INTERNATIONAL FLAVORS & FRAGRANCES INC.

521 West 57th Street
New York, New York 10019, U.S.A.

PROSPECTUS

Published in Connection with the Admission of International Flavors & Fragrances Inc.'s Common Stock to Listing and Trading on the Professional Segment of Euronext Paris

Pursuant to Articles L. 412-1 and L. 621-8 of the *Code Monétaire et Financier* and Articles 211-1 to 216-1 of its General Regulation, the *Autorité des marchés financiers* ("AMF") granted visa number 15-276 dated June 15, 2015 on this prospectus. This prospectus has been prepared by the issuer and its signatory accepts the responsibility for its contents. In accordance with the provisions of Article L. 621-8-1-I of the *Code Monétaire et Financier*, the visa was granted after the AMF verified that the document was complete and comprehensible and that the information it contains was internally consistent. It does not imply that the AMF endorses the proposed transaction nor that it has validated the accounting and financial information presented herein.

Copies of this prospectus may be obtained free of charge from International Flavors & Fragrances Inc. at the address indicated above and from its local paying agent, BNP Paribas Securities Services (Postal address: Corporate Trust Services CPC03A1 Grands Moulins de Pantin - 9 rue du Débarcadère - 93500 Pantin), and on the websites of International Flavors & Fragrances Inc. (www.iff.com) and the AMF (www.amf-france.org).

NOTE TO THE PROSPECTUS

This prospectus is published solely in connection with the admission of International Flavors & Fragrances Inc.'s Common Stock to listing and trading on the Professional Segment of Euronext Paris ("Euronext Paris"). This prospectus is not published in connection with and does not constitute an offer of securities by or on behalf of International Flavors & Fragrances Inc. ("IFF").

Pursuant to Article 516-19 of the AMF General Regulation, an investor other than a qualified investor, within the meaning of Point 2 of II of Article L. 411-2 of the *Code Monétaire et Financier*, may not purchase IFF's Common Stock on the Professional Segment of Euronext unless such investor takes the initiative to do so and has been duly informed by the investment services provider about the characteristics of the segment.

The distribution of this prospectus in certain jurisdictions may be restricted by law, and therefore persons into whose possession this prospectus comes should inform themselves of and observe any such restrictions.

This prospectus contains forward-looking statements concerning, among other things, the prospects for IFF's operations, which are subject to certain risks, uncertainties and assumptions. The various assumptions IFF uses in its forward−looking statements, as well as risks and uncertainties relating to those statements, are set out in Item 7: Management's Discussion and Analysis of Financial Condition and Results of Operations on pages 27 – 45 of IFF's 10-K (as defined below). Factors exist that could cause IFF's actual results to differ materially from these forward-looking statements. IFF does not undertake to update any forward-looking statements that may be made from time to time by or on behalf of IFF unless it is required by law.

This prospectus, which contains material information concerning IFF, was established pursuant to Articles 211-1 to 216-1 of the AMF General Regulation*.* Pursuant to Article 25 of Commission Regulation (EC) No 809/2004 of 29 April 2004 as amended by Commission Delegated Regulations (EU) No 486/2012 of 30 March 2012 and No 862/2912 of 4 June 2012 (as amended, the "Prospectus Regulation"), this prospectus is composed of the following parts in the following order:

(1) a table of contents;

(2) the summary provided for in Article 5(2) of Directive 2003/71/EC (the "Prospectus Directive");

(3) the risk factors linked to the issuer and the type of security covered by the issue; and

(4) the cross-reference list stipulated in Article 25.4 of the Prospectus Regulation presenting the information in the order stipulated in Annexes I and III of the Prospectus Regulation which, by application of Articles 3, 4, and 6 thereof, are required for this transaction.

This prospectus also contains in Chapter C supplemental information concerning IFF and its business, provided at the AMF's request. For a better understanding of the summary of the prospectus in Chapter A, the reader should read the entire prospectus, including Chapter C: Supplemental Information concerning IFF, contained on pages 35-46.

Further, the prospectus contains the following documents:

- Annual Report on Form 10-K for the fiscal year ended December 31, 2014, filed by IFF with the U.S. Securities and Exchange Commission (the "SEC") on March 2, 2015 ("IFF's 10-K");
- Definitive Proxy Statement on Schedule 14A, filed by IFF with the SEC on March 18, 2015 ("IFF's Proxy Statement");
- Quarterly Report on Form 10-Q for the quarter ended March 31, 2015, filed by IFF with the SEC on May 12, 2015 ("IFF's 10-Q");
- Restated Certificate of Incorporation of IFF;

- By-Laws of IFF;
- Current Report on Form 8-K furnished by IFF to the SEC on May 12, 2015, relating to the financial results of IFF for the quarter ended March 31, 2015;
- Consolidated Financial Statements of IFF as of December 31, 2013 and December 31, 2012, and for each of the three years in the period ended December 31, 2013; and
- News release announcing that IFF has made a binding offer for the acquisition of Lucas Meyer Cosmetics, as filed by IFF with the SEC on June 12, 2015.

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COMPANY REPRESENTATIVE FOR PROSPECTUS

1.1 Andreas Fibig, Chairman and Chief Executive Officer of International Flavors & Fragrances Inc., acting for and on behalf of International Flavors & Fragrances Inc.

1.2 I hereby declare, after taking all reasonable measures for this purpose and to the best of my knowledge, that the information contained in this prospectus is in accordance with the facts and that the prospectus makes no material omission.

/s/ Andreas Fibig
Andreas Fibig
Chairman and Chief Executive Officer of
International Flavors & Fragrances Inc.

New York, New York, June 15, 2015

CHAPTER A: PROSPECTUS SUMMARY

NOTE TO THE PROSPECTUS SUMMARY

VISA NUMBER 15-276, DATED JUNE 15, 2015 OF THE AMF

SUMMARY

Summaries are made up of disclosure requirements, each known as an "Element". These Elements are numbered as Sections A-E (A.1 – E.7).

This summary contains all the Elements required to be included in a summary for this type of security and issuer. Because some Elements are not required to be addressed, there may be gaps in the numbering sequence of the Elements.

Even though an Element may be required to be included in a summary for this type of security and issuer, it is possible that no relevant information can be given regarding such Element. Where this is the case, a short description of the Element is included in this summary, with the words "not applicable".

Section A—Introduction and warnings		
A.1	**General disclaimer regarding the summary**	This summary should be read as an introduction to the prospectus (the "Prospectus") relating to the admission of 115,995,113 shares of common stock of International Flavors & Fragrances (the "Shares") to listing and trading on the Professional Segment of Euronext Paris (the "Euronext Listing"). Any decision to invest in the Shares should be based on a consideration of the Prospectus as a whole and not just the summary. Where a claim relating to the information contained in the Prospectus is brought before a court, the plaintiff investor might, under the national legislation of the member states of the European Economic Area (each a "Member State"), have to bear the costs of translating the Prospectus before the legal proceedings are initiated. Civil liability in relation to the summary attaches to the Company (as defined below), but only if the summary is misleading, inaccurate or inconsistent when read together with the other parts of the Prospectus (including information incorporated by reference herein) or if it does not provide, when read together with the other parts of the Prospectus, key information in order to aid investors when considering whether to invest in the Shares.
A.2	**Resale or Final Placement of the Shares**	Not applicable.

Section B—Company		
B.1	**Legal and commercial name of the Company**	International Flavors & Fragrances Inc. (the "Company"). In this summary, unless the context requires otherwise, references to the "Company," "we," "us," "our," "International Flavors & Fragrances Inc." and "IFF" are to International Flavors & Fragrances Inc., a New York corporation, and its subsidiaries collectively. The Company, together with its consolidated subsidiaries, are referred to herein as the "Group."
B.2	**Domicile / legal form / legislation / country of incorporation of the Company**	International Flavors & Fragrances Inc. is a New York corporation, with its principal executive offices at 521 West 57th Street, New York, New York 10019, U.S.A.
B.3	**Business Overview**	**Operations** IFF creates, manufactures and supplies flavors and fragrances for the food, beverage, personal care and household products industries either in the form of compounds or individual ingredients. IFF's flavors and fragrances compounds combine a large number of ingredients that are blended, mixed or reacted together to produce proprietary formulas created by its perfumers and flavorists. Utilizing its capabilities in consumer insight, research and product development ("R&D") and creative expertise, IFF collaborates with its customers to drive consumer preference for its customers' brands. This collaboration in turn helps bolster its customers' market share and grow equity in their brand portfolio. **Products** IFF operates in two business segments, Flavors and Fragrances. We believe we have a diversified product and customer portfolio that provides us with greater stability and growth potential across a variety of economic environments. In 2014, our Flavors business represented 47% of our sales, while our Fragrances business represented 53% of sales. During 2014, our 25 largest customers accounted for 53% of our sales. Sales to our largest customer accounted for 12%, 12% and 11% of our sales in 2014, 2013 and 2012, respectively. Such sales were largely in our Fragrances business. ***Flavors*** Flavors are the key building blocks that impart taste in processed food and beverage products and, as such, play a significant role in determining consumer preference of the end products in which they are used. While we are a global leader, our Flavors business is regional in nature, with different formulas that reflect local taste and ingredients. As a leading creator of flavor compounds, we help our customers deliver on the promise of delicious and healthy foods and drinks that appeal to consumers.

Our Flavors compounds are ultimately used by our customers in four end-use categories:

- Savory - We produce flavors which are used in soups, sauces, condiments, prepared meals, meat and poultry, and potato chips and other savory snacks.
- Beverages - We create flavors for juice drinks, carbonated beverages, flavored waters and spirits and have creative expertise dedicated to beverage flavor systems.
- Sweet - We create innovative flavor concepts and heat-stable flavors for bakery products, as well as candy, chewing gum and cereal, which each have distinctive sweet tastes. For pharmaceutical and oral care products, we produce flavors for products such as toothpaste and mouthwash.
- Dairy - We offer a complete range of value-added compounded flavors for all dairy applications, including yogurt, ice cream, cheese, cream and butter flavor. We also offer a wide range of quality vanilla extracts and a variety of flavor solutions that build on our understanding of vanilla.

We develop thousands of different flavors and taste offerings for our customers, most of which are tailor-made. We continuously develop new formulas in order to meet changing consumer preferences and customer needs. Consumers, especially those in developed markets such as the United States and Western Europe, are increasingly seeking to focus on products which promote health and wellness. They want food and beverage products that are both good for them and taste good. Our objective is to capture a significant share of this shift in consumer demand by capitalizing on the ability of our naturals and proprietary ingredients and flavor systems technologies to provide consumers with healthier solutions without changing the taste experience of the food or beverage.

Fragrances

We are a global leader in the creation of fragrances. Our fragrances are a key component in the world's finest perfumes and best-known consumer brands, including fabric care, home care, personal wash, hair care and toiletries. Our Fragrances business consists of Fragrance Compounds and Fragrance Ingredients.

- Fragrance Compounds — In 2014, we realigned our creative and commercial teams within Fragrance Compounds into two broad market categories:

    ◇ Fine Fragrances — We have created some of the industry-leading fine fragrance classics as well as cutting-edge niche fragrances, as evidenced by our number of top sellers and the success of our new launches.

		◇ Consumer Fragrances — Our consumer fragrances include five end-use categories of products: (1) Fabric Care, including laundry detergents, fabric softeners and specialty laundry products; (2) Home Care, including household cleaners, dishwashing detergents and air fresheners; (3) Personal Wash, including bar soap and shower gel; (4) Hair Care; and (5) Toiletries. • Fragrance Ingredients — We create, develop and manufacture a broad portfolio of innovative, high-quality and cost-effective fragrance, and to a much smaller extent flavor, ingredients, for internal use in our compound businesses and for external use in preparation of compounds by our customers and other third parties, including our competitors. With over 1,200 separate fragrance ingredients, we believe that we lead the industry with the breadth of our product portfolio. We manufacture our ingredients through our global network of production facilities and continue to work to optimize our manufacturing processes. We believe that our in-house naturals operations, led by Laboratoire Monique Rémy in Grasse, France, are industry leading in the processing quality materials and offer decades of experience understanding natural products and perfecting the process of transforming naturals, such as narcissus, jasmine and blackcurrant bud, into pure absolutes that retain the unique fragrance of their origin. Our perfumers have access to our large portfolio of innovative, high-quality and cost-effective ingredients to support their creativity, which in turn provides our customers with a unique identity for their brands. We also create innovative delivery systems, including (i) our proprietary encapsulation technology, which consists of individual fragrance droplets coated with a protective polymetric shell to deliver superior fragrance performance throughout a product's lifecycle and (ii) our exclusive polymer delivery system, PolyIFF, which is a "solid fragrance" technology that allows us to add scent to functional or molded plastic. We also collaborate with some of the world's leading art and fashion schools to tap into the creative minds of the future leaders of fashion and design. We collaborate with scientists, writers, artists, musicians and film-makers to expose our perfumers to new and constantly evolving creative territories and approaches.

Markets

The global market for flavors and fragrances has expanded consistently, primarily as a result of an increase in demand for, as well as an increase in the variety of, consumer products containing flavors and fragrances. The flavors and fragrances market is part of a larger market which supplies a variety of ingredients and components that consumer products companies utilize in their products. The broader market includes large multinational companies and smaller regional and local participants which supply products such as seasonings, texturizers, spices, enzymes, certain food related commodities, fortified products and cosmetic ingredients. In 2014, IFF achieved sales of approximately $3.1 billion, making it one of the top four companies in the global flavors and fragrances sub-segment of the broader ingredients and compounds market. Within the flavors and fragrances sub-segment of this broader market, the top four companies comprise approximately two-thirds of the total estimated sales. IFF believes that its diversified business platform consisting of expansive geographic coverage, a broad product portfolio and a global and regional customer base, positions it to achieve long-term growth as the flavors and fragrances markets expand.

With operations in 32 different countries worldwide and approximately 6,200 employees, IFF collaborates with its customers to serve consumers in more than 100 countries. IFF operates in two business segments, Flavors and Fragrances, with sales to customers in the following four regions set forth below:

Region	% of 2014 Sales
Europe, Africa, Middle East	34%
Greater Asia	28%
North America	22%
Latin America	16%

We have a strong commitment to emerging markets. We believe that significant future growth potential for the flavors and fragrances industry, and for our business, exists in the emerging markets (all markets except North America, Japan, Australia, and Western, Southern and Northern Europe). Over the past five years our local currency growth rate in emerging markets has significantly outpaced that of developed markets. We expect this trend to continue for the foreseeable future. The emerging market local currency growth rate in 2014 was 6%. We have had operations in some of the largest emerging markets for multiple decades. As a result of these established operations, sales in emerging markets represented 50% of 2014 sales, up from 49% in 2013. As our customers in emerging markets grow their businesses, they will have the ability to leverage our long-standing presence and our extensive market knowledge to help drive their brands.

B.4a	**Main recent trends having an impact on the Company and its industry**	**Main Recent Trends** ***Strategic Priorities*** We are focused on generating sustainable profitable growth across our business. We believe that we can continue to deliver returns above cost of capital on a long-term basis and increase shareholder value by leveraging our geographic reach, strengthening our innovation platform and maximizing our portfolio. We are in the process of refreshing the key elements of our strategic priorities, which are the following: • **Leverage geographic reach**: Our strong geographic reach allows us to capture the benefits of attractive population growth and wealth creation in emerging markets, representing a key component of our growth plan. In emerging markets, strong GDP growth and a significant expansion of the middle-class consumer are increasing the demand for better-flavored and fragranced consumer products. To support this trend, we have made significant investments in emerging markets. Since 2008, we have opened eight state-of-the-art creative centers in Shanghai, Sao Paulo, Moscow, Singapore, Mumbai, Delhi, Chengdu, and Beijing. We continue to invest in the fast growing region of Greater Asia. In 2013, we opened a new flavors manufacturing facility in Guangzhou, China, which followed the 2012 opening of our new flavor and fragrance facility in Singapore, both of which are part of a more than $100 million investment in Greater Asia. We also announced a $50 million investment to fund our expansion in Indonesia, bringing our total investment in Greater Asia to more than $150 million. We also continued toward the completion of our more than $50 million expansion in Turkey, expected to be completed in 2015. We expect that the emerging markets will represent more than half of our annual sales in 2015, as we estimate that growth potential in these markets will outpace the expected growth in the developed markets. On February 26, 2015, IFF announced the expansion of its flavors facility in Isando, South Africa. The expanded facility, located near Johannesburg and adjacent to IFF's existing manufacturing plant, more than doubles IFF's creative capabilities in South Africa. The new cutting-edge facility includes flavor creation, application and sensory laboratories, and a pilot plant that will cater to the Company's expanded customer base in the rapidly growing Sub-Saharan Africa region. IFF's total footprint in South Africa is approximately 30,000 square meters.

		• **Strengthen innovation platform**: We continue to focus on creating innovative and distinctive products that meet consumer needs and drive consumer preference for our customers' brands. We have been strengthening our platforms by leveraging our knowledge of consumer trends to direct ten key research platforms that address current and expected future needs of consumers. We in turn use our customer-centric knowledge and research platforms to drive technological development and create a cost-effective product portfolio. We anticipate that this focus on innovation will be instrumental in meeting future consumer needs, thereby driving our customers' growth and in turn market share gains for both IFF and our customers. To capture these opportunities in Flavors, we are focusing on key flavor systems technologies to provide consumers with healthier solutions and an enhanced taste experience. In Fragrances, we are focusing on ingredients, including our naturals portfolio, as well as our delivery systems. In 2014, we acquired Aromor Flavors and Fragrances Ltd. ("Aromor"), a manufacturer and marketer of complex specialty ingredients that are used in fragrances and flavors, to provide us with cost-effective, quality ingredients to use in our compounds creations. • **Maximize portfolio**: We believe in a disciplined, analytical approach toward value creation to maximize our portfolio and drive sustained profitable growth. We continuously look for and identify opportunities to strengthen and grow the business through internal improvements, disciplined allocation of resources towards advantaged categories, customers and/or markets, working capital management and return-based capital investments. • **Vision 2020:** On June 2, 2015 we held an investor meeting during which our senior executives offered their perspectives on IFF's strategy "Vision 2020", which is built on four pillars: o Win where we compete: become the #1 or #2 with key customers; o Innovating firsts: deliver innovative products to our customers; o Become our customers' partner of choice through consumer insights, service land marketing; o Strengthen and expand our portfolio: building on our core strengths and through strategic acquisitions, partnerships and collaborations.

		Global Macroeconomic Conditions On a long-term basis IFF expects that sales growth for the industry will generally be in line with the underlying assumptions that support its long-term strategic goals, albeit with some risk in the near term given the continuing global economic uncertainty. ***Improved Focus on Personal Health and Wellness*** IFF believes changing social habits resulting from increased disposable income, improved focus on personal health and wellness awareness should help drive growth of its consumer product customers' businesses. ***Cost of Raw Materials*** Gross margins increased 60 basis points (bps) year-over-year, due to solid sales growth, and benefits from cost and productivity initiatives, that more than offset the slightly unfavorable price versus input cost dynamic during 2014. However, the overall raw material cost base remains elevated, including certain categories where prices remain near all-time highs. IFF believes input costs will increase approximately 1% in 2015 as higher prices on certain categories, such as naturals, will more than offset potential benefits associated with oil-based derivatives that are expected to occur later in 2015. The Company continues to seek improvements in its margins through operational performance and mix enhancement.
B.5	**Group**	The Company is the holding company of the Group, which includes, as of March 31, 2015, 89 consolidated subsidiaries (10 in the United States and 79 abroad).
B.6	**Shareholders of the Company**	Since March 2, 1964, our Common Stock (as defined below) is listed on the New York Stock Exchange ("NYSE") under the symbol "IFF." IFF is a well-known seasoned issuer (WKSI), as defined in Rule 405 of the Securities Act of 1933. Our authorized capital stock consists of 500,000,000 shares of common stock, par value 12 ½ ¢ per share (the "Common Stock"). As of March 31, 2015, approximately 80,902,319 shares of Common Stock were issued and outstanding, and approximately 35,092,794 shares of Common Stock were held in treasury. The following table shows information for each person known by IFF to beneficially own more than 5% of the outstanding Common Stock as of March 31, 2015.

