Amount Not Taken in the Month (ANT_M) and the Amount Not Taken of the Year (ANTy), pursuant to item 9.5.

9.5 Amounts Not Taken — Determination

The Amounts Not Taken (ANTs) of Gas to be paid by the User to Comgás in view of the provisions of subitems (b) and (c) of item 9.3 shall be calculated according to the following formulas:

a) amount to be paid in each Month:

$$ANT_M = 0.56\ DCA \times (M - PP_M) - \sum_{j=1}^{M} QN_{FFj} - \sum_{j=1}^{M} QN_{FMj} - \sum_{j=1}^{M} DTA_j$$

b) amount to be paid in each Year:

$$ANT_Y = 0.8\ DCA \times (Y - PPP_Y) - \sum_{j=1}^{Y} QN_{FFj} - \sum_{j=1}^{Y} QN_{FMj} - \sum_{j=1}^{Y} DTA_j - \sum_{Year} ANT_M$$

where:

ANT_M - is the Amount of Gas not Taken in the Month, being zero if the calculation result is negative;

M - is the number of Days of the Month of supply;

PP_M - is the total number of days (or a fraction thereof) corresponding to Scheduled Interruptions in the Month, at the proportion in which they have affected the receipt or the regular supply of Gas at the Delivery Point

PPP_Y is the total number of Days (or a fraction thereof) corresponding to Scheduled Interruptions exclusively from Comgás in the Year, at the proportion in which they have adversely affected the regular supply of the Gas at the Delivery Point;

DCA - is the Daily Contracted Amount effective in the Month and/or Year of supply, receptively for subitems (a) and (b) of this item;

QN_{FFj} - is the portion of the Scheduled Daily Amount (SDA) which has not been taken on day "j" for a reason of Failure in Supply;

QN_{FMj} - is the portion of the Scheduled Daily Amount (SDA) which has not been taken on day "j" due to an Act of God or a Force Majeure Event;

DTA_j - is the Daily Taken Amount on day "j";

ANT_Y - is the Amount Not Taken of Gas in the Year, being zero if the calculation result is negative;

Y - is the number of the Days in the Year of supply.

9.5.1 Payments for Amounts Not Taken

The amount to be paid by the User to Comgás as Amount Not Taken (Take or Pay) shall be:

(a) at every Month, the product of the ANT_M (Amount Not Taken in the Month) by the value of the portion pertaining to the commodity of the Gas Price in effect at the end of the last day of the Month of supply, added by the taxes due, as provided for in the applicable legislation.

(b) at every Year, the product of the ANT_Y (Amount Not Taken in the Year) by the value of the portion pertaining to the commodity of the Gas Price in effect at the end of the last day of the Year of supply, added by the taxes due, as provided for in the applicable legislation.

The amounts referred to in item 9.5.1 shall be paid by the USER within the same term and according to the same rules and further conditions set forth in Article Eleven for the payment of GAS invoices pertaining to the invoicing period.

9.5.2 AMOUNT PAID AND NOT TAKEN (APNT)

Once the payment of each of the amounts referred to in item 9.5.1 has been made, the corresponding AMOUNT NOT TAKEN (ANT) will be added to the AMOUNT PAID AND NOT TAKEN of the corresponding YEAR (APNTy), being the total APNTY on the first moment of the YEAR equal to zero.

9.5.3 Recovery of AMOUNTS PAID AND NOT TAKEN

The USER may recover, in whole or in part – upon NOTICE as per item 9.2.2, always for consumption at the COGENERATION PLANT, the remainder of the AMOUNTS PAID AND NOT TAKEN (APNTs) of GAS (*commodity*), as follows:

a) during the effectiveness of the AGREEMENT, including any possible extension pursuant to item 13.1:

(i) up to the last MONTH of the seventh (7th) YEAR subsequent to the YEAR of verification of the AMOUNT PAID AND NOT TAKEN of a certain YEAR (APNTy);

(ii) on the condition that it has already requested and taken, in the MONTH in which there is the recovery, an AMOUNT OF GAS corresponding, at least, to the monthly TAKE OR PAY commitment;

b) after the end of the term established in the Article Thirteen, including its eventual extension pursuant to Article Thirteen: except for the event of termination caused by the USER or for its fault:

(i) up to the limit of the DCA or to such limit that may be agreed by COMGÁS and the USER;

(ii) up to the term of three hundred and sixty five (365) days following the end of the AGREEMENT, pursuant to item 13.1.1.

9.5.3.1 The portion taken by the USER of the remainder of AMOUNTS PAID AND NOT TAKEN (APNT's) will be referred to as AMOUNT RECOVERED BY THE USER (ARU) and will be, at the time of such recovery, deducted from the said remainder, by order, from the oldest to the most recent APNTY.

9.5.3.2 For the Amount Recovered by the User (ARU), the User shall pay to Comgás the portion corresponding to the taxes levied, under the terms of the applicable legislation.

9.5.3.3 For the Amounts Recovered by the User (ARU's) in accordance with item 9.5.3(b), the User shall also pay to Comgás the portion of the Gas Price pertaining to the transportation of the entire volume recovered in the Month or ninety-five percent (95%) of what would be the Daily Contracted Amount (DCA), whichever is higher, with all taxes levied thereon.

9.5.3.4 After the deadlines referred to in subitems (a) and (b) of item 9.5.3 or after the termination of the Agreement by Comgás as a result of a default by the User, the balance of the Amount Paid and Not Taken will be considered as having been extinguished, whether there is a remainder or not, and the User will not have any right of recovery. In case of termination of the Agreement by the User for a default by Comgás or in case of termination under the terms of item 17.5(a), Comgás shall pay to the User the amounts provided for in item 17.4.1(ii).

9.5.3.5 In the event of termination of the Agreement under the terms provided for in item 17.5(b):

(a) the remainder of the Amount Paid and Not Taken (APNT) of Gas will be considered as being extinguished, whether there is a remainder or not, and the User will not have any right of recovery, in case the termination of the Agreement pursuant to said item 17.5(b) results from unilateral decision by the User or from a default of the User;

(b) the amount corresponding to the possible residual amount of the Amount Paid and Not Taken (APNT) of Gas will be paid by Comgás to the User, as provided for in item 17.4.1(ii), if the termination of the Agreement pursuant to said item 17.5(b) results from unilateral decision of Comgás or from a default of Comgás.

9.6 Penalty for Amount Taken in Excess of Schedule

If, on any given Day, the User takes an Amount of Gas exceeding by more than ten percent (10%) the Scheduled Daily Amount (SDA) for that Day, or ten percent (10%) of the Daily Contracted Amount (DCA) in effect, whichever is lower, then it shall pay to Comgás, unless if agreed upon between the Parties, in addition to the regular invoicing:

i) a penalty in the amount determined by the following formula:

PATES = 0.30 [(QM-QL) x PC + QT x PT], where:

PATES - Is the amount, on the DAY, of the penalty for AMOUNT TAKEN IN EXCESS OF SCHEDULE to be paid by the USER to COMGÁS;

QM - is the MEASURED AMOUNT on such DAY;

QL - is the lowest AMOUNT OF GAS established below:

- the SDA for that DAY added by ten percent (10%) or
- the DCA added by ten percent (10%);

PC - is the amount of the portion pertaining to the commodity in the GAS PRICE in effect on the last DAY of the MONTH in which the USER has taken a quantity of GAS higher than the SCHEDULED DAILY AMOUNT (SDA), already expressed in R$/m^3, considering the EXCHANGE RATE of the last business day of the same MONTH;

QT - is an AMOUNT OF GAS expressed in m^3, whose amount is:

- equal to the difference between MEASURED AMOUNT (QM) and the smallest AMOUNT OF GAS among the following: 110% of the SCHEDULED DAILY AMOUNT (SDA) or 110% of the DAILY CONTRACTED AMOUNT (DCA), if 110% of the SCHEDULED DAILY AMOUNT (SDA) of such DAY is greater than 95% of the DAILY CONTRACTED AMOUNT (DCA);
- equal to QM – 95% of the DCA, if 110% of the SDA of that DAY is lower than 95% of the DCA and QM is greater than 95% of the DCA;
- equal to zero, in the other events;

PT - is the amount of the portion pertaining to the transportation in the GAS PRICE in effect on the last DAY of the MONTH in which the USER has taken AMOUNTS OF GAS greater than the SCHEDULED DAILY AMOUNT (SDA), already expressed in R$/m^3, considering the EXCHANGE RATE of the last business day of the same MONTH.

9.6.1 Without prejudice to the provisions of item 9.6, if the USER fails to comply with the limits specified in said item, and that implies risk to the operation of the distribution system, COMGÁS may limit the flow in the REGULATION AND MEASUREMENT SET (CRM), upon prior notice to the USER.

9.6.2 The payment of the penalty referred to in item 9.6 will be made on the maturity date of the invoices pertaining to the concerned MONTH as provided for in item 11.4 — and the USER shall be subject, in case of non-payment within such term, to the same additions and other rules applicable to the invoices paid in delay, pursuant to Article Eleven.

9.7 Penalty for Amount Taken Below Schedule

If, on any given day, the User takes an Amount of Gas lower than eighty percent (80%) of the Scheduled Daily Amount for that Day, it shall pay to Comgás, as of the second event in any given Month, or as of the seventh event in a certain Year, in addition to the regular invoicing, a penalty in the amount determined by the following formula:

P_{ATBS} = (0.80x SDA — QM) x B x PC, where:

P_{ATBS} - is the limit amount, on the day, of the Penalty for Amount Taken Below Schedule to be paid by the User to Comgás;

B - the amount of B shall depend on the percentage of deviation to be produced between the Scheduled Daily Amount (SDA) and the amount actually taken, as follows:

§ If QM ^{3} (0.80 x SDA), then B = 0 ;

§ If QM < (0.80 x SDA) and QM ^{3} (0.75 x SDA), then B = 0.05;

§ If QM < (0.75 x SDA) and QM ^{3} (0.70 x SDA), then B = 0.10;

§ If QM < (0.70 x SDA), then B = 0.15

QM - Is the Measured Amount on such Day;

SDA - Is the Scheduled Daily Amount for that Day;

PC - is the amount of the portion pertaining to the commodity in the Gas Price in effect on the last day of the Month in which the User has taken the Amount of Gas lower than the Scheduled Daily Amount (SDA), already expressed in $R\$/m^3$, considering the Exchange Rate of the last business day of the month.

9.7.1 The payment of the penalty referred to in item 9.7 will be made on the maturity date of the invoices pertaining to the concerned Month as provided for in item 11.4 – and the User shall be subject, in case of non-payment within such term, to the same additions and other rules applicable to the invoices paid in delay, pursuant to Article Eleven.

9.8 Payment Commitment of Firm Transportation and Distribution Margin

9.8.1 On a monthly basis, the User shall pay to Comgás, within the term set forth in item 11.4, the product of the portion pertaining to the

transportation of the Gas Price (PT) by the greater amount between the following (QT) added by the taxes levied, as provided for in the applicable legislation:

i. the sum, in the Month, of the Daily Taken Amount (DTA) plus the Amount Recovered by the User (ARU).

ii. the product of ninety-five percent (95%) ¾ Ship or Pay ¾ of the Daily Contracted Amount (DCA) by the number of Days of the corresponding Month, deducted from this calculation the situations of non-delivery or non-receipt of Gas for Failure in Supply, Fortuitous Case or Force Majeure by either Party and/or Scheduled Interruption by Supplier and/or Comgás, in the proportion that they have adversely affected the receipt or the regular supply of Gas at the Delivery Point.

9.8.2 On a monthly basis, the User shall pay to Comgás, within the term set forth in item 11.4, the product of the portion pertaining to the Distribution Margin by the greater among between the following (QT) added by the taxes levied, as provided for in the applicable legislation:

i. the sum, in the Month, of the Daily Taken Amount (DTA) plus the Amount Recovered by the User (ARU).

ii. the product of eighty percent (80%) of the Daily Contracted Amount (DCA) –the Distribution Take or Pay — by the number of Days of the corresponding Month, deducted from this calculation the situations of non-delivery or non-receipt of Gas for Failure in Supply, Fortuitous Case or Force Majeure by either Party and/or Comgás' Scheduled Interruption or the Supplier's Scheduled Interruptions, in the proportion it has adversely affected the receipt or the regular supply of Gas at the Delivery Point.

9.9 Gas Supply Commitment

9.9.1 Comgás undertakes to accept the Daily Requested Amounts (DRA) as Scheduled Daily Amounts (SDA), as well as to make available to the User, at the Delivery Point, at every Day, an Amount of Gas equal to the Daily Requested Amount (DRA) for the corresponding Day.

9.9.1.1 Comgás is released from its obligation to accept, as Daily Requested Amount (DRA), Daily Requested Amounts (DRA) that are incompatible with situations of Comgás' and/or Supplier's Scheduled Interruptions.

9.9.2 In the event of proven Failure in Supply, Comgás shall pay to the User, as the sole and enforceable compensation, the amount determined by the following formula, always subject to the limit set forth in item 9.9.3 below:

Md = 0.15 x GP x QF

where:

Md — daily fine, in national currency;

QF — Missing Amount on the Day on which there was a Failure in Supply;

GP — Gas Price at the Delivery Point, pursuant to item 8.1.1 of Article Eight, in effect in the Month.

9.9.2.1 The payment of the penalty referred to by item 9.9.2 shall be made on the maturity date of the invoices pertaining to the concerned Month as provided for in item 11.4 — the User shall be subject, in case of non-payment within such term, to the same additions and other rules applicable to the invoices paid in delay, pursuant to Article Eleven.

9.9.3 Under no circumstance, the total of payments by Comgás as a result of Failure in Supply may exceed, in each Year, the non-cumulative limits specified below, subject to the provisions of Article Twenty.

(i) in case the Failure in Supply is the result of a failure in supply by the Supplier in the Supplier-Comgás Agreement: limit corresponding to 3,285,000 m^3 multiplied by the Gas Price in effect, converted to Reais per Cubic Meters, calculated according to the following formula:

IL = K x 3,285,000 x GP, where

IL - is the maximum limit of payment by Comgás in case of Failure in Supply resulting from a failure in supply by the Supplier in the Supplier-Comgás Agreement;

GP - is the Gas Price in force on the date of occurrence of each Failure in Supply converted to Reais per Cubic Meter at the Reference Conditions according to the Exchange Rate of the last business day of the Month of payment of an indemnification.

K is the percentage of use of the IL, which shall vary from 0 to 1, and, on the execution date of this Agreement and on the beginning of each Year, shall correspond to 1. At each payment made by Comgás for Failure in Supply, a new K factor shall be determined by the reduction of (i) the percentage corresponding to such payment in relation to the value 3,285,000 x GP from the (ii) previous K factor.

(ii) in case the Failure in Supply is exclusively attributable to Comgás: limit corresponding to 3,285,000 m^3 multiplied by the Gas Price in effect, converted to Reais per Cubic Meters, calculated according to the following formula:

IL = K x 3,285,000 x GP, where

IL - is the maximum limit of payment by Comgás in case of Failure in Supply exclusively of Comgás;

GP - is the Gas Price in force on the date of occurrence of each Failure in Supply converted to Reais per Cubic Meter at the Reference Conditions according to the Exchange Rate of the last business day of the Month of payment of an indemnification.

K is the percentage of use of the IL, which shall vary from 0 to 1, and, on the execution date of this Agreement and on the beginning of each Year, shall correspond to 1. At each payment made by Comgás for Failure in Supply, a new K factor shall be determined by the reduction of (i) the percentage corresponding to such payment in relation to the value 3,285,000 x GP from the (ii) previous K factor.

9.9.3.1 The Parties agree that the indemnification limits provided for in item 9.9.3 above are exclusively established for each Year and are not cumulative with the limits of other Years. Therefore, any possible balance of the indemnification limit of any given Year, which has not been used for such Year, will not be added to the indemnification limits of the subsequent Year.

ARTICLE TEN — COMMITMENT OF PRIORITY OF PURCHASE OF DAILY CONTRACTED AMOUNT (DCA) OF THE AGREEMENT AND GAS USAGE RESTRICTION

10.1 Priority of Acquisition of Daily Contracted Amount (DCA) of the Agreement

10.1.1 The User agrees that the supply of Gas, subject of this Agreement, will have priority in relation to any other supply of piped gas to the Cogeneration Plant which it may possibly request to Comgás until the Daily Contracted Amount (DCA) set forth in this Agreement is reached.

10.1.2 If the User consumes gas from other agreement in violation with the provisions of 10.1.1 above, the User shall pay to Comgás, as penalty, the amount calculated by the formula **P = GP x QT**, where:

P - is the amount of the penalty pertaining to the DAY;

GP - is the total unit price of the GAS at the DELIVERY POINT in effect on the last day of the month of occurrence of the fact generating the penalty, converted into REAIS per CUBIC METER at the REFERENCE CONDITIONS, according to the EXCHANGE RATE of the day prior to the payment day to COMGÁS.

QT - is the AMOUNT OF GAS (expressed in CUBIC METERS at the REFERENCE CONDITIONS) taken on the DAY by the USER which is not the GAS subject of this AGREEMENT, limited to the difference **[DCA — QR – QFF]**, in which:

DCA - Is the DAILY CONTRACTED AMOUNT;

QR - Is the AMOUNT OF GAS subject of this AGREEMENT which has been used on that DAY by the USER;

QFF - Is the AMOUNT OF GAS which, on that DAY, has been subject of proven FAILURE IN SUPPLY;

10.1.3 The payment of the penalty referred to by item 10.1.2 shall be made on the maturity date of the invoices pertaining to the supply of GAS of the concerned MONTH – the USER shall be subject, in case of non-payment within such term, to the same additions and other rules applicable to the GAS supply invoices paid in delay, pursuant to Article Eleven of this AGREEMENT.

10.1.4 The payment obligation of the penalty referred to in item 10.1.2 will be irrespectively of all the other obligations under the AGREEMENT, including the TAKE OR PAY, SHIP OR PAY and DISTRIBUTION TAKE OR PAY obligations and the payment of the full price for any amount of GAS supplied at the DELIVERY POINT.

10.2 Gas Usage Restriction

10.2.1 The USER agrees that all the GAS subject of this AGREEMENT shall be consumed at the COGENERATION PLANT.

10.2.2 If the USER destines any AMOUNT OF GAS to any other use(s) in violation with the provisions above, the USER shall pay to COMGÁS, as a penalty, the amount corresponding to the product of such AMOUNT OF GAS by seventy percent (70%) of its total unit price (PS) at the DELIVERY POINT in effect on the last DAY of the month of occurrence of the fact generating the penalty.

10.2.3 The payment of the penalty referred to by item 10.2.2 shall be made on the maturity date of the invoices pertaining to the supply of GAS of the concerned MONTH as provided for in item 11.4 – the USER shall be subject, in case of non-payment within such a term, to the same additions and other rules applicable to the GAS supply invoices paid in delay, pursuant to Article Eleven of this AGREEMENT.

10.2.4 The payment obligation of the penalty referred to in item 10.2.2 will be irrespectively of all the other penalties and obligations of the AGREEMENT, including the ones related to termination, TAKE OR PAY, SHIP OR PAY, DISTRIBUTION TAKE OR PAY and the obligation to pay the full price of the totality of GAS supplied at the DELIVERY POINT.

ARTICLE ELEVEN – INVOICING, PAYMENT MANNER AND GUARANTEE

11.1 AMOUNTS TO BE INVOICED

11.1.1 Portion Pertaining to the *Commodity*:

For the supply of GAS (commodity), the invoicing amount will be determined by the application of the following formula:

$$F_C = \left(\sum_{j=k}^{N} DTA_j \times PC \right) + \Delta Fc$$

where:

F_C - is the amount of the invoicing of the commodity in each period of invoicing to be paid by the USER on the maturity date defined pursuant to item 11.4;

DTA_j - is the DAILY TAKEN AMOUNT on day “j”;

PC - is the unit amount of the portion pertaining to the commodity added by the taxes and converted into national currency per CUBIC METER at the REFERENCE CONDITIONS in accordance with the EXCHANGE RATE of the last business day of the MONTH of supply;

K - is the first DAY OF GAS supply in the invoicing period;

J - is each one of the DAYS of GAS supply in the concerned invoicing period;

N - corresponds to the last DAY of GAS supply in the concerned invoicing period;

DFc - is the supplementary amount of the invoicing of the commodity pertaining to the previous supply period, calculated by means of the difference between (i) the amount ascertained in accordance with the EXCHANGE RATE published on the business days previous to the 25th day of the MONTH of supply and (ii) the amount invoiced in the previous period being deducted therefrom the supplementary amount of the DFc previously applied.

11.1.2 Portion Pertaining to the Transportation

In relation to the GAS transportation, the invoicing amount will be determined by means of the application of the following formula:

$$F_T = \left(Q_T \times PT\right) + \Delta F_T$$

where:

F_T - is the invoicing amount pertaining to the transportation in each period of invoicing, to be paid by the USER on the maturity date as defined pursuant to item 11.4;

Q_T - is the AMOUNT OF GAS defined pursuant to item 9.8

PT - is the amount of the portion pertaining to the transportation of the GAS PRICE in force on the MONTH of supply and converted into national currency per CUBIC METER at the REFERENCE CONDITIONS by the EXCHANGE RATE of the last business day of the MONTH of supply.

DF_T - is the supplementary amount of the invoicing of the transportation pertaining to the previous supply period, calculated by means of the difference between (i) the amount ascertained in accordance with the EXCHANGE RATE published on the business day previous to the 25th day of the MONTH of supply and (ii) the amount invoiced in the previous period being deducted therefrom the supplementary amount of the DFt previously applied.

11.1.3 Portion pertaining to the DISTRIBUTION MARGIN

In relation to COMGÁS' DISTRIBUTION MARGIN, the invoicing amount shall be as established hereinafter:

$$Fm = Mg \times \text{minimum}\left(\sum_{i=1}^{N} QM_i \; ; 0.8 \times N \times DCA\right),$$

where:

Fm - is the invoicing amount pertaining to the DISTRIBUTION MARGIN in each MONTH of invoicing, to be paid by the USER on the maturity date as defined pursuant to item 11.4;

QM_i - is the AMOUNT MEASURED on DAY i, in m^3.

N - is the last DAY of GAS supply in the MONTH or the considered supply period

Mg - is the DISTRIBUTION MARGIN calculated as defined in items 8.1.2 and 8.1.2.1

I - is each one of the DAYS of GAS supply in the MONTH or period of invoicing considered

11.1.4 Portion Pertaining to the Amount Not Taken

In relation to the Amount Not Taken, the invoicing amount shall be determined by the application of the formulas provided for in item 9.5.

11.2 - Periodicity of Invoicing and other Collections.

Invoicing shall be made on a monthly basis, and each Month shall correspond to a Gas supply period. The other Collection Documents shall be issued with the same periodicity, without prejudice to the provisions of item 11.3.

11.3 Submission of Bill of Sales and Collection Documents

Comgás shall submit to the User the bill of sales and the Collection Documents up to the tenth (10th) day of the Month following the Month to which they refer and up to the tenth (10th) day of the first Month of the subsequent Year for the invoicing related to annual Take or Pay. The failure by Comgás to submit the Collection Documents within the established term shall result in the extension of the maturity date for a period equivalent to the delay.

11.4 Collection Documents – Maturity Dates

The amounts of the Collection Documents shall be paid in the country legal currency, by way of credit into the current account of Comgás (to be previously informed), up to the twenty-fifth (25th) day of the month following the Month to which they refer, or, if such is not a business day, on the first (1st) subsequent business day.

11.4.1 In case of delay in the delivery of the Collection Document, the maturity date shall be extended for a term identical to the number of days of delay, remaining applicable, however, the original dates set forth in items 11.1.1 and 11.1.2 for the determination of the Exchange Rate.

11.4.2 The Collection Document(s) shall be issued by Comgás, in the name of:

Corn Products Brasil – Ingredientes Industriais Ltda

Rua Paula Bueno, 2935

Mogi Guaçu – SP — CEP 13841-010

11.4.3 Comgás shall include into each invoice the calculation of any penalties due by the User in accordance with Article Nine.

11.5 Compensation of Fines Imposed by the User to Comgás

In the event Comgás has incurred in any fines properly notified and charged by way of a Collection Document issued by the User, its amount, if acknowledged by Comgás, may be used by the User to set-off its debt towards Comgás in the Month of payment.

11.5.1 In the event the total of fines referred to by item 11.5 is higher than the debt of the User towards Comgás in any given Month, the difference in favor of the User shall be credited by Comgás into a current account of the User, to be timely informed, on the same maturity date of the invoice pertaining to the Gas which has been supplied in the Month of occurrence of the fact generating the fine.

11.6 Late Payment Charges

The payments made in delay shall be updated by the accumulated variation of the IGP-M/FGV (General Index of Market Prices, published by Fundação Getúlio Vargas) ¾ or any other index that may replace it — and added by interest of one percent (1%) per month, everything on a *pro rata tempore* basis, considering the period between the effective payment date and the maturity date, in addition to a fine of two percent (2%) on the updated principal amount. If the IGP-M/FGV is extinguished and not officially replaced by any other index, the Parties shall agree, within the term of fifteen (15) days, on a new index for the same purpose.

11.6.1 If within the term of fifteen (15) days the Parties fail to reach an agreement on the index to be used in replacement of the IGP-M/FGV, the dispute shall be settled by an Expert.