Name and Address of Beneficial Owner	Number of Shares	Percentage of Share Capital and Voting Rights*
BlackRock, Inc. 40 East 52nd Street New York, NY 10022	4,547,484 (1)	5.6%
Capital Research Global Investors 333 South Hope Street Los Angeles, CA 90071	5,190,034 (2)	6.4%
Massachusetts Financial Services Company 111 Huntington Avenue Boston, MA 02199	4,072,758 (3)	5.0%
The Vanguard Group, Inc. 100 Vanguard Blvd. Malvern, PA 19355	6,879,440 (4)	8.5%

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* Based on 80,902,319 shares of common stock outstanding.

(1) This amount is based solely on Amendment No. 5 to Schedule 13G filed with the SEC on February 2, 2015 by BlackRock, Inc. to report that it was the beneficial owner of an aggregate of 4,547,484 shares of our common stock as of December 31, 2014. BlackRock has the sole power to vote or direct the vote with respect to 3,822,725 of these shares and sole power to dispose of or direct the disposition of 4,547,484 of these shares.

(2) This amount is based solely on Amendment No. 2 to Schedule 13G filed with the SEC on February 13, 2015 by Capital Research Global Investors, a division of Capital Research and Management Company to report that it is deemed to be the beneficial owner of an aggregate of 5,190,034 shares of our common stock as of December 31, 2014. Capital Research Global Investors has the sole power to vote or direct the vote with respect to these shares.

(3) This amount is based solely on Amendment No. 2 to Schedule 13G filed with the SEC on February 6, 2015 by Massachusetts Financial Services Company ("MFS") to report that MFS and/or certain other non- reporting entities were the beneficial owner of an aggregate of 4,072,758 shares of our common stock as of December 31, 2014. MFS has the sole power to vote or direct the vote with respect to 3,470,340 of these shares and sole power to dispose of or direct the disposition of 4,072,758 of these shares.

(4) This amount is based solely on Amendment No. 4 to Schedule 13G filed with the SEC on February 10, 2015 by The Vanguard Group, Inc. to report that it was the beneficial owner of an aggregate of 6,879,440 shares of our common stock as of December 31, 2014. The Vanguard Group has the sole power to vote or direct the vote with respect to 144,303 of these shares, the sole power to dispose of or direct the disposition of 6,746,573 of these shares, and shared power to dispose of or direct the disposition of 132,867 of these shares.

B.7	Selected historical key financial information

Selected Three Year Financial Data
(In thousands, except per share data)

Statements of Operations
Years ended December 31

	2014	2013	2012
Net sales	$3,088,533	$2,952,896	$2,821,446
Cost of goods sold[(a)]	1,726,383	1,668,691	1,645,912
Gross profit	1,362,150	1,284,205	1,175,534
Research and development expenses	253,640	259,838	233,713
Selling and administrative expenses[(b)]	514,891	505,877	453,535
Restructuring and other charges, net[(c)]	1,298	2,151	1,668
Operating profit	592,321	516,339	486,618
Interest expense	46,067	46,767	41,753
Other (income) expense, net[(d)]	(2,807)	(15,638)	1,450
Income before taxes	549,061	485,210	443,415
Taxes on income[(e)]	134,518	131,666	189,281
Net income	$414,543	$353,544	$254,134
Percentage of net sales	13.4	12.0	9.0
Percentage of average shareholders' equity	27.7	26.0	21.5
Net income per share — basic	$5.09	$4.32	$3.11
Net income per share — diluted	$5.06	$4.29	$3.09
Average number of diluted shares (thousands)	81,494	81,930	81,833

	2014	2013	2012
Consolidated Balance Sheet Data			
Cash and cash equivalents	$478,573	$405,505	$324,422
Receivables, net	493,768	524,493	499,443
Inventories	568,729	533,806	540,658
Property, plant and equipment, net	720,268	687,215	654,641
Goodwill and intangible assets, net	752,041	696,197	702,270
Total assets	3,494,621	3,331,731	3,246,192
Bank borrowings, overdrafts and current portion of long-term debt	8,090	149	150,071
Long-term debt	934,232	932,665	881,104
Total Shareholders' equity[(f)]	1,522,689	1,467,051	1,252,555
Other Data			
Current ratio[(g)]	3.3	2.9	2.5
Additions to property, plant and equipment	$143,182	$134,157	$126,140
Depreciation and amortization expense	89,354	83,227	76,667
Cash dividends declared per share	$1.72	$1.46	$1.30
Number of shareholders of record at year-end	2,105	2,255	2,430
Number of employees at year-end	6,211	6,000	5,715

		(a) The 2014 amount includes $7,641 ($5,221 after tax) of accelerated depreciation associated with the Fragrance Ingredients rationalization and operational improvement initiative costs in Europe and Asia. The 2013 amount includes $8,770 ($6,084 after tax) of accelerated depreciation associated with the Fragrance Ingredients rationalization and several locations in Asia. (b) The 2013 amount includes $13,011 ($9,108 after tax) of expense associated with the Spanish capital tax case. (c) Restructuring and other charges ($844 after tax) in 2014, ($1,398 after tax) in 2013, ($1,047 after tax) in 2012, were the result of various restructuring and reorganization programs of the Company. (d) The 2014 amount includes $723 ($470 after tax) and the 2013 amount includes $14,155 ($8,522 after tax) of net gains related to the sale of non-operating assets. (e) The 2012 amount includes after tax charges of $72,362 related to the overall Spanish tax settlement. (f) Includes non-controlling interest for all periods presented. (g) Current ratio is equal to current assets divided by current liabilities.

Statements of Cash Flows
Years ended December 31

	2014	2013	2012
Net income	$414,543	$353,544	$254,134
- Adjustments to net income excluding changes in assets and liabilities	131,584	88,638	42,903
- Changes in assets and liabilities	(27,737)	(34,620)	26,759
Net cash provided by operating activities	518,390	407,562	323,796
Net cash used in investing activities	(221,333)	(105,406)	(114,261)
Net cash (used in) provided by financing activities	(202,330)	(217,038)	25,404
Effect of exchange rate changes on cash + cash equivalents	(21,659)	(4,035)	1,204
Net change in cash and cash equivalents	73,068	81,083	236,143
Cash and cash equivalents at beginning of year	405,505	324,422	88,279
Cash and cash equivalents at end of year	478,573	405,505	324,422

Revenue Growth
Years ended December 31

	2014	2013	2012
Total Company			
Reported Sales Growth	**5%**	**5%**	**1%**
Currency Impact	0%	0%	3%
Local Currency Sales Growth	**5%**	**5%**	**4%**
Exit of Flavors Low Margin Sales Activities	0%	1%	1%
Like-For-Like Local Currency Sales Growth	**5%**	**6%**	**5%**

The Company measures sales performance on a non-GAAP basis which eliminates the effects that result from translating its international sales in U.S. dollars ("local currency") and eliminates the effect of local currency and the strategic decision to exit certain low margin sales ("like-for-like") in 2013 and 2012. Such information is unaudited. It is supplemental to information presented in accordance with GAAP and is not intended to represent a presentation in accordance with GAAP.

Selected Quarterly Financial Data
(In thousands, except per share data – Unaudited)

Statements of Operations
Quarters ended March 31

	2015	2014
Net sales	$774,907	$770,224
Cost of goods sold	428,630	428,812
Gross profit	346,277	341,412
Research and development expenses	63,462	61,504
Selling and administrative expenses	120,835	123,733
Restructuring and other charges, net	187	122
Operating profit	161,793	156,053
Interest expense	11,095	11,677
Other (income) expense, net	(5,710)	1,443
Income before taxes	156,408	142,933
Taxes on income	28,150	36,226
Net income	128,258	106,707
Other comprehensive income (loss), after tax:		
Foreign currency translation adjustments	(50,515)	(9,396)
Gains on derivatives qualifying as hedges	12,083	460
Pension and postretirement net liability	5,547	4,365
Other comprehensive income (loss)	(32,885)	(4,571)
Total comprehensive income	$95,373	$102,136
Net income per share - basic	$1.58	$1.31
Net income per share - diluted	$1.57	$1.30
Average number of shares outstanding - basic	80,654	81,053
Average number of shares outstanding - diluted	81,195	81,732
Dividends declared per share	$0.47	$0.39

Balance Sheets

	March 31, 2015	Dec. 31, 2014
Cash and cash equivalents	$443,689	$478,573
Trade receivables	525,260	493,768
Total Inventories	536,465	568,729
Property, plant and equipment, at cost	1,713,269	1,766,746
Goodwill	675,484	675,484
Other intangible assets, net	74,717	76,557
Total Assets	3,507,172	3,494,621
Bank borrowings and overdrafts and current portion of long-term debt	$8,379	$8,090
Long-term debt	935,170	934,232
Total Shareholders' Equity	1,572,097	1,522,689

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Statements of Cash Flows
Quarters ended March 31

	2015	2014
Net cash provided by operating activities	$31,476	$34,993
Net cash used in investing activities	(17,931)	(122,358)
Net cash used in financing activities	(39,542)	(49,328)
Effect of exchange rate changes on cash and cash equivalents	(8,887)	(228)
Net change in cash and cash equivalents	(34,884)	(136,921)
Cash and cash equivalents at beginning of year	478,573	405,505
Cash and cash equivalents at end of period	443,689	268,584

Revenue Growth
1st Quarter 2015 vs. 1st Quarter 2014 (unaudited)

Total Company	
Total Reported Sales Growth	1%
Currency Impact	5%
Total Currency Neutral*	6%

*****Currency neutral sales growth is calculated by translating prior year sales at the exchange rates for the corresponding 2015 or 2014 period.

Operating Profit Growth
1st Quarter 2015 vs. 1st Quarter 2014 (unaudited)

Total Company	
Total Reported Operating Profit Growth	4%
Adjusted	2%
Currency Impact	7%
Total Currency Neutral Adjusted*	10%**

*****Currency neutral operating profit growth is calculated by translating prior year sales at the exchange rates for the corresponding 2015 or 2014 period.

**The sum of these items do not foot due to rounding.
</td></tr>
<tr><td>B.8</td><td>Pro forma financial information</td><td>Not applicable, no pro forma financial information is included in the Prospectus.</td></tr>
<tr><td>B.9</td><td>Profit forecast</td><td>Not applicable, no profit forecast is included in the Prospectus.</td></tr>
<tr><td>B.10</td><td>Reservations in the auditor’s report</td><td>Not applicable. There are no qualifications in the auditor’s report on the consolidated financial statements.</td></tr>
<tr><td>B.11</td><td>Working capital</td><td>The Company believes that the working capital available to the Group is sufficient to cover the Group’s current financial obligations, for at least the next 12 months following the date of the Prospectus.</td></tr>
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Section C—Securities		
C.1	**Type of securities and securities code**	Our Common Stock is listed on the NYSE under the symbol “IFF”, CUSIP number 459506101 and ISIN CODE US4595061015. A request has been made for the admission to trading on Euronext Paris (Professional Segment) as from June 17, 2015 of 115,995,113 Shares of the Company issued and outstanding as of 31 March 2015. The shares representing the share capital of the Company will be ordinary shares of the same class and will entitle their holders to the payment of all dividends, interim dividends or reserves or similar amounts decided after their distribution. The Shares will be traded on Euronext Paris under ISIN Code US4595061015. The ticker for the Company's shares will be “IFF” (Euronext Paris).
C.2	**Currency of the Shares**	Euro.
C.3	**Company shares issued and par value of the shares**	The Company’s outstanding and issued share capital consists of 80,902,319 shares of Common Stock, each representing an identical fraction of the Company’s share capital. All of the issued and outstanding shares are fully paid. The par value per share is 12 ½ ¢.
C.4	**Rights attached to the Shares**	**Dividend Rights.** The Company’s Certificate of Incorporation authorizes the payment of dividends. Holders of Common Stock are entitled to receive such dividends as the Company’s Board of Directors (the “Board”) may from time to time declare out of funds legally available therefore under the laws of the State of New York, in amounts that the Board may determine in its sole discretion. **Voting Rights**. Holders of Common Stock are entitled to one vote per share on the election of directors and all matters submitted to a vote of shareholders. With respect to the election of directors, at each meeting of shareholders for the election of directors at which a quorum is present, except in the case of a contested election, the vote required for election of a director will be the affirmative vote of a majority of the votes cast in favor of or against the election of a nominee. In a contested election, the persons receiving a plurality of the votes cast at the meeting will be elected as directors. An election will be deemed to be

		contested if, as of the record date for the shareholder meeting in question, there are more nominees for election than positions on the Board to be filled by election at the meeting. For all other matters put to a vote of shareholders, assuming a quorum is present, the vote of the holders of a majority of the votes cast will decide any question brought before such meeting, except as otherwise expressly provided by the Certificate of Incorporation, By-Laws or the laws of the State of New York. **Right to Receive Liquidation Distributions.** On liquidation, dissolution or winding up, holders of Common Stock are entitled to share ratably in the assets available for distribution to holders of Common Stock, as determined by applicable law. **Preemptive, Redemptive or Conversion Provisions**. Except as may otherwise be determined by a two-thirds vote of the Board, holders of Common Stock may be entitled to purchase any new or additional issue of any equity or voting shares of the Company or of any security convertible into equity or voting shares, if and to the extent required by the laws of the State of New York and applicable provisions of our Certificate of Incorporation. Such rights do not apply to shares issued upon the exercise of stock options. Under the Restated Certificate of Incorporation, except as otherwise provided by the laws of the State of New York, the Board is authorized, without the approval of the stockholders, to authorize and issue obligations of the Company and to determine the associated rights as to redeemability, convertibility or otherwise in its sole discretion.
C.5	**Restrictions on the free transferability of the Shares**	Not applicable. The currently outstanding shares are freely transferable.
C.6	**Listing and Request for admission for Trading**	Our Common Stock is listed on the NYSE under the symbol “IFF”, CUSIP number 459506101 and ISIN CODE US4595061015. This Prospectus is published in connection with the admission to listing and trading on the Professional Segment of Euronext Paris of 115,995,113 shares of Common Stock of International Flavors & Fragrances Inc. issued as of March 31, 2015. On June 9, 2015, Euronext approved our application for listing and trading of our Common Stock on Euronext. Trading in the Common Stock on the Professional Segment of Euronext is expected to start on June 17, 2015. Our Common Stock will be listed under the symbol “IFF”. IFF will be continuously traded on Euronext.
C.7	**Dividend policy**	IFF’s current practice is to pay quarterly dividends. IFF’s current intention is to pay dividends approximating 30%-35% of yearly earnings. However, the payment of dividends is determined by IFF’s Board at its discretion based on various factors, and no assurance can be provided as to future dividends.

Section D—Risks		
D.1	**Risks related to the Company's business and industry**	Before investing in the Company, investors should carefully consider the following risk factors. ▪ Volatility and increases in the price of raw materials, energy and transportation could harm IFF's profits. ▪ IFF's international operations are subject to economic, political and other risks that could materially and adversely affect its revenues, cash flows or financial position. ▪ IFF has made investments in and is expanding its business into emerging markets and regions, which exposes us to certain risks. ▪ The increase in demand for consumer products using flavors and fragrances has been driven by factors outside of IFF's control, and if these factors do not persist IFF's future growth could be adversely affected. ▪ Volatility in the global economy may adversely affect consumer spending and may negatively impact IFF's business and operating results. ▪ We may not successfully develop and introduce new products that appeal to our customers or our customers may not accurately anticipate and respond to global consumer market trends, which may adversely affect our results of operations. ▪ If we are unable to maintain the integrity of our raw materials, supply chain and finished goods, it may result in regulatory non-compliance, litigation costs, and harm to our reputation, all of which may adversely impact sales and our results of operations. ▪ A disruption in operations or our supply chain could adversely affect our business and financial results. ▪ Our ongoing optimization of our manufacturing facilities may not be as effective as we anticipate, and we may fail to realize the expected cost savings and increased efficiencies. ▪ Our ability to compete effectively depends on our ability to protect our intellectual property rights.
D.3	**Risks relating to the Shares**	▪ Volatility in the market price of the Company's shares. ▪ Dividends received by investors could be less than those declared pursuant to IFF's recent practice.

Section E—Offer		
E.1	**Total net proceeds and estimate of the total expenses incurred in connection with the Admission to Trading and Listing**	Not applicable. IFF will not receive any proceeds from the admission to listing and trading of its Common Stock on Euronext.
E.2a	**Reasons for the Admission to Trading and Listing**	The Euronext Listing is intended to promote additional liquidity for all investors and provide greater access to IFF's Common Stock among European fund managers who may be required to invest in Euro-zone markets or currencies only.
E.3	**Terms and conditions of the offer**	Not applicable, since no Shares will be offered.
E.4	**Interests material to the Offering**	Not applicable, since no Shares will be offered.
E.5	**Lock-up arrangements**	Not applicable, since no Shares will be offered.
E.6	**Dilution resulting from the Offering**	Not applicable, since no Shares will be offered.
E.7	**Estimated expenses charged to the investor**	Not applicable, since no Shares will be offered.

CHAPTER B: RISK FACTORS

We routinely encounter and address risks in conducting our business. Some of these risks may cause our future results to be different - sometimes materially different - than we presently anticipate. Below are certain important operational and strategic risks that could adversely affect our business. How we react to material future developments, as well as how our competitors react to those developments, could also affect our future results.

I. BUSINESS RISK FACTORS

- **Volatility and increases in the price of raw materials, energy and transportation could harm our profits.**

  We use many different raw materials for our business, including essential oils, extracts and concentrates derived from fruits, vegetables, flowers, woods and other botanicals, animal products, raw fruits, organic chemicals and petroleum-based chemicals. Raw material costs continue to remain at elevated levels. Historically, we have experienced the greatest amount of price volatility in natural products that represent approximately half of our raw material purchases. Availability and pricing of these natural products, such as citrus and vanilla, can be impacted by crop size and quality, weather, alternative land use, and other factors which we cannot control.

  If we are unable to increase the prices to our customers of our fragrance or flavor products to cover raw material and other input cost increases, or if we are unable to achieve cost savings to offset such cost increases, we could fail to meet our cost expectations and our profits and operating results could be adversely affected. Increases in prices of our products to customers may lead to declines in volume, and we may not be able to accurately predict the volume impact of price increases, which could adversely affect our financial condition and results of operations.

  Similarly, commodities and energy prices are subject to significant volatility caused by market fluctuations, supply and demand, currency fluctuations, production and transportation disruptions, and other world events. As we source many of our raw materials globally to help ensure quality control, if the cost of energy, shipping or transportation increases and we are unable to pass along these costs to our customers, our profit margins would be adversely affected. Furthermore, increasing our prices to our customers could result in long-term sales declines or loss of market share if our customers find alternative suppliers or choose to reformulate their consumer products to use fewer ingredients, which could have an adverse long-term impact on our results of operations.

  To mitigate our sourcing risk, we maintain strategic stock levels for critical items. However, if we do not accurately estimate the amount of raw materials that will be used for the geographic region in which we will need these materials, our margins could be adversely affected.

- **Our international operations are subject to economic, political and other risks that could materially and adversely affect our revenues, cash flows or financial position.**

  We operate on a global basis, with manufacturing and sales facilities in the United States, Europe, Africa, the Middle East, Latin America, and Greater Asia. During 2014, 79% of our net sales were to customers outside the United States and we intend to continue expansion of our international operations. As a result, our business is increasingly exposed to risks inherent in international operations. These risks, which can vary substantially by market, are described in many of the risk factors in this section and include the following:

  - governmental laws, regulations and policies adopted to manage national economic conditions, such as increases in taxes, austerity measures that may impact consumer spending, monetary policies that may impact inflation rates and currency fluctuations;
  - changes in environmental, health and safety regulations, such as the continued implementation of the European Union's REACH regulations, and the burdens and costs

of our compliance with such regulations;

- the imposition of tariffs, quotas, trade barriers, other trade protection measures and import or export licensing requirements, which could adversely affect our cost or ability to import raw materials or export our flavors or fragrances to surrounding markets;
- our ability to anticipate and adapt our flavors and fragrances to local preferences;
- risks and costs arising from language and cultural differences;
- changes in the laws and policies that govern foreign investment in the countries in which we operate, including the risk of expropriation or nationalization, and the costs and ability to repatriate the revenue that we generate in these countries;
- the impact of recessionary economic conditions outside of the United States;
- risks and costs associated with political and economic instability, corruption, and social and ethnic unrest in the countries in which we operate;
- difficulty in recruiting and retaining trained personnel;
- national and regional labor strikes in the countries in which we operate;
- risks and costs associated with health or similar issues, such as a pandemic or epidemic; or
- the risks of operating in developing or emerging markets in which there are significant uncertainties regarding the interpretation, application and enforceability of laws and regulations and the enforceability of contract rights and intellectual property rights.