11.7 Error in Collection Document.

In the event that an error is found in the amount of a Collection Document, whether a shortfall or an excess, Comgás shall make the appropriate correction for set-off in the next succeeding month. In case of an error in the amount of a Collection Document, the User may notify Comgás within three (3) days after the receipt of the Collection Document, requiring Comgás to correct the error and reissue the Collection Document. If the Collection Document is corrected in 3 days and delivered to the User within such term, it shall be settled within the original term. If the corrected Collection Document is delivered to the User after 3 days, it shall be settled by the User within twenty (20) days as of the receipt of the corrected Collection Document.

11.8 Disputed Collections

In case any amount charged by one Party to the other in any Collection Document is disputed, the following procedures shall be applied:

a) The disputing Party ("Disputing Party") shall give notice of such dispute to the other Party ("Non-Disputing Party") on or before the due date of the Collection Document, describing in detail the disputed amount, the reasons for its disagreement, the alternative adopted in relation to the amount charged, in addition to any other elements it deems important in order to settle the dispute;

b) The Non-Disputing Party shall make the payment of the total amount charged on a timely basis, informing the portion subject to potential refund.

c) If the Non-Disputing Party agrees with the Disputing Party, the Non-Disputing Party shall give notice to the Disputing Party of its agreement and refund the latter, within the maximum term of fifteen (15) days, the disputed amount, in case such amount was paid subject to potential refund.

d) If the Non-Disputing Party does not agree with the Disputing Party, then the Non-Disputing Party shall give notice to the Disputing Party of its disagreement and the dispute shall be immediately submitted to an Arbitration Tribunal, unless the Parties decide to submit the dispute first to an Expert.

11.8.1 If, at any time, a Party waives or reconsider its opinion with respect to a dispute, such Party may, as the case may be:

i. refund to the other Party the amount paid subject to potential refund, added by the charges provided for in item 11.8.1.2;

ii. release any amount paid "subject to potential refund" from such condition;

iii. pay the costs and expenses incurred so far with the procedures of Arbitration or Expert Proceeding.

11.8.1.1 Said waiver or review shall be formally notified to the other Party and to the president of the Arbitration Tribunal or Expert, and the controversy shall be extinguished.

11.8.1.2 The Party which, upon decision by the Arbitration Tribunal or the Expert, shall be required to return the amount paid subject to the potential refund, shall also pay to the other Party the corresponding financial charges on the previously disputed amount, the total of which shall be calculated in view of:

i. the time elapsed from the maturity of the debt – or since its payment subject to potential refund;

ii. the monthly charge corresponding to the variation of the IGPM-FGV, plus one percent (1%) per month.

11.9 Payment Guarantee

As guarantee to the fulfillment of all of its obligations provided for in the AGREEMENT, specially the payment obligations by the USER of any amount owed under this AGREEMENT, the USER shall deliver to COMGÁS a GUARANTEE consisting in a bank letter of credit, in a form acceptable to COMGÁS, issued by a financial institution acceptable to COMGÁS, in the amount corresponding to 90 multiplied by the DAILY CONTRACTED AMOUNT multiplied by the GAS SALE PRICE. The guarantee shall be delivered by the USER to COMGÁS in the event of, in any YEAR, the sum of days in delay of payment by the USER is equal to more than 10 days or in the event there are more than 2 events of delay of payment by the USER. The USER shall deliver the guarantee to COMGÁS within thirty (30) days counted as of the date on which the obligation to deliver the guarantee had been constituted, in the terms provided above.

11.9.1 The GUARANTEE shall be valid and effective in its full amount until the full compliance with all obligations of the USER provided in this AGREEMENT.

11.9.1.1 In case the GUARANTY has a term of existence shorter than the date of full compliance with all the USER’s payment obligations as set forth herein, the USER shall renew the GUARANTY or deliver a new GUARANTY according to the AGREEMENT, up to thirty (30) days before the end of its effectiveness. In case the USER does not renew the GUARANTY or does not delivery a new GUARANTY to COMGÁS within the above stated term, COMGÁS may enforce the existing GUARANTY to cover any amounts due by the user and/ or suspend the supply of GAS to the USER until the GUARANTY has been renewed, or until a new GUARANTY is delivered to COMGÁS.

11.9.2 In case of change or adjustment in the Gas Sale Price, the User shall (i) update the value of the Guarantee within the maximum term of thirty (30) days counted as of the date on which the change or update had occurred and (ii) deliver the updated version of the bank letter of credit to Comgás within such term.

11.9.3 In case the Guarantee granted by the User is used by Comgás, in the terms set forth in item 17.1, the User shall renew the Guarantee, in the value and terms established in item 11.9, within the maximum term of thirty (30) days counted as of the date of its use.

ARTICLE TWELVE – MEASUREMENT

12.1 Except as otherwise provided in this Agreement, the Parties agree to use the measurement units of the International Unit System — SI.

12.2 The measurements of Gas delivered to the User shall be made in the Measurement System integrating the CRM, as follows:

i. the volume unit shall be the Cubic Meter;

ii. the local atmospheric pressure value (for Campinas and Region, Patm = 0.93 kgf/cm ^{2}) shall be assumed as being constant during the effectiveness of the Agreement, if such an amount is required for converting the volume into the Base Conditions;

iii. the calorific power shall be determined by calculation, based on ISO Rule 6976, as from the composition of the Gas determined by chromatography based on ISO Rule 6974;

iv. the measured volumes shall be expressed at the Base Conditions.

12.2.1 The measurement signal, if any, shall be made available by Comgás if requested by the User.

12.3 - The measurement of the total volume of Gas supplied to the User shall be made by the instruments of the Measurement System installed at CRM at the Delivery Point. Comgás shall be responsible for the operation, maintenance, calibration and adjustments of the Measurement System installed at CRM.

12.4 - The ascertainment of the total volume of Gas supplied to the User shall be made by the Comgás, by applying the following procedures, depending on the type of Measurement System that is installed at CRM:

i. **orifice meter**: procedures described in API-MPMS 14.3 (“*Natural Gas Fluids Measurement — Concentric, Square-Edged Orifice Meters*”);

ii. **turbine meter**: procedures described in INMETRO Ordinance No. 114, of 1997, or in ABNT ISO Rule 9951;

iii. **ultra-sonic meter**: procedures described in AGA Report No. 9 (“*Measurement of Gas by Multipath Ultrasonic Meters*”);

iv. **other meter**: as agreed in advance by the PARTIES.

12.4.1 For the MEASUREMENT SYSTEMS indicated in item 12.4, the compressibility factor shall be calculated pursuant to ISO 12 213 (“*Compressibility Factors of Natural Gas and Other Related Hydrocarbon Gases*”).

12.5 - The calibration and adjustments of CRM shall always be made by COMGÁS, NOTICE given to the USER no less than five (5) days in advance, so as to allow the USER, if it so wishes, to send a representative in order to follow up the works.

12.5.1 The USER shall always provide access to COMGÁS or any third parties accompanied by COMGÁS to CRM.

12.6 The period between two calibrations and successive ordinary adjustments of the CRM’s MEASUREMENT SYSTEM, as of the COMMERCIAL SUPPLY START-UP, shall be of 1 year. The other calibration procedures are to be agreed upon between the PARTIES.

12.7 The USER may, upon delivery of a NOTICE to COMGÁS, request an extra calibration of any instrument integrating the CRM’s MEASUREMENT SYSTEM, on which case the corresponding costs shall be fully borne by the USER, if the instrument is considered adjusted, or by COMGÁS, if the instrument is considered out of adjustment. COMGÁS undertakes to make the calibration within the lowest possible term. The instruments of the CRM’s MEASUREMENT SYSTEM that, after the calibration, present measurement errors not greater than the value of one point five percent (1.5%), either upwards or downwards, as a reference, shall be considered adjusted.

12.8 In case, after the calibration of the CRM’s MEASUREMENT SYSTEM, such calibration indicates that the MEASUREMENT SYSTEM was not adjusted, i.e., it is evidenced that the MEASUREMENT SYSTEM had a deviation in the measured amount greater than 1.5%, either upwards or downwards, the respective correction factor shall be technically determined by COMGÁS; and the USER shall be allowed to follow up the works.

12.8.1 No correction shall be applicable in the cases in which the measurement error of any given component of the CRM’s MEASUREMENT SYSTEM is lower than those stated in item 12.7 above.

12.8.2 Once the period in which the CRM's Measurement System had presented measurement errors above the ones permitted is perfectly defined, corrections of value equal to the deviation verified shall be applied, either upwards or downwards, on the amounts actually registered in that period by the Measurement Systems.

12.8.3 If the period in which the CRM's Measurement System was out of calibration is unknown, the corrections referred to in item 12.8.2 shall be applied on the amounts actually recorded by the Measurement Systems in the past forty-five (45) Days of consumption or in the last half of the period of time between the two latest calibrations of the Measurement System, whichever is the lower period of time.

12.9 If, on any given day, there is a dispute as regards the Amounts of Gas made available at the CRM or failure in the CRM, including removal of any of its components for maintenance, without interruption in the supply of Gas — the daily volume of Gas supplied in relation to such Day shall be determined as follows, in order of preference:

a) in the measurement systems of gas of the Cogeneration Plant in the period, if any, provided that access by Comgás and any third parties accompanied by Comgás to the measurement instruments installed at the Cogeneration Plant, as well as to the information referring to their calibration, is allowed. For purposes of using such resource, Comgás shall previously inspect and approve, based on the metrological legislation in effect and the technical rules applicable, the use of such measurement instruments for that purpose.

b) based on the measurements made in any other Comgás' Measurement Systems — by difference, if, as from the difference, it is possible to calculate, on a safety way, said volume of Gas taken by the User;

c) indirectly calculated, if possible, based on the electric energy and steam generated at the Cogeneration Plant in the period, provided that access by Comgás and any third parties accompanied by Comgás to the meters installed at the Cogeneration Plant, as well to the information pertaining to their calibration, is allowed;

d) in an amount equal to the average of the Daily Taken Amounts (DTA's) of the last ninety (90) Days on which there was effective supply — subject to later adjustments, upon agreement between the Parties.

12.10 All the other matters or disputes pertaining to this Article, whose determinations in relation to their settlement have not been differently stated in the previous items, shall be submitted to Expert Proceeding — with sharing in equal portions between both Parties of the corresponding expenses and costs of such procedure.

ARTICLE THIRTEEN — EFFECTIVENESS AND EXTENSION

13.1 - This AGREEMENT shall be valid on its execution date and its end shall occur on 03/31/2023, which may be extended, by means of agreement by the PARTIES, in writing, provided that such agreement is formalized with twenty four (24) months in advance to the term initially agreed for its end.

13.1.1 In the end, pursuant to the provisions of item 13.1, an additional maximum period of three hundred and sixty five (365) days shall be added for purposes of recovery by the USER of its eventual remaining balance of the AMOUNTS PAID AND NOT TAKEN, being effective, in this period, all the provisions of the AGREEMENT related to and necessary for the recovery of such AMOUNTS OF GAS. Exclusively during the additional period referred to in this item and for the sole purpose of recovery of APNTs, the USER shall be released from its TAKE OR PAY commitment, remaining effective, however, the SHIP OR PAY and DISTRIBUTION TAKE OR PAY commitments.

ARTICLE FOURTEEN - FORTUITOUS CASE OR FORCE MAJEURE

14.1 GENERIC CONCEPT

Any event or circumstance which combines the following requirements shall be considered an FORTUITOUS CASE OR FORCE MAJEURE , with strict observance of the provision pertaining to force majeure contained in Article 393 and its sole paragraph of the Brazilian Civil Code:

i. its occurrence takes place and continues beyond the control of the AFFECTED PARTY;

ii. the AFFECTED PARTY has not contributed, directly or indirectly, for its occurrence, which includes the fact that it does not arise from (i) default of any of the obligations of the AFFECTED PARTY under the terms of this AGREEMENT; (ii) failure by the AFFECTED PARTY to comply with the LAW;OR (iii) negligence, error or omission of the AFFECTED PARTY;

iii. the action taken by the AFFECTED PARTY's, albeit diligent and timely, is not sufficient to prevent or mitigate the effects of its occurrence; and

iv. its occurrence has the effect of affecting or preventing performance by the AFFECTED PARTY of its obligations provided for in this AGREEMENT.

14.2 EFFECTS ON THE Agreement

Except as provided in item 14.3, upon the occurrence of an FORTUITOUS CASE OR FORCE MAJEURE, the AFFECTED PARTY shall be relieved from performing its obligations hereunder, as well as it shall be exempted from any liability resulting from delays or failure to perform its obligations where directly attributable to such FORTUITOUS CASE OR FORCE MAJEURE.

14.3 Obligations Not Excluded

No Fortuitous Case or Force Majeure shall relieve the Affected Party from performing any of its obligations arising or accruing prior to the occurrence thereof, event though any such obligation may become due during or following the Fortuitous Case or Force Majeure, especially the obligations to pay sums of money contained herein.

14.4 Procedures in Occurrences of Fortuitous Case or Force Majeure

14.4.1 The Affected Party wishing to claim the occurrence of an Fortuitous Case or Force Majeure for the purposes of item 14.2 above shall take the following steps:

a) notify the other Party of the occurrence of the event or condition constituting Fortuitous Case or Force Majeure — as soon as possible, but in no event later than four (4) days from the date on which the Affected Party became aware of the occurrence of such event of condition, indicating its estimated duration and its likely impact on the performance of its obligations;

b) take the necessary actions to correct or mitigate the consequences of such event, in order to resume its contractual obligations as soon as possible;

c) regularly inform the other Party about its actions and planned actions with respect to item (b) above;

d) promptly notify the other Party of the cessation of the event and its consequences;

e) grant to the other Party, whenever possible, access to any facility affected by the event, for the purpose of local inspection, which may be conducted at the expense and risk of such other Party;

f) substantiate all facts and actions with documentation or available records;

g) exercise its rights in good faith and with due regard for the interests of the other Party with respect to the performance of all contractual obligations affected by the occurrence of such Fortuitous Case or Force Majeure.

14.4.2 In connection with item 14.4.1(b) above, the Affected Party shall not be required, in the case of labor disputes, to act differently from what it may deem appropriate in its sole judgment, to the extent that it acts in a manner consistent with pas practices adopted in similar situations.

14.4.3 In the event of dispute as to the characterization of the fact as an Fortuitous Case or Force Majeure, the Parties shall submit the dispute to Arbitration, which shall decide based on the provisions of the applicable article of this Agreement. Until the dispute is decided by the Arbitration Tribunal, all obligations and rights of the Parties provided for in the Agreement shall remain valid and applicable.

14.5 Scope

Without limiting the generality of the concept of force majeure contained in Article 393 and its sole paragraph of the Brazilian Civil Code, an Fortuitous Case or Force Majeure may include the following events, listed by way of illustration only:

i. acts of terrorism or public attacks, war whether declared or not, threatened war, guerrilla, insurrection, civil commotion, revolution, riot, rebellion, military insurrection, coup d’état, siege, declaration of state of emergency or martial law, embargo or blockade or other situations not falling within the exceptions referred to item 14.6;

ii. acts of sabotage, terrorism, vandalism or accidental destruction, even if partially, of facilities of the Affected Party, as long as it has not contributed to such occurrence;

iii. cataclysms, lightning, earthquakes, tornadoes, storms that result in the evacuation of the affected areas, floods, explosions and exceptional and unpredictable weather events;

iv. Change in Law (except for the extinction of the tax benefits provided for in the Priority Program of Thermoelectricity) that materially adversely affects the object of the Agreement, the Supplier-Comgás Agreement or the Party claiming the occurrence of Fortuitous Case or Force Majeure;

v. expropriation, seizure, compulsory acquisition or nationalization by any Public Body of all or a substantially all assets of the Affected Party required for the performance of such Party’s obligations under this Agreement.

14.6 Excluded Events

The following events shall be excluded from the scope of an Fortuitous Case or Force Majeure:

i. strike or any other disturbance of similar nature involving solely the employees, agents, contractors or subcontractors of the Affected Party;

ii. change in the economic and financial situation of the Affected Party, as well as changes in the market conditions for delivery of Gas, whether or not arising by virtue of a drop in the demand for electric energy generated by the Cogeneration Plant;

iii. any accidental loss, damage or failure in any part of the industry plant, facilities, machinery or equipment of the Affected Party or the Cogeneration Plant, or any event related to their businesses, except if resulting directly from the occurrence of an Fortuitous Case or Force Majeure; and

iv. delay in the performance of obligations undertaken by contractors or subcontractors of the Affected Party which affects the performance of any obligations undertaken by the Affected Party under this Agreement, except where there is evidence that such delay on the part of the contractors or subcontractors has resulted directly from the occurrence of an Fortuitous Case or Force Majeure.

14.7 Fortuitous Case or Force Majeure Incorporated by Reference

For all purposes of this Article, and to the extent that the requirements indicated in this Article Fourteen are evidenced and met, there shall be also considered:

(a) Fortuitous Case or Force Majeure of Comgás: Fortuitous Case or Force Majeure that affects: (i) the ability of the Carrier and/or the Supplier to perform their respective obligations provided for in the agreements executed with the Supplier that are required for the performance of the Supplier-Comgás Agreement by the Supplier or (ii) the Supplier's ability to perform its respective obligations provided for in the Supplier-Comgás Agreement; and

(b) Fortuitous Case or Force Majeure of the User: Fortuitous Case or Force Majeure that affects the ability of the User to receive the Gas in view of damages at the Cogeneration Plant.

ARTICLE FIFTEEN- ASSIGNMENT AND ENCUMBRANCE OF RIGHTS AND OBLIGATIONS

15.1 This AGREEMENT, as well as the rights and obligations arising hereof, may not be assigned, totally or partially, expect with the written agreement of the other PARTY, which may not be unreasonably denied by the non-assigning PARTY, provided that the requirements of item 15.1.1 are fulfilled.

15.1.1 For the agreement referred to in item 15.1, it is an essential requirement that the proposed assignee fulfill the conditions of technical guarantee and satisfactory economic solvency to assume, in whole or in part, the obligations arising from the assignment. Without such requirements, the other party would incur in a commercial risk substantially greater than the one assumed. The non-assigning party shall be incumbent upon determining, at its sole criteria, if the assignee fulfill the necessary conditions to the implementation of the proposed assignment, provided that, in case the non-assigning party disagrees with the assignment, it shall be incumbent upon evidencing the lack or insufficiency of the conditions presented against the proposed assignee.

15.1.1.1 Without prejudice to the provisions above and, if demanded, the USER shall obtain previously to the assignment of the AGREEMENT, all and any authorizations of the competent public bodies necessary for such assignment, including authorization of the competent public body linked to the PRIORITY PROGRAM OF THERMOELECTRICITY.

15.1.2 In case of an authorized assignment according to this Article, the assigning party shall actually transfer to the assignee, in whole or in part, the rights and obligations established in the AGREEMENT.

15.1.3 Provided that the requirements established in this Articles are fulfilled, the PARTIES agree to formalize any and all agreement and other documents necessary for the assignment, as requested, as well to give reasonable mutual assistance in the formalization of any assignment.

15.2 In addition to the fulfillment of the terms of the legislation in force and of the provisions of this Article, the PARTY that whishes to transfer its rights and/or obligations under this AGREEMENT shall express its intention by means of delivery of NOTICE to the other PARTY.

15.2.1 Within ninety (90) days following the date of receipt of the NOTICE referred to in item 15.2, the non-assigning PARTY shall give its authorization or justify its refusal.

15.2.1.1 The lack of formal unfavorable manifestation within the term set forth in item 15.2.1 shall be considered as full agreement with the assignment by the omitting PARTY.

15.2.1.2 In case of a refusal by the non-assigning PARTY that is considered ungrounded by the assigning PARTY, the subject shall be submitted to a decision of the ARBITRATION TRIBUNAL.

15.3 This AGREEMENT, as well as the rights and obligations arising hereof, may not be pledged or in any other way encumbered by any of the PARTIES, except with the written prior agreement of the other PARTY

ARTICLE SIXTEEN – NOVATION AND FORBEARANCE

16.1 The provisions set forth in this AGREEMENT are limited to the supply of GAS as contemplated herein, and shall not be deemed to constitute novation of any arrangement, covenant or agreement of a similar nature already existing between the PARTIES, which shall remain unchanged, except for the SHORT-TERM AGREEMENT.

16.2 Any and all forbearance with respect to the observance by the PARTIES of the terms and conditions set forth in this AGREEMENT shall not operate as change or novation of the provisions agreed upon.

16.3 COMGÁS and the USER decide to ratify the end of the term of the SHORT-TERM AGREEMENT in view of the execution of this AGREEMENT, considering that the SHORT-TERM AGREEMENT set forth that its final term would occur on January 20, 2006 or on the execution date of this AGREEMENT, whichever occurs first.

ARTICLE SEVENTEEN — DEFAULT AND TERMINATION

A) DEFAULT

17.1 Default by the USER

Subject to the provisions of subitem 17.1.1, if the USER, at any time, fails to (i) pay, in whole or in part, until its maturity date, the amount corresponding to any COLLECTION DOCUMENT submitted to the USER by COMGÁS in view of this AGREEMENT or, (ii) for disputed amounts, failed to proceed in accordance with the provisions of item 11.8, (iii) establish, update, reestablish and/or renew the GUARANTEE, according to the provisions and terms contained in item 11.9 and its subitems, then, the default by the USER shall be deemed to have occurred on the maturity date of the respective COLLECTION DOCUMENT. After ten (10) days counted as of the date of the default by the USER, COMGÁS may, at any time from such moment on, at its sole criteria, foreclose the GUARANTEE in the amount corresponding to the

totality of the amount in delay on the date of foreclosure of the referred GUARANTEE. After thirty (30) days counted as of the date of default by the USER, COMGÁS may suspend the delivery of GAS to the USER, subject to the provisions of item 17.1.5 below, until the amount not paid, added by the corresponding financial charges (as provided for in item 11.6) is:

i. paid to COMGÁS on a final basis or

ii. paid to COMGÁS subject to potential refund.

17.1.1 It shall not be considered a default by the USER the non-payment of any COLLECTION DOCUMENT issued by COMGÁS on the allegation of noncompliance with a commitment of TAKE OR PAY, SHIP OR PAY and DISTRIBUTION TAKE OR PAY and/or a commitment of Article Ten, of which the USER is released in the corresponding period in accordance with items 17.2 (final part), 17.2.1 and 17.2.2.

17.1.2 The suspension of the supply of GAS as provided for in item 17.1 shall not release the USER from any other obligation in relation to this AGREEMENT and may not be invoked by the USER as a reason for the termination hereof and not even for the suspension of the commitments of TAKE OR PAY, SHIP OR PAY OR DISTRIBUTION TAKE OR PAY and the commitments of Article Ten.

17.1.3 Any possible forbearance by COMGÁS in the term to start the suspension of delivery of GAS referred to in item 17.1 shall not be deemed a waiver of right, and such suspension may start at any time following that term, while said default persists.

17.1.4 The suspension shall not be applicable to the AMOUNTS PAID AND NOT TAKEN (APNT) of GAS, which will continue being reintegrated in accordance with the rules of item 9.5.3 and their subitems.

17.1.5 The decision of suspending the supply of GAS in accordance with this item shall be informed to the USER within ten (10) days in advance.

17.2 Default by COMGÁS

Exception made to the events provided for in subitem 17.2.1, if COMGÁS any time fails to: (i) pay, in whole or in part, until its maturity date, the amount corresponding to any COLLECTION DOCUMENT submitted to COMGÁS by the USER in view of this AGREEMENT or, (ii) for disputed amounts, proceed in accordance with the provisions of item 11.8, then, the default by the USER shall be deemed to have occurred on the maturity date of the respective COLLECTION DOCUMENT. After thirty (30) days counted as of the date of default by COMGÁS, the USER's TAKE OR PAY, SHIP OR PAY and

Distribution Take or Pay commitments and the commitments established in Article Ten shall be suspended until the amount not paid – added by the corresponding financial charges (as provided for in item 11.6) — is:

i. paid to the User on a final basis or

ii. paid to the User subject to potential refund.

17.2.1 It shall not be considered a default by Comgás the non-payment of any Collection Document issued by the User directly or indirectly as a result of the suspension of the supply of Gas caused by a default of the User as provided for in item 17.1 and its applicable subitems.

17.2.2 The suspension of the commitments of Take or Pay, Ship or Pay and Distribution Take or Pay and those provided for in Article Ten, in accordance with item 17.2 and/or subitem 17.2.1, does not release Comgás from any obligation pertaining to this Agreement and may not be invoked by Comgás as a reason for its termination.

B) Termination

17.3 Termination for the User's default

After thirty (30) days have elapsed from any default by the User referred to by item 17.1 which has not been fully cured, Comgás may unilaterally terminate this Agreement, by sending a Notice to that effect to the User.