These factors may increase in importance as we expand our operations in emerging markets as part of our growth strategy, and the occurrence of any one or more of these factors could increase our costs and adversely affect our results of operations.

- **We have made investments in and are expanding our business into emerging markets and regions, which exposes us to certain risks.**

As part of our growth strategy, we have increased our presence in emerging markets by expanding our manufacturing presence, sales organization and product offerings in these markets, and we expect to continue to focus on expanding our business in these markets. In addition to the currency and international operation risks described above, our operations in these markets may be subject to a variety of other risks. These risks include economies that include consumers with limited or fluctuating disposable income and discretionary spending on which the end users of our products depend, weak legal systems which may affect our ability to enforce our intellectual property and contractual rights, exchange controls, unstable governments and privatization or other government actions affecting taxes, subsidies and incentive programs and the flow of goods and currency. In conducting our business, we move products from one country to another and may provide services in one country from a subsidiary located in another country. Accordingly, we are vulnerable to abrupt changes in customs and tax regimes that may have significant negative impacts on our financial condition and operating results.

- **The increase in demand for consumer products using flavors and fragrances has been driven by factors outside of our control, and if these factors do not persist our future growth could be adversely affected.**

Demand for consumer products using flavors and fragrances has been stimulated and broadened by changing social habits and consumer needs, an expanding global middle-class and general economic growth, especially in emerging markets. Approximately 50% of our sales during 2014 were generated in emerging markets and we expect emerging markets to continue to significantly contribute to our future growth. Increasing consumer demand for products using flavors and fragrances is dependent on factors such as increases in personal income, dual-earner households, teenage population, leisure time, consumer health concerns and urbanization and by the continued growth in world's population, all of which are outside of our control. Changes in any number of external economic factors, or changes in social or consumer preferences, could materially adversely impact our results of operations. Accordingly, our future growth will depend upon the continued economic growth and development of consumer spending on products for which we supply flavors and fragrances in these global markets.

- **Our results of operations may be negatively affected by the impact of currency fluctuation or devaluation in the international markets in which we operate.**

  We have significant operations outside the U.S., the results of which are reported in the local currency and then translated into U.S. dollars at applicable exchange rates for inclusion in our consolidated financial statements. The exchange rates between these currencies and the U.S. dollar have fluctuated and will continue to do so in the future. Changes in exchange rates between these local currencies and the U.S. dollar will affect the recorded levels of sales, profitability, assets and/or liabilities. Additionally, volatility in currency exchange rates may adversely impact our financial condition, cash flows or liquidity. Although we employ a variety of techniques to mitigate the impact of exchange rate fluctuations, including sourcing strategies and a limited number of foreign currency hedging activities, we cannot guarantee that such hedging and risk management strategies will be effective, and our results of operations could be adversely affected.

- **Volatility in the global economy may adversely affect consumer spending and may negatively impact our business and operating results.**

  Our flavors and fragrances are components of a wide assortment of global consumer products throughout the world. Since mid-2008, the global economy has experienced significant recessionary pressures and declines in consumer confidence and economic growth. While some segments of the global economy appear to be recovering, the ongoing global recessionary economic environment in Europe has, and may in the near future, increase unemployment and underemployment, decrease salaries and wage rates, increase inflation or result in other market-wide cost pressures that will adversely affect demand for consumer products in both developed and emerging markets. In addition, growth rates in the emerging markets have moderated from previous levels. Reduced consumer spending may cause changes in our customer orders including reduced demand for our flavors and fragrances, increased pressure to reduce the price of our flavors and fragrances or order cancellations. To the extent that the volatility in global economic conditions continues, our sales, profitability and overall operating results could be adversely affected.

- **We may not successfully develop and introduce new products that appeal to our customers or our customers may not accurately anticipate and respond to global consumer market trends, which may adversely affect our results of operations.**

  Our growth and performance largely depends on our ability to successfully develop and introduce new products and product improvements that appeal to our customers, and ultimately to global consumer needs. We must continually anticipate and react to, in a timely and cost-efficient manner, changes in consumer preferences and demands. We cannot be certain that we will successfully achieve our innovation goals, such as the development of new molecules, delivery methods and other technologies. We currently spend approximately 8% of our sales on research and development; however, such investments may only generate future revenues to the extent that we are able to successfully develop products that meet our customers' specifications, can be delivered at an acceptable price and are accepted by the targeted consumer market. Furthermore, there may be significant lag times from the time we incur R&D costs to the time that these R&D costs may result in increased revenue. Consequently, even when we "win" a project, our ability to generate revenues as a result of these investments is subject to numerous customer, economic and other risks that are outside of our control, including delays by our customers in the launch of a new product, poor performance of our third-party vendors, reduced or insufficient resources allocated by our customers to promoting the new product, anticipated sales by our customers not being realized or changes in market preferences or demands, or disruptive innovations by our competitors.

- **If we are unable to maintain the integrity of our raw materials, supply chain and finished goods, it may result in regulatory non-compliance, litigation costs, and harm to our reputation, all of which may adversely impact sales and our results of operations.**

The development, manufacture and sale of our products are subject to various regulatory requirements in each of the countries in which our products are developed, manufactured and sold. In addition, we are subject to product safety and compliance requirements established by the industry or similar oversight bodies. We use a variety of strategies, methodologies and tools to (i) identify current product standards, (ii) assess relative risks in our supply chain that can impact product integrity, (iii) monitor internal and external performance and (iv) test raw materials and finished goods to minimize the likelihood of product or process non-compliance.

Gaps in our operational processes could adversely affect the quality of our finished products and result in a regulatory non-compliance event. If a product non-compliance event were to go undetected, it could subject us to customer claims, recalls, penalties, litigation costs and settlements, remediation costs or loss of sales. As our flavors and fragrances are used as ingredients in many products meant for human consumption, these consequences would be exacerbated if our customer did not identify the defect and there was a resulting impact at the consumer level. Such a result could lead to potentially large scale adverse publicity, recalls and potential consumer litigation. Furthermore, adverse publicity about our products, including concerns about product safety or similar issues, whether real or perceived, could harm our reputation and result in an immediate adverse effect on our sales, as well as require us to utilize significant resources to rebuild our reputation.

- **A disruption in operations or our supply chain could adversely affect our business and financial results.**

  As a company engaged in development, manufacturing and distribution on a global scale, we are subject to the risks inherent in such activities, including industrial accidents, environmental events, strikes and other labor disputes, disruptions in supply chain or information systems, loss or impairment of key manufacturing sites, product quality control, safety, licensing requirements and other regulatory issues, as well as natural disasters and other external factors over which we have no control. If any of these events were to occur, it could have an adverse effect on our business and financial results. In addition, while we have manufacturing facilities throughout the world, certain of our facilities are the sole source of a specific ingredient or product. If the manufacture of these ingredients or products was disrupted, the cost of relocating or replacing their production or reformulating them may be substantial, which could result in production delays or otherwise have an adverse effect on our operating results, financial condition or cash flows.

- **Our performance may be adversely impacted if we are not successful in managing our inventory and/or working capital balances.**

  We evaluate our inventory balances of materials based on shelf life, expected sourcing levels, known uses and anticipated demand based on forecasted customer order activity and changes in our product/sales mix. Efficient inventory management is a key component of our business success, financial returns profitability. To be successful, we must maintain sufficient inventory levels and an appropriate product/sales mix to meet our customers' demands, without allowing those levels to increase to such an extent that the costs associated with storing and holding other inventory adversely impact our financial results. If our buying decisions do not accurately predict sourcing levels, customer trends or our expectations about customer needs are inaccurate, we may have to take unanticipated markdowns or impairment charges to dispose of the excess or obsolete inventory, which can adversely impact our financial results. Additionally, we believe excess inventory levels of raw materials with a short shelf life in our manufacturing facilities subjects us to the risk of increased inventory shrinkage. If we are not successful in managing our inventory balances and shrinkage, our results from operations and cash flows from operations may be negatively affected.

  The Company sells certain accounts receivable on a non-recourse basis to unrelated financial institutions under "factoring" agreements that are sponsored, solely and individually, by certain customers. The cost of participating in these programs was immaterial to our results in all periods. Should we choose not to participate, or if these programs were no longer available, it could reduce our cash from operations in the period in which the arrangement ends.

- **Our ongoing optimization of our manufacturing facilities may not be as effective as we anticipate, and we may fail to realize the expected cost savings and increased efficiencies.**

  As part of our strategy, we seek to enhance our manufacturing efficiency and align our geographic manufacturing footprint with our expectations of future growth. To operate more efficiently and control costs, from time to time we execute rationalization activities, which include manufacturing facility consolidations. For example, during 2014, we closed our Augusta, Georgia facility and relocated and consolidated its operations into other facilities and we are in the midst of relocating our Ingredients facility in Hangzhou China. Our ability to realize anticipated cost savings, synergies and revenue enhancements from these activities may be affected by a number of factors and may pose significant risks, including:

  - the risk that we may be unable to integrate successfully the relocated manufacturing operations;
  - the risk that we may be unable to effectively reduce overhead, coordinate management and integrate and retain employees of the relocated manufacturing operations;
  - the risk that we may face difficulties in implementing and maintaining consistent standards, controls, procedures, policies and information systems;
  - potential strains on our personnel, systems and resources and diversion of attention from other priorities; and
  - unforeseen or contingent liabilities of the relocated manufacturing operations.

  Furthermore, our rationalization and consolidation actions may not be as effective as we anticipate, and we may fail to realize the cost savings we expect from these actions. Actual charges, costs and adjustments due to these activities may vary materially from our estimates, and these activities may require cash and non-cash integration and implementation costs or charges in excess of budgeted amounts, which could offset any such savings and other synergies and therefore could have an adverse effect on our margins.

- **We may not achieve expected efficiencies related to the proximity of our customers' production facilities to our manufacturing facilities, or with respect to existing or future production relocation plans.**

  As part of our strategy, we manage our global manufacturing footprint to enhance manufacturing efficiencies and align with our expectations of future growth and technology needs. Many of our facilities are located in close proximity to our customers in order to minimize both our customers' and our own costs. However, we may not have sufficient demand to utilize all of our production capacity and may be required to ship excess products to other regions in which we operate, which will increase our costs and decrease our margins. In addition, our expected growth may not be realized which would result in excess capacity and reduced margins.

- **We are subject to laws and regulations governing anti-bribery and corruption, and non-compliance with such laws and regulations could have a material adverse impact on our business, financial condition or results of operations.**

  We are subject to a wide range of laws and regulations to prevent corruption, bribery and other unethical business practices, including the U.S. Foreign Corrupt Practices Act, or FCPA, and similar laws and regulations in other countries. These laws and regulations generally prohibit companies and their intermediaries from making improper payments to foreign officials for the purpose of obtaining or keeping business or other benefits. In addition, we have manufacturing operations in some jurisdictions which pose potentially elevated risks of fraud or corruption or increased risk of internal control issues. As needed, we conduct internal investigations, control testing and compliance reviews to help ensure that we are in compliance with applicable corruption and similar laws and regulations. We could be subject to inquiries or investigations by government and other regulatory bodies. Any determination that our operations or activities are not in compliance with the FCPA or similar international laws and regulations could expose us to significant fines, penalties or other sanctions that may harm our business and reputation.

- **Our ability to compete effectively depends on our ability to protect our intellectual property rights.**

  We rely on patents and trade secrets to protect our intellectual property rights. As part of our strategy to protect our intellectual property rights, we often rely on trade secrets to protect our proprietary fragrance and flavor formulations, as this does not require us to publicly file information regarding our intellectual property. From time to time, a third party may claim that we have infringed upon their intellectual property rights, or a third party may infringe upon our intellectual property. As a result of such third party claims, we could incur significant costs in connection with legal actions to assert our intellectual property rights or to defend ourselves from assertions of invalidity, infringement or misappropriation. For those intellectual property rights that are protected by way of trade secrets, this litigation could result in even higher costs, and potentially the loss of certain rights, as we would not have a perfected intellectual property right that precludes others from making, using or selling our products or processes.

  For intellectual property rights that we seek to protect through patents, we cannot be certain that these rights, if obtained, will not later be opposed, invalidated, or circumvented. In addition, even if such rights are obtained in the United States, the laws of some of the other countries in which our products are or may be sold do not protect intellectual property rights to the same extent as the laws of the United States. If other parties were to infringe on our intellectual property rights, or if a third party successfully asserted that we had infringed on their intellectual property rights, it could materially and adversely affect our future results of operations by (i) reducing the price that we could obtain in the marketplace for products which are based on such rights, (ii) increasing the royalty or other fees that we may be required to pay in connection with such rights or (iii) limiting the volume, if any, of such products that we can sell.

- **Our business is highly competitive, and if we are unable to compete effectively our sales and results of operations will suffer.**

  The market for flavors and fragrances is highly competitive. We face vigorous competition from companies throughout the world, including multinational and specialized flavor and fragrance companies, as well as consumer product companies who may develop their own flavors or fragrances. Some of our competitors specialize in one or more of our product segments, while others participate in many of our product segments. In addition, some of our global competitors may have greater resources than we do or may have proprietary products that could permit them to respond to changing business and economic conditions more effectively than we can. Consolidation of our competitors may exacerbate these risks.

  Competition in our business is based on innovation, product quality, regulatory compliance, pricing, quality of our customer service, the support provided by our marketing and application groups, and our understanding of consumers. It is difficult for us to predict the timing and scale of our competitors' actions in these areas. The discovery and development of new flavor and fragrance materials, protection of the Company's intellectual property and development and retention of key employees are important issues in our ability to compete in our business. Increased competition by existing or future competitors, including aggressive price competition, could result in the potential loss of substantial sales or create the need for us to reduce prices or increase spending and this could have an adverse impact on sales and profitability.

  Large multinational customers, and increasingly, mid-sized customers, may limit the number of their suppliers, giving those that remain on "core lists" priority for new or modified products. To compete more successfully in this environment, we must continue to make investments in customer relationships and tailor product research and development in order to anticipate customers' needs, provide effective service and secure and maintain inclusion on certain "core lists." If we are unable to do so, it could adversely impact our future results of operations.

- **Our success depends on attracting and retaining talented people within our business. Significant shortfalls in recruitment or retention could adversely affect our ability to compete and achieve our strategic goals.**

  Attracting, developing, and retaining talented employees, including our perfumers and flavorists, is essential to the successful delivery of our products and success in the marketplace.

Competition for these employees can be intense. The ability to attract and retain talented employees is critical in the development of new products and technologies which is an integral component of our growth strategy. However, we may not be able to attract and retain such employees in the future. If we experience significant shortfalls in recruitment or retention, our ability to effectively compete with our competitors and to grow our business could be adversely affected.

- **Our reliance on a limited base of suppliers may result in a disruption to our business and may adversely affect our financial results.**

  For certain raw materials, we rely on a limited number of suppliers and we may not have readily available alternatives. If we are unable to maintain our supplier arrangements and relationships and are unable to obtain the quantity, quality and price levels needed for our business, or if any of our key suppliers becomes insolvent or experiences other financial distress, we could experience disruptions in production and our financial results could be adversely affected.

- **Our results of operations may be negatively impacted by the outcome of uncertainties related to litigation.**

  We are involved in a number of legal claims and litigation, including claims related to indirect taxes. We cannot predict the ultimate outcome of such litigation. In addition, we cannot provide assurance that future events will not result in an increase in the number of claims or require an increase in the amount accrued for any such claims, or require accrual for one or more claims that has not been previously accrued.

- **The level of returns on pension and postretirement plan assets and the actuarial assumptions used for valuation purposes could affect our earnings and cash flows in future periods. Changes in government regulations could also affect our pension and postretirement plan expenses and funding requirements.**

  The funding obligations for our pension plans are impacted by the performance of the financial markets, particularly the equity markets, and interest rates. Funding obligations are determined under government regulations and are measured each year based on the value of assets and liabilities on a specific date. If the financial markets do not provide the long-term returns that are expected under the governmental funding calculations, we could be required to make larger contributions. The equity markets can be very volatile, and therefore our estimate of future contribution requirements can change dramatically in relatively short periods of time. Similarly, changes in interest rates and legislation enacted by governmental authorities can impact the timing and amounts of contribution requirements. An adverse change in the funded status of the plans could significantly increase our required contributions in the future and adversely impact our liquidity.

  Assumptions used in determining projected benefit obligations and the fair value of plan assets for our pension and other postretirement benefit plans are determined by us in consultation with outside consultants and advisors. In the event that we determine that changes are warranted in the assumptions used, such as the discount rate, expected long-term rate of return on assets, or expected health care costs, our future pension and postretirement benefit expenses could increase or decrease. Due to changing market conditions or changes in the participant population, the assumptions that we use may differ from actual results, which could have a significant impact on our pension and postretirement liabilities and related costs and funding requirements.

- **Impairment charges on our long-lived assets could have a material adverse effect on our financial results.**

  Future events may occur that could adversely affect the reported value of our long-lived assets and require impairment charges. Such events may include, but are not limited to, strategic decisions made in response to changes in economic and competitive conditions, the impact of the economic environment on our sales and our relationship with significant customers or business partners, or a sustained decline in our stock price. We continue to evaluate the impact of economic and other developments on our business to assess whether impairment indicators are present. Accordingly, we may perform impairment tests more frequently than annually required, based on changes in the economic environment and other factors, and these tests could result in impairment charges in the future.

- **Our financial results may be adversely impacted by the failure to successfully execute acquisitions, collaborations and joint ventures.**

  From time to time, we may evaluate and enter into acquisitions, collaborations or joint ventures that align with our strategic objectives. The success of such activity depends, in part, upon our ability to identify suitable targets or partners, perform effective assessments prior to contract execution, negotiate contract terms, and, if applicable, obtain governmental approvals. For example, in January 2014, we completed the acquisition of Aromor, a manufacturer and marketer of complex specialty ingredients. These activities may present certain financial, managerial and operational risks, including diversion of management's attention from existing core businesses; difficulties integrating or separating businesses from existing operations, including employee integration; and challenges presented by acquisitions, collaborations or joint ventures which may not achieve sales levels and profitability that justify the investments made. If the acquisitions, collaborations or joint ventures are not successfully implemented or completed, there could be a negative impact on our results of operations, financial condition and cash flows.

- **Changes in our tax rates, the adoption of new U.S. or international tax legislation or exposure to additional tax liabilities could affect our future results.**

  We are subject to taxes in the United States and numerous foreign jurisdictions. Our future effective tax rates could be affected by changes in the mix of earnings in countries with differing statutory tax rates, changes in the valuation of deferred tax assets and liabilities, changes in liabilities for uncertain tax positions, cost of repatriations or changes in tax laws or their interpretation. In addition, the current administration and Congress have announced proposals for new U.S. tax legislation that, if adopted, could affect our tax rate. Any of these changes could have a material adverse effect on our profitability.

  We are also subject to the continual examination of our income tax returns by the Internal Revenue Service and foreign tax authorities in those countries in which we operate.

  We have and will continue to implement transfer pricing policies among our various operations located in different countries. These transfer pricing policies are a significant component of the management of our operations across international boundaries and overall financial results. Many countries routinely examine transfer pricing policies of taxpayers subject to their jurisdiction, challenge transfer pricing policies aggressively where there is potential non-compliance and impose significant interest charges and penalties where non-compliance is determined. There can be no assurance that a governmental authority will not challenge these policies more aggressively in the future or, if challenged, that we will prevail. We could suffer significant costs related to one or more challenges to our transfer pricing.

  We may be subject to assessments or audits in the future in any of the countries in which we operate. The final determination of tax audits and any related litigation could be materially different from our historical income tax provisions and accruals, and while we do not believe the results that follow would have a material adverse effect on our financial condition, such results could have a material effect on our income tax provision, net income or cash flows in the period or periods in which that determination is made.

- **Our operations may be affected by greenhouse emissions and climate change and related regulations.**

  The availability of raw materials and energy supplies fluctuate in markets throughout the world. Climate change may also affect the availability and price of key raw materials, including natural products used in the manufacture of our products. In order to mitigate the risk of price increases and shortages, our purchasers have developed various sourcing strategies, including multiple suppliers, inventory management systems, various geographic suppliers and long-term agreements to mitigate risk.

  In addition to market forces, there are various regulatory efforts relating to climate change that may increase the cost of raw materials, particularly energy used to operate our facilities, that could materially impact our financial condition, results of operations and cash flows.

- **Information technology system failures or disruptions or breaches of our network security may adversely affect our business, interrupt our operations, subject us to increased operating costs and expose us to litigation.**

  We have information technology systems that support our business processes, including product formulas, product development, sales, order processing, production, distribution, finance and intra-company communications throughout the world. These systems may be susceptible to outages due to fire, floods, power loss, telecommunications failures, natural disasters, break-ins and similar events. Effective response to such disruptions will require effort and diligence on the part of our third-party vendors and employees to avoid any adverse impact to our information technology systems. In addition, our systems and proprietary data stored electronically may be vulnerable to computer viruses, cybercrime, computer hacking and similar disruptions from unauthorized tampering. If such unauthorized use of our systems were to occur, data related to our product formulas, product development and other proprietary information could be compromised. The occurrence of any of these events could adversely affect our business, interrupt our operations, subject us to increased operating costs and expose us to litigation.

- **The potential government regulation of certain of our product development initiatives is uncertain, and we may be subject to adverse consequences if we fail to comply with applicable regulations.**

  As part of our ingredients research program, we seek to collaborate with research institutions and companies throughout the world, including biotechnology companies. However, it is unclear whether any of our product developments will be classified as genetically modified food products subject to regulation as a biotechnology product. The manufacture of biotechnology products is subject to applicable Current Good Manufacturing Practice (CGMP) regulations as prescribed by the Food and Drug Administration and the applicable standards prescribed by European Commission and the competent authorities of European Union Member States and to other rules and regulations prescribed by foreign regulatory authorities. Compliance with these regulations can be expensive and time consuming. Such regulation could also subject us to requirements for labeling and traceability, which may cause our customers to avoid our affected products and seek our competitors' products. This may result in our inability to realize any benefit from our investment and have an adverse effect on our operating results.

II. MARKET RISK FACTORS

- **Foreign Currency Exchange Risks**

  We operate on a global basis and are exposed to currency fluctuation related to the manufacture and sale of our products in currencies other than the U.S. dollar. The major foreign currencies involve the markets in the European Union, Great Britain, Mexico, Brazil, China, India, Indonesia, Australia and Japan, although all regions are subject to foreign currency fluctuations versus the U.S. dollar. We actively monitor our foreign currency exposures in all major markets in which we operate, and employ a variety of techniques to mitigate the impact of exchange rate fluctuations, including foreign currency hedging activities.

  We have established a centralized reporting system to evaluate the effects of changes in interest rates, currency exchange rates and other relevant market risks. Our risk management procedures include the monitoring of interest rate and foreign exchange exposures and hedge positions utilizing statistical analyses of cash flows, market value and sensitivity analysis. However, the use of these techniques to quantify the market risk of such instruments should not be construed as an endorsement of their accuracy or the accuracy of the related assumptions. For the year ended December 31, 2014, the Company's exposure to market risk was estimated using sensitivity analyses, which illustrate the change in the fair value of a derivative financial instrument assuming hypothetical changes in foreign exchange rates and interest rates.

- **Foreign currency forward contracts**

  We enter into foreign currency forward contracts with the objective of reducing exposure to cash flow volatility associated with foreign currency receivables and payables, and with anticipated purchases of certain raw materials used in operations. These contracts, the counterparties to which are major international financial institutions, generally involve the exchange of one currency for a second currency at a future date, and have maturities not exceeding twelve months. The gain or loss on the hedging instrument and services is recorded in earnings at the same time as the transaction being hedged is recorded in earnings. At December 31, 2014, the Company's foreign currency exposures pertaining to derivative contracts exist with the Euro, Japanese Yen, South African Rand, and Chinese Renminbi. Based on a hypothetical decrease or increase of 10% in the applicable balance sheet exchange rates (primarily against the U.S. dollar), the estimated fair value of the Company's foreign currency forward contracts would increase or decrease by approximately $25 million. However, any change in the value of the contracts, real or hypothetical, would be significantly offset by a corresponding change in the value of the underlying hedged items.

We have also used non-U.S. dollar borrowings and foreign currency forward contracts, to hedge the foreign currency exposures of our net investment in certain foreign subsidiaries, primarily in the European Union. Based on a hypothetical decrease or increase of 10% in the value of the U.S. dollar against the Euro, the estimated fair value of the Company's foreign currency forward contracts would change by approximately $4 million. However, any change in the value of the contracts, real or hypothetical, would be significantly offset by a corresponding change in the value of the underlying hedged items.

- **Interest Rate Risks & Interest Rate Swaps**

We use derivative instruments as part of our interest rate risk management strategy. The derivative instruments used are comprised principally of fixed to variable rate interest rate swaps based on the LIBOR plus an interest mark up. The notional amount, interest payment and maturity date of the swaps match the principal, interest payment and maturity date of the related debt and the swaps are valued using observable benchmark rates. Based on a hypothetical decrease or increase of one percentage point in LIBOR, the estimated fair value of the Company's interest rate swaps would change by less than $10 million.

At December 31, 2014, the fair value of our fixed rate debt was $1 billion. Based on a hypothetical decrease of 10% in interest rates, the estimated fair value of the Company's fixed debt would increase by $8 million.

- **Commodity Price Risk**

We purchase certain commodities, such as natural gas, electricity, petroleum based products and certain crop related items. We generally purchase these commodities based upon market prices that are established with the vendor as part of the purchase process. In general, we do not use commodity financial instruments to hedge commodity prices.

CHAPTER C: SUPPLEMENTAL INFORMATION CONCERNING IFF

I. RIGHTS RELATED TO THE REGISTERED SHARES

1.1 Type and the Class of the Securities Being Offered, Including the Security Identification Code

Our authorized capital stock consists of 500,000,000 shares of Common Stock.

As of March 31, 2015, approximately 80,902,319 shares of Common Stock were issued and outstanding, and approximately 35,092,794 shares of Common Stock were held in treasury.

The Common Stock is listed on the NYSE under the symbol "IFF." The CUSIP number assigned to the Common Stock is 459506101. The ISIN is US4595061015.

The Company has equity compensation plans under which Common Stock may be provided to directors and employees of the Company. As of December 31, 2014, there were approximately 2,752,874 shares of Common Stock (consisting of 1,206,380 shares of Common Stock underlying grants previously made and 1,546,494 shares of Common Stock available for future grant) that could be issued under IFF's equity compensation plans on a worldwide basis, representing approximately 3.4% of IFF's issued and outstanding Common Stock as of such date.

1.2 Legislation Under Which the Securities Have Been Created

Our Common Stock was created under the New York Business Corporation Law (the "NYBCL").

1.3 Form of Securities, Name and Address of the Entity in Charge of Keeping the Records

In general, shareholders may hold Common Stock either in direct registered or street name form. The transfer agent and registrar for the Common Stock is American Stock Transfer & Trust Company ("AST").

The address and telephone number of AST are:

Operations Center
6201 15th Avenue
Brooklyn, NY 11219
U.S.A.
(718) 921-8200

IFF's local paying agent is BNP Paribas Securities Services, Corporate Trust Services CPC03A1 Grands Moulins de Pantin - 9 rue du Débarcadère - 93500 Pantin.

1.4 Currency of the Securities Issue

Trading of our Common Stock on Euronext Paris will be in Euros.

1.5 Rights Attached to the Securities

Dividend Rights. The Company's Certificate of Incorporation authorizes the payment of dividends. Holders of Common Stock are entitled to receive such dividends as the Company's Board may from time to time declare out of funds legally available therefore under the laws of the State of New York, in amounts that the Board may determine in its sole discretion. Covenants and other restrictions in loan agreements entered into by the Company from time to time may restrict our ability to pay dividends without lender consent. IFF's current practice is to pay quarterly dividends. Its current intention is to pay dividends approximating 30%-35% of yearly earnings; however, the payment of dividends is determined by IFF's Board at its discretion based on various factors, and no assurance can be provided as to future dividends.

Voting Rights. Holders of Common Stock are entitled to one vote per share on the election of directors and all matters submitted to a vote of shareholders. There is no cumulative voting. With respect to the election of directors, at each meeting of shareholders for the election of directors at which a quorum is present, except in the case of a contested election, the vote required for election of a director will be the affirmative vote of a majority of the votes cast in favor of or against the election of a nominee. In a contested election, the persons receiving a plurality of the votes cast at the meeting will be elected as directors. An election will be deemed to be contested if, as of the record date for the shareholder meeting in question, there are more nominees for election than positions on the Board to be filled by election at the meeting. For all other matters put to a vote of shareholders, assuming a quorum is present, the vote of the holders of a majority of the votes cast will decide any question brought before such meeting, except as otherwise expressly provided by the Certificate of Incorporation, By-Laws or the laws of the State of New York.

An annual meeting of shareholders for the election of directors and for the transaction of such other business as may properly come before the meeting in accordance with Section 3 of the By-Laws shall be held at such place, on such date and at such time as shall be designated from time to time by the Board. The By-Laws fix the number of directors, as amended from time to time, and require that there be at least six directors. The Restated Certificate of Incorporation sets the maximum number of directors at 15.

Directors shall hold office until the annual meeting next following their election or until their successors are duly elected and qualified pursuant to the By-Laws; subject, however, to their prior resignation, death or removal as provided by the Restated Certificate of Incorporation, the By-Laws or applicable law. Vacancies occurring in the Board for any reason, except the removal of directors without cause by the shareholders, may be filled by the affirmative vote of at least two-thirds (2/3) of the whole Board. A director elected to fill a vacancy shall be elected to hold office for the unexpired term of his or her predecessor. Newly-created directorships resulting from an increase in the number of directors may be filled by the vote of a majority of the directors then in office, although less than a quorum exists

Pursuant to Sections 801 and 803 of the NYBCL, a corporation may amend its certificate of incorporation, from time to time, in any and as many respects as may be desired, if the amendment contains only such provisions as might be lawfully contained in an original certificate of incorporation filed at the time of the making of the amendment. An amendment may be authorized by the corporation’s board of directors, followed by vote of a majority of all outstanding shares of the corporation entitled to vote on the amendment. In particular, and without limitation upon such general power of amendment, a corporation may amend its certificate of incorporation, from time to time, so as:

(1) To change its corporate name; or

(2) To enlarge, limit or otherwise change its corporate purposes; or

(3) To extend the duration of the corporation; or

(4) To increase or decrease the aggregate number of shares, or shares of any class or series, with or without par value, which the corporation shall have the authority to issue, or to remove from authorized shares any class of shares, or any shares of any class, whether issued or unissued; or

(5) To increase or reduce the par value of any authorized shares of any class with par value, whether issued or unissued; or

(6) To change any authorized shares, without or without par value, whether issued or unissued, into a different number of shares of the same class or into the same or a different number of shares of any one or more classes or any series thereof, either with or without par value; or

(7) To fix, change or abolish the designation of any authorized class or any series thereof or any of the relative rights, preferences and limitations of any shares of any authorized class or any series thereof, whether issued or unissued, including any provisions with respect of any undeclared dividends, whether or not cumulative or accrued, or the redemption of any shares, or any sinking fund for the redemption or purchase of any shares, or any preemptive right to acquire shares or other securities; or

(8) As to the shares of any preferred class, then or theretofore authorized, which may be issued in series, to grant authority to the board or to change or revoke the authority of the board to establish and designate series and to fix the number of shares and the relative rights, preferences and limitation as between series; or

(9) To strike out, change or add any provision, not inconsistent with the NYBCL or any other statute,

relating to the business of the corporation, its affairs, its rights or powers, or the rights or powers of its shareholders, directors or officers, including any provision which under the NYBCL is required or permitted to be set forth in the by-laws of the corporation, except that a certificate of amendment may not be filed wherein the duration of the corporation shall be reduced.

Any or all such changes or alterations may be effected by one certificate of amendment. If the board of director authorizes the amendment and a majority of all outstanding shares entitled to vote thereon has been voted in favor of the amendment at a duly held meeting of the shareholders, a certificate setting forth the amendments and certifying that such amendments have been authorized pursuant to Section 803 of the NYBCL shall be signed and delivered to the New York department of state, and shall become effective upon filing.

Right to Receive Liquidation Distributions. On liquidation, dissolution or winding up, holders of Common Stock are entitled to share ratably in the assets available for distribution to holders of Common Stock, as determined by applicable law.

Preemptive, Redemptive or Conversion Provisions. Except as may otherwise be determined by a two-thirds vote of the Board, holders of Common Stock may be entitled to purchase any new or additional issue of any equity or voting shares of the Company or of any security convertible into equity or voting shares, if and to the extent required by the laws of the State of New York and applicable provisions of our Certificate of Incorporation. Such rights do not apply to shares issued upon the exercise of stock options. Under the Restated Certificate of Incorporation, except as otherwise provided by the laws of the State of New York, the Board is authorized, without the approval of the stockholders, to authorize and issue obligations of the Company and to determine the associated rights as to redeemability, convertibility or otherwise in its sole discretion.

1.6 Transferability

The Common Stock is registered under the Securities Exchange Act of 1934, as amended (the "Exchange Act") and the currently outstanding shares are freely transferable. EACH HOLDER OF SHARES OF COMMON STOCK ASSUMES THE RISK OF ANY MARKET FLUCTUATIONS IN THE PRICE OF THE SHARES OF COMMON STOCK.

1.7 Registration Number

IFF's United States Internal Revenue Service Employer Identification Number is 13-1432060. IFF's registration number with the Secretary of the State of New York is 29389.

1.8 General Provisions Applying to Business Combinations

Certain provisions of the law of the State of New York may place restrictions on Company stockholders based on their ownership of a substantial amount of the Company's outstanding shares of Common Stock or otherwise have the effect of delaying or preventing a change in control of the Company. As a general matter, New York law places restrictions on the ability of the Company to engage in a business combination with a beneficial holder of twenty percent or more of the Company's outstanding Common Stock unless the approval of the Board or disinterested shareholders is timely obtained or other specified conditions are met.

In addition, since IFF's Common Stock is listed on the NYSE, the Company is also subject to Section 14(d) of the Exchange Act, which applies to all tender offers for Exchange Act registered equity securities made by parties other than the target (or affiliates of the target), so long as upon consummation of the tender offer the bidder would beneficially own more than five percent (5%) of the class of securities subject to the offer, and the SEC rules promulgated thereunder.

Finally, once its Common Stock is listed on Euronext Paris, IFF will also be subject to Article 231-46 of the AMF General Regulation. Pursuant to this Article, the parties to a takeover bid, the members of their board of directors, supervisory board or management board, individuals or legal entities holding, directly or indirectly, at least five percent (5%) of the shares or voting rights or at least 5% of the securities targeted by the takeover bid (other than the shares), and other individuals or legal entities acting in concert with them, are required to report to the AMF every day, after the trading session, all purchases or sales they have made in the securities subject to the offer, as well as any other transactions with the effect of transferring, immediately or in the future, title to such securities or voting rights. This same reporting obligation applies to individuals or legal entities that have acquired, directly or indirectly and after the filing of the draft offer document, a quantity of securities of the target company representing at least one percent (1%) of its equity or securities targeted by the takeover bid (other than the shares), for as long as they hold that quantity of securities. Moreover, pursuant to Article 231-1 of the AMF General Regulation, the AMF may apply its takeover rules, excepting those governing standing market offers, buyout offers with squeeze-outs, and squeeze-outs, to public offers for securities issued by companies such as IFF whose registered offices are not in the European Economic Area, where these securities are listed on Euronext.

1.9 Mandatory Squeeze-Out Rules in Relation to the Securities

Section 905 of the NYBCL authorizes the board of directors of a New York corporation owning at least 90% of the outstanding shares of each class of another New York corporation to merge such other subsidiary corporation into itself without the authorization of the shareholders of the subsidiary corporation.

1.10 Market Risks

IFF is subject to a variety of market risks, including risks related to interests rates. For a description of these market risks, please see pages 33-34 (II. Market Risk Factors) in Chapter B above.

1.11 Purpose of the Listing and Liquidity

The Euronext Listing is intended to attract investors based outside of the United States, particularly in Europe and to promote additional liquidity for all investors and provide greater access to IFF's Common Stock among European fund managers who may be required to invest in Euro-zone markets or currencies only.

At this time, IFF does not intend to enter into any agreement with a liquidity provider in connection with the listing of its Common Stock on Euronext. However, IFF reserves the right to enter into such agreement in the future, subject to compliance with applicable legislation in France and the United States.

Until such time that an agreement is entered into with a liquidity provider (if ever), liquidity in the Common Stock on Euronext Paris will result from execution on Euronext Paris of sell and purchase orders on Euronext Paris in respect of Common Stock (including, initially, sales of Common Stock previously acquired on the New York Stock Exchange), as well as future trading in the Common Stock on Euronext Paris with settlement through Euroclear France.

1.12 Market Capitalization for the US and French Markets

Based on approximately 80,945,176 outstanding shares of Common Stock issued and outstanding as of June 12, 2015 (excluding the approximately 35,049,937 shares of Common Stock held in treasury), and the closing price of the Common Stock on the NYSE on June 12, 2015 ($110.33), IFF had a market capitalization of approximately $8.9 billion, which, based on the reference exchange rate of the European Central Bank on June 12, 2015 ($1 = EUR 0.8913), corresponds to approximately EUR 7.9 billion.

The market capitalization on Euronext is calculated on the total issued Common Stock, including the treasury shares. Based on the above figures, the market capitalization on June 12, 2015 was approximately $12.8 billion / EUR 11.4 billion.

II. STATEMENT OF CAPITALIZATION AND INDEBTEDNESS AS OF MARCH 31, 2015

The below tables are derived from IFF's unaudited condensed consolidated financial statements.

2.1 Capitalization and Indebtedness (in millions of US Dollars) at March 31, 2015

Total Current debt	
- Guaranteed	6.5
- Secured	-
- Unguaranteed / Unsecured	1.9
Total Non-Current debt (excluding current portion of long-term debt)	
- Guaranteed	-
- Secured	3.0
- Unguaranteed / Unsecured	932.2
Stockholders' equity	
a. Share Capital and Additional Paid-in Capital	150.1
b. Legal Reserve	-
c. Total Other Reserves	
- Retained earnings	3,441.0
- Accumulated other comprehensive income	(573.3)
- Less: Treasury stock, at cost, 35,092,794 Shares	(1,450.5)
Noncontrolling Interest	4.8
Total Stockholders' Equity	1,572.1

2.2 Net Indebtedness (in millions of US Dollars) at March 31, 2015

A.	Cash	364.5
B.	Cash Equivalents	79.2
C.	Trading securities	-
D.	**Liquidity** (A) + (B) + (C)	443.7
E.	**Current Financial Receivable**	-
F.	Current Bank debt	<8.4>
G.	Current portion of non-current debt	-
H.	Other current financial debt	-
I.	**Current Financial Debt** (F) + (G) + (H)	<8.4>
J.	**Net Current Financial Indebtedness** (I) + (E) + (D)	435.3
K.	Non-current Bank loans	<3.0>
L.	Bonds Issued	<932.2>
M.	Other non-current loans	-
N.	**Non-current Financial Indebtedness** (K) + (L) + (M)	<935.2>
O.	**Net Financial Indebtedness** (J) + (N)	<499.9>

For information relating to IFF's debt covenants and indirect and contingent indebtedness, the reader's attention is called to Note 8. Borrowings and Note 17. Commitments and Contingencies, respectively on pages 61-63 and pages 84-86 of IFF's 10-K, and Note 5. Borrowings and Note 12. Commitments and Contingencies on pages 7 and 15-17 of IFF's 10-Q.