17.3.1 In the event of termination of the Agreement in accordance with item 17.3 ¾ the occurrence of default is evidenced, according to the Agreement, in order to give cause to said termination ¾, the User:

i. shall be obliged to pay to Comgás, as the sole indemnification applicable in such case, the amount of losses and direct damages incurred by Comgás, excluding any indirect damages and/or loss of profits, resulting from such termination for default, and the Parties agree and determine that the amounts of the losses and direct damages incurred by Comgás will include the amount of the indemnification payable by Comgás to the Supplier for termination of the Supplier-Comgás Agreement in view of the termination of this Agreement; the total amount of such payments shall be limited to the current amount of the remainder of the Agreement calculated only based on the Gas Price - according to the regular remaining effectiveness term or one hundred and twenty (120) months, whichever is shorter, at the discount rate agreed by the Parties or defined in Arbitration in case the Parties fail to reach an agreement on such rate, on a *pro rata die* basis;

ii. shall be responsible to pay all its pending debt toward Comgás under this Agreement.

17.3.1.1 The Parties agree that the indemnification set forth in item 17.3.1 (i) represents the totality of indemnification that may be demanded by Comgás, even if it sustain greater losses, and nothing else shall be claimed in court or out-of-court.

17.4 Termination for default by Comgás

The User may unilaterally terminate this Agreement, by sending a Notice to Comgás, in any one of the following situations:

i. After thirty (30) days have elapsed from any default by Comgás referred to in item 17.2 which has not been fully cured;

ii. exception made to Fortuitous Case or Force Majeure, if Comgás, without prejudice to the obligations provided for in item 9.9, fails to comply with its obligation of providing the User with the Gas subject of this Agreement for a term greater than sixty (60) consecutive Days or ninety (90) alternate Days in each twelve (12)-Month period.

17.4.1 In the event of termination of the Agreement in accordance with item 17.4 — the occurrence of default is evidenced, according to the Agreement, in order to give cause to said termination¾, Comgás:

i. shall be obliged to pay to the User, as the sole indemnification applicable in such case, the amounts of losses and direct damages incurred by the User, — excluding any indirect damages and/or loss of profits-, resulting from such termination for default; the total amount of such payments shall be limited to the current amount of the remainder of the Agreement calculated only based on the Gas Price according to the regular remaining effectiveness term or one hundred and twenty (120) months, whichever is shorter, at the discount rate agreed by the Parties or defined in Arbitration in case the Parties fail to reach an agreement on such rate, on a *pro rata die* basis;

ii. shall remain responsible to pay all its pending debt towards the User under this Agreement, as well as the amount corresponding to any possible residual amount of Amount Paid and Not Taken (APNT) of Gas, multiplied by the amount of the portion pertaining to the commodity in the Gas Price (PC) in effect on the day of termination multiplied by the latest Exchange Rate published before the original maturity of the respective Collection Document provided for in item 11.4.

17.4.1.1 The Parties agree that the indemnification set forth in item 17.4.1 (i) represents the totality of indemnification that may be demanded against Comgás, even if the User sustain greater losses, and nothing else shall be claimed in court or out of court.

17.5 Other Events of Termination

In addition to the events provided for in items 17.3 and 17.4, this Agreement may be terminated by either Party, by sending a Notice in writing to the other Party, in the events below:

a) **with no liability whatsoever of any Party towards the other Party:**

(i) upon mutual agreement between the Parties; or

(ii) by the impossibility of consumption or supply of Gas under this Agreement or under the Supplier-Comgás Agreement as a result of an Fortuitous Case or Force Majeure lasting for a continued period longer than twelve (12) months;

b) **with liability of the Party that causes the termination:**

i. unilateral termination with no fault of the other Party;

ii. transfer, partially or totally, to any third parties of the rights and obligations arising of this Agreement, in violation of the provisions of Article Fifteen;

iii. in view of a relevant violation of any contractual provision that, under the terms of this Agreement, is not subject to payment by means of a Collection Document and which has not been cured within the term of ninety (90) days counted as of the receipt of Notice by the defaulting Party;

iv in the event of termination of the Supplier-Comgás Agreement for any reason (except for the reason provided for in item (a) (ii) above), including, but not limited to, for default of either party in such agreement or by unilateral termination by any of the parties. In this case, the liability for the termination of this Agreement will be attributed to Comgás; or

v. application for bankruptcy by any of the Parties, if any of the Parties is decreed bankrupt, application for court or out of court reorganization by any of the Parties, if said applications are not abandoned, denied or lose their efficacy, as applicable, within the time set forth in the law or within 60 (sixty) days after they are started, whichever occurs first; or

vi. loss of the applicable licenses by any of the Parties.

To these events, analogously and as applicable, the provisions of items 17.3.1, 17.3.1.1, 17.4.1. and 17.4.1.1 shall apply.

17.6 Default in Other Agreements

The default by either Party in any other agreements will not be considered as default of this Agreement nor will cause its termination, the application of penalties of any kind or the suspension of any obligations provided for herein.

17.7 The User agrees and acknowledges that it is exclusively responsible for the business relationship with EnergyWorks do Brasil Ltda. or any successor or assigning party thereto, including for the gas supply and the gas quality. Comgás may only be held liable for any default in this Agreement exclusively before the User and subject to the limits of liability provided for herein. The User shall hold Comgás harmless from any actions or claims filed by third parties, including, without limitation, by EnergyWorks do Brasil Ltda., grounded on the supply of Gas subject of this Agreement or of any sub-products resulting from the supply of Gas subject of this Agreement. The User also undertakes to compensate Comgás if it may be bound to pay any indemnification to any third parties, including to EnergyWorks do Brasil Ltda., as a result of such actions or claims. The amounts to be compensated by the User to Comgás shall include all the indemnification possibly paid by Comgás, as well as all the costs incurred by Comgás, including attorney's fees.

ARTICLE EIGHTEEN — NOTICES

18.1 For all legal purposes arising of the Agreement, the Parties indicate below their respective domiciles, the only places where all Notices to be made in relation to the Agreement will be valid:

i. Companhia de gás de são paulo – Comgás
Rua das Olimpíadas, 205 – 10° andar
São Paulo — SP
CEP – 04551-000

ii. Corn Products Brasil – Ingredientes Industriais Ltda
Rua Paula Bueno, 2935
Mogi Guaçu — SP
CEP 13841-010

18.2 Any of the Parties will be entitled to change its domicile upon Notice sent to the other party with fifteen (15) days in advance of such change.

18.3 Any Notice required or allowed, under the terms of this Agreement, will be considered as received upon its delivery by facsimile transmission or by means of e-mail, in both circumstances, provided that it is confirmed by means of registered sending or, in case of personal delivery, at the time of its receipt.

ARTICLE NINETEEN — DISPUTE RESOLUTION

19.1 Disputes

19.1.1 In the event of any disputes relating to the interpretation or performance of this Agreement, prior to taking any other measure the Parties shall seek a solution by consensus. To this end, either Party shall send Notice to the other for the Parties to meet in order to pursue such solution by consensus within no more than 30 days after receipt of Notice, which period may be extended only by agreement between the Parties. Within such period, the Parties shall also agree whether the dispute involves a technical issue that should be submitted to an Expert Proceeding. If the Parties so agree or if it is expressly set forth in the Agreement that the dispute must be submit to an Expert Proceeding, prompt action shall be taken for designation of an Expert pursuant to item 19.3.2.

19.1.2 If a consensus solution is not reached during the period specified in subsection 19.1.1 above or if the Parties come to a consensus that the dispute does not involve a technical issue requiring submission to an Expert Proceeding, then the dispute in question shall be resolved by an Arbitration Tribunal, which shall apply in the resolution of the dispute the substantive laws of Brazil (“Arbitration”).

19.2 Arbitration

19.2.1 An Arbitration shall be governed, in all its procedural aspects, by the UNCITRAL Arbitration Rules and shall take place in the City of São Paulo. The administration of the Arbitration shall be conducted by the Brazil-Canadá Commerce Chamber (BCCC). Arbitration shall necessarily be based on law, and judgment based on equity or on the general principles of law or on custom and usage shall be prohibited. In the case of a conflict between the UNCITRAL Rules and the rules contained in this Agreement, the latter shall prevail.

19.2.2 The language utilized in the Arbitration and the decision handed down in connection therewith shall be the Portuguese language.

19.2.3 The Arbitration Tribunal shall be composed of three (3) members who (i) shall have at least ten (10) years of experience in matters relating to the subject matter of the Arbitration, and (ii) shall have no conflict of interest with the subject matter of the Arbitration, provided further that the Parties shall observe the following provisions:

i. the Party asserting the dispute (First Party) shall send Notice to the other Party (Second Party), clearly stating the object of the dispute and informing the name of the Arbitrator selected by it (First Arbitrator);

ii. within thirty (30) days from receipt of the Notice mentioned above, the Second Party shall inform to the First Party, also by Notice, the name of the Arbitrator selected by it (Second Arbitrator). If the Second Party fails to act within said time limit, the First Party may request that the President of the BCCC appoint the Second Arbitrator;

iii within fourteen (14) days from the appointment of the Second Arbitrator, both Arbitrators shall appoint a Third Arbitrator, who shall preside over the proceedings; and

iv. if there is no consensus as to the appointment of the Third Arbitrator, such appointment shall be made by the President of the BCCC. The Third Arbitrator shall be proficient in the Portuguese language.

19.2.4 In the event that the UNCITRAL Rules are silent as to any procedural aspects, such omissions shall be resolved by the arbitrators by reference, in the following order, to:

a) to Law No. 9.307/96; and

b) to the Brazilian Code of Civil Procedure.

19.2.5 Within ninety (90) Days from commencement of Arbitration, the Arbitrators shall issue a well-reasoned award (Arbitration Award).

19.2.6 The Arbitration Award shall indicate and describe in detail the liabilities of the Parties, as well as the portion of legal fees and expenses and Arbitration costs awarded to each Party. The Arbitration Award shall be in writing and shall be binding on the Parties, which specifically waive any judicial review thereof.

19.2.7 The Parties reserve the right to bring legal actions in the Brazilian courts to (a) ensure institution of Arbitration, (b) seek temporary injunctive relief for the protection of their rights prior to institution of Arbitration, provided that any such action shall not be deemed a waiver of Arbitration as the sole method for resolution of conflicts between the Parties and (c) enforce any decision issued by the Arbitration Tribunal, including without limitation the Arbitration Award. In any such event the courts mentioned in item 19.5 shall be the courts of competent jurisdiction.

19.3 Expert Proceeding

19.3.1 Once the Parties have agreed that a dispute is to be submitted to an Expert Proceeding under item 19.1.1 above or there is an express contractual provision establishing that a dispute must be submitted to an Expert Proceeding, the provisions listed in items 19.3.2 through 19.3.7.2 shall apply to such Expert Proceeding.

19.3.2 Appointment of the Expert

The procedures for appointment of an Expert are as follows:

(a) a Party wishing to submit a dispute to an Expert shall give Notice of such intent to the other Party, stating in detail the reasons for the dispute;

(b) by mutual agreement, the Parties shall within twenty-one (21) days from delivery of the Notice referred to in the preceding item appoint the Expert that shall be responsible for reviewing the matters under dispute;

(c) if within the term specified in the preceding item the Parties are unable to reach a consensus as to the Expert to be appointed, then the Party asserting the dispute shall, within five (5) days, request in writing that the President of the Institute of Technological Research (IPT) appoint an Expert. Such appointment shall be made within thirty (30) days from receipt of written request therefor;

(d) either Party may object one time to the Expert appointed by the President of IPT. In the case of such an objection, the procedure described in letter (c) of item 19.3.2 above shall be repeated. After each Party has exercised its right to object as aforesaid, the procedure described in letter (c) of item 19.3.2 above shall be repeated once again and the Expert appointed in this manner shall necessarily be accepted by the Parties.

(e) the terms of the instrument of appointment of the Expert shall be agreed between the Expert and the Parties and shall be set forth in a writing to be executed by the Expert and the Parties, provided further that the Expert and the Parties shall cooperate in order to have such document finalized as soon as reasonably possible;

(f) in the event of impediment, refusal or absence of response for a period of fourteen (14) days, a procedure for appointment of another Expert, should this be the wish of the Parties:

(i) shall resume at the phase where the last name was selected;

(ii) shall be repeated accordingly until an EXPERT that accepts and is able to assume his/her functions is appointed or until the PARTIES decide to discontinue the procedure for appointment or the submission of the dispute to an EXPERT;

(g) if there is a dispute between the PARTIES over the fees to be paid to the EXPERT, such fees shall be determined by the President of IPT, and the PARTIES shall necessarily abide by such determination and, except as otherwise specifically provided for herein or in a separate agreement for such purpose, the corresponding costs shall be borne equally by both PARTIES;

(h) if new facts arise or are disclosed that may cast a doubt on the impartiality or qualification of the EXPERT with respect to the dispute, including his/her omission regarding the provision of item 19.3.3, or if any PARTY finds that there is a material risk of conflict of interests that may influence the decision of the EXPERT, then either PARTY may within seven (7) days from the date on which it became aware of such fact, disclosure or omission, request that the President of IPT make a decision as to the removal of the EXPERT or not;

(i) in his/her decision the President of IPT shall take into account any conditions which the requesting PARTY may wish to impose;

(j) if the President of IPT decides to remove the EXPERT, he/she shall appoint a replacement. In such case the procedures specified in letters (d) to (f) above shall also be applicable with respect to the confirmation and appointment of the new EXPERT.

19.3.3 Qualifications of the EXPERT

The person to be appointed as the EXPERT:

(i) shall be qualified through technical education, experience and training to issue an opinion regarding the dispute;

(ii) shall not have a conflict of interests, before or after accepting the appointment; and

(iii) shall not, at the time of appointment and during his activities as the EXPERT with regard to such dispute, hold a position as officer, head of department, employee, services provider, directly or through a third party, or consultant of either PARTY or an AFFILIATE COMPANY thereof, nor shall he/she have held or will held any such position during the three (3) years preceding or following his/her appointment as EXPERT.

19.3.4 Confidentiality

All information, data or documents submitted to the EXPERT by either PARTY shall be deemed confidential and shall not be disclosed by the EXPERT to any person whatsoever, except to his employees or professional consultants, provided, however, that such disclosure shall always be subject to the provisions of item 19.3.4.1.

19.3.4.1 The employees or professional consultants of the EXPERT shall prior to receiving any information, data or documents referred to in item 19.3.4 above specifically undertake in writing with the EXPERT to maintain them on a strictly confidential basis.

19.3.5 Obligations and Prerogatives of the EXPERT

The obligations of the EXPERT shall be set forth in the instrument of his appointment, among which the following shall necessarily be included:

(i) impartially decide the dispute, based solely upon the facts and data furnished by the PARTIES;

(ii) decide the dispute within the time limit assigned therefor, which shall not exceed sixty (60) days from the confirmation of his appointment, excluding DAYS corresponding to delay in receiving information requested or answers to queries or notices given to either PARTY;

(iii) submit in writing to the PARTIES, prior to the expiration of the time limit established in the preceding item, a draft of the document in which he/she shall set forth his decision of the dispute, indicating the basis therefor;

(iv) keep and ensure the confidentiality referred to in item 19.3.4;

(v) give ten (10) days' prior NOTICE to the other PARTY of any meeting he/she intends to conduct with a PARTY, so as to enable such other PARTY to attend the meeting;

(vi) return to the submitting PARTY all documents (and copies thereof) submitted in connection with his/her duties, once they are completed.

19.3.5.1 The EXPERT shall disregard all information submitted to him after a period of thirty (30) days from his appointment, except for information delivered to comply with a specific request, which information shall be delivered within no more than ten (10) days from the request made by the EXPERT.

19.3.5.2 The EXPERT shall be entitled, in addition to the rights contained in the instrument of his appointment, to request the PARTIES to deliver any additional information he/she deems necessary for the resolution of the dispute, as well as to retain for such purpose any expert or independent consultant, subject to the determination of its fees within the reasonable limits practiced in the market.

19.3.6 Obligations and Rights of the PARTIES

19.3.6.1 Each PARTY shall have, with respect to the EXPERT and the other PARTY, the following set of obligations in connection with submission of a dispute to EXPERT PROCEEDING:

(i) send to the EXPERT, within thirty (30) days from his appointment, documentation containing information necessary for the resolution of the dispute;

(ii) make available to the EXPERT, within ten (10) days from the corresponding request, all additional specific information that the EXPERT may deem necessary to conduct his activities;

(iii) send concurrently to the other PARTY copies of the documentation containing the information referred to in the preceding two clauses;

(iv) bear its costs for remittance of information to the EXPERT and the other PARTY, as well as its expenses with legal counsel, consultants, witnesses, employees and other persons involved in the proceeding;

(v) bear fifty percent (50%) of the common costs and expenses of the EXPERT PROCEEDING, which shall include:

- the fees of the EXPERT;
- the fees of any independent consultant called by the EXPERT;
- the costs of selection and appointment of the EXPERT, if made with the intermediation of the President of IPT;

(vi) abide by the final decision of the EXPERT, except in the event of fraud or error with respect to the LAW or material facts or in the event of demonstrable inadequacy in the consideration of such facts.

19.3.6.2 The rights of each PARTY include:

(i) the right to take part in any meeting of the EXPERT with the other PARTY, as long as it communicates to the EXPERT in writing that it intends to participate in such meeting within five (5) DAYS from the receipt of the NOTICE referred to in item 19.3.5(v);

(ii) the right to comment upon or contest information sent by the other PARTY to the EXPERT, as long as it does so in writing within fourteen (14) DAYS from receipt of such information; and

(iii) specifically in respect of a dispute submitted to EXPERT PROCEEDING, the right to commence ARBITRATION proceedings at any time before execution of the instrument for appointment of EXPERT referred to in item 19.3.2(e).

19.3.7 Other Provisions

Unless otherwise expressly agreed by the PARTIES, if within the time limit assigned in item 19.3.5(ii) the EXPERT fails to submit his/her decision, then at the request of either PARTY the EXPERT shall be promptly removed and another EXPERT shall be appointed, whereupon the appointment procedure provided for in item 19.3.2 shall apply anew.

19.3.7.1 After a final decision is rendered, the prevailing PARTY shall be reimbursed by the PARTY prevailed upon for all documented costs incurred by the prevailing PARTY in connection with the EXPERT PROCEEDING.

19.3.7.2 Law 9,307 of September 22, 1996 shall apply on a supplementary basis to this section to the extent that such Law does not conflict with this section.

19.4 TRIPARTITE ARBITRATION

19.4.1 The PARTIES recognize that the resolution of certain claims, disputes or controversies arising out of or relating to this AGREEMENT may have implications for the performance by SUPPLIER of its obligations under the COMGÁS-SUPPLIER AGREEMENT; likewise, the resolution of certain claims, disputes or controversies arising out of or relating to the COMGÁS-SUPPLIER AGREEMENT may have implications for the rights and obligations of the PARTIES under this AGREEMENT. Accordingly, in the event of commencement of arbitration proceedings under this AGREEMENT, whose outcome may have implications for the rights and/or obligations of SUPPLIER under the COMGÁS-SUPPLIER AGREEMENT, or in the event the resolution of a dispute by arbitration under the COMGÁS-SUPPLIER AGREEMENT may have implications for the rights and/or obligations of the PARTIES under this AGREEMENT, it is agreed that: (a) the PARTIES and/or SUPPLIER may consolidate in a single TRIPARTITE ARBITRATION the disputes arising out of this AGREEMENT and the disputes arising out of the COMGÁS-SUPPLIER AGREEMENT, (b) the COMGÁS-SUPPLIER AGREEMENT shall confer on the USER the right to join any arbitration conducted under the COMGÁS-SUPPLIER AGREEMENT that meets the requirements in this item; (c) SUPPLIER may join any ARBITRATION conducted under this AGREEMENT that meets the requirements in this item; and (d) COMGÁS may require that the USER join any arbitration conducted under the COMGÁS-SUPPLIER AGREEMENT that meets the requirements in this item (each a "TRIPARTITE ARBITRATION").

19.4.2 In the event arbitration is commenced under the COMGÁS-SUPPLIER AGREEMENT, COMGÁS shall give NOTICE of such fact to the USER within no more than 5 days from such commencement. In such case or in the case of ARBITRATION instituted under item 19.1.2 hereof, the PARTIES shall within no more than sixty (60) days from request for ARBITRATION confirm institution of TRIPARTITE ARBITRATION. In the event the PARTIES decide to consolidate arbitrations and in the event the PARTIES and SUPPLIER join a TRIPARTITE ARBITRATION, the PARTIES shall abandon any separate arbitration then pending whose subject matter is encompassed by such TRIPARTITE ARBITRATION and shall assert any and all claims and counterclaims with regard to their dispute(s) in such TRIPARTITE ARBITRATION, in keeping with the procedures established for such TRIPARTITE ARBITRATION.

19.4.3 In the event the PARTIES and SUPPLIER are unable to come to a consensus as to institution of TRIPARTITE ARBITRATION within the period mentioned in item 19.4.2 above, then the PARTIES and SUPPLIER shall refer the matter to BCCC. After five (5) days have elapsed from expiry of the period mentioned in item 19.4.2 above, the PARTIES and SUPPLIER shall submit in writing to BCCC their defenses and answers, as the case may be, with respect to institution of TRIPARTITE ARBITRATION. Within five (5) days from receipt of the defenses or answers of the PARTIES, BCCC shall appoint a sole ARBITRATOR to resolve the dispute. Within three (3) days, the PARTIES and SUPPLIER shall confirm the appointment of the ARBITRATOR or shall repudiate such appointment solely on the basis of item 19.2.3. Should a PARTY or SUPPLIER so repudiate, BCCC shall appoint a new ARBITRATOR that meets the requirements in subitem 19.2.3 within three (3) days from receipt of repudiation by such PARTY or SUPPLIER. Once appointment of the ARBITRATOR is confirmed, he or she shall within no more than fifteen (15) days make a decision as to the conduct of TRIPARTITE ARBITRATION, which decision shall necessary cover the following points: (i) whether the conflict involves common factual and legal matters or, alternatively, whether SUPPLIER holds information necessary for resolution of the conflict or the solution to be adopted, (ii) in the case of ARBITRATION requested or commenced under this AGREEMENT, whether the conflict involves contractual rights or obligations of SUPPLIER warranting its joining the proceedings or, alternatively, in the case of arbitration requested or commenced under the COMGÁS-SUPPLIER AGREEMENT, whether the conflict involves contractual rights or obligation of the USER warranting its joining the proceedings, (iii) whether a PARTY shall be adversely affected by institution of TRIPARTITE ARBITRATION, and (iv) if separation of the disputes may pose a risk that conflicting decisions be rendered as regards this AGREEMENT and the COMGÁS-SUPPLIER AGREEMENT.

19.4.4 TRIPARTITE ARBITRATION shall be conducted by five (5) arbitrators, the USER to appoint the first ARBITRATOR, COMGÁS to appoint the second ARBITRATOR and SUPPLIER to appoint the third ARBITRATOR within thirty (30) DAYS after receipt of NOTICE confirming initiation of TRIPARTITE ARBITRATION. The two (2) remaining ARBITRATORS shall be appointed by mutual agreement as among the ARBITRATORS appointed by the PARTIES and SUPPLIER. If a PARTY or SUPPLIER fails to appoint its ARBITRATOR, such appointment shall be made by BCCC in keeping with the criteria set forth in subitem 19.2.3(iv).

19.4.5 Decisions rendered in TRIPARTITE ARBITRATION proceedings shall produce uniform effects on this AGREEMENT and on the COMGÁS-SUPPLIER AGREEMENT.

19.4.6 To the extent not inconsistent with the terms of item 19.4 and its subitems, the terms and conditions set forth in Item 19.2 shall apply to TRIPARTITE ARBITRATION, including as regards applicable rules and regulations, place of ARBITRATION and effects of the ARBITRATION AWARD.

19.5 Jurisdiction

The Parties elect the courts sitting in the City of São Paulo, State of São Paulo, to settle any issues arising out of this Agreement that cannot be resolved through Arbitration as a result of an express law provision, to the exclusion of any other courts, no matter how privileged they may be.

19.6 Applicable Law

This Agreement will be ruled and construed under the laws of the Federative Republic of Brazil.

ARTICLE TWENTY- GENERAL LIMIT OF LIABILITY

Except in the case provided in item 17.4.1, for which case there is a specific liability limit, the Parties hereby agree that, in no event whatsoever, the totality of payments to be made by Comgás to the User, as a result of penalties and/or indemnification under the terms of this Agreement, shall exceed, during the whole effectiveness of this Agreement, the total maximum limit corresponding to six point five percent (6.5%) of the amount of the Agreement, determined by the following formula:

IL= K x 0.065 x DCA x N x GP, where

IL - is the maximum limit of payments to be made by Comgás;

DCA - is the Daily Contracted Amount;

N - is the number of days of effectiveness of the Agreement, calculated as of the execution date of the Agreement up to the final date set forth in item 13.1;

GP is the Gas Price in force on the date of occurrence of each event of payment converted to Reais per Cubic Meter at the Reference Conditions according to the Exchange Rate of the last business day of the Month of payment of a certain indemnification.

K - Is the percentage of use of the IL, which shall vary from 0 to 1, and, on the execution date of this Agreement, shall correspond to 1. At each payment made by Comgás for penalties and/or indemnification, under the terms of this Agreement, a new K factor shall be determined by the reduction of (i) the percentage corresponding to such payment in relation to the value 0.065 x DCA x N x GP from the (ii) previous K factor.

ARTICLE TWENTY-ONE – AMENDMENT

This Agreement and the Annex hereto may not be amended unless by a written instrument signed by both Parties

ARTICLE TWENTY-TWO — ANNEXES

The annex to this Agreement, which is an integral part hereof, is the following document: Annex 1 – Gas Price.