III. DIRECTORS AND EXECUTIVE OFFICERS

3.1 Board of Directors as of May 6, 2015

Name	Age on March 31, 2015	Director Since	Position(s) with IFF
Marcello V. Bottoli	52	2007	Director
Dr. Linda Buck	68	2007	Director
Michael L. Ducker	61	2014	Director
Roger W. Ferguson	63	2010	Director
John F. Ferraro	59	2015	Director
Andreas Fibig	53	2011	Chairman, Chief Executive Officer and Director
Christina Gold	67	2013	Director
Henry W. Howell, Jr.	73	2004	Director
Katherine M. Hudson	68	2008	Director
Dale F. Morrison	66	2011	Director

3.2 Executive Officers as of March 31, 2015

Name	Age on March 31, 2015	Executive Officer Since	Position(s) with IFF
Andreas Fibig	53	2014	Chairman of the Board and Chief Executive Officer
Richard A. O’Leary	55	2014	Interim Chief Financial Officer, Vice President and Controller
Nicolas Mirzayantz	52	2007	Group President, Fragrances
Matthias Haeni	49	2014	Group President, Flavors
Ahmet Baydar	62	2010	Senior Vice President, Research and Development
Angelica T. Cantlon	64	2009	Senior Vice President, Chief Human Resources Officer
Anne Chwat	55	2011	Senior Vice President, General Counsel and Corporate Secretary
Francisco Fortanet	46	2012	Senior Vice President, Operations

For at least the previous five years, none of the directors or executive officers of IFF has:

(a) been convicted in relation to fraudulent offenses;

(b) been associated with any bankruptcies, receiverships or liquidations when acting in their capacity of directors or executive officers of IFF; or

(c) been subject to any official public incrimination and/or sanctions by statutory or regulatory authorities (including designated professional bodies) or ever been disqualified by a court from acting as a member of the administrative, management or supervisory bodies of an issuer or from acting in the management or conduct of the affairs of any issuer.

There are no family relationships among any of the executive officers and directors listed above.

3.3 Corporate Governance and Internal Control

IFF Board of Directors

IFF's Board is responsible for overseeing the management of the Company. The Board has adopted Corporate Governance Guidelines which set forth IFF's governance principles relating to, among other things:

- director independence;
- director qualifications and responsibilities;
- board structure and meetings;
- management succession; and
- the performance evaluation of the Board and Chief Executive Officer ("CEO").

IFF's Board has ten members. It is the Board's policy that a substantial majority of the members of the Board should meet the director independence standards of the NYSE. The Board has affirmatively determined that nine of our current directors are independent. Members of the Board are elected at each annual meeting of IFF's shareholders, to serve a one-year term. Our Board has established an audit committee, nominating and governance committee and compensation committee, each of which operates pursuant to a charter approved by the Board.

IFF has adopted a Code of Business Conduct and Ethics that applies to all of its employees, including IFF's CEO and Chief Financial Officer ("CFO") (who is also IFF's principal accounting officer). IFF has also adopted a Code of Conduct for Directors and a Code of Conduct for Executive Officers (together with the Code of Ethics, the "Codes"). IFF's Corporate Governance Guidelines, the charters of each of its Board committees and the Codes are available through the Investors — Corporate Governance link on our website www.iff.com.

IFF complies with all applicable requirements of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (the "Dodd-Frank Act"), including compensation committee member independence requirements and compensation consultant or advisor independence consideration and disclosure of conflicts. IFF is also required to, among other things, provide its shareholders with the opportunity to approve, on a nonbinding, advisory basis, the compensation of IFF's named executive officers, often referred to as "Say on Pay." IFF provides its shareholders with the opportunity to cast the Say on Pay vote on an annual basis. For more information see "Proposal III - Advisory Vote on Executive Compensation" on page 52 of IFF's Proxy Statement.

For further information see "Corporate Governance" on pages 11 – 28 of IFF's Proxy Statement.

Internal Controls

Management has the primary responsibility for the financial statements and the reporting process, including internal control over financial reporting and disclosure controls and procedures designed to ensure compliance with accounting standards and applicable laws and regulations. The Company's independent registered public accounting firm, PricewaterhouseCoopers LLP ("PwC"), is responsible for performing an integrated audit of the Company's financial statements and internal control over financial reporting in accordance with the auditing standards of the Public Company Accounting Oversight Board ("PCAOB"). PwC issued a report, which is included on page 50 of IFF's 10-K, on the effectiveness of IFF's internal control over financial reporting for the year ended December 31, 2014. In addition, IFF's management assessed the effectiveness of its internal control over financial reporting as of December 31, 2014 and issued its report on the effectiveness of its internal control over financial reporting, which is included on page 47 of IFF's 10-K.

The certifications of the CEO and CFO required pursuant to Section 302 of the Sarbanes-Oxley.Act of 2002 and 18 U.S.C. Section 1350, as adopted pursuant to the Sarbanes-Oxley Act of 2002, are set out in Exhibits 31.1, 31.2 and 32 of IFF's 10-K and 10-Q.

IV. INTELLECTUAL PROPERTY

We rely on patents and trade secrets to protect our intellectual property rights. As part of our strategy to protect our intellectual property rights, we often rely on trade secrets to protect our proprietary fragrance and flavor formulations, as this does not require us to publicly file information regarding our intellectual property.

We spend approximately 8% of our sales on the research, development and implementation of new molecules, compounds and technologies that help our customers respond to changing consumer preference. As a result of this investment, we have been granted 259 patents in the United States since 2000, including 8 in 2014, and we have developed many unique molecules and delivery systems for our customers that are used as the foundations of successful flavors and fragrances around the world. Our flavor and fragrance formulas are treated as trade secrets and remain our proprietary asset. Our business is not materially dependent upon any individual patent, trademark or license.

V. EMPLOYEES

The below chart sets forth historical information regarding the approximate number of IFF's employees for each of the fiscal years ended December 31, 2014, 2013 and 2012:

As of December 31,	**2014**	**2013**	**2012**
In the United States	1,400	1,400	1,400
Outside the United States	4,800	4,600	4,300
Total	**6,200**	**6,000**	**5,700**

VI. ORGANIZATIONAL STRUCTURE

International Flavors & Fragrances Inc. is the parent company of the IFF group. International Flavors & Fragrances Inc. holds, directly or indirectly, the capital and voting rights of each of the significant subsidiaries and affiliates listed in Exhibit 21 to IFF's 10-K.

VII. WORKING CAPITAL STATEMENT

IFF believes that its net cash from operating activities, cash on hand and its revolving loan facility will be sufficient to meet its normal recurring operating expenses and working capital needs, capital expenditures and debt service requirements, for the next twelve months.

VIII. TAX CONSEQUENCES

8.1 Withholding Taxes on the Revenues of Shares of IFF Common Stock

The following discussion summarizes the French and US withholding tax consequences generally applicable to investors who will hold Shares of IFF Common Stock. This discussion is based on (i) law currently in force in France and the United States of America ("U.S.") and interpretations of such law by the French or U.S. tax authorities, and (ii) the U.S.- France income tax treaty signed August 31, 1994, as modified by the protocols signed December 8, 2004 and January 13, 2009 (the "Treaty"). Unless otherwise indicated, the discussion of the U.S. tax consequences herein assumes that each French investor is eligible for the benefits of the Treaty and is also not a U.S. tax resident (a "French tax resident"). The tax regime described below may be modified by subsequent laws, regulations or interpretations (possibly with retroactive effect), which should be monitored by the investors with the assistance of their tax advisor.

The statements below are a summary provided for general information purposes only and should by no means be considered a comprehensive analysis of all tax consequences that may apply to holders of Shares of IFF Common Stock. Holders of such stock should consult their own tax advisors with regard to tax consequences applicable to their individual situation. Each particular situation should be carefully analyzed by a tax advisor, especially with regard to tax residence, the possible impact of citizenship and the application of the Treaty to an investor's particular circumstances. Holders of Shares of IFF Common Stock who are not residents of France for tax purposes should also comply with the applicable tax laws of their country of residence, subject to the application of any double tax treaty entered into between such country of residence and the United States.

The discussion of U.S. federal tax issues (1) is not intended or written to be used, and cannot be used, by any investor for the purpose of avoiding penalties that may be imposed under the U.S. Internal Revenue Code of 1986, as amended, and (2) is written to support the listing of Shares of IFF Common Stock on Euronext. Each investor should seek U.S. federal tax advice based on the investor's particular circumstances from an independent tax advisor.

Any payments made under Shares of IFF Common Stock to non-French residents for taxation purposes will not be subject to withholding or deduction for, or on account of, any taxes of whatever nature levied by or on behalf of the French Republic or any of its subdivisions or taxing authorities. Whether received in France or abroad, dividend payments, if any, made in respect of Shares of IFF Common Stock received by French tax residents must be included in the income taxable base, the computation being different between individuals and corporations subject to corporate tax (see sub-section 1 of the present section, "French taxation"). A U.S. withholding tax may apply, the French tax resident being entitled under certain conditions to claim a credit under the Treaty rules (see sub-section 2 of the present section, "U.S. withholding tax and French tax credit").

French taxation

French tax residents will be subject to the following taxes, levies and contributions in France, it being précised that the U.S. withholding tax may apply and give rise to a tax credit in France subject to the conditions of the Treaty (see sub-section 2, "U.S. withholding tax and French tax credit")

(a) Individual Investors who are French Tax Residents Holding Shares of IFF Common Stock as a Private Investment and who do not regularly engage in stock market operations

Individuals who engage in stock market operations under conditions analogous to those that characterize the activity of a person on a professional basis are encouraged to confirm with their usual tax advisor the tax regime applicable in their particular case.

(i) Personal Income Tax and Additional Contributions

The dividends paid to French Tax Residents who hold Shares of IFF Common Stock are subject to personal income tax in France under the conditions described below.

The gross amount of the dividends is taken into account to calculate the taxpayer's total income in the category of tax on income from investment in securities, subject to personal income tax at the progressive scale, after deduction of an allowance equal to 40 percent. of the amount of the dividends.

The gross amount of the dividends received will also be included (before application of the 40 percent rebate) in the taxpayer's reference income (*revenu fiscal de référence*), which may be subject to the 3 percent or 4 percent contribution on high-income taxpayers.

(ii) 21 percent Levy

It should be noted that, subject to limited exceptions, under Article 117 quater of the French tax Code (the "**FTC**"), a 21 percent levy must be paid on the gross amount of dividends, such levy being an advance personal income tax payment which can be set off against the personal income tax charge due in respect of the year in which the 21 percent levy applies, the surplus, if any, being refunded to the taxpayer. This levy is paid (i) by withholding at source where the paying agent is established in a European Union member State or in a State that is a party to the European Economic Area Agreement that has signed a tax agreement with France that contains an administrative assistance clause with a view to combating tax fraud or tax evasion, provided, in the latter case, that the taxpayer instructs the paying agent in this respect, or, otherwise, (ii) by the taxpayer himself or herself.

However, individuals belonging to a tax household whose taxable income for the year before last, as defined in 1° of IV of Article 1417 of the FTC, is less than EUR50,000 for taxpayers who are single, divorced or widowed, or EUR75,000 for couples filing jointly, may request exemption from this withholding under the terms and conditions of Article 242 *quater* of the FTC, i.e. by providing to the paying agent no later than November 30 of the year preceding the year of the payment of the dividends a sworn statement that the reference fiscal income shown on the taxation notice (*avis d'imposition*) issued in respect of the second year preceding the year of payment was below the above-mentioned taxable income thresholds. However, taxpayers who acquire Shares of IFF Common Stock after the deadline for providing the aforementioned exemption request can, subject to certain conditions, provide such exemption request to the paying agent upon acquisition of such Common Stock pursuant to paragraph 320 of the administrative guidelines BOI-RPPM-RCM-30-20-10-20140211.

When the paying agent is established outside France, only individuals belonging to a tax household whose taxable income of the year before last, as defined in 1° of IV of Article 1417 is equal or superior to the amounts mentioned in the previous paragraph are subject to this tax.

(iii) Social contributions

In addition, dividends paid by IFF will be subject to social contributions at the aggregate rate of 15.5 percent, which is made up of:

- the *contribution sociale généralisée* (CSG) at the rate of 8.2 percent, of which a portion representing 5.1 percent of the dividends is deductible from the taxable income for the year of payment of the CSG;
- the social levy at the rate of 4.5 percent, not deductible from the personal income tax basis;
- the additional contribution to the social levy at the rate of 0.3 percent, not deductible from the personal income tax basis;
- the solidarity levy at the rate of 2 percent, not deductible from the personal income tax basis; and
- the *contribution pour le remboursement de la dette sociale* (CRDS) at the rate of 0.5 percent, not deductible from the personal income tax basis.

These social contributions are levied in the same way as the 21 percent non-discharging withholding tax described above.

Relevant shareholders should contact their usual tax advisor to determine the method by which this withholding tax will be credited against the amount of their income tax.

In addition, regardless of the place of residence of the shareholder, and subject to applicable tax treaties if any, under Article 119 bis 2 of the FTC, if dividends are paid outside France in an NCST, withholding tax is levied at a rate of 75 percent. The list of NCSTs is published by decree and is updated annually.

(b) Legal Entities subject to Corporate Income Tax under Standard Conditions

The dividends paid by IFF to holders of Shares in IFF Common Stock who are legal entities subject to corporate income tax in France are subject to corporate income tax in France under the conditions described below.

The gross amount of the dividends received is included in the taxable income of such holders subject to corporate income tax at the standard rate of 33⅓ percent, increased by (i) the social contribution of 3.3 percent (Article 235 ter ZC of the FTC), which is based on the amount of corporate tax reduced by a discount that cannot exceed EUR763,000 per twelve-month period and (ii) for companies with revenues above EUR250,000,000, an exceptional contribution of 10.7 percent (Article 235 ter ZAA of the FTC) based on the corporate tax as determined before the attribution of reductions, tax credits and tax receivables of any nature. Lower rates apply under certain conditions to small companies.

However, in accordance with the provisions of articles 145 and 216 of the FTC, legal entities which hold at least 5 percent of the share capital in IFF, may benefit, under certain conditions and upon election, from the parent-subsidiary regime. According to such regime, dividends received by a parent company are not subject to corporate income tax, save for an amount representing 5 percent of the net dividends received (including the tax credit, if any) which remains taxable. Holders of Shares of IFF Common Stock who could be concerned by these rules should contact their usual tax advisor to get informed about the tax regime applicable to their own situation.

In addition, regardless of the place of residence or the registered office of the shareholder, and subject to applicable tax treaties if any, under Article 119 bis 2 of the FTC, if dividends are paid outside France in a non-cooperative state or territory within the meaning of Article 238-0 A of the FTC ("NCST"), withholding tax is levied at a rate of 75 percent. The list of NCSTs is published by decree and is updated annually.

8.2 U.S. withholding tax and French tax credit

A dividend paid by IFF to a French tax resident investor will be subject to U.S. withholding tax unless the dividend income is considered attributable to a permanent establishment of the investor in the United States. In accordance with Article 10(2) of the Treaty, (i) dividend payments, if any, made on Shares of IFF Common Stock to a French tax resident company holding at least 10 percent of IFF's voting rights will generally be subject to a U.S. withholding tax at the rate of 5 percent; and (ii) dividend payments, if any, made on Shares of IFF Common Stock to any other French tax resident stockholder, whether an individual or a legal entity, will generally be subject to a U.S. withholding tax at the rate of 15 percent.

These lower withholding tax rates under the Treaty for dividends paid by IFF would generally be available only if the investor has provided a properly completed and executed IRS Form W-8BEN or other appropriate W-8 form to the Paying Agent prior to the dividend payment. If this IRS Form W-8 is not provided to the Paying Agent prior to the dividend payment, the dividend will be subject to U.S. withholding at the U.S. statutory rate of 30 percent; and in that case, a French tax resident investor eligible for benefits under the Treaty may claim a refund from the U.S. of the withholding tax to the extent the amount withheld exceeds the amount that would have been withheld if the investor had timely provided the IRS Form W-8. In general, IRS Forms W-8 remain valid for three years. At the end of this three-year period, a new properly completed and executed IRS Form W-8 must be provided to the Paying Agent.

Under Article 24-1.a of the Treaty, any withholding tax imposed by the U.S. on dividends paid to French Tax Residents who hold Shares of IFF Common Stock will not be deductible from their French taxable income. However, holders of Shares of IFF Common Stock who are entitled to Treaty benefits may claim a tax credit in respect of such withholding tax, if available under article 24-1.a (iii) of the Treaty or article 24-2.b of the Treaty (for individual investors who are U.S. citizens). The amount of this credit will equal the amount of U.S. withholding tax imposed on these dividends at the reduced Treaty rate, if applicable, capped at the amount of French income tax assessed on the dividends (see sub-section 1 of the present section, "French taxation"). Notwithstanding the foregoing, when the French tax resident holder of Shares in IFF Common Stock is a U.S. citizen, and subject to the conditions of article 24-1.b (i) of the Treaty, the amount of tax credit will equal the French tax assessed on these dividends, provided that the beneficiary can demonstrate that he is the beneficial owner of such dividends and that he has paid any U.S. federal taxes imposed in respect of this dividend.

No tax credit in respect of the U.S. withholding tax will be available for dividends benefiting from the parent-subsidiary regime (discussed above, see paragraph 3 of sub-section 1-b of the present section, "Legal entities subject to Corporate Income Tax under Standard Conditions").

Under the United States Foreign Account Tax Compliance Act, or "FATCA", "foreign financial institutions" (as defined under FATCA) and certain other foreign entities must comply with certain due diligence and reporting requirements with respect to U.S. account holders and/or investors. Furthermore, certain foreign jurisdictions have entered into intergovernmental agreements with the United States to implement FATCA, including the Agreement Between the Government of the United States of America and the Government of the French Republic to Improve International Tax Compliance and to Implement FATCA (the "French IGA"). A foreign entity that is subject to reporting requirements under FATCA or a related intergovernmental agreement (including the French IGA) and does not comply with them will generally be subject to a 30% withholding tax with respect to any "withholdable payments" that it receives. For this purpose, a withholdable payment would include a dividend paid by IFF and the gross proceeds of the sale or other disposition of shares of IFF, if such sale or other disposition occurs after December 31, 2016. French tax resident investors are urged to consult their tax advisors regarding the effect, if any, of FATCA and the French IGA based on the investors' particular circumstances.

Other Situations

Holders of Shares of IFF Common Stock who are subject to a tax regime other than one of those described above should contact their usual tax advisor to get informed about the tax regime applicable to their own situation.

IX. DOCUMENTS ON DISPLAY

The Company's internet website is www.iff.com. The Company makes available, free of charge through its website, its Form 10-Ks, 10-Qs and 8-K's, and any amendments to these forms, as soon as reasonably practicable after filing with the SEC. In addition, investors can obtain copies of the Company's SEC filings free of charge from the SEC website at www.sec.gov.

Copies of the above referenced information will also be made available, free of charge, by calling +1 212 765 5500 or upon written request to:

International Flavors & Fragrances Inc.
Investor Relations
521 West 57th Street
New York, New York 10019, U.S.A.

The Company's press releases are also available, free of charge through the Investors – Press Releases link on its website.