ARTICLE TWENTY-THREE – CONTRACTUAL AMOUNT

This Agreement is ascribed the amount of R$ 560,060,513.77 (Five hundred and sixty million, sixty thousand, five hundred and thirteen reais and seventy seven cents), equivalent to US$ 231,803,532.04 (Two hundred and thirty one million, eight hundred and three thousand, five hundred and thirty two dollars and four cents) on June 16, 2005. Given the nature of this Agreement, the amount indicated is estimate, not including the adjustments provided for contractually, as well as taxes of any kind, nor it will be applicable to any provision of this instrument.

ARTICLE TWENTY-FOUR – AGREEMENT OF THE PARTIES

The Parties express their agreement to the full contents of the Agreement, binding themselves to faithfully and strictly comply with it. IN WITNESS WHEREOF, they execute in the city of São Paulo, State of São Paulo, four (4) counterparts of a single tenor and contents and for a single effect, on January 21, 2006.

COMPANHIA DE GÁS DE SÃO PAULO — COMGÁS:

(sgd.) **Paulo César Nunes de Souza**
Logistics and Human Resources Officer

(sgd.) **André Lopes de Araújo**
Industrial Market, VNG and Great Commerce Officer

CORN PRODUCTS BRASIL – INGREDIENTES INDUSTRIAIS LTDA.

(sgd.) **Gilberto Sabatini Affonso**
Finance and Administration Officer

(sgd.) **Alberto Yoshio Nakata**
Attorney

§ **WITNESSES:**

(sgd.) Carlos Edgard Montagna
Tax ID *(CPF)*:070,846,528-50

(sgd.) José Wagner Rodrigues da Silva
Tax ID *(CPF)*: 063,391,588-20

A N N E X 1

GAS PRICE

I) **DEFINITION AND COMPOSITION**

The GAS PRICE at the DELIVERY POINT (GP) shall be comprised of the sum of two portions: one pertaining to the *Commodity* (PC) and other pertaining to Transportation (PT), according to their respective amounts at each time, so that **GP = PC + PT**.

I.1) **Base Price:**

In relation to the month of April 2000, the amounts of the portion pertaining to the *Commodity* (PC_B) and the portion pertaining to Transportation (PT_B) on cash and with no taxes, are as follows:

§ **PC_B** — US$ 1.101/MMBTU

§ **PT_B** — US$ 1.374/MMBTU,

So that the base GAS Price (**GP_B**) amounts to US$ 2.475/MMBTU, to be converted into REAIS as per I.4.

I.2) **Price at COMMERCIAL SUPPLY START-UP**

At the COMMERCIAL SUPPLY START-UP, the portions comprising the GAS PRICE ¾ for effectiveness up to the last day of the month preceding the first anniversary of the COMMERCIAL SUPPLY START-UP ¾ shall be calculated by the application of the following formula:

§ $PC_i = PC_B \times \frac{PPI_1}{PPI_0}$ i

§ $PT_i = PT_B \times \frac{PPI_1}{PPI_0}$, where:

PC_i - Is the amount of the portion pertaining to the *commodity* at the COMMERCIAL SUPPLY START-UP;

PT_i - Is the amount of the portion pertaining to Transportation at the COMMERCIAL SUPPLY START-UP;

PPI_1 - Is the *Producer Price Index, Industrial Commodities* published by the *U.S. Department of Labor, Bureau of Labor Statistics* related to the month preceding the month of the COMMERCIAL SUPPLY START-UP;

PPI_0 - Is the *Producer Price Index, Industrial Commodities* published by the *U.S. Department of Labor, Bureau of Labor Statistics* related to the month of March 2000.

I.3) **Annual Readjustments**

On an annual basis, on the first day of the month of anniversary of the COMMERCIAL SUPPLY START-UP, the portions comprising the GAS PRICE ¾ for effectiveness for a period of twelve (12) months ¾ shall be readjusted as follows:

§ $PC_i = PC_B \times \frac{PPI_i}{PPI_0}$,

§ $PT_i = PT_B \times \frac{PPI_i}{PPI_0}$,

Where:

PC_i - Is the amount of the portion pertaining to the *commodity* adjusted and applicable to each twelve (12)-month period;

PT_i - Is the amount of the portion pertaining to Transportation adjusted and applicable to each twelve (12)-month period

PPI_i - Is the *Producer Price Index, Industrial Commodities* published by the *U.S. Department of Labor, Bureau of Labor Statistics* related the month preceding the adjustment month;

PPI_0 - Is the *Producer Price Index, Industrial Commodities* published by the *U.S. Department of Labor, Bureau of Labor Statistics* related to the month of March 2000;

I.4) The amounts of each portion previously defined shall be converted from US$/MMBTU to R$/MMBTU through the EXCHANGE RATE of the day preceding the maturity day of the invoice pertaining to the gas supply.

II) **TAXES, CONTRIBUTIONS AND LIENS**

Each portion previously defined shall be added by the taxes, contributions (including PIS/PASEP and COFINS) and other liens on which they are levied or shall be levied.

III) **CRITERIA FOR ROUNDING UP AND DECIMAL PLACES**

In the calculations of prices stated in this annex, four (04) decimal places shall be used for all prices, portions and indexes participating in those calculations. The rounding up criteria shall be the mathematics criteria, i.e.:

— If the fifth decimal place ranges from 0 through 4, the fourth place shall maintain its value;

— If the fifth decimal place ranges from 5 through 9, the fourth place shall be added a unit.

EXHIBIT 11.1

Earnings Per Share

CORN PRODUCTS INTERNATIONAL, INC.
Computation of Net Income Per Share of Common Stock

(in thousands, except per share data)		Year Ended December 31, 2005
Basic		
Shares outstanding at the start of the period		74,528
Weighted average of new shares issued during the period		—
Weighted average of treasury shares issued during the period for exercise of stock options, other stock compensation plans, and acquisitions		909
Weighted average of treasury shares purchased during the period		(785)
Average shares outstanding – basic		74,652
Effect of Dilutive Securities		
Average dilutive shares outstanding – assuming dilution		912
Average shares outstanding – diluted		75,564
Net income	$	89,594
Income Per Common Share – Basic		
Net income	$	1.20
Income Per Common Share – Diluted		
Net income	$	1.19

EXHIBIT 12.1
COMPUTATION OF RATIO OF EARNINGS TO FIXED CHARGES

CORN PRODUCTS INTERNATIONAL, INC.
Computation of Ratios of Earnings to Fixed Charges

(in millions, except ratios)	2005	2004	2003	2002	2001
Income before income taxes and minority interest	$ 148.4	$ 145.1	$ 135.4	$ 117.1	$ 102.1
Fixed charges	43.1	39.7	43.5	41.4	62.1
Capitalized interest	(4.8)	(2.6)	(2.0)	(1.3)	(2.0)
Total	$ 186.7	$ 182.2	$ 176.9	$ 157.2	$ 162.2
RATIO OF EARNINGS TO FIXED CHARGES	4.33	4.59	4.07	3.80	2.61
FIXED CHARGES:					
Interest expense on debt	$ 40.7	$ 37.4	$ 41.1	$ 39.3	$ 60.5
Amortization of discount on debt	1.0	1.1	1.1	0.9	0.2
Interest portion of rental expense on operating leases	1.4	1.2	1.3	1.2	1.4
Total	$ 43.1	$ 39.7	$ 43.5	$ 41.4	$ 62.1

EXHIBIT 13.1

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

OVERVIEW

We are a leading regional producer of starches, liquid sweeteners and other ingredients around the world. We are one of the world's largest corn refiners and the leading corn refiner in South America. The corn refining industry is highly competitive. Many of our products are viewed as commodities that compete with virtually identical products manufactured by other companies in the industry. However, we have twenty-seven manufacturing plants located throughout North America, South America and Asia/Africa and we manage and operate our businesses at a local level. We believe this approach provides us with a unique understanding of the cultures and product requirements in each of the geographic markets in which we operate, bringing added value to our customers. Our sweeteners are found in products such as baked goods, candies, chewing gum, dairy products and ice cream, soft drinks and beer. Our starches are a staple of the food, paper, textile and corrugating industries.

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

In 2005, the Company achieved its second best year for net income and diluted earnings per common share, eclipsed only by our record performance in 2004. We benefited from net sales and operating income growth in South America and Asia/Africa in 2005; however, operating income for our North American business declined significantly, due in large part to higher energy and logistics costs, and operating issues and boiler reliability at our Argo facility in Bedford Park, Illinois, our largest plant.

Despite the difficulties in North America, we generated record operating cash flow in 2005 that we used to grow our business, reduce debt, repurchase common stock and enhance our liquidity.

RESULTS OF OPERATIONS

On December 1, 2004, the Company's board of directors declared a two-for-one stock split effected as a 100-percent stock dividend on the Company's common stock. The dividend shares were issued on January 25, 2005 to shareholders of record at the close of business on January 4, 2005. Accordingly, all share and per share data for the periods prior to the stock split included in this report have been retroactively adjusted to reflect the stock split.

2005 COMPARED TO 2004

NET INCOME . Net income for 2005 decreased 4 percent to $90 million, or $1.19 per diluted common share, from 2004 net income of $94 million, or $1.25 per diluted common share. The 2004 results included a restructuring charge for plant closures of $21 million ($15 million after-tax). See discussion of 2004 compared to 2003 below and Note 6 of the Notes to the Consolidated Financial Statements for further information pertaining to the 2004 restructuring charge.

The decrease in net income for 2005 from 2004 primarily reflects a decline in operating income for our North American business, and an increase in the provision for income taxes. Increased operating income in South America and Asia/Africa, and a reduction in the minority interest in earnings, partially offset these unfavorable variances.

NET SALES. Net sales for 2005 increased to $2.36 billion from $2.28 billion in 2004, as sales grew in each of our regions.

A summary of net sales by geographic region is shown below:

(in millions)	2005	2004	Increase	% Change
North America	$ 1,422	$ 1,419	$ 3	—%
South America	603	556	47	8%
Asia/Africa	335	308	27	9%
Total	$ 2,360	$ 2,283	$ 77	3%

The increase in net sales reflects a 5 percent increase from currency translation attributable to stronger foreign currencies relative to the US dollar and 1 percent volume growth, which more than offset a 3 percent price/product mix reduction.

Sales in North America were relatively unchanged as volume growth of 3 percent, reflecting significant growth in Mexico partially offset by reduced volume in the United States, and a 1 percent benefit from currency translation attributable to a stronger Canadian dollar, was offset by a 4 percent price/product mix decline. HFCS sales in Mexico for 2005 returned to levels attained prior to the imposition of the discriminatory tax on beverages sweetened with HFCS in that country (see Note 3 of the Notes to the Consolidated Financial Statements). Sales in South America increased 8 percent, as a 13 percent translation benefit attributable to stronger South American currencies more than offset a 3 percent price/product mix decline and a 2 percent volume reduction. Sales in Asia/Africa increased 9 percent, reflecting a 6 percent increase attributable to stronger Asian currencies, price/product mix improvement of 2 percent and 1 percent volume growth.

COST OF SALES. Cost of sales for 2005 increased 5 percent to $2.03 billion from $1.93 billion in 2004. The increase was principally due to volume growth and higher energy costs. In 2005, we experienced an increase in global energy costs of approximately 21 percent over 2004, mainly reflecting higher natural gas costs. Our gross profit margin for 2005 was 14 percent, compared with 15 percent in 2004, as lower margins in North America and South America more than offset higher margins in Asia/Africa.

SELLING, GENERAL and ADMINISTRATIVE EXPENSES. Selling, general and administrative ("SG&A") expenses for 2005 were $158 million, unchanged from 2004. SG&A expenses for 2005 represented 7 percent of net sales, consistent with the prior year.

OTHER INCOME (EXPENSE)-NET. Other income (expense)-net for 2005 increased to $9 million from $4 million in 2004. The increase primarily reflects a $2 million gain from the sale of non-core assets and a $1 million increase in fee and royalty income.

OPERATING INCOME. A summary of operating income is shown below:

(in millions)	2005	2004	Favorable (Unfavorable) Variance	Favorable (Unfavorable) % Change
North America	$ 59	$ 87	$ (28)	(32)%
South America	101	98	3	3%
Asia/Africa	53	48	5	10%
Corporate expenses	(30)	(33)	3	9%
Total	$ 183	$ 200	$ (17)	(8)%
Plant closing costs (a)	—	(21)	21	100%
Operating income	$ 183	$ 179	$ 4	2%

(a) Includes a $19 million write-off of fixed assets and a $2 million charge for employee termination costs pertaining to the Company's manufacturing optimization initiative in Mexico and South America. See also Note 6 of the Notes to the Consolidated Financial Statements.

Operating income for 2005 increased 2 percent to $183 million from $179 million in 2004. Operating income for 2004 included a $21 million restructuring charge for plant closures. Excluding the restructuring charge from the prior year period, operating income decreased 8 percent from 2004, as significantly lower earnings in North America more than offset improved results in Asia/Africa and South America. North America operating income decreased 32 percent from a year ago, as Mexico's results, which nearly doubled from 2004, were more than offset by significantly weaker results in the United States and Canada. The decrease in the US/Canadian results primarily reflects higher energy and logistics costs. Additionally, lower product selling prices (particularly for co-products), volume reductions, and increased maintenance expense contributed to the decline. Operating difficulties, including poor boiler performance, at our Argo plant in Bedford Park, Illinois contributed to the higher maintenance and energy costs. The US results were also negatively impacted by $4 million of expenses relating to the loss of corn gluten feed attributable to Hurricane Katrina. South America operating income increased 3 percent from 2004, reflecting earnings growth in the Southern Cone and Andean regions of South America and continued strong results in Brazil. Asia/Africa operating income grew 10

percent from a year ago, driven principally by improved earnings in South Korea, where lower corn costs favorably affected our business. This was partially offset by weaker results at our Thailand operations primarily relating to a drought that effected our tapioca root supply and plant operations. Additionally, a $2 million gain from the sale of non-core assets in Malaysia contributed to the earnings increase in the region.

FINANCING COSTS-NET. Financing costs-net increased to $35 million in 2005 from $34 million in 2004. The increase primarily reflects increased interest expense mainly attributable to higher interest rates and larger foreign currency transaction losses, which more than offset increases in capitalized interest and interest income.

PROVISION FOR INCOME TAXES. Our effective income tax rate was 37.5 percent in 2005 as compared to 30 percent in 2004. The increase primarily reflects the effect of a change in our income mix for 2005 as compared with 2004. As a result of the earnings decline in the US, we do not expect to be able to use certain foreign income tax credits in the US, thereby increasing our effective income tax rate.

MINORITY INTEREST IN EARNINGS. Minority interest in earnings declined to $3 million in 2005 from $8 million in 2004. The decline from 2004 mainly reflects the effect of our December 2004 purchase of the remaining interest in our now wholly-owned South Korean business.

COMPREHENSIVE INCOME. We recorded comprehensive income of $160 million in 2005, as compared with comprehensive income of $116 million in 2004. The improvement in comprehensive income mainly reflects favorable variances relating to cash flow hedges, which more than offset declines in the currency translation adjustment and net income. The decline in the change in the currency translation adjustment primarily reflects the effect of a more moderate strengthening in end of period foreign currencies for 2005, as compared with 2004, when foreign currency appreciation was more significant, particularly for the Korean Won.

2004 COMPARED TO 2003

NET INCOME . Net income for 2004 increased 24 percent to $94 million, or $1.25 per diluted common share, from 2003 net income of $76 million, or $1.06 per diluted common share. The 2004 results include a restructuring charge for plant closures of $21 million ($15 million after-tax) relating to the Company’s manufacturing optimization initiative in Mexico and South America, which consists of a $19 million write-off of fixed assets and a $2 million charge for employee termination costs. See also Note 6 of the Notes to the Consolidated Financial Statements.

The increase in net income for 2004 over 2003 primarily reflects improved operating income, reduced financing costs, a lower effective income tax rate and a reduction in the minority interest in earnings.

NET SALES. Net sales for 2004 increased to $2.28 billion from $2.10 billion in 2003, as sales grew in each of our regions.

A summary of net sales by geographic region is shown below:

(in millions)	2004	2003	Increase	% Change
North America	$ 1,419	$ 1,329	$ 90	7%
South America	556	495	61	12%
Asia/Africa	308	278	30	11%
Total	$ 2,283	$ 2,102	$ 181	9%

The increase in net sales reflects volume growth of 4 percent, price/product mix improvement of 2 percent, and a 3 percent increase from currency translation attributable to stronger foreign currencies relative to the US dollar.

Sales in North America increased 7 percent, reflecting volume growth of 3 percent, price/product mix improvement of 2 percent, and a 2 percent increase associated with currency translation attributable to a stronger Canadian dollar. Sales in South America increased 12 percent, driven by volume growth of 7 percent and a 6 percent increase attributable to stronger foreign currencies, which more than offset a 1 percent price/product mix decline. Sales in Asia/Africa increased 11 percent, reflecting price/product mix improvement of 9 percent and a 2 percent increase attributable to stronger Asian currencies. Volume in the region was relatively unchanged from 2003.

COST OF SALES. Cost of sales for 2004 increased 9 percent to $1.93 billion from $1.78 billion in 2003. The increase was principally due to volume growth and higher corn and energy costs. Our gross profit margin for 2004 was 15 percent, consistent with last year, as improved margins in North America and South America offset lower margins in Asia/Africa.

SELLING, GENERAL and ADMINISTRATIVE EXPENSES. SG&A expenses for 2004 increased 6 percent to $158 million from $149 million in 2003, due primarily to higher compensation-related expenses and increased corporate governance costs related to the implementation of the provisions of the Sarbanes-Oxley Act of 2002. SG&A expenses for 2004 represented 7 percent of net sales, consistent with the prior year.

OTHER INCOME (EXPENSE)-NET. Other income (expense)-net for 2004 increased $5 million from 2003, primarily reflecting a $1 million gain from the sale of an investment in 2004 and the recording, in 2003, of various asset write-downs aggregating $3 million.

OPERATING INCOME. A summary of operating income is shown below:

(in millions)	2004	2003	Favorable (Unfavorable) Variance	Favorable (Unfavorable) % Change
North America	$ 87	$ 68	$ 19	28%
South America	98	83	15	18%
Asia/Africa	48	54	(6)	(11)%
Corporate expenses	(33)	(31)	(2)	(6)%
Total	$ 200	$ 174	$ 26	15%
Plant closing costs (a)	(21)	—	(21)	(100)%
Operating income	$ 179	$ 174	$ 5	3%

(a) Includes a $19 million write-off of fixed assets and a $2 million charge for employee termination costs pertaining to the Company's manufacturing optimization initiative in Mexico and South America. See also Note 6 of the Notes to the Consolidated Financial Statements.

Operating income for 2004, including the $21 million restructuring charge for plant closures, increased 3 percent to $179 million from $174 million in 2003. Excluding the restructuring charge, operating income increased 15 percent from 2003 driven by earnings growth in North America and South America. North America operating income increased 28 percent from a year ago primarily due to improved performance in Canada and Mexico. Additionally, operating income in the region benefited from new legislation in Mexico that allowed us to reduce an existing employee benefit accrual by $2.6 million. The earnings increase in Mexico partially reflects increased sales of HFCS which, as previously mentioned, increased late in third quarter 2004 and are continuing, despite the country's tax on beverages sweetened with HFCS. See also Note 3 of the Notes to the Consolidated Financial Statements. South America operating income increased 18 percent from 2003, principally reflecting significantly higher earnings in Brazil where robust economic growth has resulted in strong demand for our products. Asia/Africa operating income declined 11 percent from 2003, principally due to an earnings decline in South Korea, where lower sales volume attributable to a weak economy and higher corn costs unfavorably affected our business.

FINANCING COSTS-NET. Financing costs-net declined to $34 million in 2004 from $39 million in 2003. The decrease primarily reflects lower interest costs attributable to reduced indebtedness and an increase in interest income. An increase in foreign currency transaction losses of approximately $1 million partially offset the lower interest costs.

PROVISION FOR INCOME TAXES. Our effective income tax rate was 30 percent in 2004 as compared to 36 percent in 2003. The decrease mainly reflects a reduction in foreign income taxes attributable to a statutory rate reduction and a favorable tax ruling in Mexico. Additionally, a statutory rate reduction in South Korea also contributed to the lower effective tax rate.

MINORITY INTEREST IN EARNINGS. Minority interest in earnings declined to $8 million in 2004 from $10 million in 2003. The decline from 2003 mainly reflects the effect of our March 2003 purchase of the remaining interest in our now wholly-owned Southern Cone of South America business and lower earnings in South Korea, partially offset by increased earnings in Pakistan.

COMPREHENSIVE INCOME. We recorded comprehensive income of $116 million in 2004, as compared with comprehensive income of $151 million in 2003. This decrease primarily reflects losses on cash flow hedges, which more than offset increased net income.

LIQUIDITY & CAPITAL RESOURCES

At December 31, 2005, our total assets were $2.39 billion, up from $2.37 billion at December 31, 2004. This increase primarily reflects translation effects associated with stronger foreign currencies relative to the US dollar. Stockholders' equity increased to $1.21 billion at December 31, 2005 from $1.08 billion at December 31, 2004, principally attributable to our 2005 net income, gains on cash flow hedges, favorable currency translation effects, and the exercise of stock options.

At December 31, 2005, we had total debt outstanding of $528 million, compared to $568 million at December 31, 2004. The debt outstanding includes $255 million (face amount) of 8.25 percent senior notes due 2007, $200 million (face amount) of 8.45 percent senior notes due 2009 and $75 million of consolidated subsidiary debt, consisting of local country borrowings. Of the consolidated subsidiary debt, $57 million represents short-term borrowings. Corn Products International, as the parent company, guarantees certain obligations of several of its consolidated subsidiaries, which aggregated $29 million at December 31, 2005. Management believes that such consolidated subsidiaries will meet their financial obligations as they become due.

The principal source of our liquidity comes from our internally generated cash flow, which we supplement as necessary with our ability to borrow on our bank lines and to raise funds in both the debt and equity markets. We have a $180 million Revolving Credit Agreement (the "Revolving Credit Agreement"), consisting of a $150 million revolving credit facility in the US and a $30 million revolving credit facility for our wholly-owned Canadian subsidiary, which expires in September 2009. There were no outstanding borrowings under the Revolving Credit Agreement at December 31, 2005. We also have approximately $333 million of unused operating lines of credit in the various foreign countries in which we operate.

The weighted average interest rate on total Company indebtedness was approximately 7.0 percent and 6.1 percent for 2005 and 2004, respectively. During 2005 and 2004, we benefited from interest rate swap agreements that effectively converted the interest rate associated with the Company's 8.45 percent senior notes to a variable interest rate. On August 5, 2005, we terminated $50 million of our $200 million fixed to floating rate interest rate swap agreements associated with our 8.45 percent $200 million senior notes due August 2009. The swap termination resulted in a gain of approximately $2 million, which is being amortized as a reduction to financing costs over the remaining term of the underlying debt (through August 2009). At December 31, 2005, the fair value of the remaining interest rate swap agreements relating to $150 million of our senior notes due 2009 approximated $5 million. The fair value of the outstanding interest rate swap agreements at December 31, 2004 approximated $18 million.

On February 1, 2006, we terminated the remaining fixed to floating interest rate swap agreements associated with the 8.45 percent senior notes. The swap termination resulted in a gain of approximately $3 million that will be amortized as a reduction to financing costs over the remaining term of the underlying debt (through August 2009).

NET CASH FLOWS

A summary of operating cash flows is shown below:

(in millions)	2005	2004
Net income	$ 90	$ 94
Depreciation	106	102
Write-off of fixed assets – plant closures	—	19
Deferred income taxes	(16)	(9)
Minority interest in earnings	3	8
Changes in working capital	60	(37)
Other	2	(11)
Cash provided by operations	$ 245	$ 166

Cash provided by operations was $245 million in 2005, as compared with $166 million in 2004. The increase in operating cash flow was driven by a decrease in working capital principally attributable to a reduction in margin accounts relating to corn futures contracts in the US and Canada, improved collections on accounts receivable and lower inventories. We plan to continue to hedge our US and Canadian corn purchases through the use of corn futures contracts and accordingly, will be required to make or be entitled to receive, cash deposits for margin calls depending on the movement in the market price for corn. The cash provided by operations was used primarily to fund capital expenditures, repurchase shares of common stock, reduce debt and pay dividends. Listed below are the Company's primary investing and financing activities for 2005 (in millions):

Capital expenditures	$(143)
Repurchases of common stock	(39)
Payments on debt	(47)
Proceeds from issuance of common stock	14
Dividends paid (including dividends to minority interest shareholders)	(22)

We currently anticipate that capital expenditures for 2006 will approximate $150 million. Included in this estimate are expenditures relating to the completion of the previously announced $100 million capital project at our Argo plant located in Bedford Park, Illinois. The project will include the shutdown and replacement of the plant's three current coal-fired boilers with one coal-fired boiler. This project is expected to reduce the plant's emissions as well as provide more efficient, reliable and effective energy production. Construction began in the fourth quarter of 2004 and is currently expected to be completed by the end of the third quarter of 2006.

On December 7, 2005, our board of directors declared a quarterly cash dividend of $0.07 per share of common stock. The cash dividend was paid on January 25, 2006 to stockholders of record at the close of business on January 4, 2006.

We expect that our operating cash flows and borrowing availability under our credit facilities will be more than sufficient to fund our anticipated capital expenditures, acquisitions, dividends and other investing and/or financing strategies for the foreseeable future.

CONTRACTUAL OBLIGATIONS AND OFF BALANCE SHEET ARRANGEMENTS

The table below summarizes our significant contractual obligations as of December 31, 2005. Information included in the table is cross-referenced to the Notes to the Consolidated Financial Statements elsewhere in this report, as applicable.

(in millions)		Payments due by period				
Contractual Obligations	Note reference	Total	Less than 1 year	2 – 3 years	4 – 5 years	More than 5 years
Long-Term Debt	8	$ 483	$ 10	$ 273	$ 200	$ —
Operating Lease Obligations	9	109	23	40	29	17
Purchase Obligations *		534	74	70	58	332
Total		$ 1,126	$ 107	$ 383	$ 287	$ 349

* *The purchase obligations relate principally to power supply agreements, including take or pay energy supply contracts, which help to provide us with an adequate power supply at certain of our facilities.*

On January 20, 2006, Corn Products Brasil — Ingredientes Industrias Ltda. ("CPO Brazil"), a wholly-owned subsidiary of the Company, entered into a Natural Gas Purchase and Sale Agreement (the "Agreement") with Companhia de Gas de Sao Paulo — Comgas ("Comgas"). Pursuant to the terms of the Agreement, Comgas will supply natural gas to the cogeneration facility at CPO Brazil's Mogi Guacu plant.

The Agreement will expire on March 31, 2023, unless extended or terminated under certain conditions specified in the Agreement. During the term of the Agreement, CPO Brazil is obligated to purchase from Comgas, and Comgas is obligated to provide to CPO Brazil, certain minimum quantities of natural gas that are specified in the Agreement. The price for such quantities of natural gas is determined pursuant to a formula set forth in the Agreement. It is estimated that the total minimum expenditures by CPO Brazil throughout the term of the Agreement would be approximately US$230,000,000, based on current exchange rates and estimates regarding the application of the formula set forth in the Agreement, spread evenly over the approximately 17-year term of the Agreement. These amounts are included in the purchase obligations disclosed in the table above.

As described in Note 13 of the Notes to the Consolidated Financial Statements, we have an agreement with certain common stockholders (collectively the "holder"), a representative of which serves on our Board of Directors, relating to 1,227,000 common shares, that provides the holder with the right to require us to repurchase the underlying common shares for cash at a price equal to the average of the closing per share market price of the Company's common stock for the 20 trading days immediately preceding the date that the holder exercises the put option. The put option is exercisable at any time until January 2010 when it expires. The holder can also elect to sell the common shares on the open market, subject to certain restrictions. The holder of the put option may not require us to repurchase less than 500,000 shares on any single exercise of the put option, and the put option may not be exercised more than once in any six month period. In the event the holder exercises the put option requiring us to repurchase the shares, we would be required to pay for the shares within 90 calendar days from the exercise date if the holder is selling the minimum number of shares (500,000), and within a prorated time period of between 90 and 360 calendar days if the holder is selling more than the minimum number of shares. For intermediate share amounts, a pro-rata payment period would be calculated (based on the

number of shares put). Any amount due would accrue interest at our revolving credit facility rate from the date of exercise until the payment date. In the event the holder had put all of the shares subject to the agreement to us on December 31, 2005, we would have been obligated to repurchase the shares for approximately $29 million based upon the average of the closing per share market price of the Company's common stock for the 20 trading days prior to December 31, 2005 ($23.43 per share). This amount is reflected as redeemable common stock in our Consolidated Balance Sheet at December 31, 2005.

We currently anticipate that in 2006 we will make cash contributions of $1 million and $5 million to our US and Canadian pension plans, respectively. See Note 11 of the Notes to the Consolidated Financial Statements for further information with respect to our pension and postretirement benefit plans.

KEY PERFORMANCE METRICS

The Company uses certain key metrics to better monitor our progress towards achieving our strategic business objectives. These metrics relate to our return on capital employed, our financial leverage, and our management of working capital, each of which is tracked on an ongoing basis. We assess whether we are achieving an adequate return on invested capital by measuring our “Return on Capital Employed” against our cost of capital. We monitor our financial leverage by regularly reviewing our ratio of debt to earnings before interest, taxes, depreciation and amortization (“Debt to EBITDA”) and our “Debt to Capitalization” percentage to assure that we are properly financed. We assess our level of working capital investment by evaluating our “Operating Working Capital as a percentage of Net Sales.” We believe the use of these metrics enables us to better run our business and is useful to investors.

The metrics below include certain information (including Capital Employed, Adjusted Operating Income, EBITDA, Adjusted Current Assets, Adjusted Current Liabilities and Operating Working Capital) that is not calculated in accordance with Generally Accepted Accounting Principles (“GAAP”). A reconciliation of these amounts to the most directly comparable financial measures calculated in accordance with GAAP is contained in the following tables. Management believes that this non-GAAP information provides investors with a meaningful presentation of useful information on a basis consistent with the way in which management monitors and evaluates the Company’s operating performance. The information presented should not be considered in isolation and should not be used as a substitute for our financial results calculated under GAAP. In addition, these non-GAAP amounts are susceptible to varying interpretations and calculations, and the amounts presented below may not be comparable to similarly titled measures of other companies.

Our calculations of these key metrics for 2005 with comparison to the prior year are as follows:

Return on Capital Employed (dollars in millions)	2005	2004
Total stockholders' equity	$ 1,210	$ 1,081
Add:		
Cumulative translation adjustment	257	292
Minority interest in subsidiaries	17	18
Redeemable common stock	29	33
Total debt	528	568
Less:		
Cash and cash equivalents	(116)	(101)
Capital employed (a)	$ 1,925	$ 1,891
Operating income	$ 183	$ 179
Adjusted for:		
Income taxes (at effective tax rates of 37.5% in 2005 and 30% in 2004)	(69)	(54)
Adjusted operating income, net of tax (b)	$ 114	$ 125
Return on Capital Employed (b¸a)	5.9%	6.6%

Debt to EBITDA ratio (dollars in millions)	2005	2004
Short-term debt	$ 57	$ 88
Long-term debt	471	480
Total debt (a)	$ 528	$ 568
Net income	$ 90	$ 94
Add back:		
Minority interest in earnings	3	8
Provision for income taxes	55	43
Interest expense, net of interest income of $5 and $3, respectively	32	33
Depreciation	106	102
EBITDA (b)	$ 286	$ 280
Debt to EBITDA ratio (a ÷ b)	1.8	2.0

Debt to Capitalization percentage (dollars in millions)	2005	2004
Short-term debt	$ 57	$ 88
Long-term debt	471	480
Total debt (a)	$ 528	$ 568
Deferred income tax liabilities	$ 128	$ 177
Minority interest in subsidiaries	17	18
Redeemable common stock	29	33
Stockholders' equity	1,210	1,081
Total capital	$ 1,384	$ 1,309
Total debt and capital (b)	$ 1,912	$ 1,877
Debt to Capitalization percentage (a¸b)	27.6%	30.3%

Operating Working Capital as a percentage of Net Sales (dollars in millions)	2005	2004
Current assets	$ 685	$ 684
Less: Cash and cash equivalents	(116)	(101)
Deferred income tax assets	(13)	(30)
Adjusted current assets	$ 556	$ 553
Current liabilities	$ 424	$ 462
Less: Short-term debt	(57)	(88)
Deferred income tax liabilities	(1)	—
Adjusted current liabilities	$ 366	$ 374
Operating working capital (a)	$ 190	$ 179
Net sales (b)	$ 2,360	$ 2,283
Operating Working Capital as a percentage of Net Sales (a ¸ b)	8.1%	7.8%

Commentary on Key Performance Metrics:

In accordance with the Company's long-term objectives, we have set certain goals relating to these key performance metrics that we will strive to meet. To date, we have achieved three of our four established targets and we currently anticipate that our operating performance in 2006 will improve over 2005, which should contribute towards the eventual attainment of our Return on Capital Employed goal. However, no assurance can be given that this goal will be attained and various factors could affect our ability to achieve not only this goal, but to also continue to meet our other key performance metric targets. See

Item 1A “Risk Factors” and Item 7A “Quantitative and Qualitative Disclosures About Market Risk.” The objectives set out below reflect our current aspirations in light of our present plans and existing circumstances. We may change these objectives from time to time in the future to address new opportunities or changing circumstances as appropriate to meet the long-term needs of the Company and its shareholders.

Return on Capital Employed **–** Our long-term goal is to achieve a Return on Capital Employed in excess of 8.5 percent. In determining this performance metric, the negative cumulative translation adjustment is added back to stockholders’ equity to calculate returns based on the Company’s original investment costs. The decrease in our computed return to 5.9 percent for 2005, from 6.6 percent in 2004, primarily reflects the impact of the significant decline in operating income in the US and its unfavorable impact on our income tax provision. Our effective income tax rate for 2005 was 37.5 percent, up from 30 percent in 2004. Operating income for 2004 included a $21 million restructuring charge for plant closures. See also Note 6 to the Consolidated Financial Statements for additional information relating to the plant closures.

Debt to EBITDA ratio – Our long-term objective is to maintain a ratio of debt to EBITDA of less than 2.25. This ratio declined to 1.8 at December 31, 2005 from 2.0 at December 31, 2004, primarily attributable to our reduction in debt. The EBITDA for 2004 was negatively impacted by the $21 million restructuring charge for plant closures. At a ratio of 1.8 at December 31, 2005 we have additional capacity to support organic and/or acquisition growth should we need to increase the Company’s financial leverage.

Debt to Capitalization percentage – Our long-term goal is to maintain a Debt to Capitalization percentage in the range of 32 to 35 percent. At December 31, 2005 our Debt to Capitalization percentage was 27.6 percent, as compared with 30.3 percent a year ago, reflecting a reduction in debt and an improved capital base.

Operating Working Capital as a percentage of Net Sales – Our long-term goal is to maintain operating working capital in a range of 8 to 10 percent of our net sales. The metric increased to 8.1 percent at December 31, 2005 from 7.8 percent a year ago, primarily reflecting an increase in operating working capital. We will continue to focus on managing our working capital in 2006.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

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

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

LONG-LIVED ASSETS

The Company has substantial investments in property, plant and equipment and goodwill. For property, plant and equipment we recognize the cost of depreciable assets in operations over the estimated useful life of the assets, and we evaluate the recoverability of these assets whenever events or changes in circumstances indicate that the carrying value of the assets may not be recoverable. For goodwill we perform an annual impairment assessment (or more frequently if impairment indicators arise) as required by Statement of Financial Accounting Standards ("SFAS") No. 142, "Goodwill and Other Intangible Assets." We have chosen to perform this annual impairment assessment in December of each year. An impairment loss is assessed and recognized in operating earnings if the fair value of either goodwill or property, plant and equipment is less than its carrying amount. For long-lived assets we test for recoverability whenever events or circumstances indicate that the carrying amount may not be recoverable as required by SFAS No. 144, "Accounting for the Impairment or Disposal of Long-lived Assets."

In analyzing the fair value of goodwill and assessing the recoverability of the carrying value of property, plant and equipment, we have to make projections regarding future cash flows. In developing these projections, we make a variety of important assumptions and estimates that have a significant impact on our assessments of whether the carrying values of goodwill and property, plant and equipment should be adjusted to reflect impairment. Among these are assumptions and estimates about the future growth and profitability of the related business unit, anticipated future economic, regulatory and political conditions in the business unit's market, the appropriate discount rates relative to the risk profile of the unit or assets being evaluated and estimates of terminal or disposal values.

Goodwill

We completed the required annual test of goodwill impairment for all of our affected reporting units in December 2005. In each case, based on our assumptions about future cash flows we expect to be able to generate from each reporting unit, the fair value of the reporting unit was in excess of the related carrying amounts, and accordingly, no impairment of goodwill was required to be measured and recognized.

On January 1, 2002, a discriminatory tax on beverages sweetened with high fructose corn syrup ("HFCS") approved by the Mexican Congress late in 2001, became effective. In response to the enactment of the tax, which at the time effectively ended the use of HFCS for beverages in Mexico, we ceased production of HFCS 55 at our San Juan del Rio plant, one of our three plants in Mexico. Over time, we have resumed production and sales of HFCS to certain beverage customers. These sales increased significantly beginning late in the third quarter of 2004, and in 2005, returned to levels attained prior to the imposition of the tax as a result of certain customers having obtained court rulings exempting them from paying the tax. The sales are continuing in 2006; however, the tax remains in place. For information regarding the status of the tax, see Note 3 of the Notes to the Consolidated Financial Statements.

Our ability to fully recover the carrying value of our long-term investment in Mexico, which consists primarily of goodwill and property, plant and equipment associated with the Mexican operations, is dependent upon the generation of sufficient cash flows from the use or disposition of these assets. Based on long-term forecasts of operating results, including the assumptions described below, we believe that the Company will generate sufficient cash flows from these long-term assets to fully recover their carrying values, and accordingly, no impairment of either goodwill or other long-term assets related to Mexico was recognized as of December 31, 2005.

In developing the estimates of the cash flows expected to be generated from the Mexican operations, we have assumed that shipments of HFCS to the Mexican beverage industry will continue for the foreseeable future at levels attained in 2005, which were significantly higher than the actual results from each of the three previous years.

While we continue our efforts to gain repeal of the tax, we cannot predict with any certainty the likelihood or timing of such repeal nor can we predict whether the Mexican beverage customers will continue purchasing HFCS at current levels. Failure to repeal the tax and a decline from the current levels of HFCS shipments could have a negative effect on the operating results and cash flows of our Mexican operation.

In the event that the tax is not ultimately repealed or modified, or that actual results significantly differ from those assumed, the Company could be required to recognize an impairment of goodwill and the amount of such impairment could be material. The carrying value of the goodwill related to the Mexican operations was approximately $120 million at December 31, 2005.

As previously disclosed, in response to the imposition of the tax we submitted an arbitration claim against the government of Mexico under the provisions of NAFTA seeking recovery in an amount not less than $325 million. In concluding that an impairment of the Mexican goodwill may arise if the tax is not repealed or its effect on HFCS sales in Mexico is not otherwise mitigated, we have not assumed that any proceeds would be received from our arbitration claim for compensation under NAFTA against the Mexican government. Any recovery we receive from the resolution of this claim would reduce or offset in whole or part, the amount of any impairment to be recognized. However, no assurance can be made that we will be successful with the arbitration claim.

Fixed Assets

In September 2005, the Canadian government initiated an anti-dumping and/or countervailing duty (AD/CVD) investigation on grain corn imported from the United States. The investigation related to the alleged effect of United States grain corn related subsidies on the Canadian grain corn market and the alleged dumping of United States grain corn into Canada. In November 2005, the Canadian International Trade Tribunal (CITT) made a preliminary determination of injury and in December 2005 the Canada Border Services Agency (CBSA) imposed a provisional duty on imported United States grain corn of US$l.65 per bushel.

Our Canadian subsidiary is a large industrial corn user and the sole processor of corn-refined starches, sweeteners, corn oil and animal feeds in Canada. We are pursuing all regulatory and other measures available to participate in the AD/CVD process, oppose the AD/CVD and, in the alternative, to minimize the amount of final duties imposed.

The CBSA is continuing its investigation of this matter and is expected to make a final decision as to the amount of final duties in mid-March 2006, although the final duties, if any, are not anticipated to become effective until mid-April 2006, when the CITT makes its final determination of injury. Final duties are typically imposed for five years, although this period could be shortened or extended depending upon future developments relating to alleged subsidization and/or dumping activities. Further appeals and related processes are available after the final determination of duties, but the final duties will be collected unless and until an appeal or similar process results in a reduction or elimination of final duties. Depending upon the amount of final duties, if any, management believes that the potential duties could have a significant impact on our Canadian operations. However, given that (i) the duty imposed in December 2005 is provisional and (ii) we are currently exploring several initiatives to minimize the impact of any such duties on the Canadian subsidiary as well as on the Company as a whole, including the reconfiguration of our North American business, operations, customers and markets, we have concluded that it is not necessary to test the long-term assets in Canada for recoverability under SFAS No. 144, Accounting for the Impairment or Disposal of Long-lived Assets, during 2005.

Depending on the amount of the final duty and the success of the initiatives outlined above, it may be necessary to close one or more of our three existing Canadian plants and/or test those assets for recoverability under SFAS No. 144. The carrying value of the long-lived assets in Canada at December 31, 2005 was approximately $176 million.

RETIREMENT BENEFITS

The Company sponsors non-contributory defined benefit plans covering substantially all employees in the United States and Canada, and certain employees in other foreign countries. We also provide healthcare and life insurance benefits for retired employees in the United States and Canada. In order to measure the expense and obligations associated with these retirement benefits, management must make a variety of estimates and assumptions, including discount rates used to value certain liabilities, expected return on plan assets set aside to fund these costs, rate of compensation increase, employee turnover rates, retirement rates, mortality rates, and other factors. These estimates and assumptions are based on our historical experience, along with our knowledge and understanding of current facts, trends and circumstances. We use third-party specialists to assist management in evaluating our assumptions and estimates, as well as to appropriately measure the costs and obligations associated with our retirement benefit plans. Had we used different estimates and assumptions with respect to these plans, our retirement benefit obligations and related expense could vary from the actual amounts recorded, and such differences could be material. See also Note 11 of the Notes to the Consolidated Financial Statements.

NEW ACCOUNTING STANDARDS

In November 2004, the Financial Accounting Standards Board ("FASB") issued Statement of Financial Accounting Standards ("SFAS") No. 151, "Inventory Costs — an amendment of ARB No. 43, Chapter 4" ("SFAS 151"), which clarifies the accounting for abnormal amounts of idle facility expense, freight, handling costs and spoilage. The standard requires that such costs be excluded from the cost of inventory and expensed when incurred. SFAS 151 is effective for fiscal years beginning after June 15, 2005. The Company does not expect that the adoption of SFAS 151 will have a material effect on its consolidated financial statements.

In December 2004, the FASB issued SFAS No. 153, "Exchanges of Nonmonetary Assets — an amendment of APB No. 29, Accounting for Nonmonetary Transactions" ("SFAS 153"), which requires that exchanges of productive assets be accounted for at fair value, rather than at carryover basis, unless (1) neither the asset received nor the asset surrendered has a fair value that is determinable within reasonable limits or (2) the transactions lack commercial substance. SFAS 153 is effective for non-monetary asset exchanges occurring in fiscal years beginning after June 15, 2005. The Company does not expect that the adoption of SFAS 153 will have a material effect on its consolidated financial statements.

In December 2004, the FASB issued SFAS No. 123R, "Share-Based Payment" ("SFAS 123R"), which revises SFAS No. 123, "Accounting for Stock Based Compensation", and supersedes APB 25. Among other items, SFAS 123R eliminates the use of APB 25 and the intrinsic value method of accounting, and requires companies to recognize in the financial statements the cost of employee services received in exchange for awards of equity instruments, based on the grant-date fair value of those awards. This cost is to be recognized over the period during which an employee is required to provide service in exchange for the award (typically the vesting period). SFAS 123R also requires that benefits associated with tax deductions in excess of recognized compensation cost be reported as a financing cash inflow, rather than as an operating cash flow as required under current literature.

SFAS 123R permits companies to adopt its requirements using either a “modified prospective” method, or a “modified retrospective” method. Under the “modified prospective” method, compensation cost is recognized in the financial statements beginning with the effective date, based on the requirements of SFAS 123R for all share-based awards granted or modified after that date, and based on the requirements of SFAS 123 for all unvested awards granted prior to the effective date of SFAS 123R. Under the “modified retrospective” method, the requirements are the same as under the “modified prospective” method, but this method also permits entities to restate financial statements of previous periods based on proforma disclosures made in accordance with SFAS 123. The Company is adopting SFAS 123R effective January 1, 2006 using the modified prospective method. The Company does not expect that the adoption of SFAS 123R will have a material effect on its consolidated financial statements. Refer to the proforma disclosures under “Stock Based Compensation” in Note 2 of the Notes to the Consolidated Financial Statements for an indication of ongoing expense that will be included in the consolidated income statement beginning in the first quarter of 2006.

In May 2005, the FASB issued SFAS No. 154, “Accounting Changes and Error Corrections” (“SFAS 154”), which changes the requirements for the accounting for and reporting of a change in accounting principle. The statement requires retrospective application to prior period financial statements of changes in accounting principle, unless impracticable to do so. It also requires that a change in the depreciation, amortization, or depletion method for long-lived non-financial assets be accounted as a change in accounting estimate, effected by a change in accounting principle. Accounting for error corrections and accounting estimate changes will continue under the guidance in APB Opinion 20, “Accounting Changes,” as carried forward in this pronouncement. The statement is effective for fiscal years beginning after December 15, 2005. The Company does not expect that the adoption of SFAS 154 will have a material effect on its consolidated financial statements.

In November 2005, the FASB issued FSP Nos. FAS 115-1 and 124-1, “The Meaning of Other-Than-Temporary Impairment and Its Application to Certain Investments.” This FSP addresses the determination as to when an investment is considered impaired, whether the impairment is ‘other-than-temporary’, and the measurement of an impairment loss. The investment is impaired if the fair value is less than cost. The impairment is ‘other-than-temporary’ for equity securities and debt securities that can contractually be prepaid or otherwise settled in such a way that the investor would not recover substantially all of its cost. If ‘other-than-temporary’, an impairment loss shall be recognized in earnings equal to the difference between the investment’s cost and its fair value. The guidance in this FSP is effective in reporting periods beginning after December 15, 2005. The Company is reviewing FSP Nos. FAS 115-1 and 124-1, but does not expect that the adoption of this FSP will have a material effect on its consolidated financial statements.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

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 (the "Company") as of December 31, 2005 and 2004, and the related consolidated statements of income, comprehensive income, stockholders ´ equity and redeemable equity, and cash flows for each of the years in the three-year period ended December 31, 2005. 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 the standards of the Public Company Accounting Oversight Board (United States). 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, 2005 and 2004, and the results of their operations and their cash flows for each of the years in the three-year period ended December 31, 2005, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the effectiveness of the Company's internal control over financial reporting as of December 31, 2005, based on criteria established in *Internal Control – Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO), and our report dated March 8, 2006 expressed an unqualified opinion on management's assessment of, and the effective operation of, internal control over financial reporting.

KPMG LLP
Chicago, Illinois
March 8, 2006

CORN PRODUCTS INTERNATIONAL, INC.
Consolidated Statements of Income

Years Ended December 31, (in millions, except per share amounts)	2005	2004	2003
Net sales before shipping and handling costs	$ 2,559	$ 2,461	$ 2,269
Less – shipping and handling costs	199	178	167
Net sales	2,360	2,283	2,102
Cost of sales	2,028	1,929	1,778
Gross profit	**332**	**354**	**324**
Selling, general and administrative expenses	158	158	149
Other (income) expense-net	(9)	(4)	1
Plant closing costs	—	21	—
	149	**175**	**150**
Operating income	**183**	**179**	**174**
Financing costs-net	35	34	39
Income before income taxes and minority interest	148	145	135
Provision for income taxes	55	43	49
Minority interest in earnings	3	8	10
Net income	**$ 90**	**$ 94**	**$ 76**
Weighted average common shares outstanding:			
Basic	74.7	73.4	72.0
Diluted	75.6	74.7	72.4
Earnings per common share:			
Basic	$ 1.20	$ 1.28	$ 1.06
Diluted	1.19	1.25	1.06

See notes to the consolidated financial statements.

CORN PRODUCTS INTERNATIONAL, INC.
Consolidated Balance Sheets

As of December 31, (in millions, except share and per share amounts)	2005	2004
Assets		
Current assets		
Cash and cash equivalents	$ 116	$ 101
Accounts receivable – net	287	284
Inventories	258	258
Prepaid expenses	11	11
Deferred income tax assets	13	30
Total current assets	**685**	**684**
Property, plant and equipment, at cost		
Land	114	112
Buildings	344	331
Machinery and equipment	2,639	2,479
	3,097	2,922
Less accumulated depreciation	(1,823)	(1,711)
	1,274	1,211
Goodwill and other intangible assets (less accumulated amortization of $31 and $30, respectively)	359	353
Deferred income tax assets	3	42
Investments	11	9
Other assets	57	68
Total assets	**$ 2,389**	**$ 2,367**
Liabilities and equity		
Current liabilities		
Short-term borrowings and current portion of long-term debt	$ 57	$ 88
Deferred income taxes	1	—
Accounts payable	263	261
Accrued liabilities	103	113
Total current liabilities	**424**	**462**
Non-current liabilities	110	116
Long-term debt	471	480
Deferred income taxes	128	177
Minority interest in subsidiaries	17	18
Redeemable common stock (1,227,000 shares issued and outstanding at December 31, 2005 and 2004) stated at redemption value	29	33
Stockholders' equity		
Preferred stock – authorized 25,000,000 shares- $0.01 par value, none issued	—	—
Common stock – authorized 200,000,000 shares- $0.01 par value – 74,092,774 issued at December 31, 2005 and 2004	1	1
Additional paid-in capital	1,068	1,047
Less: Treasury stock (common stock; 1,528,724 and 792,254 shares at December 31, 2005 and 2004, respectively) at cost	(36)	(4)
Deferred compensation – restricted stock	(1)	(2)
Accumulated other comprehensive loss	(251)	(321)
Retained earnings	429	360
Total stockholders' equity	**1,210**	**1,081**
Total liabilities and equity	**$ 2,389**	**$ 2,367**

See notes to the consolidated financial statements.