CROSS-REFERENCE LIST

ANNEX I

MINIMUM DISCLOSURE REQUIREMENTS FOR THE SHARE REGISTRATION DOCUMENT (SCHEDULE)

(Page numbering refers to the page contained in the relevant document)

Item #	Item contents	Chapter/Exhibit	Page/Section
1.	**PERSONS RESPONSIBLE**		
1.1.	All persons responsible for the information given in the prospectus	Wrapper	6 (Company Representative for Prospectus)
		Exhibit I	Exhibits 31.1, 31.2 and 32
		Exhibit II	Exhibits 31.1, 31.2 and 32
1.2.	A declaration by those responsible for the prospectus	Wrapper	6 (Company Representative for Prospectus)
2.	**STATUTORY AUDITORS**		
2.1.	Names and addresses of the issuer's auditors	Exhibit I	50 (Report of Independent Registered Public Accounting Firms)
		Exhibit V	1 (Report of Independent Registered Public Accounting Firms)
2.2.	If auditors have resigned, been removed or not been re-appointed during the period covered by the historical financial information, indicate details if material.	Not applicable	Not applicable
3.	**SELECTED FINANCIAL INFORMATION**		
3.1.	Selected historical financial information	Chapter A	16 (Selected Three-Year Financial Data)
		Exhibit I	24 (Selected Financial Data)
3.2.	Interim periods	Chapter A	19-20 (Selected Quarterly Financial Data)

Item #	Item contents	Chapter/Exhibit	Page/Section
		Exhibit II	2-4 (Quarterly Financial Data (Unaudited))
		Exhibit III	All pages (Quarterly Financial Data (Unaudited))
4.	**RISK FACTORS**	Exhibit I	10 (Item 1A. Risk Factors)
5.	**INFORMATION ABOUT THE ISSUER**		
5.1.	**<u>History and Development of the Issuer</u>**		
5.1.1.	The legal and commercial name of the issuer	Exhibit I	Cover Page
5.1.2.	The place of registration of the issuer and its registration number	Chapter C	37 (1.7 Registration Number)
		Exhibit I	Cover Page
5.1.3.	The date of incorporation and the length of life of the issuer, except where indefinite	Exhibit VII	11 (Verification of Secretary)
5.1.4.	The domicile and legal form of the issuer, the legislation under which the issuer operates, its country of incorporation, as well as the address and telephone number	Chapter C	35 (1.2 Legislation and Authorization under which the Securities Have Been Created)
		Exhibit I	Cover Page
5.1.5.	Important events in the development of the issuer's business	Exhibit I	28-29 (Financial Performance Overview), 32 (Fragrance Ingredients Rationalization), 35 (Fragrance Ingredients Rationalization), 36 (Strategic Initiative), 36 (European Rationalization Plan), 58 (Fragrance Ingredients Rationalization) and 85-86 (Other Contingencies)
		Exhibit II	6 (Note 3. Restructuring and Other

Item #	Item contents	Chapter/Exhibit	Page/Section
			Charges, Net) 17 (Note 13. Subsequent Events) and 18 (Item 2. Overview)
5.2.	**Investments**		
5.2.1.	A description (including the amount) of the issuer's principal investments for each financial year for the period covered by the historical financial information up to the date of the prospectus	Exhibit I	38 (Cash-Flows used in Investing Activities), 56 (Note 1. Property, Plant and Equipment), 59 (Note 3. Property, Plant and Equipment Net) and 60 (Paragraph beginning with "On January 15, 2014 …")
		Exhibit II	6 (Note 4. Other Intangible Assets, Net) and 24 (Cash Flows Used in Investing Activities)

Item #	Item contents	Chapter/Exhibit	Page/Section
5.2.2.	A description of the issuer's principal investments that are in progress	Exhibit I	4 (Strategic Priorities), 32 (Research and Development), 38 (Cash-Flows used in Investing Activities), 56 (Note 1. Property, Plant and Equipment), 59 (Note 3. Property, Plant and Equipment, Net) and 60 (Paragraph beginning with "On January 15, 2014 …")
		Exhibit II	18-19 (Item 2. Overview), 6 (Note 4. Other Intangible Assets, Net) and 24 (Cash Flows Used in Investing Activities)
5.2.3.	Information concerning the issuer's principal future investments on which its management bodies have already made firm commitments	Exhibit I	32 (Research and Development), 38 (Cash-Flows used in Investing Activities), 56 (Note 1. Property, Plant and Equipment), 59 (Note 3. Property, Plant and Equipment, Net) and 60 (Paragraph beginning with "On January 15, 2014 …")

Item #	Item contents	Chapter/Exhibit	Page/Section
		Exhibit II	6 (Note 4. Other Intangible Assets, Net) and 24 (Cash Flows Used in Investing Activities)
6.	**BUSINESS OVERVIEW**		
6.1.	**<u>Principal Activities</u>**		
6.1.1.	A description of, and key factors relating to, the nature of the issuer's operations and its principal activities	Exhibit I	3-18 (Item 1. Business), 27-28 (Item 7. Overview), 38 (Cash-Flows Used in Investing Activities) and 70-72 (Note 12. Segment Information)
		Exhibit II	18-19 (Item 2. Overview)
6.1.2.	An indication of any significant new products and/or services that have been introduced	Exhibit I	38 (Cash-Flows Used in Investing Activities)
6.2.	Principal markets	Exhibit I	3-5 (Item 1. Business), 28 (Overview) and 70-72 (Note 12. Segment Information)
		Exhibit II	8-9 (Note 8. Segment Information) and 18-19 (Item 2. Overview)
6.3.	Where the information given pursuant to items 6.1. and 6.2. has been influenced by exceptional factors, mention that fact	Exhibit I	28-29 (Financial Performance Overview), 32 (Fragrance Ingredients Rationalization), 35 (Fragrance Ingredients

Item #	Item contents	Chapter/Exhibit	Page/Section
			Rationalization), 36 (Strategic Initiative), 36 (European Rationalization Plan), 58 (Fragrance Ingredients Rationalization) and 85-86 (Other Contingencies)
		Exhibit II	17 (Note 13. Subsequent Events) and 18-19 (Item 2. Overview) 23 (Restructuring and Other Charges, Net)
6.4.	The extent to which the issuer is dependent, on patents or licenses, industrial, commercial or financial contracts or new manufacturing processes	Exhibit I	6-7 (Research and Development), 8 (Competition) and 13 (Risk factor beginning "We may not successfully develop… ")
6.5.	Issuer's competitive position	Exhibit I	8 (Competition) and 15 (Risk factor beginning with "Our ability to compete…", "Our business is highly competitive…", and "Our reliance on a limited base of suppliers…")
7.	**ORGANIZATIONAL STRUCTURE**		
7.1.	Description of the group	Chapter C	42 (VI. Organizational Structure)
		Exhibit I	Exhibit 21 (List of Principal Subsidiaries)

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7.2.	A list of the issuer's significant subsidiaries	Exhibit I	Exhibit 21 (List of Principal Subsidiaries)
8.	**PROPERTY, PLANTS AND EQUIPMENT**		
8.1.	Information regarding any existing or planned material tangible fixed assets	Exhibit I	18 (Item 2. Properties) and 59 (Note 3. Property, Plant and Equipment)
8.2.	Environmental issues that may affect the issuer's utilization of the tangible fixed assets	Exhibit I	8 (Governmental regulation), 11 (Risk factor beginning "Our international operations…"), 13 (Risk factor beginning "A disruption in operations…"), 17 (Risk factor beginning "Our operations may be affected"), 20 (Item 3. Environmental) and 85 (Note 17 Environmental)
		Exhibit II	16 (Environmental) and 28 (Environmental)
9.	**OPERATING AND FINANCIAL REVIEW**		
9.1.	Financial condition	Exhibit I	29-30 (Results of Operations)
		Exhibit II	18-20 (Financial Performance Overview)
9.2.	**<u>Operating Results</u>**		
9.2.1.	Significant factors materially affecting the issuer's income from operations	Exhibit I	28-29 (Financial Performance Overview), 29-30 (Results of Operations) and 41-43 (Critical

Item #	Item contents	Chapter/Exhibit	Page/Section
			Accounting Policies and Use of Estimates)
		Exhibit II	18-20 (Financial Performance Overview)
9.2.2.	Material changes in net sales or revenues	Exhibit I	30-31 (Sales) and 34-35 (Sales)
		Exhibit II	18-20 (Financial Performance Overview) and 20-21 (Sales)
9.2.3.	Governmental, economic, fiscal, monetary or political policies or factors that have materially affected, or could materially affect, directly or indirectly, the issuer's operations	Exhibit I	8 (Governmental regulation), 11 (Risk factor beginning "Our international operations…"), 12 (Risk factors beginning "We have made investments in…" and "Our results of operations may be negatively affected…"), 14 (Risk factor beginning "We are subject to laws and regulations…") and 17 (Risk factor beginning "Changes in our tax rates…" and "The potential government regulation…")
10.	**CAPITAL RESOURCES**		
10.1	Issuer's capital resources	Chapter C	39 (2.2 Net Indebtedness at March 31, 2015)
		Exhibit I	37-38 (Liquidity and Capital Resources) 39-40 (Credit

Item #	Item contents	Chapter/Exhibit	Page/Section
			Facility and Senior Notes) and 61 (Note 8. Borrowings)
		Exhibit II	7 (Note 5. Borrowings) 15- 17 (Note 12. Commitments and Contingencies), and 23-25 (Liquidity and Capital Resources)
10.2.	Narrative description of the issuer's cash flows	Exhibit I	28-29 (Financial Performance Overview), 29-30 (Results of Operations), 37-38 (Liquidity and Capital Resources) and 53 (Note 15. Consolidated Statement of Cash-Flows for the three years ended 31 December 2014, 2013 and 2012)
		Exhibit II	18-19 (Financial Performance Overview) and 23-25 (Liquidity and Capital Resources)
10.3.	Information on the borrowing requirements and funding structure of the issuer	Chapter C	39 (2.2 Net Indebtedness at March 31, 2015)
		Exhibit I	33 (Interest Expenses), 39-40 (Credit Facility and Senior Notes), 40-41 (Contractual Obligations) and

Item #	Item contents	Chapter/Exhibit	Page/Section
			61 (Note 8. Borrowings)
		Exhibit II	7 (Note 5. Borrowings) and 23 (Interest Expense)
10.4.	Information regarding any restrictions on the use of capital resources	Chapter C	39 (2.2 Net Indebtedness at March 31, 2015)
		Exhibit I	39-40 (Credit Facility and Senior Notes), 40-41 (Contractual Obligations) and 61 (Note 8. Borrowings)
		Exhibit II	7 (Note 5. Borrowings)
10.5.	Information regarding the anticipated sources of funds needed to fulfill commitments referred to in items 5.2.3. and 8.1.	Exhibit I	3-4 (Strategic Priorities), 37-38 (Liquidity and Capital Resources), 61 (Note 8. Borrowings) and 84-85 (Note 17. Commitments and Contingencies)
		Exhibit II	7 (Note 5. Borrowings) and 15-17 (Note 12. Commitments and Contingencies), and 23-25 (Liquidity and Capital Resources)
11.	**RESEARCH AND DEVELOPMENT, PATENTS AND LICENSES**	Chapter C	42 (Intellectual Property)

Item #	Item contents	Chapter/Exhibit	Page/Section
		Exhibit I	6-7 (Research and Product Development)
12.	**TREND INFORMATION**		
12.1.	Significant trends that affected production, sales and inventory, and costs and selling prices since the end of the last financial year to the date of the prospectus	Exhibit I	3-8 (Item 1. Business)
		Exhibit II	18-19 (Item 2. Overview)
		Exhibit V	All Pages
12.2.	Trends, uncertainties or events that are likely to affect the issuer for at least the current financial year	Exhibit I	3-8 (Item 1. Business) and 10-17 (Item 1A. Risk Factors)
		Exhibit II	18-19 (Item 2. Overview)
		Exhibit V	All Pages
13.	**PROFIT FORECASTS OR ESTIMATES**	Not applicable	Not applicable
14.	**ADMINISTRATIVE, MANAGEMENT, SUPERVISORY BODIES AND SENIOR MANAGEMENT**		
14.1.	Names, business addresses and functions in the issuer of the following persons and an indication of the principal activities performed by them outside the issuer where these are significant with respect to that issuer: a) members of the administrative, management or supervisory bodies;	Exhibit I	9-10 (Executive Officers of Registrant)
		Exhibit VI	5-10 (Nominees for Director)
	b) partners with unlimited liability, in the case of a limited partnership with a share capital;	Not applicable	Not applicable
	c) founders, if the issuer has been established for fewer than five years; and	Not applicable	Not applicable
	d) any senior manager who is relevant to establishing that the issuer has the appropriate expertise and experience for the management of the issuer's business.	Exhibit I	9-10 (Executive Officers of Registrant)
	The nature of any family relationship between any of those persons	Chapter C	40 (3.2 Executive Officers)

Item #	Item contents	Chapter/Exhibit	Page/Section
	In the case of each member of the administrative, management or supervisory bodies of the issuer and each person mentioned in points (b) and (d) of the first subparagraph, details of that person's relevant management expertise and experience and the following information: (a) the nature of all companies and partnerships of which such person has been a member of the administrative, management and supervisory bodies or partner at any time in the previous five years, indicating whether or not the individual is still a member of the administrative, management or supervisory bodies or partner. It is not necessary to list all the subsidiaries of an issuer of which the person is also a member of the administrative, management or supervisory bodies or partner;	Exhibit I	9-10 (Executive Officers of Registrant)
		Exhibit VI	5-10 (Nominees for Director)
	(b) any convictions in relation to fraudulent offences for at least the previous five years; (c) details of any bankruptcies, receiverships or liquidations with which a person described in (a) and (d) of the first subparagraph who was acting in the capacity of any of the positions set out in (a) and (d) of the first subparagraph was associated for at least the previous five years; (d) details of any official public incrimination and/or sanctions of such person by statutory or regulatory authorities (including designated professional bodies) and whether such person has ever been disqualified by a court from acting as a member of the administrative, management or supervisory bodies of an issuer or from acting in the management or conduct of the affairs of any issuer for at least the previous five years. If there is no such information to be disclosed, a statement to that effect is to be made.	Chapter C	40 (3.2 Executive Officers)

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14.2.	Administrative, management, and supervisory bodies and senior management conflicts of interests	Exhibit VI	16 (Compensation Committee Interlocks and Participation), 18 (Related Person Transactions), 57 (Employment Agreements) and 68-71 (Potential Payments upon Termination and Change In Control)
		Exhibit VIII	13-15 (Article VI. Indemnification)
15	**REMUNERATION AND BENEFITS**		
15.1.	The amount of remuneration paid to the members of the administrative, management, supervisory and senior management bodies or to the general managers of the issuer	Exhibit VI	22-23 (2014 Director's Compensation) and 54-74 (Excerpts from Executive Compensation)
15.2	The total amounts set aside or accrued by the issuer or its subsidiaries to provide pension, retirement or similar benefits to the above persons	Exhibit I	72 (Note 13. Employee Benefits) and 40 (Contractual Obligations)
		Exhibit II	10 (Note 9. Employee Benefits)
		Exhibit VI	54 (Summary Compensation Table), 65-66 (Pension Benefits), 66 (Non-Qualified

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			Deferred Compensation) and 68 (Potential payments upon Termination and Change in Control)
16.	**BOARD PRACTICES**		
16.1.	Date of expiration of the current term of office, if applicable, and the period during which persons referred to in points (a) of the first subparagraph of item 14.1 have served in that office	Exhibit VI	5 (Election of Directors)
16.2.	Information about members of the administrative, management or supervisory bodies' service contracts with the issuer or any of its subsidiaries providing for benefits upon termination of employment	Exhibit VI	57 (Employment Agreements), 65-66 (Pension Benefits) and 68-71 (Potential Payments upon Termination and Change In Control)
16.3.	Information about the issuer's audit committee and remuneration committee, including the names of committee members and a summary of the terms of reference under which the committee operates	Exhibit VI	13 (Audit Committees), 14 (Compensation Committee), 28 (Audit Committee Report) and 52 (Compensation Committee Report)
16.4.	Compliance with corporate governance regime(s)	Exhibit I	Exhibits 31.1, 31.2 and 32
		Exhibit II	Exhibits 31.1, 31.2 and 32
		Exhibit VI	11 (Corporate Governance Guidelines, Independence of Directors), 12 (Board Leadership Structure), 17 (Risk Management

Item #	Item contents	Chapter/Exhibit	Page/Section
			Oversight), 19 (Code of Business Conduct and Ethics, Share Retention Policy) and 20 (Policy Regarding Derivatives, Short Sales, Hedging and Pledges)
17.	**EMPLOYEES**		
17.1	Number of employees	Chapter C	42 (V. Employees)
		Exhibit I	9 (Employee Relations)
17.2.	Shareholdings and stock options with respect to each person referred to in points (a) and (d) of the first subparagraph of item 14.1	Exhibit VI	21 (Directors Compensation), 24 (Securities Ownership of Management, Directors and Certain other Persons), 54 (Summary Compensation Table), 58 (Grants of Plan-Based Awards), 62 (Outstanding Equity Awards at Fiscal Year-End) and 64 (Options Exercised and Stock Vested)
17.3.	Description of any arrangements for involving the employees in the capital of the issuer	Exhibit I	67-70 (Note 11. Stock Compensation Plans)
		Exhibit VI	20 (Equity Grant Policy), 58 (Grants of Plan-Based Awards),

Item #	Item contents	Chapter/Exhibit	Page/Section
			60 (Long-Term Incentive Plan) and 75 (Approval of the 2015 Incentive Stock Award And Incentive Plan)
18.	**MAJOR STOCKHOLDERS**		
18.1.	Name of any stockholders who are not members of administrative and/or management or supervisory bodies	Exhibit VI	24 (Securities Ownership of Management, Directors and Certain other Persons)
18.2.	Whether the issuer's major stockholders have different voting rights	Chapter C	35 (Rights attached to the securities - Voting Rights)
18.3.	Information on the persons directly or indirectly controlling the issuer	Not applicable	Not applicable
18.4.	Agreement known to the issuer that may result in a change in control of the issuer	Not applicable	Not applicable
19.	**RELATED PARTY TRANSACTIONS**	Exhibit I	48 (Certain Relationships and Related Transactions, and Director Independence)
		Exhibit VI	16 (Compensation Committee Interlocks and Participation), 18 (Related Person Transactions), 57 (Employment Agreements) and 68-71 (Potential Payments upon Termination and Change In Control)

Item #	Item contents	Chapter/Exhibit	Page/Section
20.	**FINANCIAL INFORMATION CONCERNING THE ISSUER'S ASSETS AND LIABILITIES, FINANCIAL POSITION AND PROFITS AND LOSSES**		
20.1.	Historical Financial information Consolidated balance sheets of International Flavors & Fragrances and subsidiaries as of December 31, 2014 and 2013 and the related consolidated statements of operations, stockholders' equity and cash flows for the each of the years in the three- year period ended December 31, 2014	Exhibit I	51 (Consolidated Statement of Income and Comprehensive Income), 52 (Consolidated Balance Sheet), 53 (Consolidated Statement of Cash Flows), 54 (Consolidated Statement of Shareholders' Equity) and 55-86 (Notes to Consolidated Financial Statements)
	Consolidated balance sheets of International Flavors & Fragrances and subsidiaries as of December 31, 2013 and 2012 and the related consolidated statements of operations, stockholders' equity and cash flows for the each of the years in the three- year period ended December 31, 2013	Exhibit V	All pages
20.2.	Pro forma financial information	Not applicable	Not applicable
20.3.	Financial statements Consolidated balance sheets of International Flavors & Fragrances and subsidiaries as of December 31, 2014 and 2013 and the related consolidated statements of operations, stockholders' equity and cash flows for the each of the years in the three- year period ended December 31, 2014	Exhibit I	51 (Consolidated Statement of Income and Comprehensive Income), 52 (Consolidated Balance Sheet), 53 (Consolidated Statement of Cash Flows), 54 (Consolidated Statement of Shareholders' Equity) and 55-86 (Notes to Consolidated Financial Statements)

Item #	Item contents	Chapter/Exhibit	Page/Section
	Consolidated balance sheets of International Flavors & Fragrances and subsidiaries as of December 31, 2013 and 2012 and the related consolidated statements of operations, stockholders' equity and cash flows for the each of the years in the three- year period ended December 31, 2013	Exhibit V	All pages
20.4.	**<u>Auditing of historical annual financial information</u>**		
20.4.1.	Statement that the historical financial information has been audited Report of independent Registered Public Accounting Firm on consolidated balance sheets of International Flavors & Fragrances and the related consolidated statements of operations, stockholders' equity and cash flows as of December 31 2014, and for each of the years in the three-year period ended December 31, 2014	Exhibit I	50 (Report of Independent Registered Public Accounting Firm)
		Exhibit V	1 (Report of Independent Registered Public Accounting Firm)
20.4.2.	Indication of other information in the prospectus which has been audited by the auditors	Exhibit I	47 (Management's Report on Internal Control over Financial Reporting) and 50 (Report of Independent Registered Public Accounting Firm)
20.4.3.	Unaudited financial data in the prospectus	Chapter C	38-39 (II. Statement of Capitalization and Indebtedness as of March 31, 2015)
		Exhibit II	2-4 (Item 1. Financial Statements (Unaudited))
20.5.	**<u>Age of latest financial information</u>**		
20.5.1.	The last year of audited financial information	Exhibit I	50 (Report of Independent Registered Public Accounting

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			Firm)
20.6.	**Interim and other financial information**		
20.6.1.	Quarterly or half yearly financial information since the date of the last audited financial statements	Exhibit II	2-4 (Item 1. Financial Statements)
20.6.2.	Interim financial information	Not applicable	Not applicable
20.7.	**Dividend policy**		
20.7.1.	The amount of the dividend per share for each financial year for the period covered by the historical financial information	Chapter C	35 (Rights attached to the securities, Dividend Rights)
		Exhibit I	21 (Item 5. Market For Registrant's Common Equity, Related Stockholders' Matters) and 66 (Dividends)
		Exhibit V	19-20 (Note 10. Shareholders' Equity)
20.8.	Legal and arbitration proceedings	Exhibit I	19-21 (Item 3. Legal Proceedings) and 85-86 (Other Contingencies)
		Exhibit II	28-29 (Part II., Item 1., Legal Proceedings)
20.9.	Significant change in the issuer's financial or trading position since the end of the last financial period	Not applicable	Not applicable
21.	**ADDITIONAL INFORMATION**		
21.1	**Share Capital**		
21.1.1.	The amount of issued capital	Chapter C	35 (1.1 Type and the Class of the Securities Being Offered, Including the Security Identification Number)
		Exhibit I	52 (Consolidated Balance Sheet) and 54

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			(Consolidated Statement of Shareholders' Equity)
		Exhibit II	2 (Item 1. Consolidated Balance Sheet (Unaudited))
		Exhibit VII	4 (Third)
21.1.2.	Shares not representing capital	Not applicable	Not applicable
21.1.3.	Shares in the issuer held by the issuer or subsidiaries	Exhibit I	23 (Issuer Purchases of Equity Securities during the Fourth Quarter of 2014) and 66-67 (Share Repurchases)
		Exhibit II	2 (Item 1. Consolidated Balance Sheet (Unaudited)), and 30 (Item 2. Issuer purchases of Equity Securities)
21.1.4	The amount of any convertible securities, exchangeable securities or securities with warrants, with an indication of the conditions governing and the procedures for conversion, exchange or subscription	Exhibit I	57 (Net income per share)
		Exhibit II	6 (Note 2. Net income per share)
21.1.5.	Information about and terms of any acquisition rights and or obligations over authorized but unissued capital or an undertaking to increase the capital	Chapter C	35 (1.1 Type and the Class of the Securities Being Offered, including the Security Identification Code)
21.1.6.	Information about any capital of any member of the group which is under option or agreed conditionally or unconditionally to be put under option	Exhibit I	67-70 (Note 11. Stock Compensation Plans)
		Exhibit VI	21 (Director's Compensation in 2014),

Item #	Item contents	Chapter/Exhibit	Page/Section
			24 (Securities Ownership of Management, Directors and Certain Other Persons), 54 (Summary Compensation Table), 58 (Grants of Plan-Based Awards), 62 (Outstanding Equity Awards at Fiscal Year-End), 64 (Options Exercised and Stock Vested) and 75 (Approval of the 2015 Incentive Stock Award And Incentive Plan)
21.1.7.	A history of share capital for the period covered by the historical financial information	Chapter C	35 (1.1 Type and the Class of the Securities Being Offered, including the Security Identification Code),
		Exhibit I	52 (Consolidated Balance Sheet), 54 (Consolidated Statement of Shareholders' Equity) and 66-67 (Note 10. Shareholders' Equity)
		Exhibit II	2 (Item 1. Consolidated Balance Sheet (Unaudited)), and 30 (Item 2. Issuer purchases of Equity Securities)

Item #	Item contents	Chapter/Exhibit	Page/Section
		Exhibit V	3 (Consolidated Balance Sheet), 7 (Consolidated Statement of Shareholders' Equity) and 19-20 (Note 10. Shareholders' Equity)
21.2.	**Memorandum and Articles of Association**		
21.2.1.	Issuer's objects and purposes	Chapter C	35 (1.2 Legislation and Authorization Under Which the Securities Have Been Created)
21.2.2.	A summary of any provisions of the issuer's articles of association, statutes, charter or bylaws with respect to the members of the administrative, management and supervisory bodies	Exhibit VII	5 (Sixth), 5 (Ninth) and 9 (Eleventh)
		Exhibit VIII	6-9 (Article II. Board of Directors) and 10-11 (Article III. Officers)
21.2.3.	A description of the rights, preferences and restrictions attaching to each class of the existing shares	Chapter C	35-37 (1.5 Rights Attached to the Securities)
		Exhibit VII	8 (Tenth)
		Exhibit VIII	1-6 (Article I. Meetings of shareholders) and 11-12 (Article V. Shares and Their Transfer)
21.2.4.	What action is necessary to change the rights of holders of the shares	Chapter C	35-37 (1.5 Rights attached to the Securities, Voting Rights)
		Exhibit VII	5 (Ninth) and 9 (Twelfth)
		Exhibit VIII	1-6 (Article I. Meetings of Shareholders) and 15 (Article IX. Amendments)

Item #	Item contents	Chapter/Exhibit	Page/Section
21.2.5.	Conditions governing the manner in which annual general meetings and extraordinary general meetings of stockholders are called	Chapter C	35-37 (1.5 Rights attached to the Securities, Voting Rights)
		Exhibit VIII	1-6 (Article I. Meetings of Shareholders)
21.2.6.	Provisions of the issuer's articles of association, statutes, charter or bylaws that would have an effect of delaying, deferring or preventing a change in control of the issuer	Chapter C	37-38 (1.8 General Provisions applying to Business Combinations)
		Exhibit VIII	1-6 (Article I. Meetings of Shareholders)
21.2.7.	An indication of the articles of association, statutes, charter or bylaw provisions, if any, governing the ownership threshold above which stockholder ownership must be disclosed	Exhibit VIII	1-6 (Article I. Meetings of Shareholders), 12-13 (Article V. Shares and Their Transfer),
22.	**MATERIAL CONTRACTS**		
	Summary of Material Contracts	Exhibit I	3-4 (Strategic Priorities), 18-19 (Item 2. Properties), 39 (Credit Facility and Senior Notes), 40-41 (Contractual Obligations), 61 (Note 7. Sale and Leaseback transactions), 61 (Note 8. Borrowings), 79 (Note 14. Financial Instruments) and 84-85 (Lease Commitments, Guarantees and Letters of Credit, Lines of Credit)

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		Exhibit II	7 (Note 5. Borrowings) and 15 (Note 12. Commitments and Contingencies)
23.	**THIRD PARTY INFORMATION AND STATEMENT BY EXPERTS AND DECLARATIONS OF ANY INTEREST**		
23.1.	Where a statement or report attributed to a person as an expert is included in the Registration Document, provide such person's name, business address, qualifications and material interest if any in the issuer	Not applicable	Not applicable
23.2.	Where information has been sourced from a third party, provide a confirmation that this information has been accurately reproduced	Not applicable	Not applicable
24.	**DOCUMENTS ON DISPLAY**	Chapter C	46 (IX. Documents on Display)
25.	**INFORMATION ON HOLDINGS**	Chapter C	42 (VI. Organizational Structure)
		Exhibit I	Exhibit 21 (List of Principal Subsidiaries)

ANNEX III

MINIMUM DISCLOSURE REQUIREMENTS FOR THE SHARE SECURITIES NOTE (SCHEDULE)

(Page numbering refers to the page contained in the relevant document)

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1.1.	All persons responsible for the information given in the prospectus	Wrapper	6 (Company Representative for Prospectus)
		Exhibit I	Exhibits 31.1, 31.2 and 32
		Exhibit II	Exhibits 31.1, 31.2 and 32
1.2	A declaration by those responsible for the prospectus	Wrapper	6 (Company Representative for Prospectus)
2.	**RISK FACTORS**	Exhibit I	10 (Item 1A. Risk Factors)
3.	**ESSENTIAL INFORMATION**		
3.1	Working capital statement	Chapter C	42 (VII Working Capital Statement)
3.2	Capitalization and indebtedness	Chapter C	38-39 (II. Statement of Capitalization and Indebtedness as of 31 March 2015)
3.3	Interest of natural and legal persons involved in the issue/offer	Not Applicable	Not Applicable
3.4	Reasons for the offer and use of proceeds	Chapter C	38 (1.11 Purpose of the Listing and Liquidity)
4.	**INFORMATION CONCERNING THE SECURITIES TO BE OFFERED/ADMITTED TO TRADING**		
4.1	Type and the class of the securities being admitted to trading including the security identification code	Chapter C	35 (1.1 Type and the Class of the Securities Being Offered, Including the Security Identification Code)
4.2	Legislation under which the securities have been	Chapter C	35 (1.2

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	created		Legislation Under Which the Securities Have Been Created)
4.3	Form of securities, name and address of the entity in charge of keeping the records	Chapter C	35 (1.3 Form of Securities, Name and Address of the Entity in Charge of Keeping the Records)
4.4	Currency of the securities' issuance	Chapter C	35 (1.4 Currency of the Securities Issue)
4.5	Rights attached to the securities	Chapter C	35-37 (1.5 Rights Attached to the Securities)
4.6	Statement of the resolutions, authorizations and approvals by virtue of which the securities have been or will be created and/or issued	Not applicable	Not applicable
4.7	Expected issue date of the securities	Not applicable	Not applicable
4.8	Description of any restrictions on the free transferability of the securities	Chapter C	37 (1.6 Transferability)
4.9	Mandatory takeover bids and/or squeeze-out and sell-out rules in relation to the securities	Not applicable	Not applicable
4.10	Public takeover bids by third parties in respect of the issuer's equity, which have occurred during the last financial year and the current financial year	Not applicable	Not applicable
4.11	Information on taxes on the income from the securities withheld at source and indication as to whether the issuer assumes responsibility for the withholding of such taxes	Chapter C	42-45 (VIII. Tax Consequences)
5	**TERMS AND CONDITIONS OF THE OFFER**		
5.1	**Conditions, offer statistics, expected timetable and action required to apply for the offer**		
5.1.1	Conditions to which the offer is subject	Not applicable	Not applicable
5.1.2	Total amount of the issue/offer	Not applicable	Not applicable
5.1.3	Time period during which the offer will be open and description of the application process	Not applicable	Not applicable
5.1.4	Circumstances under which the offer may be revoked or suspended and whether revocation can occur after dealing has begun	Not applicable	Not applicable
5.1.5	Possibility to reduce subscriptions and the manner for refunding excess amount paid by applicants	Not applicable	Not applicable

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5.1.6	Minimum and/or maximum amount of application	Not applicable	Not applicable
5.1.7	Period during which an application may be withdrawn	Not applicable	Not applicable
5.1.8	Method and time limits for paying up the securities and for delivery of the securities	Not applicable	Not applicable
5.1.9	Manner and date in which results of the offer are to be made public	Not applicable	Not applicable
5.1.10	Procedure for the exercise of any right of pre emption	Not applicable	Not applicable
5.2	**Plan of distribution and allotment**		
5.2.1	The various categories of potential investors to which the securities are offered	Not applicable	Not applicable
5.2.2	Indication of whether major stockholders or members of the issuer's management, supervisory or administrative bodies intended to subscribe in the offer, or whether any person intends to subscribe for more than five percent of the offer	Not applicable	Not applicable
5.2.3	Pre-allotment Disclosure	Not applicable	Not applicable
	a) The division into tranches of the offer;	Not applicable	Not applicable
	b) The conditions under which the claw-back may be used;	Not applicable	Not applicable
	c) The allotment method or methods to be used for retail and issuer's employee tranche;	Not applicable	Not applicable
	d) Pre-determined preferential treatment to be accorded to certain classes of investors or certain affinity groups	Not applicable	Not applicable
	e) Whether the treatment of subscriptions or bids to subscribe in the allotment may be determined on the basis of which firm they are made through or by;	Not applicable	Not applicable
	f) A target minimum individual allotment if any within the retail tranche;	Not applicable	Not applicable
	g) The conditions for the closing of the offer as well as the date on which the offer may be closed at the earliest;	Not applicable	Not applicable
	h) Whether or not multiple subscriptions are admitted	Not applicable	Not applicable
5.2.4	Process for notification to applicants of the amount allotted	Not applicable	Not applicable
5.2.5	Over-allotment and ‘green shoe’	Not applicable	Not applicable
	a) The existence and size of any over-allotment facility and/or ‘green shoe’.	Not applicable	Not applicable
	b) The existence period of the over-allotment facility and/or ‘green shoe’.	Not applicable	Not applicable
	c) Any conditions for the use of the over-allotment facility or exercise of the ‘green shoe’.	Not applicable	Not applicable

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5.3	**<u>Pricing</u>**		
5.3.1	An indication of the price at which the securities will be offered	Not applicable	Not applicable
5.3.2	Process for the disclosure of the offer price	Not applicable	Not applicable
5.3.3	If the issuer's equity holders have pre-emptive purchase rights and this right is restricted or withdrawn	Not applicable	Not applicable
5.3.4	Where there is or could be a material disparity between the public offer price and the effective cash cost to members of the administrative, management or supervisory bodies or senior management, or affiliated persons, of securities acquired by them in transactions during the past year	Not applicable	Not applicable
5.4	**<u>Placing and Underwriting</u>**	Not applicable	Not applicable
5.4.1	Name and address of the coordinator(s) of the global offer	Not applicable	Not applicable
5.4.2	Name and address of any paying agents and depository agents in each country	Chapter C	35 (1.3 Form of Securities, Name and Address of the Entity in Charge of Keeping the Records)
5.4.3	Name and address of the entities agreeing to underwrite the issue on a firm commitment basis	Not applicable	Not applicable
5.4.4	When the underwriting agreement has been or will be reached	Not applicable	Not applicable
6	**ADMISSION TO TRADING AND DEALING ARRANGEMENTS**		
6.1	Whether the securities offered are or will be the object of an application for admission to trading	Chapter C	35 (1.1 Type and the Class of the Securities Being Offered, Including the Security Identification Code)
6.2	Regulated markets or equivalent markets on which securities of the same class of the securities to be offered or admitted to trading are already admitted to trading	Chapter C	35 (1.1 Type and the Class of the Securities Being Offered, Including the Security Identification Code)
6.3	Simultaneous private placement	Not applicable	Not applicable
6.4	Details of the entities which have a firm commitment to act as intermediaries in secondary trading, providing liquidity	Not applicable	Not applicable

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6.5	**STABILIZATION**		
6.5.1	The fact that stabilization may be undertaken, that there is no assurance that it will be undertaken and that it may be stopped at any time	Not applicable	Not applicable
6.5.2	The beginning and the end of the period during which stabilization may occur	Not applicable	Not applicable
6.5.3	Identity of the stabilization manager	Not applicable	Not applicable
6.5.4	The fact that stabilization transactions may result in a market price that is higher than would otherwise prevail	Not applicable	Not applicable
7	**SELLING SECURITIES HOLDERS**		
7.1	Name and business address of the person or entity offering to sell the securities	Not applicable	Not applicable
7.2	The number and class of securities being offered by each of the selling security holders	Not applicable	Not applicable
7.3	Lock-up agreements	Not applicable	Not applicable
8	**EXPENSE OF THE ISSUE/OFFER**		
8.1	The total net proceeds and an estimate of the total expenses of the issue/offer	Not applicable	Not applicable
9.	**DILUTION**		
9.1	The amount and percentage of immediate dilution resulting from the offer	Not applicable	Not applicable
9.2	In the case of a subscription offer to existing equity holders, the amount and percentage of immediate dilution if they do not subscribe to the new offer	Not applicable	Not applicable
10.	**ADDITIONAL INFORMATION**		
10.1.	If advisors connected with an issue are mentioned in the Securities Note, a statement of the capacity in which the advisors have acted	Not applicable	Not applicable
10.2.	An indication of other information in the Securities Note which has been audited or reviewed by statutory auditors	Not applicable	Not applicable
10.3.	Where a statement or report attributed to a person as an expert is included in the Securities Note, provide such persons' name, business address, qualifications and material interest if any in the issuer	Not applicable	Not applicable
10.4.	Where information has been sourced from third party	Not applicable	Not applicable

EXHIBIT I

**ANNUAL REPORT ON FORM 10-K FOR THE FISCAL YEAR ENDED DECEMBER 31, 2014
FILED BY IFF WITH THE SEC ON March 2, 2015**

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-K

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

For the fiscal year ended December 31, 2014

OR

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

For the transition period from to

Commission File Number 1-4858

INTERNATIONAL FLAVORS & FRAGRANCES INC.

(Exact name of registrant as specified in its charter)

NEW YORK	**13-1432060**
(State or other jurisdiction of incorporation or organization)	*(I.R.S. Employer Identification No.)*
521 WEST 57TH STREET, NEW YORK, N.Y.	**10019**
(Address of principal executive offices)	*(Zip Code)*

Registrant's telephone number, including area code (212) 765-5500

SECURITIES REGISTERED PURSUANT TO SECTION 12(b) OF THE ACT:

Title of Each Class	Name of Each Exchange on Which Registered
Common Stock, par value 12 1/2¢ per share	New York Stock Exchange

SECURITIES REGISTERED PURSUANT TO SECTION 12(g) OF THE ACT:

None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☑ No ☐

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 ☐ No ☑

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

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☑ No ☐

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§229.405 of this chapter) 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 amendments to this Form 10-K. ☐

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

Large accelerated filer ☑ Accelerated filer ☐ Non-accelerated filer ☐ Smaller reporting company ☐

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

EXHIBIT I – FORM 10 K

For the purpose of reporting the following market value of registrant's outstanding common stock, the term "affiliate" refers to persons, entities or groups which directly or indirectly control, are controlled by, or are under common control with the registrant and does not include individual executive officers, directors or less than 10% shareholders. The aggregate market value of registrant's common stock not held by affiliates as of June 30, 2014 was $8,472,499,224.

As of February 12, 2015, there were 80,742,973 shares of the registrant's common stock, par value 12 $^{1}/_{2}$¢ per share, outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the registrant's proxy statement for the 2015 Annual Meeting of Shareholders (the "IFF 2015 Proxy Statement") are incorporated by reference in Part III of this Form 10-K.

EXHIBIT I – FORM 10 K

INTERNATIONAL FLAVORS & FRAGRANCES INC.

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PART I

When used in this report, the terms "IFF," "the Company," "we," "us" and "our" mean International Flavors & Fragrances Inc., and its subsidiaries.

ITEM 1. BUSINESS.

We create, manufacture and supply flavors and fragrances for the food, beverage, personal care and household products industries either in the form of compounds or individual ingredients. Our flavors and fragrances compounds combine a large number of ingredients that are blended, mixed or reacted together to produce proprietary formulas created by our perfumers and flavorists. Utilizing our capabilities in consumer insight, research and product development ("R&D") and creative expertise, we collaborate with our customers to drive consumer preference for our customers' brands. This collaboration in turn helps bolster our customers' market share and grow equity in their brand portfolio.

The global market for flavors and fragrances has expanded consistently, primarily as a result of an increase in demand for, as well as an increase in the variety of, consumer products containing flavors and fragrances. The flavors and fragrances market is part of a larger market which supplies a variety of ingredients and components that consumer products companies utilize in their products. The broader market includes large multinational companies and smaller regional and local participants which supply products such as seasonings, texturizers, spices, enzymes, certain food related commodities, fortified products and cosmetic ingredients. In 2014, we achieved sales of approximately $3.1 billion, making us one of the top four companies in the global flavors and fragrances sub-segment of the broader ingredients and compounds market. Within the flavors and fragrances sub-segment of this broader market, the top four companies comprise approximately two-thirds of the total estimated sales. We believe that our diversified business platform consisting of expansive geographic coverage, a broad product portfolio and a global and regional customer base, positions us to achieve long-term growth as the flavors and fragrances markets expand.