CORN PRODUCTS INTERNATIONAL, INC.
Consolidated Statements of Comprehensive Income

Years ended December 31, (in millions)	2005	2004	2003
Net income	**$ 90**	**$ 94**	**$ 76**
Comprehensive income (loss):			
Gains (losses) on cash flow hedges, net of income tax effect of $7, $15 and $5, respectively	12	(26)	9
Reclassification adjustment for losses (gains) on cash flow hedges included in net income, net of income tax effect of $14, $5 and $5, respectively	24	(8)	10
Currency translation adjustment	35	57	58
Minimum pension liability, net of income tax effect	(1)	(1)	(2)
Comprehensive income	**$ 160**	**$ 116**	**$ 151**

See notes to the consolidated financial statements.

CORN PRODUCTS INTERNATIONAL, INC.
Consolidated Statements of Stockholders' Equity and Redeemable Equity

(in millions)	Common Stock	Additional Paid-In Capital	Treasury Stock	Deferred Compensation	Accumulated Other Comprehensive Income (Loss)	Retained Earnings	Redeemable Common Stock
	STOCKHOLDERS' EQUITY						
Balance, December 31, 2002	**$1**	**$1,015**	**$(48)**	**$ (4)**	**$(418)**	**$224**	**$ 58**
Net income						**76**	
Dividends declared						**(15)**	
Gains on cash flow hedges, net of income tax effect of $5					**9**		
Amount of losses on cash flow hedges reclassified to earnings, net of income tax effect of $5					**10**		
Issuance of common stock in connection with acquisition			**8**				
Issuance of common stock on exercise of stock options			**5**				
Amortization to compensation expense of restricted common stock				**1**			
Change in fair value of redeemable common stock		**(9)**					**9**
Currency translation adjustment					**58**		
Minimum pension liability, net of income tax effect					**(2)**		
Balance, December 31, 2003	**$1**	**$1,006**	**$(35)**	**$ (3)**	**$(343)**	**$285**	**$ 67**
Net income						**94**	
Dividends declared						**(19)**	
Losses on cash flow hedges, net of income tax effect of $15					**(26)**		
Amount of gains on cash flow hedges reclassified to earnings, net of income tax effect of $5					**(8)**		
Issuance of restricted common stock as compensation			**1**	**(1)**			
Issuance of common stock on exercise of stock options			**30**				
Tax benefit attributable to exercises of employee stock options		**7**					
Amortization to compensation expense of restricted common stock				**2**			
Change in fair value and number of shares of redeemable common stock		**34**					**(34)**
Currency translation adjustment					**57**		
Minimum pension liability, net of income tax effect					**(1)**		
Balance, December 31, 2004	**$1**	**$1,047**	**$ (4)**	**$ (2)**	**$(321)**	**$360**	**$ 33**
Net income						**90**	
Dividends declared						**(21)**	
Gains on cash flow hedges, net of income tax effect of $7					**12**		
Amount of losses on cash flow hedges reclassified to earnings, net of income tax effect of $14					**24**		
Issuance of restricted stock units		**5**					
Repurchases of common stock			**(39)**				
Issuance of common stock on exercise of stock options		**7**	**7**				
Tax benefit attributable to exercises of employee stock options		**5**					
Amortization to compensation expense of restricted common stock				**1**			
Change in fair value of redeemable common stock		**4**					**(4)**
Currency translation adjustment					**35**		
Minimum pension liability, net of income tax effect					**(1)**		
Balance, December 31, 2005	**$1**	**$1,068**	**$(36)**	**$ (1)**	**$(251)**	**$429**	**$ 29**

See notes to the consolidated financial statements.

CORN PRODUCTS INTERNATIONAL, INC.
Consolidated Statements of Cash Flows

Years ended December 31, (in millions)	**2005**	**2004**	**2003**
Cash provided by (used for) operating activities:			
Net income	$ 90	$ 94	$ 76
Non-cash charges (credits) to net income:			
Depreciation	106	102	101
Write-off of fixed assets – plant closures	—	19	—
Deferred income taxes	(16)	(9)	4
Minority interest in earnings	3	8	10
Earnings from non-controlled affiliates	(1)	(1)	(1)
Foreign currency transaction losses	3	1	—
Changes in trade working capital:			
Accounts receivable and prepaid expenses	24	(14)	12
Inventories	5	(34)	(11)
Accounts payable and accrued liabilities	31	11	48
Other	—	(11)	(3)
Cash provided by operating activities	245	166	236
Cash provided by (used for) investing activities:			
Capital expenditures	(143)	(104)	(83)
Proceeds from disposal of plants and properties	7	1	1
Proceeds from sale of investment	—	21	—
Payments for acquisitions, net of cash acquired	(5)	(68)	(48)
Other	—	1	—
Cash used for investing activities	(141)	(149)	(130)
Cash provided by (used for) financing activities:			
Payments on debt	(47)	(41)	(65)
Proceeds from borrowings	3	47	7
Dividends paid (including to minority interest shareholders)	(22)	(23)	(20)
Repurchases of common stock	(39)	—	—
Issuance of common stock	14	30	5
Cash (used for) provided by financing activities	(91)	13	(73)
Effects of foreign exchange rate changes on cash	2	1	1
Increase in cash and cash equivalents	15	31	34
Cash and cash equivalents, beginning of period	101	70	36
Cash and cash equivalents, end of period	$ 116	$ 101	$ 70

See notes to the consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1- Description of the Business

Corn Products International, Inc. (the "Company") was founded in 1906 and became an independent and public company as of December 31, 1997. The Company operates domestically and internationally in one business segment, corn refining, and produces a wide variety of products.

NOTE 2- Summary of Significant Accounting Policies

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

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

Certain prior year amounts have been reclassified to conform with the current year's presentation. These reclassifications had no effect on previously recorded net income.

Assets and liabilities of foreign subsidiaries, other than those whose functional currency is the US dollar, are translated at current exchange rates with the related translation adjustments reported in stockholders' equity as a component of accumulated other comprehensive income (loss). Income statement accounts are translated at the average exchange rate during the period. Where the US 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. The Company incurs foreign currency transaction gains/losses relating to assets and liabilities that are denominated in a currency other than the functional currency. For 2005, 2004 and 2003, the Company incurred foreign currency transaction losses (gains) of $3 million, $1 million, and ($0.4 million), respectively. The Company's accumulated other comprehensive loss included in stockholders' equity on the Consolidated Balance Sheets includes negative cumulative translation adjustments of $257 million and $292 million at December 31, 2005 and 2004, respectively.

Per share data – All amounts per common share and the number of common shares for all periods included in this report have been retroactively adjusted to reflect the January 25, 2005 two-for-one stock split. See Note 14, "Stockholders' Equity," for additional information pertaining to the stock split.

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

Inventories – Inventories are stated at the lower of cost or net realizable value. Costs are determined using the first-in, first-out (FIFO) method.

Investments – Investments in the common stock of affiliated companies over which the Company does not exercise significant influence are accounted for under the cost method and are carried at cost or less. At December 31, 2005, the Company had an investment accounted for under the cost method of $6 million. Investments that enable the Company to exercise significant influence, but do not represent a controlling interest, are accounted for under the equity method; such investments are carried at cost or less, adjusted to reflect the Company's proportionate share of income or loss, less dividends received. The Company would recognize a loss on these investments when there is a loss in value of an investment which is other than a temporary decline.

Property, plant and equipment and depreciation – Property, plant and equipment are stated at cost less accumulated depreciation. Depreciation is generally computed on the straight-line method over the estimated useful lives of depreciable assets, which range from 10 to 50 years for buildings and from 3 to 25 years for all other assets. Where permitted by law, accelerated depreciation methods are used for tax purposes. The Company reviews the recoverability of the net book value of property, plant and equipment for impairment whenever events and circumstances indicate that the net book value of an asset may not be recoverable from estimated future cash flows expected to result from its use and eventual disposition. If this review indicates that the carrying values will not be recovered, the carrying values would be reduced and an impairment loss would be recognized.

Goodwill and other intangible assets – Goodwill ($351 million and $344 million at December 31, 2005 and 2004, respectively) represents the excess of cost over fair value of net assets acquired. The Company also has other intangible assets ($8 million and $9 million at December 31, 2005 and December 31, 2004, respectively) principally related to the recognition of minimum pension liabilities. The carrying amount of goodwill and other intangible assets by geographic segment as of December 31, 2005 and 2004 was as follows:

(in millions)	At December 31, 2005	At December 31, 2004
North America	$ 129	$ 131
South America	62	61
Asia/Africa	168	161
Total	$ 359	$ 353

As required by Statement of Financial Accounting Standards No. 142, “Goodwill and Other Intangible Assets” (“SFAS 142”), the Company assesses goodwill for impairment annually (or more frequent if impairment indicators arise). The Company has chosen to perform this annual impairment assessment in December of each year. The Company has completed the required impairment assessments and determined there to be no goodwill impairment.

Revenue recognition – The Company recognizes operating revenues at the time title to the goods and all risks of ownership transfer to customers. This generally occurs upon the date of shipment, except in the case of consigned inventories where title passes and the transfer of ownership risk occurs when the goods are used by the customer.

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

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

Changes in the fair value of a floating-to-fixed interest rate swap or a futures contract for corn or natural gas that is highly effective and that is designated and qualifies as a cash-flow hedge are recorded in other comprehensive income (loss), net of applicable income taxes, and recognized in the Consolidated Statement of Income when the variable rate interest is paid or the finished goods produced using the hedged item are sold. The maximum term over which the Company hedges exposures to the variability of cash flows for commodity price risk is 36 months. Changes in the fair value of a fixed-to-floating interest rate swap agreement that is highly effective and that is designated and qualifies as a fair-value hedge, along with the loss or gain on the hedged debt obligation that is attributable to the hedged risk, are recorded in earnings. The ineffective portion of the change in fair value of a derivative instrument that qualifies as either a cash-flow hedge or a fair-value hedge is reported in earnings.

The Company discontinues hedge accounting prospectively when it is determined that the derivative is no longer effective in offsetting changes in the cash flows or fair value of the hedged item, the derivative expires or is sold, terminated or exercised, the derivative is de-designated as a hedging instrument because it is unlikely that a forecasted transaction will occur, or management determines that designation of the derivative as a hedging instrument is no longer appropriate. When hedge accounting is discontinued because it is probable that a forecasted transaction will not occur, the Company continues to carry the derivative on the Consolidated Balance Sheet at its fair value, and gains and losses that were accumulated in other comprehensive income (loss) are recognized immediately in earnings. When hedge accounting is discontinued because it is determined that the derivative no longer qualifies as an effective fair-value hedge, the Company continues to carry the derivative on the Consolidated Balance Sheet at its fair value and no longer adjusts the hedged asset or liability for changes in fair value. The adjustment of the carrying amount of the hedged asset or liability is accounted for in the same manner as other components of the carrying amount of that asset or liability. In all other situations in which hedge accounting is discontinued, the Company continues to carry the derivative at its fair value on the Consolidated Balance Sheet and recognizes any changes in its fair value in earnings.

Stock-based compensation – The Company has a stock incentive plan that provides for stock-based employee compensation, including the granting of stock options and shares of restricted stock, to certain key employees. The plan is more fully described in Note 14. The Company accounts for the stock incentive plan in accordance with the recognition and measurement principles of APB Opinion No. 25, “Accounting for Stock Issued to Employees,” and related Interpretations. Under this method, compensation expense is recorded on the date of grant only if the current market price of the underlying stock exceeds the exercise price. Under the Company’s stock incentive plan, stock options are granted at exercise prices that equal the market value of the underlying common stock on the date of grant. Therefore, no compensation expense related to stock options is recorded in the Consolidated Statements of Income.

Statement of Financial Accounting Standards No. 123, “Accounting for Stock-Based Compensation” (“SFAS 123”), established accounting and disclosure requirements using a fair-value based method of accounting for stock-based employee compensation plans. As allowed by SFAS 123, the Company has elected to continue to apply the intrinsic-value-based method of accounting described above, and has adopted only the disclosure requirements of SFAS 123. The following table illustrates the effect on net income and earnings per share if the fair-value-based recognition provisions of SFAS 123 had been applied to all outstanding and unvested awards in each period:

(in millions, except per share amounts) Years Ended December 31,	2005	2004	2003
Net income, as reported	$ 90	$ 94	$ 76
Add: Stock-based employee compensation expense included in reported net income, net of tax	1	1	1
Deduct: Stock-based employee compensation expense determined under fair value based method for all awards, net of related tax effects	(4)	(4)	(3)
Pro forma net income	$ 87	$ 91	$ 74
Earnings per share:			
Basic – as reported	$ 1.20	$ 1.28	$ 1.06
Basic – pro forma	$ 1.16	$ 1.23	$ 1.03
Diluted – as reported	$ 1.19	$ 1.25	$ 1.06
Diluted – pro forma	$ 1.15	$ 1.21	$ 1.02

Earnings per common share – Basic earnings per common share is computed by dividing net income by the weighted average number of shares outstanding (including redeemable common stock), which totaled 74.7 million for 2005, 73.4 million for 2004 and 72.0 million for 2003. Diluted earnings per share (EPS) is computed by dividing net income by the weighted average number of shares outstanding, including the dilutive effect of stock options outstanding. The weighted average number of shares outstanding for diluted EPS calculations were 75.6 million, 74.7 million and 72.4 million for 2005, 2004 and 2003, respectively. In 2005, 2004 and 2003, options to purchase 1,019,150, 165,907 and 2,078,978 shares of common stock, respectively, were excluded from the calculation of the weighted average number of shares outstanding for diluted EPS because their effects were anti-dilutive.

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

Recently issued accounting standards — In November 2004, the Financial Accounting Standards Board (“FASB”) issued Statement of Financial Accounting Standards (“SFAS”) No. 151, “Inventory Costs — an amendment of ARB No. 43, Chapter 4” (“SFAS 151”), which clarifies the accounting for abnormal amounts of idle facility expense, freight, handling costs and spoilage. The standard requires that such costs be excluded from the cost of inventory and expensed when incurred. SFAS 151 is effective for fiscal years beginning after June 15, 2005. The Company does not expect that the adoption of SFAS 151 will have a material effect on its consolidated financial statements.

In December 2004, the FASB issued FSP FAS 109-1 “Application of FASB Statement No. 109, Accounting for Income Taxes, to the Tax Deduction on Qualified Production Activities Provided by the American Jobs Creation Act of 2004” (the “FSP”) to provide guidance on the application of Statement 109 to the provision within the American Jobs Creation Act of 2004 (the “Act”) that provides tax relief to US domestic manufacturers. The FSP states that the manufacturers’ deduction for qualified production activities provided for under the Act should be accounted for as a special deduction in accordance with Statement 109 and not as a tax rate reduction. A special deduction is accounted for by recording the deduction in the year in which it can be taken in the Company’s tax return. The adoption of the FSP has not had a material impact on the Company’s consolidated financial statements.

The American Jobs Creation Act of 2004 provides, among other things, for a special one-time tax deduction of 85 percent of certain foreign earnings that are repatriated, as defined in the Act. The effect of the repatriation provision did not have a material impact on the Company's consolidated financial statements.

In December 2004, the FASB issued SFAS No. 153, "Exchanges of Nonmonetary Assets — an amendment of APB No. 29, Accounting for Nonmonetary Transactions" ("SFAS 153"), which requires that exchanges of productive assets be accounted for at fair value, rather than at carryover basis, unless (1) neither the asset received nor the asset surrendered has a fair value that is determinable within reasonable limits or (2) the transactions lack commercial substance. SFAS 153 is effective for non-monetary asset exchanges occurring in fiscal years beginning after June 15, 2005. The Company does not expect that the adoption of SFAS 153 will have a material effect on its consolidated financial statements.

In December 2004, the FASB issued SFAS No. 123R, "Share-Based Payment" ("SFAS 123R"), which revises SFAS No. 123, "Accounting for Stock Based Compensation", and supersedes APB 25. Among other items, SFAS 123R eliminates the use of APB 25 and the intrinsic value method of accounting, and requires companies to recognize in the financial statements the cost of employee services received in exchange for awards of equity instruments, based on the grant-date fair value of those awards. This cost is to be recognized over the period during which an employee is required to provide service in exchange for the award (typically the vesting period). SFAS 123R also requires that benefits associated with tax deductions in excess of recognized compensation cost that are recognized by crediting additional paid-in capital be reported as a financing cash inflow, rather than as an operating cash flow as required under current literature.

SFAS 123R permits companies to adopt its requirements using either a "modified prospective" method, or a "modified retrospective" method. Under the "modified prospective" method, compensation cost is recognized in the financial statements beginning with the effective date, based on the requirements of SFAS 123R for all share-based awards granted or modified after that date, and based on the requirements of SFAS 123 for all unvested awards granted prior to the effective date of SFAS 123R. Under the "modified retrospective" method, the requirements are the same as under the "modified prospective" method, but this method also permits entities to restate financial statements of previous periods based on proforma disclosures made in accordance with SFAS 123. The original effective date for adoption of SFAS 123R has been deferred, and the Company is now required to adopt the provisions of SFAS 123R at the beginning of the first annual period beginning after June 15, 2005. The Company is adopting SFAS 123R effective January 1, 2006 using the modified prospective method. The Company does not expect that the adoption of SFAS 123R will have a material effect on its consolidated financial statements. Refer to proforma disclosures under "Stock-based compensation" presented earlier in this Note 2 for an indication of ongoing expense that will be included in the Consolidated Income Statement beginning in the first quarter of 2006.

In March 2005, the FASB issued FASB Interpretation No. 47, "Accounting for Conditional Asset Retirement Obligations" ("FIN 47"). FIN 47 clarifies that a conditional asset retirement obligation, as used in SFAS No. 143, "Accounting for Asset Retirement Obligations," refers to a legal obligation to perform an asset retirement activity in which the timing and/or method of the settlement are conditional on a future event that may or may not be within the control of the entity. The Statement is effective for the Company no later than December 31, 2005. The adoption of FIN 47 did not have a material effect on the Company's consolidated financial statements.

In May 2005, the FASB issued SFAS No. 154, "Accounting Changes and Error Corrections" ("SFAS 154"), which changes the requirements for the accounting and reporting of a change in accounting principle. The statement requires retrospective application to prior period financial statements of changes in accounting principle, unless impracticable to do so. It also requires that a change in the depreciation, amortization, or depletion method for long-lived non-financial assets be accounted as a change in accounting estimate, effected by a change in accounting principle. Accounting for error corrections and accounting estimate changes will continue under the guidance in APB Opinion 20, "Accounting Changes," as carried forward in this pronouncement. The statement is effective for fiscal years beginning after December 15, 2005. The Company does not expect that the adoption of SFAS 154 will have a material effect on its consolidated financial statements.

In November 2005, the FASB issued FSP Nos. FAS 115-1 and 124-1, "The Meaning of Other-Than-Temporary Impairment and Its Application to Certain Investments." This FSP addresses the determination as to when an investment is considered impaired, whether the impairment is 'other-than-temporary', and the measurement of an impairment loss. The investment is impaired if the fair value is less than cost. The impairment is 'other-than-temporary' for equity securities and debt securities that can contractually be prepaid or otherwise settled in such a way that the investor would not recover substantially all of its cost. If 'other-than-temporary', an impairment loss shall be recognized in earnings equal to the difference between the investment's cost and its fair value. The guidance in this FSP is effective in reporting periods beginning after December 15, 2005. The Company is reviewing FSP Nos. FAS 115-1 and 124-1, but does not expect that the adoption of this FSP will have a material effect on its consolidated financial statements.

NOTE 3 – Mexican Tax on Beverages Sweetened with HFCS/Recoverability of Mexican Assets

On January 1, 2002, a discriminatory tax on beverages sweetened with high fructose corn syrup ("HFCS") approved by the Mexican Congress late in 2001, became effective. In response to the enactment of the tax, which at the time effectively ended the use of HFCS for beverages in Mexico, the Company ceased production of HFCS 55 at its San Juan del Rio plant, one of its three plants in Mexico. Over time, the Company resumed production and sales of HFCS to certain beverage customers. These sales increased significantly beginning late in the third quarter of 2004, and in 2005, returned to levels attained prior to the imposition of the tax as a result of certain customers having obtained court rulings exempting them from paying the tax. These sales are continuing in 2006; however, the tax remains in place.

The Company's ability to fully recover the carrying value of its long-term investment in Mexico, which consists primarily of goodwill and property, plant and equipment associated with the Mexican operations, is dependent upon the generation of sufficient cash flows from the use or disposition of these assets. Based on long-term forecasts of operating results, including the assumptions described below, the Company believes that it will generate sufficient cash flows from these long-term assets to fully recover their carrying values, and accordingly, no impairment of either goodwill or other long-term assets related to Mexico was recognized as of December 31, 2005.

In developing the estimates of cash flows expected to be generated from the Mexican operations, the Company has assumed that shipments of HFCS to the Mexican beverage industry will continue for the foreseeable future at levels attained in 2005, which were significantly higher than the actual results in each of the three previous years.

While the Company continues its efforts to gain repeal of the tax, it cannot predict with any certainty the likelihood or timing of such repeal nor can it predict whether the Mexican beverage customers will continue purchasing HFCS at current levels. Failure to repeal the tax and a decline from the current levels of HFCS shipments could have a negative effect on the operating results and cash flows of the Mexican operation.

In the event that the tax is not ultimately repealed or modified, or that actual results significantly differ from those assumed, the Company could be required to recognize an impairment of goodwill and the amount of such impairment could be material. The carrying value of the goodwill related to the Mexican operations was approximately $120 million at December 31, 2005.

As previously disclosed, in response to the imposition of the tax the Company submitted an arbitration claim against the government of Mexico under the provisions of NAFTA seeking recovery in an amount not less than $325 million. In concluding that an impairment of the Mexican goodwill may arise if the tax is not repealed or its effect on HFCS sales in Mexico is not otherwise mitigated, the Company has not assumed that any proceeds would be received from its arbitration claim for compensation under NAFTA against the Mexican government. Any recovery the Company receives from the resolution of this claim would reduce or offset, in whole or in part, the amount of any impairment to be recognized. However, no assurances can be made that the Company will be successful with its arbitration claim.

On October 7, 2005, the World Trade Organization (WTO) issued a Report of the Panel stating that Mexico's tax on beverages sweetened with HFCS violated Mexico's WTO commitments. The report of the Appellate Body was issued on March 6, 2006 and upheld the Panels' conclusion. The process toward conclusion of the matter is expected to continue for several months, and the Company continues to support a permanent resolution to this issue.

NOTE 4 – Canadian Anti-Dumping/Countervailing Duties

In September 2005, the Canadian government initiated an anti-dumping and/or countervailing duty (AD/CVD) investigation on grain corn imported from the United States. The investigation related to the alleged effect of United States grain corn related subsidies on the Canadian grain corn market and the alleged dumping of United States grain corn into Canada. In November 2005, the Canadian International Trade Tribunal (CITT) made a preliminary determination of injury and in December 2005 the Canada Border Services Agency (CBSA) imposed a provisional duty on imported United States grain corn of US$l.65 per bushel.

The Company's Canadian subsidiary is a large industrial corn user and the sole processor of corn-refined starches, sweeteners, corn oil and animal feeds in Canada. The Company is pursuing all regulatory and other measures available to participate in the AD/CVD process, oppose the AD/CVD and, in the alternative, to minimize the amount of final duties imposed.

The CBSA is continuing its investigation of this matter and is expected to make a final decision as to the amount of final duties in mid-March 2006, although the final duties, if any, are not anticipated to become effective until mid-April 2006, when the CITT makes its final determination of injury. Final duties are typically imposed for five years, although this period could be shortened or extended depending upon future developments relating to alleged subsidization and/or dumping activities. Further appeals and related processes are available after the final determination of duties, but the final duties will be collected unless and until an appeal or similar process results in a reduction or elimination of final duties. Depending upon the amount of final duties, if any, management believes that the potential duties could have a significant impact on the Company's Canadian operations. However, given that (i) the duty imposed in December 2005 is provisional and (ii) the Company is currently exploring several initiatives to minimize the impact of any such duties on the Canadian subsidiary as well as on the Company as a whole, including the reconfiguration of the North American business, operations, customers and markets, the Company has concluded that it is not necessary to test the long-term assets in Canada for recoverability under SFAS No. 144, Accounting for the Impairment or Disposal of Long-lived Assets, during 2005. Depending on the amount of the final duty and the success of the initiatives outlined above, it may be necessary for the Company to close one or more of its three existing Canadian plants and/or test those assets for recoverability under SFAS No. 144. The carrying value of the long-lived assets in Canada at December 31, 2005 was approximately $176 million.

NOTE 5 – Acquisitions/Dispositions

On December 29, 2004, the Company increased its ownership in Doosan Corn Products Korea, Inc. to 100 percent by purchasing an additional 25 percent ownership interest from the minority interest shareholders, and subsequently renamed the wholly-owned subsidiary Corn Products Korea, Inc. The Company paid $65 million in cash to acquire the additional ownership interest, which approximated the carrying value of the minority interest.

On December 1, 2004, the Company sold its investment in Nihon Shokuhin Kako Kabishiki Kaisha ("NSK"), a Japanese corn refiner, for $21 million in cash. The Company recorded a $1 million pretax gain from the sale, which is included in other income in the 2004 Consolidated Statement of Income.

On March 27, 2003, the Company increased its ownership in its Southern Cone of South America business to 100 percent by purchasing an additional 27.76 percent ownership interest from the minority interest shareholders. The Company paid $53 million to acquire the additional ownership interest, consisting of $45 million in cash and the issuance of 541,584 shares of common stock valued at $8 million. Goodwill of approximately $37 million was recorded.

The Company also made other acquisitions during the last three years, none of which, either individually or in the aggregate, were material.

All of the Company's acquisitions were accounted for under the purchase method. Had the acquisitions described above occurred at the beginning of the respective years, the effect on the Company's consolidated financial statements would not have been significant.

NOTE 6 – Restructuring Charges

As part of a manufacturing optimization initiative in Mexico and South America, the Company permanently closed two production facilities in the fourth quarter of 2004. As a result of these plant closures, the Company recorded a restructuring charge of $21 million ($15 million after-tax) which is classified as plant closing costs in the Consolidated Statement of Income for 2004. The $21 million charge consists of a $19 million write-off of fixed assets and $2 million in expenses for employee severance costs and related benefits pertaining to the termination of approximately 160 employees. The $19 million charge included write-offs of fixed assets in Mexico and South America of approximately $14 million and $5 million, respectively. The $2 million charge for employee severance and related benefits included costs of $1 million in each of Mexico and South America. As of December 31, 2005, the restructuring accrual was fully utilized.

NOTE 7 – Financial Instruments, Derivatives and Hedging Activities

Fair value of financial instruments:

The carrying values of cash equivalents, accounts receivable, accounts payable and short-term borrowings approximate fair values. The fair value of the Company's long-term debt is estimated by discounting the future cash flows of each instrument at rates currently available to the Company for similar debt instruments of comparable maturities. Based on market quotes of the yields at which the Company could issue debt with similar terms and remaining maturities, the fair value of long-term debt, including the current portion of long-term debt, at December 31, 2005 and 2004, was $513 million and $540 million, respectively.

Derivatives:

The Company uses derivative financial instruments primarily to manage the exposure to price risk related to corn and natural gas purchases used in the manufacturing process and to manage its exposure to changes in interest rates on outstanding debt instruments. The Company generally does not enter into derivative instruments for any purpose other than hedging the cash flows associated with future interest payments on variable rate debt and specific volumes of commodities that will be purchased and processed in a future month, and hedging the exposure related to changes in the fair value of certain outstanding fixed rate debt instruments. The Company occasionally hedges commercial transactions and certain liabilities that are denominated in a currency other than the currency of the operating unit entering into the underlying transaction. The Company does not speculate using derivative instruments.

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

The Company maintains a commodity-price risk management strategy that uses derivative instruments to minimize significant, unanticipated earnings fluctuations caused by commodity-price volatility. For example, the manufacturing of the Company's products requires a significant volume of corn and natural gas. Price fluctuations in corn and natural gas cause market values of corn inventory to differ from its cost and the actual purchase price of corn and natural gas to differ from anticipated prices.

The Company periodically enters into futures and option contracts for a portion of its anticipated corn and natural gas usage, generally over the next twelve months, in order to hedge the price risk associated with fluctuations in market prices. The contracts limit the unfavorable effect that price increases will have on corn and natural gas purchases. All of the Company's futures and option contracts have been designated as cash flow hedges.

Unrealized gains and losses associated with marking the corn and natural gas futures and option contracts to market are recorded as a component of other comprehensive income (loss) and included in the stockholders' equity section of the Consolidated Balance Sheets as part of accumulated other comprehensive income (loss). These amounts are subsequently reclassified into earnings in the month in which the related corn or natural gas is used or in the month a hedge is determined to be ineffective.

The Company assesses the effectiveness of a hedge using a corn or natural gas futures or option contract based on changes in the contract's intrinsic value. The changes in the market value of such contracts has historically been, and is expected to continue to be, highly effective at offsetting changes in the price of the hedged item. The amounts representing the ineffectiveness of these cash flow hedges are not significant.

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

The Company uses a combination of fixed and variable rate debt to finance its operations. The debt obligations with fixed cash flows expose the Company to variability in the fair value of outstanding debt instruments due to changes in interest rates. The Company has entered into interest rate swap agreements that effectively convert the interest rate on certain fixed-rate debt to a variable rate. These swaps call for the Company to receive interest at a fixed rate and to pay interest at a variable rate, thereby creating the equivalent of variable-rate debt. The Company has designated these interest rate swap agreements as hedges of the changes in fair value of the underlying debt obligation attributable to changes in interest rates and accounts for them as fair value hedges. Changes in the fair value of interest rate swaps designated as hedging instruments that effectively offset the variability in the fair value of outstanding debt obligations are reported in earnings. These amounts offset the gain or loss (that is, the change in fair value) of the hedged debt instrument that is attributable to changes in interest rates (that is, the hedged risk) which is also recognized currently in earnings. The Company has also entered into a cross currency interest rate swap agreement that effectively converts certain floating rate US dollar denominated debt to a fixed rate Korean Won obligation. This swap has been designated as a hedge of floating interest rate payments attributable to changes in interest rates and is accounted for as a cash flow hedge, with changes in the fair value of the swap recorded to other comprehensive income (loss) until the hedged transaction occurs, at which time it is reclassified to earnings. The net gain or loss recognized in earnings during 2005, 2004 and 2003, representing the amount of the Company's hedges' ineffectiveness and the component of the Company's derivative instruments' gain or loss excluded from the assessment of hedge effectiveness, was not significant.

At December 31, 2005, the Company's accumulated other comprehensive income (loss) account included $11 million of gains, net of tax of $7 million, related to derivative instruments that hedge the anticipated cash flows from future transactions, which are expected to be recognized in earnings within the next twelve months. Transactions and events expected to occur over the next twelve months that will necessitate reclassifying these derivatives gains to earnings include the sale of finished goods inventory that includes previously hedged purchases of raw corn and the usage of hedged natural gas. Cash flow hedges discontinued during 2005 were not material.

NOTE 8 — Financing Arrangements

The Company had total debt outstanding of $528 million and $568 million at December 31, 2005 and 2004, respectively. Short-term borrowings at December 31, 2005 and 2004 consist primarily of amounts outstanding under various unsecured local country operating lines of credit.

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

(in millions)	2005	2004
Borrowings in various currencies (at rates of 3%-13% for 2005 and 1%-10% for 2004)	$ 47	$ 88
Current maturities of long-term debt	10	—
Total short-term borrowings	$ 57	$ 88

The Company has a $180 million Revolving Credit Agreement (the “Revolving Credit Agreement”), consisting of a $150 million revolving credit facility in the US and a $30 million revolving credit facility for the Company’s wholly-owned Canadian subsidiary. The Canadian revolving credit facility is guaranteed by Corn Products International, Inc. The revolving Credit Agreement expires in September 2009. There were no borrowings outstanding under the Revolving Credit Agreement at December 31, 2005 or 2004.

On April 6, 2004, Corn Products Korea, Inc. (“CPK”) entered into a 3-year, $17.5 million (US) floating rate term loan agreement to refinance certain local indebtedness. Concurrently, CPK entered into a cross currency interest rate swap agreement that effectively converts the 3-year US dollar floating rate term loan to a 3-year, fixed rate (5.4 percent) 20 billion Korean Won obligation. Interest is payable quarterly in July, October, January and April.

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

(in millions)	2005	2004
8.25% senior notes, due 2007, net of discount	$ 254	$ 254
8.45% senior notes, due 2009, net of discount	199	199
Korean loans, due 2006-2008 (at rates of 5.2% to 5.5% for 2005 and 4.7% to 5.5% for 2004)	28	27
Total	$ 481	$ 480
Less: current maturities	10	—
Long-term debt	$ 471	$ 480

The Company’s long-term debt matures as follows: $273 million in 2007 and $200 million in 2009.

Corn Products International, Inc. guarantees certain obligations of several of its consolidated subsidiaries, which aggregated $29 million and $41 million at December 31, 2005 and 2004, respectively.

During 2005 and 2004 the Company benefited from interest rate swap agreements that effectively converted the interest rate associated with the Company’s 8.45 percent senior notes to a variable interest rate. On August 5, 2005, the Company terminated $50 million of its $200 million fixed to floating rate interest rate swap agreements associated with its 8.45 percent $200 million senior notes due August 2009. The swap termination resulted in a gain of approximately $2 million, which approximated the fair value of the swap contract. The fair value adjustment to the hedged debt at the termination date ($2 million) is being amortized as a reduction to financing costs over the remaining term of the underlying debt (through August 2009). At December 31, 2005, the Company had interest rate swap agreements that effectively convert the interest rate associated with $150 million of its 8.45 percent $200 million senior notes to a variable rate. The interest rate swap agreements involve the exchange of fixed rate payments (at 8.45

percent) for variable rate payments on $150 million of notional principal without the exchange of the underlying face amount. Under the terms of the agreements, the Company receives fixed rate payments and makes variable rate payments based on the six-month US dollar LIBOR rate plus a spread. The fair value of outstanding interest rate swap agreements at December 31, 2005 and 2004 approximated $5 million and $18 million, respectively. Interest rate differentials to be paid or received under these agreements are recognized as adjustments to interest expense using the accrual method. The Company does not enter into interest rate swap agreements for trading purposes.

On February 1, 2006, the Company terminated the remaining fixed to floating interest rate swap agreements associated with the 8.45 percent senior notes. The swap termination resulted in a gain of approximately $3 million, which approximated the fair value of the swap contract. The fair value adjustment to the hedged debt at the termination date ($3 million) will be amortized as a reduction to financing costs over the remaining term of the underlying debt (through August 2009).

NOTE 9 — Leases

The Company leases rail cars, certain machinery and equipment, and office space under various operating leases. Rental expense under operating leases was $24 million, $23 million and $25 million in 2005, 2004 and 2003, respectively. Minimum lease payments due on leases existing at December 31, 2005 are shown below:

(in millions)

Year	Minimum Lease Payment
2006	$ 23
2007	21
2008	19
2009	17
2010	12
Balance thereafter	17

NOTE 10- Income Taxes

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

(in millions)	2005	2004	2003
Income before income taxes:			
United States	$ (30)	$ 9	$ 11
Outside the United States	178	136	124
Total	$ 148	$ 145	$ 135
Provision for income taxes:			
Current tax expense			
US federal	$ 5	$ 6	$ 4
State and local	2	1	1
Foreign	64	45	40
Total current	$ 71	$ 52	$ 45
Deferred tax expense (benefit)			
US federal	$ (11)	$ (5)	$ (3)
State and local	(3)	—	—
Foreign	(2)	3	9
Foreign- tax benefit of net operating loss carryforward	—	(7)	(2)
Total deferred	$ (16)	$ (9)	$ 4
Total provision for income taxes	$ 55	$ 43	$ 49

Deferred income taxes are provided for the tax effects of temporary differences between the financial reporting basis and tax basis of assets and liabilities. Significant temporary differences at December 31, 2005 and 2004 are summarized as follows:

(in millions)	2005	2004
Deferred tax assets attributable to:		
Employee benefit accruals	$ 21	$ 17
Pensions	1	5
Hedging/derivative contracts	1	18
Net operating loss carryforwards	8	8
Foreign tax credit carryforwards	19	6
Foreign minimum tax credits	15	13
Other	12	13
Gross deferred tax assets	$ 77	$ 80
Valuation allowance	(18)	(8)
Total deferred tax assets	$ 59	$ 72
Deferred tax liabilities attributable to:		
Plants and properties	$ 154	$ 159
Hedging/derivative contracts	5	2
Goodwill	13	8
Inventory	—	4
Other	—	4
Total deferred tax liabilities	$ 172	$ 177
Net deferred tax liabilities	$ 113	$ 105

Net operating loss carryforwards at December 31, 2005, include state net operating losses of $2 million and foreign net operating losses of $6 million. The state net operating losses expire in various years through 2025. Foreign net operating losses of $2 million will expire in 2009 and 2010 if unused, while $4 million may be carried forward indefinitely. The foreign tax credit carryfowards of $19 million at December 31, 2005 will expire in 2012 through 2015 if not utilized.

SFAS No. 109, Accounting for Income Taxes, requires that a valuation allowance be established when it is more likely than not that all or a portion of a deferred tax asset will not be realized. In making this assessment, management considers the level of historical taxable income, scheduled reversal of deferred tax liabilities, tax planning strategies, and projected future taxable income. The foreign tax credit carryforwards increased to $19 million at December 31, 2005 from $6 million at December 31, 2004. At the same time, the valuation allowance relating to these foreign tax credit carryforwards increased to $12 million at December 31, 2005 from $4 million at December 31, 2004. The valuation allowance with respect to foreign net operating losses increased to $6 million at December 31, 2005 from $4 million at December 31, 2004.

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

	2005	2004	2003
Provision for tax at US statutory rate	35.0%	35.0%	35.0%
Taxes related to foreign income	(2.4)	(6.0)	1.9
State and local taxes — net	(1.5)	0.2	0.3
Increase in valuation allowance — foreign tax credits	5.4	1.1	1.5
Non-conventional fuel tax credits	—	(1.1)	(1.0)
Other items — net	1.0	.8	(1.7)
Provision at effective tax rate	37.5%	30.0%	36.0%

Provisions are made for estimated US and foreign income taxes, less credits that may be available, on distributions from foreign subsidiaries to the extent dividends are anticipated. No provision has been made for income taxes on approximately $578 million of undistributed earnings of foreign subsidiaries at December 31, 2005, as such amounts are considered permanently reinvested.

In December 2004, the FASB issued FSP FAS 109-1 "Application of FASB Statement No. 109, Accounting for Income Taxes, to the Tax Deduction on Qualified Production Activities Provided by the American Jobs Creation Act of 2004" (the "FSP") to provide guidance on the application of Statement 109 to the provision within the American Jobs Creation Act of 2004 (the "Act") that provides tax relief to US domestic manufacturers. The FSP states that the manufacturers' deduction for qualified production activities provided for under the Act should be accounted for as a special deduction in accordance with Statement 109 and not as a tax rate reduction. A special deduction is accounted for by recording the deduction in the year in which it can be taken in the Company's tax return. The adoption of the FSP did not have a material impact on the Company's consolidated financial statements.

The American Jobs Creation Act of 2004 provides, among other things, for a special one-time tax deduction of 85 percent of certain foreign earnings that are repatriated, as defined in the Act. The repatriation provision of the Act did not have a material impact on the Company's consolidated financial statements.

NOTE 11 — Benefit Plans

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

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

The Company also provides healthcare and life insurance benefits for retired employees in the United States and Canada. US salaried employees are provided with access to postretirement medical insurance through Retirement Health Care Spending Accounts. US salaried employees accrue an account during employment, which can be used after employment to purchase postretirement medical insurance from the Company and Medigap or through Medicare HMO policies after age 65. The accounts are credited with a flat dollar amount and indexed for inflation annually

during employment. The accounts also accrue interest credits using a rate equal to a specified amount above the yield on five-year Treasury notes. Employees can use the amounts accumulated in these accounts, including credited interest, to purchase postretirement medical insurance. Employees become eligible for benefits when they meet minimum age and service requirements. The Company recognizes the cost of these postretirement benefits by accruing a flat dollar amount on an annual basis for each domestic salaried employee. The Company has the right to modify or terminate these benefits. Healthcare benefits for retirees outside the United States and Canada are generally covered through local government plans.

Pension Obligation and Funded Status —The changes in pension benefit obligations and plan assets during 2005 and 2004, as well as the funded status and the amounts recognized in the Company's Consolidated Balance Sheets related to the Company's pension plans at December 31, 2005 and 2004, were as follows:

	US Plans		Non-US Plans	
(in millions)	2005	2004	2005	2004
Benefit obligation				
At January 1	$ 67	$ 63	$ 97	$ 85
Service cost	2	2	2	2
Interest cost	4	4	6	5
Benefits paid	(4)	(3)	(4)	(5)
Actuarial loss	4	1	15	3
Foreign currency translation	—	—	3	7
Benefit obligation at December 31	$ 73	$ 67	$ 119	$ 97
Fair value of plan assets				
At January 1	$ 51	$ 43	$ 81	$ 70
Actual return on plan assets	4	3	12	6
Employer contributions	8	8	5	4
Benefits paid	(4)	(3)	(4)	(5)
Foreign currency translation	—	—	3	6
Fair value of plan assets at December 31	$ 59	$ 51	$ 97	$ 81
Funded status	$ (14)	$ (16)	$ (22)	$ (16)
Unrecognized net actuarial loss	13	9	28	18
Unrecognized prior service cost	2	3	—	1
Unrecognized transition obligation	—	—	6	5
Net prepaid pension asset (liability)	$ 1	$ (4)	$ 12	$ 8

Amounts recognized in the Consolidated Balance Sheets consist of:

	US Plans		Non-US Plans	
(in millions)	2005	2004	2005	2004
Prepaid benefit cost	$ (4)	$ —	$ (16)	$ (12)
Accrued benefit cost	11	12	10	10
Intangible assets	(2)	(2)	(5)	(5)
Accumulated other comprehensive income	(6)	(6)	(1)	(1)
Net amount recognized	$ (1)	$ 4	$ (12)	$ (8)

The accumulated benefit obligation for all defined benefit pension plans was $165 million and $148 million at December 31, 2005 and 2004, respectively.

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

	US Plans		Non-US Plans	
(in millions)	2005	2004	2005	2004
Projected benefit obligation	$ 73	$ 67	$ 9	$ 13
Accumulated benefit obligation	68	63	11	12
Fair value of plan assets	59	51	—	2

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

Components of Net Periodic Pension Benefit Cost — Net pension cost consisted of the following for the years ended December 31, 2005, 2004 and 2003:

	US Plans			Non-US Plans		
(in millions)	**2005**	**2004**	**2003**	**2005**	**2004**	**2003**
Service cost	$ 2	$ 2	$ 2	$ 2	$ 2	$ 2
Interest cost	4	4	3	6	5	5
Expected return on plan assets	(3)	(3)	(2)	(5)	(5)	(5)
Net pension cost	$ 3	$ 3	$ 3	$ 3	$ 2	$ 2

The Company recognized an additional minimum pension liability at December 31, 2005, 2004 and 2003, related to under-funded plans. In connection with the recognition of this minimum liability, at December 31, 2005 the Company recorded a charge to other comprehensive income of $0.7 million ($0.5 million, net of income taxes of $0.2 million). At December 31, 2004 the Company recorded a charge to other comprehensive income of $1.7 million ($0.9 million, net of income taxes of $0.8 million) related to the recognition of the minimum pension liability. At December 31, 2003 the Company recorded a charge to other comprehensive income of $4 million ($2.6 million, net of income taxes of $1.4 million) pertaining to the recognition of the minimum pension liability. The minimum pension liability will change from year to year as a result of revisions to actuarial assumptions, experience gains or losses and settlement rate changes.

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

	US Plans		Non-US Plans	
	2005	**2004**	**2005**	**2004**
Discount rate	5.40%	5.75%	5.25%	6.25%
Rate of compensation increase	2.75%	2.75%	3.50%	4.50%

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

	US Plans			Non-US Plans		
	2005	**2004**	**2003**	**2005**	**2004**	**2003**
Discount rate	5.75%	6.0%	6.75%	5.25%	6.5%	6.5%
Expected long-term return on plan assets	7.25%	7.5%	8.25%	7.25%	8.5%	8.5%
Rate of compensation increase	2.75%	3.0%	3.75%	3.50%	4.5%	4.5%

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

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

For the Non-US plans, the Company has assumed an expected long-term rate of return on assets of 7.25 percent. The Company employs a building block approach in determining the long-term rate of return for these plan assets. Historical markets are studied and long-term historical relationships between equities and fixed-income are preserved, consistent with the widely accepted capital market principle that assets with higher volatility generate a greater return over the long run. Current market factors such as inflation and interest rates are evaluated before long-term capital

market assumptions are determined. The long-term portfolio return is established via a building block approach with proper consideration of diversification and rebalancing. Peer data and historical returns are reviewed to check for reasonability and appropriateness.

Plan Assets — The Company's investment policy for its pension plans is to balance risk and return through diversified portfolios of high-quality equity instruments, fixed income securities, and short-term investments. Maturities for fixed income securities are managed such that sufficient liquidity exists to meet near-term benefit payment obligations. For US pension plans, the weighted average target range allocation of assets is 32-52 percent with equity managers, and 47-67 percent with fixed income managers. The asset allocation is reviewed regularly and portfolio investments are rebalanced to the targeted allocation when considered appropriate. The Company's pension plan weighted average asset allocation as of the measurement date of September 30 for US plans and November 30 for non-US plans is as follows:

	US Plans		Non-US Plans	
Asset Category	**2005**	**2004**	**2005**	**2004**
Equity securities	52%	52%	49%	57%
Debt securities	47%	47%	46%	39%
Other	1%	1%	5%	4%
Total	100%	100%	100%	100%

The Company made an $8 million cash contribution to its US pension plans in 2005, and a $5 million cash contribution to its Canadian pension plans. The Company estimates that in 2006 it will make cash contributions of $1 million and $5 million to its US and Canadian pension plans, respectively. Cash contributions in subsequent years will depend on a number of factors including the performance of plan assets. The following benefit payments, which reflect anticipated future service, as appropriate, are expected to be made:

(in millions)	US Plans	Non US Plans
2006	$ 5	$ 6
2007	4	5
2008	4	5
2009	6	5
2010	4	6
Years 2011 - 2015	24	30

The Company and certain of its subsidiaries also maintain defined contribution plans. The Company makes matching contributions to these plans based on a percentage of employee contributions. Amounts charged to expense for defined contribution plans totaled $6 million, $5 million and $4 million in 2005, 2004 and 2003, respectively.

Postretirement Benefit Plans — The Company's postretirement benefit plans currently are not funded. The changes in the benefit obligations of the plans during 2005 and 2004, and the amounts recognized in the Company's Consolidated Balance Sheets at December 31, 2005 and 2004, were as follows:

(in millions)	2005	2004
Accumulated postretirement benefit obligation		
At January 1	$ 44	$ 43
Service cost	1	1
Interest cost	3	3
Actuarial gain	(2)	(1)
Benefits paid	(2)	(2)
Benefit obligation at December 31	$ 44	$ 44
Unrecognized net actuarial loss	(8)	(11)
Unrecognized prior service benefit	1	1
Accrued postretirement benefit costs	$ 37	$ 34

Net postretirement benefit costs consisted of the following for the years ended December 31, 2005, 2004 and 2003:

(in millions)	2005	2004	2003
Service cost	$ 1	$ 1	$ 1
Interest cost	3	3	2
Net postretirement benefit costs	$ 4	$ 4	$ 3

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

	2005	2004
Discount rate	5.40%	5.75%

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

	2005	2004	2003
Discount rate	5.75%	6.0%	6.75%

In measuring the postretirement benefit obligation, the Company assumed an increase in the per capita cost of healthcare benefits of 9 percent in 2006, declining ratably to 5 percent by the year 2014 and remaining at that level thereafter. An increase in the assumed healthcare cost trend rate by 1 percentage point would increase the accumulated postretirement benefit obligation at December 31, 2005 by $6 million, while a decrease in the rate of 1 percentage point would decrease the obligation by $4 million, with a corresponding effect on the service and interest cost components of the net periodic postretirement benefit cost for the year then ended of $0.6 million for an increase of 1 percentage point and $0.5 million for a decrease of 1 percentage point.

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

(in millions)	US Plans	Non US Pans
2006	$ 2	$—
2007	2	—
2008	2	—
2009	2	—
2010	2	—
Years 2011 - 2015	11	1

NOTE 12 — Supplementary Information

Balance Sheet — Supplementary information is set forth below**:**

(in millions)	2005	2004
Accounts receivable — net:		
Accounts receivable — trade	$ 240	$ 241
Accounts receivable — other	52	49
Allowance for doubtful accounts	(5)	(6)
Total accounts receivable — net	$ 287	$ 284
Inventories:		
Finished and in process	$ 102	$ 107
Raw materials	115	112
Manufacturing supplies	41	39
Total inventories	$ 258	$ 258
Accrued liabilities:		
Compensation expenses	$ 32	$ 33
Dividends payable	5	5
Accrued interest	17	16
Accrued income taxes	15	15
Taxes payable other than income taxes	11	18
Other	23	26
Total accrued liabilities	$ 103	$ 113
Non-current liabilities:		
Employees' pension, indemnity, retirement, and other	$ 86	$ 84
Fair value adjustment related to hedged fixed rate debt instrument	5	18
Other	19	14
Total non-current liabilities	$ 110	$ 116

Income Statement - Supplementary information is set forth below**:**

(in millions)	2005	2004	2003
Other income(expense)-net:			
Earnings from non-controlled affiliates	$ 1	$ 1	$ 1
Gain from sale of investment	—	1	—
Write-down of long-lived assets	—	—	(3)
Gain from sale of non-core assets	2	—	—
Other	6	2	1
Other income (expense)-net	$ 9	$ 4	$ (1)
Financing costs:			
Interest expense, net of amounts capitalized *	$ 37	$ 36	$ 40
Interest income	(5)	(3)	(1)
Foreign currency transaction losses	3	1	—
Financing costs-net	$ 35	$ 34	$ 39

***** Interest capitalized amounted to $5 million, $3 million and $2 million in 2005, 2004 and 2003, respectively.

Statements of Cash Flow - Supplementary information is set forth below**:**

(in millions)	2005	2004	2003
Interest paid	$31	$ 34	$41
Income taxes paid	62	46	43
Noncash investing and financing activities:			
Change in fair value of redeemable common stock	(4)	(34)	9
Issuance of common stock in connection with acquisitions	—	—	8

NOTE 13 — Redeemable Common Stock

The Company has an agreement with certain common stockholders (collectively the "holder"), a representative of which serves on the Company's Board of Directors, relating to 1,227,000 common shares, that provides the holder with the right to require the Company to repurchase the underlying common shares for cash at a price equal to the average of the closing per share market price of the Company's common stock for the 20 trading days immediately preceding the date that the holder exercises the put option. The put option is exercisable at any time until January 2010 when it expires. The holder can also elect to sell the common shares on the open market, subject to certain restrictions. The common shares subject to the put option are classified as redeemable common stock in the Company's Consolidated Balance Sheets.

The Company has the right, but not the obligation, to extend the put option for an additional three years. The holder of the put option may not require the Company to repurchase less than 500,000 shares on any single exercise of the option, and the put option may not be exercised more than once in any six month period. In the event the holder exercises the put option requiring the Company to repurchase the shares, the Company would be required to pay for the shares within 90 calendar days from the exercise date if the holder is selling the minimum number of shares (500,000), and within a prorated time period of between 90 and 360 calendar days if the holder is selling more than the minimum number of shares. For intermediate share amounts, a pro-rata payment period would be calculated (based on the number of shares put). Any amount due would accrue interest at the Company's revolving credit facility rate from the date of exercise until the payment date.

The carrying value of the redeemable common stock was $29 million at December 31, 2005 and $33 million at December 31, 2004, based on the average of the closing per share market prices of the Company's common stock for the 20 trading days immediately preceding the respective balance sheet dates ($23.43 per share and $26.90 per share at December 31, 2005 and 2004, respectively). Adjustments to mark the redeemable common stock to market value are recorded directly to additional paid-in capital in the stockholders' equity section of the Company's Consolidated Balance Sheets. During 2004, the holder sold 2,600,000 shares of redeemable common stock in open market transactions. At December 31, 2005 and 2004 there were 1,227,000 shares of redeemable common stock outstanding.

NOTE 14 — Stockholders' Equity

Preferred stock and stockholders' rights plan:

The Company has authorized 25 million shares of $0.01 par value preferred stock, of which 1 million shares were designated as Series A Junior Participating Preferred Stock for the stockholders' rights plan. Under this plan, each share of the Company's common stock carries with it one-half of one 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 a person or group acquires or announces a tender offer that would result in the acquisition of 15 percent or more of the Company's 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 stockholder holding at least 15 percent of the Company's outstanding voting securities, 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 15 percent stockholder engages in certain self-dealing

transactions or acquires the Company in such a manner that Corn Products International, Inc. and its common stock survive, or if any person acquires 15 percent or more of the Company's common stock, except pursuant to an offer for all shares at a fair price, each full right not owned by a stockholder holding at least 15 percent of the Company's outstanding voting securities may be exercised for Corn Products International, Inc. 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 15 percent or more of its voting securities. Unless redeemed earlier, the rights will expire on December 31, 2007.

Common Stock:

On December 1, 2004, the Company's board of directors declared a two-for-one stock split effected as a 100-percent stock dividend on the Company's common stock. The dividend shares were issued on January 25, 2005 to shareholders of record at the close of business on January 4, 2005. Accordingly, all share and per share data for the periods prior to the split included in this report have been retroactively adjusted to reflect the stock split.

Treasury Stock:

During 2005, the Company issued, from treasury, 6,500 restricted common shares and 996,980 common shares upon the exercise of stock options under the stock incentive plan and 1,325 common shares under other incentive plans. During 2004, the Company issued, from treasury, 31,280 restricted common shares and 2,195,010 common shares upon the exercise of stock options under the stock incentive plan and 4,490 common shares under other incentive plans. During 2003, the Company issued, from treasury, 16,000 restricted common shares and 400,564 common shares upon the exercise of stock options under the stock incentive plan. Also in 2003, the Company issued from treasury 541,584 common shares in connection with the purchase of the remaining interest in the Southern Cone of South America business.

The Company reacquired 52,475, 34,832, and 34,124 shares of its common stock during 2005, 2004 and 2003, respectively, by both repurchasing shares from employees under the stock incentive plan and through the cancellation of forfeited restricted stock. The Company repurchased shares from employees at average purchase prices of $23.73, $24.58 and $15.20, or fair value at the date of purchase, during 2005, 2004 and 2003, respectively. All of the acquired shares are held as common stock in treasury, less shares issued to employees under the stock incentive plan.

On February 9, 2005, the Company's Board of Directors authorized a stock repurchase program that permits the Company to purchase up to 4 million shares of its outstanding common stock over a five-year period. The Company's previously authorized stock repurchase program expired on January 20, 2005. In 2005, the Company repurchased 1,688,800 common shares in open market transactions at a cost of $39 million.

Set forth below is a reconciliation of common stock share activity for the years ended December 31, 2003, 2004 and 2005.

(Shares of common stock, in thousands)	Issued	Held in Treasury	Redeemable Shares	Outstanding
Balance at December 31, 2002	75,320	3,912	3,827	67,581
Issuance in connection with acquisition	—	(542)	—	542
Issuance of restricted stock as compensation	—	(16)	—	16
Stock options exercised	—	(400)	—	400
Purchase/acquisition of treasury stock	—	34	—	(34)
Balance at December 31, 2003	75,320	2,988	3,827	68,505
Elimination of redemption requirement	—	—	(2,600)	2,600
Issuance of restricted stock as compensation	—	(31)	—	31
Issuance under incentive and other plans	—	(5)	—	5
Stock options exercised	—	(2,195)	—	2,195
Purchase/acquisition of treasury stock	—	35	—	(35)
Balance at December 31, 2004	75,320	792	1,227	73,301
Issuance of restricted stock as compensation	—	(7)	—	7
Issuance under incentive and other plans	—	(1)	—	1
Stock options exercised	—	(997)	—	997
Purchase/acquisition of treasury stock	—	1,742	—	(1,742)
Balance at December 31, 2005	75,320	1,529	1,227	72,564

Stock Incentive Plan:

The Company has established a stock incentive plan for certain key employees. In addition, following the spin-off from CPC, all existing CPC stock options held by Company employees were converted to stock options to acquire Corn Products International, Inc. common stock. These stock options retained their original vesting schedules and expiration dates. The Company granted additional nonqualified options to purchase 4,000, 1,071,300 and 1,061,800 shares of the Company's common stock during 2005, 2004 and 2003, respectively. These options are exercisable upon vesting, which occurs in 50 percent increments at the one and two-year anniversary dates of the date of grant. As of December 31, 2005, certain of these nonqualified options have been forfeited due to the termination of employees.

In addition to stock options, the Company awards shares of restricted stock to certain key employees. The cost of these awards is being amortized to expense over the applicable restriction periods.

The Company accounts for stock-based compensation using the intrinsic value method. Pro forma disclosures of net income and earnings per share, assuming the fair value method was used to account for stock options under SFAS 123, are provided in Note 2 of these Notes to the Consolidated Financial Statements in the section entitled "Stock-based compensation." For purposes of making the pro forma disclosure, the estimated fair market value of stock option awards is amortized to expense over the applicable vesting period. The fair value of the stock option awards was estimated at the grant dates using the Black-Scholes option pricing model with the following weighted average assumptions for 2005, 2004 and 2003, respectively: risk-free interest rates of 3.93 percent, 4.02 percent and 3.70 percent in 2005, 2004 and 2003; volatility factors of 27 percent, 22 percent and 20 percent in 2005, 2004 and 2003; and a weighted average expected life of the awards of 5.30 years, 6.46 years and 7.52 years in 2005, 2004 and 2003. A dividend yield of 1.20 percent, 0.94 percent and 1.22 percent was assumed for 2005, 2004 and 2003, respectively.

The Black-Scholes model requires the input of highly subjective assumptions and does not necessarily provide a reliable measure of fair value. The weighted average fair value of options granted during 2005, 2004 and 2003 was estimated to be $6.53, $7.05 and $4.45, respectively.

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

(shares in thousands)	Stock Option Shares	Stock Option Price Range	Weighted Average Exercise Price	Shares of Restricted Stock
Outstanding at December 31, 2002	6,300	$6.95 to $16.56	$14.17	436
Granted	1,062	14.88 to 16.92	16.85	16
Exercised / vested	(378)	6.95 to 16.16	12.45	(26)
Cancelled	(97)	14.32 to 16.16	15.08	(26)
Outstanding at December 31, 2003	6,887	6.95 to 16.92	14.67	400
Granted	1,071	17.65 to 24.70	24.66	31
Exercised / vested	(2,196)	6.95 to 16.92	13.88	(91)
Cancelled	(40)	14.32 to 16.92	16.06	(15)
Outstanding at December 31, 2004	5,722	10.12 to 24.70	16.83	325
Granted	4	21.23 to 21.23	21.23	6
Exercised / vested	(997)	10.23 to 17.65	15.07	(138)
Cancelled	(87)	11.37 to 24.70	20.63	(18)
Outstanding at December 31, 2005	4,642	$10.12 to $24.70	$17.14	175

The following table summarizes information about stock options outstanding at December 31, 2005:

(shares in thousands)

Range of Exercise Prices	Options Outstanding	Weighted Average Exercise Price	Average Remaining Contractual Life (Years)	Options Exercisable	Weighted Average Exercise Price
$10.12 to 10.60	19	$10.52	0.7	19	$10.52
$10.61 to 13.89	882	13.11	4.0	882	13.11
$13.90 to 14.88	1,139	14.41	6.3	1,139	14.41
$14.89 to 16.92	1,579	16.56	5.1	1,579	16.56
$16.93 to 24.70	1,023	24.68	8.8	513	24.70
	4,642	$17.14	6.0	4,132	$16.21

The number of options exercisable at December 31, 2005 and 2004 was 4.1 million and 4.2 million, respectively.

NOTE 15 — Segment Information

The Company operates in one business segment, corn refining, and is managed on a geographic regional basis. Its North America operations include corn-refining businesses in the United States, Canada and Mexico. The Company's South America operations include corn-refining businesses in Brazil, Colombia, Ecuador, Peru and the Southern Cone of South America, which includes Argentina, Chile and Uruguay. The Company's Asia/Africa operations include corn-refining businesses in Korea, Pakistan, Malaysia, Kenya and China, and a tapioca root processing operation in Thailand.

(in millions)	2005	2004	2003
Net sales to unaffiliated customers (a):			
North America	$ 1,422	$ 1,419	$ 1,329
South America	603	556	495
Asia/Africa	335	308	278
Total	$ 2,360	$ 2,283	$ 2,102
Operating income (b):			
North America	$ 59	$ 87	$ 68
South America	101	98	83
Asia/Africa	53	48	54
Corporate	(30)	(33)	(31)
Plant closing costs (c)	—	(21)	—
Total	$ 183	$ 179	$ 174
Total assets (d):			
North America	$ 1,394	$ 1,411	$ 1,386
South America	559	521	468
Asia/Africa	436	435	362
Total	$ 2,389	$ 2,367	$ 2,216
Depreciation and amortization:			
North America	$ 73	$ 74	$ 76
South America	23	20	18
Asia/Africa	10	8	7
Total	$ 106	$ 102	$ 101
Capital expenditures:			
North America	$ 78	$ 58	$ 31
South America	48	31	30
Asia/Africa	17	15	22
Total	$ 143	$ 104	$ 83

Notes:

a. Sales between geographic regions for each of the periods presented are insignificant and therefore are not presented.

b. Includes earnings from non-controlled affiliates accounted for under the equity method as follows: South America — $1 million in each of 2005, 2004 and 2003.

c. Includes a $19 million write-off of fixed assets and a $2 million charge for employee termination costs pertaining to the Company's manufacturing optimization initiative in Mexico and South America. See also Note 6.

d. Includes investments in non-controlled affiliates accounted for under the equity method as follows: South America — $5 million at December 31, 2005 and $4 million at December 31, 2004 and 2003.

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

(in millions)	Net Sales 2005	2004	2003
United States	$ 710	$ 765	$ 738
Mexico	450	383	331
Canada	262	271	260
Brazil	322	288	251
Korea	186	187	170
Argentina	114	106	102
Others	316	283	250
Total	$ 2,360	$ 2,283	$ 2,102

The following table presents long-lived assets by country at December 31:

(in millions)	Long-lived Assets 2005	2004	2003
United States	$ 428	$ 407	$ 406
Mexico	382	401	426
Canada	176	173	165
Brazil	160	125	112
Korea	252	243	212
Argentina	120	117	116
Others	183	175	171
Total	$ 1,701	$ 1,641	$ 1,608

Supplemental Financial Information

Unaudited Quarterly Financial Data

Summarized quarterly financial data is as follows:

(in millions, except per share amounts)	1st QTR	2nd QTR	3rd QTR	4th QTR
2005				
Net sales before shipping and handling costs	$ 613	$ 647	$ 664	$ 636
Less: shipping and handling costs	47	51	52	50
Net sales	$ 566	$ 596	$ 612	$ 586
Gross profit	73	90	88	82
Net income	17	27	23	23
Basic earnings per common share	$0.22*	$0.35	$0.31	$0.32
Diluted earnings per common share	$0.22*	$0.35	$0.31	$0.31

(in millions, except per share amounts)	1st QTR	2nd QTR	3rd QTR	4th QTR
2004				
Net sales before shipping and handling costs	$ 592	$ 616	$ 633	$ 620
Less: shipping and handling costs	42	44	46	46
Net sales	$ 550	$ 572	$ 587	$ 574
Gross profit	95	92	83	85
Net income	26	30	24	14**
Basic earnings per common share *	$0.35	$0.40	$0.33	$0.19**
Diluted earnings per common share*	$0.35	$0.40	$0.32	$0.19**

* Per share amounts have been adjusted for the 2-for-1 stock split effective January 25, 2005.

** Includes a charge of $21 million ($15 million, after-tax, or $0.20 per diluted common share) to write-off fixed assets and record employee termination costs associated with a manufacturing optimization initiative in Mexico and South America (see also Note 6). Additionally, the Company reduced its annual effective income tax rate to 30 percent (from 33 percent used for the nine months ended September 30, 2004) to reflect the favorable impact of new tax legislation in various countries in which the Company conducts business.

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
2005				
Market price range of common stock				
High	$ 30.20	$ 26.30	$ 24.85	$ 24.44
Low	25.60	20.11	16.00	19.40
Close	25.99	23.76	20.17	23.89
Dividends declared per common share	$ 0.07	$ 0.07	$ 0.07	$ 0.07
2004				
Market price range of common stock				
High	$ 20.04	$ 23.29	$ 23.80	$ 27.92
Low	17.22	19.81	20.63	22.72
Close	20.00	23.28	23.05	26.78
Dividends declared per common share	$ 0.06	$ 0.06	$ 0.06	$ 0.07

* Per share amounts have been adjusted for the 2-for-1 stock split effective January 25, 2005.

At December 31, 2005, there were 9,367 shareholders of record of the Company's common stock.

Ten-Year Financial Highlights *

(in millions, except per share amounts)	2005	2004	2003	2002	2001	2000	1999	1998	1997	1996
Summary of operations										
Net sales	$ 2,360	$ 2,283	$ 2,102	$ 1,871	$ 1,887	$ 1,865	$ 1,735	$ 1,448	$ 1,418	$ 1,524
Net income (loss) as previously reported	90	94	76	63	57	48	77	43	(75)	23
Adjustment for effect of a change in accounting for inventories	—	—	—	—	—	—	(3)	—	(1)	2
Net income (loss) as adjusted	90	94	76	63	57	48	74	43	(76)	25
Basic earnings (loss) per common share:										
Net income (loss) as previously reported	$ 1.20	$ 1.28	$ 1.06	$ 0.89	$ 0.80	$ 0.68	$ 1.03	$ 0.59	$ (1.05)	$ 0.32
Adjustment for effect of a change in accounting for inventories	—	—	—	—	—	—	(0.04)	—	(0.02)	0.03
Net income (loss) as adjusted	$ 1.20	$ 1.28	$ 1.06	$ 0.89	$ 0.80	$ 0.68	$ 0.99	$ 0.59	$ (1.07)	$ 0.35
Cash dividends declared per common share	$ 0.28	$ 0.25	$ 0.21	$ 0.20	$ 0.20	$ 0.20	$ 0.18	$ 0.08	—	—
Balance sheet data										
Working capital	$ 261	$ 222	$ 153	$ 138	$ (120)	$ 69	$ 104	$ 46	$ (83)	$ 151
Property, plant and equipment-net	1,274	1,211	1,187	1,154	1,293	1,407	1,349	1,298	1,057	1,057
Total assets	2,389	2,367	2,216	2,068	2,240	2,339	2,217	1,956	1,676	1,676
Total debt	528	568	550	600	756	720	544	404	350	350
Redeemable common stock **	29	33	67	58	64	47	57	50	—	—
Stockholders' equity**	1,210	1,081	911	770	793	913	973	1,009	992	1,033
Shares outstanding, year end	73.8	74.5	72.3	71.4	70.8	70.5	73.9	75.1	71.2	—
Additional data										
Depreciation and amortization	$ 106	$ 102	$ 101	$ 103	$ 127	$ 135	$ 122	$ 95	$ 95	$ 88
Capital expenditures	143	104	83	78	94	143	162	91	100	192
Maintenance and repairs	92	81	81	72	82	78	84	67	69	61

* All share and per share amounts have been adjusted for the 2-for-1 stock split effective January 25, 2005 . Additionally, all periods prior to 2000 have been retroactively restated to reflect the change in accounting for inventories effective January 1, 2000.

** Amounts have been restated to reflect the reclassification of redeemable common stock from stockholders' equity for periods from 1998 through 2002.

Note: 1997 and prior per share amounts are pro forma and have been computed by dividing net income (loss) by the shares outstanding, which were 71.2 million at December 31, 1997, the date that the Company was spun off from CPC International, Inc. For the purpose of this calculation, the shares outstanding at December 31, 1997 were assumed to be outstanding for all periods prior.

EXHIBIT 21.1

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 percent

Corn Products Development, Inc. (Delaware)
Corn Products Sales Corporation (Delaware)
Crystal Car Line, Inc. (Illinois)
Feed Products Limited (New Jersey)
The Chicago, Peoria and Western Railway Company (Illinois)
Cali Investment Corp. (Delaware)
Colombia Millers Ltd. (Delaware)
Hispano-American Company, Inc. (Delaware)
Inversiones Latinoamericanas S.A. (Delaware)
Bedford Construction Company (New Jersey)
Corn Products Puerto Rico Inc. (Delaware)

FOREIGN — 100 percent

Argentina: Corn Products Southern Cone S.A.
-Starch Holding Argentina S.A.
- -Productos de Maiz, S.A.
- -Macher Financier S.A.
Barbados: Corn Products International Sales Company, Inc.
Brazil: Corn Products Brasil-Ingredientes Industriais Ltda.
Canada: Canada Starch Company Inc.
-Canada Starch Operating Company Inc.
- -Casco Inc.
- -Corn Products Canada Inc.
Chile: Corn Products Chile-Inducorn S.A.
Colombia: Industrias del Maiz S.A. — Corn Products Andina
Ecuador: Indumaiz del Ecuador S.A.
Honduras: Almidones del Istmo, S.A. de C.V.
Kenya: Corn Products Kenya Limited
Korea: Corn Products Korea, Inc.
Malaysia: Stamford Food Industries Sdn. Berhad
Mexico: Compania Proveedora de Ingredientes, S.A. de C.V.
-Almifin SRL de C.V.
- -Arrendadora Gefemesa, S.A. de C.V.
- -Bebidas y Algo Mas, S.A. de C.V.
- -Bebidas Internacionales, S.A. de C.V.
Peru: Corn Products Peru S.A.C.
Singapore: Corn Products Trading Co. Pte. Ltd.
Uruguay: Productos de Maiz Uruguay S.A.

Venezuela: Corn Products Venezuela, C.A.

<u>OTHER</u>

Brazil: GETEC Guanabara Quimica Industrial S/A — 20.17 percent
China: Shouguang Golden Far East Modified Starch Company, Ltd. – 51.0 percent
Ecuador: Poliquimicos del Ecuador S.A. — 91.72 percent
Pakistan: Rafhan Maize Products Co. Ltd. — 70.31 percent
Thailand: Corn Products Amardass (Thailand) Limited – 99.0 percent
United States: CP Ingredients LLC – 51.0 percent

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

Exhibit 23.1

Consent of Independent Registered Public Accounting Firm

The Board of Directors
Corn Products International, Inc.:

We consent to the incorporation by reference in the registration statements on Form S-8 (Nos. 333-43525, 333-71573, 333-75844, 333-33100, 333-105660, 333-113746 and 333-129498) and Form S-3 (No. 333-83557) of Corn Products International, Inc. of our reports dated March 8, 2006, relating to the consolidated balance sheets of Corn Products International, Inc. and subsidiaries as of December 31, 2005 and 2004, and the related consolidated statements of income, comprehensive income, stockholders' equity and redeemable equity, and cash flows for each of the years in the three-year period ended December 31, 2005, and management's assessment of the effectiveness of internal control over financial reporting as of December 31, 2005 and the effectiveness of internal control over financial reporting as of December 31, 2005, which reports are included or incorporated by reference in the December 31, 2005 annual report on Form 10-K of Corn Products International, Inc.

KPMG LLP
Chicago, Illinois
March 8, 2006

Exhibit 24.1

CORN PRODUCTS INTERNATIONAL, INC.
POWER OF ATTORNEY
Form 10-K for the Fiscal Year Ended December 31, 2005

KNOW ALL MEN BY THESE PRESENTS, that I, as a director of Corn Products International, Inc., a Delaware corporation, (the "Company"), do hereby constitute and appoint MARCIA E. DOANE as my true and lawful attorney-in-fact and agent, for me and in my name, place and stead, to sign the Annual Report on Form 10-K of the Company for the fiscal year ended December 31, 2005, and any and all amendments thereto, and to file the same and other documents in connection therewith with the Securities and Exchange Commission, granting unto said attorney-in-fact full power and authority to do and perform each and every act and thing requisite and necessary to be done in the premises, as fully to all intents and purposes as I might or could do in person, hereby ratifying and confirming all that said attorney-in-fact may lawfully do or cause to be done by virtue thereof.

IN WITNESS WHEREOF, I have executed this instrument this 8th day of March, 2006.

/s/ Richard J. Almeida
Richard J. Almeida

/s/ Luis Aranguren
Luis Aranguren

/s/ Guenther E. Greiner
Guenther E. Greiner

/s/ Ronald M. Gross
Ronald M. Gross

/s/ Karen L. Hendricks
Karen L. Hendricks

/s/ Bernard H. Kastory
Bernard H. Kastory

/s/ Gregory B. Kenny
Gregory B. Kenny

/s/ Barbara A. Klein
Barbara A. Klein

/s/ William S. Norman
William S. Norman

/s/ James M. Ringler
James M. Ringler

/s/ Samuel C. Scott III
Samuel C. Scott III

EXHIBIT 31.1

CERTIFICATION OF CHIEF EXECUTIVE OFFICER

I, Samuel C. Scott III, certify that:

1. I have reviewed this annual report on Form 10-K of Corn Products International, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15 (f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the Registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 8, 2006

/s/ Samuel C. Scott III

Samuel C. Scott III
Chairman, President and Chief Executive Officer

EXHIBIT 31.2

CERTIFICATION OF CHIEF FINANCIAL OFFICER

I, Cheryl K. Beebe, certify that:

1. I have reviewed this annual report on Form 10-K of Corn Products International, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15 (f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the Registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 8, 2006

/s/ Cheryl K. Beebe

Cheryl K. Beebe
Vice President and Chief Financial Officer

EXHIBIT 32.1

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

I, Samuel C. Scott III, the Chief Executive Officer of Corn Products International, Inc., certify that (i) the report on Form 10-K for the fiscal year ended December 31, 2005 as filed with the Securities and Exchange Commission on the date hereof (the “Report”) fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and (ii) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of Corn Products International, Inc.

/s/ Samuel C. Scott III
Samuel C. Scott III
Chief Executive Officer
March 8, 2006

A signed original of this written statement required by Section 906 has been provided to Corn Products International, Inc. and will be retained by Corn Products International, Inc. and furnished to the Securities and Exchange Commission or its staff upon request.

EXHIBIT 32.2

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

I, Cheryl K. Beebe, the Chief Financial Officer of Corn Products International, Inc., certify that (i) the report on Form 10-K for the fiscal year ended December 31, 2005 as filed with the Securities and Exchange Commission on the date hereof (the "Report") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and (ii) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of Corn Products International, Inc.

/s/ Cheryl K. Beebe
Cheryl K. Beebe
Chief Financial Officer
March 8, 2006

A signed original of this written statement required by Section 906 has been provided to Corn Products International, Inc. and will be retained by Corn Products International, Inc. and furnished to the Securities and Exchange Commission or its staff upon request.