With operations in 32 different countries worldwide and approximately 6,200 employees, we collaborate with our customers to serve consumers in more than 100 countries. We operate in two business segments, Flavors and Fragrances, with sales to customers in the four regions set forth below:

Region	% of 2014 Sales
Europe, Africa, Middle East	34%
Greater Asia	28%
North America	22%
Latin America	16%

We have a strong commitment to emerging markets. We believe that significant future growth potential for the flavors and fragrances industry, and for our business, exists in the emerging markets (all markets except North America, Japan, Australia, and Western, Southern and Northern Europe). Over the past five years our local currency growth rate in emerging markets has significantly outpaced that of developed markets. We expect this trend to continue for the foreseeable future. The emerging market local currency growth rate in 2014 was 6%. We have had operations in some of the largest emerging markets for multiple decades. As a result of these established operations, sales in emerging markets represented 50% of 2014 sales, up from 49% in 2013. As our customers in emerging markets grow their businesses, they will have the ability to leverage our long-standing presence and our extensive market knowledge to help drive their brands.

We believe we have a diversified product and customer portfolio that provides us with greater stability and growth potential across a variety of economic environments. In 2014, our Flavors business represented 47% of our sales, while our Fragrances business represented 53% of sales. During 2014, our 25 largest customers accounted for 53% of our sales. Sales to our largest customer accounted for 12%, 12% and 11% of our sales in 2014, 2013 and 2012, respectively. Such sales were largely in our Fragrances business.

For financial information about our operating segments and the geographic areas in which we do business, please see Note 12 of our Consolidated Financial Statements included in this Form 10-K.

Strategic Priorities

We are focused on generating sustainable profitable growth across our business. We believe that we can continue to deliver returns above cost of capital on a long-term basis and increase shareholder value by leveraging our geographic reach, strengthening our innovation platform and maximizing our portfolio. We are in the process of refreshing the key elements of our strategic priorities, which are the following:

- **Leverage geographic reach:** Our strong geographic reach allows us to capture the benefits of attractive population growth and wealth creation in emerging markets, representing a key component of our growth plan. In emerging markets, strong GDP growth and a significant expansion of the middle-class consumer are increasing the demand for better-flavored and fragranced consumer products. To support this trend, we have made significant investments in emerging markets. Since 2008, we have opened eight state-of-the-art creative centers in Shanghai, Sao Paulo, Moscow, Singapore, Mumbai, Delhi, Chengdu, and Beijing. We continue to invest in the fast growing region of Greater Asia. In 2013, we opened a new flavors manufacturing facility in Guangzhou, China, which followed the 2012 opening of our new flavor and fragrance facility in Singapore, both of which are part of a more than $100 million investment in Greater Asia. We also announced a $50 million investment to fund our expansion in Indonesia, bringing our total investment in Greater Asia to more than $150 million. We also continued toward the completion of our more than $50 million expansion in Turkey, expected to be completed in 2015. We expect that the emerging markets will represent more than half of our annual sales in 2015, as we estimate that growth potential in these markets will outpace the expected growth in the developed markets.
- **Strengthen innovation platform:** We continue to focus on creating innovative and distinctive products that meet consumer needs and drive consumer preference for our customers' brands. We have been strengthening our platforms by leveraging our knowledge of consumer trends to direct ten key research platforms that address current and expected future needs of consumers. We in turn use our customer-centric knowledge and research platforms to drive technological development and create a cost-effective product portfolio. We anticipate that this focus on innovation will be instrumental in meeting future consumer needs, thereby driving our customers' growth and in turn market share gains for both IFF and our customers. To capture these opportunities in Flavors, we are focusing on key flavor systems technologies to provide consumers with healthier solutions and an enhanced taste experience. In Fragrances, we are focusing on ingredients, including our naturals portfolio, as well as our delivery systems. In 2014, we acquired Aromor Flavors and Fragrances Ltd. ("Aromor"), a manufacturer and marketer of complex specialty ingredients that are used in fragrances and flavors, to provide us with cost-effective, quality ingredients to use in our compounds creations.
- **Maximize portfolio:** We believe in a disciplined, analytical approach toward value creation to maximize our portfolio and drive sustained profitable growth. We continuously look for and identify opportunities to strengthen and grow the business through internal improvements, disciplined allocation of resources towards advantaged categories, customers and/or markets, working capital management and return-based capital investments.

Our Product Offerings

Flavors

Flavors are the key building blocks that impart taste in processed food and beverage products and, as such, play a significant role in determining consumer preference of the end products in which they are used. While we are a global leader, our Flavors business is regional in nature, with different formulas that reflect local taste and ingredients. As a leading creator of flavor compounds, we help our customers deliver on the promise of delicious and healthy foods and drinks that appeal to consumers. Our Flavors compounds are ultimately used by our customers in four end-use categories: (1) Savory, (2) Beverages, (3) Sweet, pharmaceutical and oral care ("Sweet"), and (4) Dairy. We create our flavors in our regional creative and technical centers that allow us to satisfy local taste preferences, while also helping to ensure regulatory compliance and production standards. We also manufacture a limited amount of flavor ingredients for our use in developing flavor compounds.

- *Savory* - We produce flavors which are used in soups, sauces, condiments, prepared meals, meat and poultry, and potato chips and other savory snacks.

- *Beverages* - We create flavors for juice drinks, carbonated beverages, flavored waters and spirits and have creative expertise dedicated to beverage flavor systems.

- *Sweet* - We create innovative flavor concepts and heat-stable flavors for bakery products, as well as candy, chewing gum and cereal, which each have distinctive sweet tastes. For pharmaceutical and oral care products, we produce flavors for products such as toothpaste and mouthwash.

- *Dairy* - We offer a complete range of value-added compounded flavors for all dairy applications, including yogurt, ice cream, cheese, cream and butter flavor. We also offer a wide range of quality vanilla extracts and a variety of flavor solutions that build on our understanding of vanilla.

We develop thousands of different flavors and taste offerings for our customers, most of which are tailor-made. We continuously develop new formulas in order to meet changing consumer preferences and customer needs. Consumers, especially those in developed markets such as the United States and Western Europe, are increasingly seeking to focus on products which promote health and wellness. They want food and beverage products that are both good for them and taste good. Our objective is to capture a significant share of this shift in consumer demand by capitalizing on the ability of our naturals and proprietary ingredients and flavor systems technologies to provide consumers with healthier solutions without changing the taste experience of the food or beverage.

Fragrances

We are a global leader in the creation of fragrances. Our fragrances are a key component in the world's finest perfumes and best-known consumer brands, including fabric care, home care, personal wash, hair care and toiletries. Our Fragrances business consists of Fragrance Compounds and Fragrance Ingredients.

- *Fragrance Compounds* — In 2014, we realigned our creative and commercial teams within Fragrance Compounds into two broad market categories: Fine Fragrances and Consumer Fragrances. Fragrance Compounds refers to our fragrance compounds that are ultimately used by our customers in these two market categories.
    - *Fine Fragrances* — We have created some of the industry-leading fine fragrance classics as well as cutting-edge niche fragrances, as evidenced by our number of top sellers and the success of our new launches.
    - *Consumer Fragrances* — Our consumer fragrances include five end-use categories of products: (1) Fabric Care, including laundry detergents, fabric softeners and specialty laundry products; (2) Home Care, including household cleaners, dishwashing detergents and air fresheners; (3) Personal Wash, including bar soap and shower gel; (4) Hair Care; and (5) Toiletries.
- *Fragrance Ingredients* — We create, develop and manufacture a broad portfolio of innovative, high-quality and cost-effective fragrance, and to a much smaller extent flavor, ingredients, for internal use in our compound businesses and for external use in preparation of compounds by our customers and other third parties, including our competitors. With over 1,200 separate fragrance ingredients, we believe that we lead the industry with the breadth of our product portfolio. We manufacture our ingredients through our global network of production facilities and continue to work to optimize our manufacturing processes, as we have done during the year through the closure of our Augusta facility. We believe that this network gives us the flexibility to make products in different locations while maintaining the same high and consistent standards of product quality. We will continue to look for opportunities to strengthen this component of our portfolio, particularly in the specialty chemicals area, as evidenced by our 2014 acquisition of Aromor, while at the same time ensuring we maintain a cost-effective portfolio, particularly in the price sensitive commodities component.

We believe that our in-house naturals operations, led by Laboratoire Monique Rémy ("LMR") in Grasse, France, are industry leading in the processing quality materials and offer decades of experience understanding natural products and perfecting the process of transforming naturals, such as narcissus, jasmine and blackcurrant bud, into pure absolutes that retain the unique fragrance of their origin.

Our perfumers have access to our large portfolio of innovative, high-quality and cost-effective ingredients to support their creativity, which in turn provides our customers with a unique identity for their brands. We also create innovative delivery systems, including (i) our proprietary encapsulation technology, which consists of individual fragrance droplets coated with a protective polymetric shell to deliver superior fragrance performance throughout a product's lifecycle and (ii) our exclusive polymer delivery system, PolyIFF, which is a "solid fragrance" technology that allows us to add scent to functional or molded plastic.

We also collaborate with some of the world's leading art and fashion schools to tap into the creative minds of the future leaders of fashion and design. We collaborate with scientists, writers, artists, musicians and film-makers to expose our perfumers to new and constantly evolving creative territories and approaches.

Core Competencies

We focus on five core competencies that we believe enable us to (i) successfully provide our customers with superior products, (ii) drive productivity and efficiency gains and (iii) improve our margins and our cash flow. In that regard, we strive to:

- ***Develop a deep understanding of consumers' preferences, values and branding***. Through our Consumer Insights program, we have dedicated professionals working to understand consumer trends all around the globe. Our consumer and marketing teams interpret consumer trends, monitor product launches, analyze quantitative market data and conduct several hundred thousand consumer interviews annually. Our sensory experts explore flavor and fragrance performance, the psychophysics of sensory perception (including chemesthetic properties such as warming, cooling and tingling), the genetic basis for flavor and fragrance preference, and the effects of tastes and aromas on mood, performance, health and well-being. Utilizing our proprietary statistical programs, we use this information to enable us to understand the emotional connections between a prospective product and the consumer. The ability to pinpoint the likelihood of a product's success translates into stronger brand equity for our customers' products, a higher likelihood of repeat purchases and market share gains for our customers and us, as well as a more efficient creative process within IFF.

- ***Develop and utilize technology to create innovative solutions that drive brand success***. We spend approximately 8% of our sales on the research, development and implementation of new molecules, compounds and technologies that help our customers respond to changing consumer preference. As a result of this investment, we have been granted 259 patents in the United States since 2000, including 8 in 2014, and we have developed many unique molecules and delivery systems for our customers that are used as the foundations of successful flavors and fragrances around the world.

- ***Cultivate our creative expertise in collaboration with our customers***. We have a network of creative centers around the world where we create or adapt the basic flavors or fragrances that we have developed in the R&D process to commercialize for use in our customers' consumer products. Our global creative teams consist of perfumers, fragrance evaluators and flavorists, as well as marketing, consumer insight and technical application experts, from a wide range of cultures and nationalities. In close partnership with our customers' product development groups, our creative teams create the scents and tastes that our customers are seeking in order to satisfy consumer demands in each of their markets.

- ***Develop strong customer intimacy***. We believe that understanding our customers' brands, technologies; strategies and priorities enable us to provide them with superior products and solutions. This, combined with supply chain excellence and our global regulatory capabilities are key to being selected as a preferred/"core list supplier".

- ***Drive efficiency in all that we do.*** We focus on integrating our consumer insight, technology, creative, regulatory and manufacturing expertise in a manner that we believe drives productivity and efficiency to improve profitability on a long-term basis. We believe that discipline in driving efficiencies is a significant factor in our ability to simultaneously enhance margins and cash flows, while continuing to invest in our key growth initiatives.

Research and Product Development

We consider our R&D development infrastructure to be one of our key competencies and we focus and invest substantial resources in the research and development of new and innovative compounds, formulas and technologies and the application of these to our customers' products. Using the knowledge gained from our Consumer Insights program, we strategically focus our resources around key R&D platforms that address consumer needs or preferences, or anticipate a future preference. By aligning our resources around these platforms, we ensure the proper support and focus for each program so that it can be further developed and eventually be accepted for commercial application.

We maintain six R&D centers around the world, where we employ scientists and application engineers to support (i) the discovery of new materials, (ii) the development of new technologies, such as our delivery systems, (iii) the creation of new compounds and (iv) the enhancement of existing ingredients and compounds. In our 31 creative centers around the world, including our newest facilities in Shanghai, Sao Paulo, Moscow, Singapore, Mumbai, Delhi, Chengdu, and Beijing, teams of flavorists and perfumers work with our customers' product development groups to create the exact scent or taste they are seeking. In 2014, we employed about 1,250 people in research and product development activities. We spent $254 million, $260 million and $234 million, or approximately 8%, 9% and 8% of sales in 2014, 2013 and 2012, respectively, on R&D activities.

Our ingredients research program discovers molecules found in natural substances and creates new molecules that are subsequently tested for their fragrance or flavor value. To broaden our offering of natural, innovative and unique products, we seek collaborations with research institutions and other companies throughout the world. We have created a number of such collaborations, for example, our ongoing relationship with Amyris, which strengthens and broadens the pipeline of new and innovative molecules that we intend to launch in the coming years. To further strengthen and broaden our technology offerings and capabilities, we acquired Aromor in January 2014 to provide us with cost-effective complex specialty ingredients.

The development of new and customized flavor and fragrance compounds is a complex process calling upon the combined knowledge of our scientists, flavorists and perfumers. Scientists from various disciplines work in project teams with the flavorists and perfumers to develop flavor and fragrance compounds with consumer preferred performance characteristics. The development of new flavor and fragrance compounds requires (i) in-depth knowledge of the flavor and fragrance characteristics of the various ingredients we use, (ii) an understanding of how the many ingredients in a consumer product interact and (iii) the creation of controlled release and delivery systems to enhance flavor and fragrance performance. To facilitate this process, we have a scientific advisory board comprised of five leading scientists that provide external perspectives and independent feedback on our R&D initiatives.

Development of new flavors and fragrances is driven by a variety of sources including requests from our customers, who are in need of a specific flavor or fragrance for use in a new or modified consumer product, or as a result of internal initiatives stemming from our Consumer Insights program. Our product development team works in partnership with our scientists and researchers to optimize the consumer appeal of the flavor or fragrance. A collaborative process between our researchers, our product development team and our customers then follows to perfect the flavor or fragrance so that it is ready to be included in the final consumer product.

In addition to creating new flavors and fragrances, our researchers and product development teams advise customers on ways to improve their existing products by adjusting or substituting current ingredients with more readily accessible or less expensive materials or by modifying the current ingredients to produce an enhanced yield. This often results in creating a better value proposition for our customers.

Our flavor and fragrance formulas are treated as trade secrets and remain our proprietary asset. Our business is not materially dependent upon any individual patent, trademark or license.

Supply Chain

We have an integrated supply chain from raw material sourcing through manufacturing, quality assurance, regulatory compliance and distribution, which permits us to provide our customers with consistent quality products on a timely and cost-effective basis.

Procurement. The ingredients that we use in our compounds are both natural and synthetic. We purchase approximately 8,500 different raw materials from about 2,300 domestic and international suppliers. Approximately half of the materials we purchase are naturals or crop related items and the other half are synthetics and chemicals. Natural ingredients are derived from flowers, fruits and other botanical products as well as from animal products. They contain varying numbers of organic chemicals that are responsible for the fragrance or flavor of the natural product. The natural products are purchased in processed or semi-processed form. Some are used in compounds in the state in which they are purchased and others after further processing. Natural products, together with various chemicals, are also used as raw materials for the manufacture of synthetic ingredients by chemical processes. Our flavor products also include extracts and seasonings derived from various fruits, vegetables, nuts, herbs and spices as well as microbiologically-derived ingredients. We manufacture most of our synthetic ingredients for use in our fragrance compounds as well as for sale to others.

While we purchase a diverse portfolio of raw materials, about 80% of our spending is focused on approximately 800 materials, which allows us to leverage our buying power with suppliers. In order to ensure our supply of raw materials, achieve favorable pricing and provide timely transparency regarding inflationary trends to our customers, we continue to be focused on (i) implementing a forward-buy strategy, (ii) entering into supplier relationships to gain access to supplies that we do not have, (iii) implementing indexed pricing, (iv) reducing the complexity of our formulations and (v) evaluating whether it is more profitable to buy or make an ingredient. We are also concentrating on local country sourcing with our own procurement professionals.

Manufacturing and Distribution. We have 29 manufacturing sites around the world that support more than 36,000 products. Our major manufacturing facilities are located in the United States, the Netherlands, Spain, Great Britain, Turkey, Brazil, Mexico, Australia, China, India, and Singapore. Our supply chain initiatives in developing markets are focused on increasing capacity and investments in key technologies, while within our more mature markets, we tend to focus on consolidation and cost optimization as well as implementing new technologies. In addition to our own manufacturing facilities, we develop relationships with third parties that permit us to expand the technologies, capabilities and capacity that we can access to serve our customers.

Based on the regional nature of the Flavors business and the concerns regarding the transportability of raw materials, we have established smaller manufacturing facilities in our local markets that are focused on local needs. Products within the Fragrances business are typically composed of compounds that are more stable and more transportable around the world. Consequently, we have fewer manufacturing facilities within our Fragrances business, which produce compounds and ingredients for global distribution.

In 2014, we continued to invest in our facilities, notably in emerging markets. We opened our new Creative & Applications lab at our existing facility in Jakarta, Indonesia and opened a new sales office and laboratory in Chile. Construction is also ongoing of a new creative center and expansion of our manufacturing facilities in Gebze, Turkey.

Sustainability. As a leading global creator of flavors and fragrances for a wide variety of consumer products, sustainability has been an important part of how we do business. Our sustainability strategy, which is closely aligned with our long-term business strategy, was first formalized in 2011 and consists of four pillars: our products; our impact; our sources; and our people. While the industry and our Company constantly evolves, we are committed to conducting our business in line with our dedication to the environment, to society and to the shareholders, customers and others that have placed their confidence in us. In 2014, we were identified as a leader in Climate Change Reporting and will be included in the Climate Disclosure Leadership Index compiled by the CDP (formerly known as the Carbon Disclosure Project). In addition, during 2014 a third party completed the installation of a solar panel field on IFF property. The solar panel field is the largest in the industry. In addition to the installation of the solar panel field, the agreement we entered into also called for the third party, who is the owner of the solar panels, to operate and maintain the installation for a multi-year period.

Governmental Regulation

We develop, produce and market our products in a number of jurisdictions throughout the world and are subject to federal, regional and local legislation and regulations in each of the various countries. Our flavor and many of our fragrance products are intended for the food, beverage and pharmaceutical industries, which are subject to strict quality and regulatory standards. As a result, we are required to meet these strict standards which, in recent years, have become increasingly stringent.

In addition, we are subject to various rules relating to health, work safety and the environment at the local and international levels in the various countries in which we operate. Our manufacturing facilities throughout the world are subject to environmental standards relating to air emissions, sewage discharges, the use of hazardous materials, waste disposal practices and clean-up of existing environmental contamination. In recent years, there has been a significant increase in the stringency of environmental regulation and enforcement of environmental standards, and the costs of compliance have risen significantly. We expect that the trend of increased regulation and disclosure will continue in the future.

Our products and operations are subject to regulation by governmental agencies in each of the markets in which we operate. These agencies include (1) the Food and Drug Administration and equivalent international agencies that regulate the flavors and other ingredients in consumer products, (2) the Environmental Protection Agency and equivalent international agencies that regulate our fragrance compounds, (3) the Occupational Safety and Health Administration and equivalent international agencies that regulate the working conditions in our manufacturing, research laboratories and creative centers, (4) local and international agencies that regulate trade and customs, (5) the Drug Enforcement Administration and other local or international agencies that regulate controlled chemicals that we use in our operations and (6) the Chemical Registration/Notification authorities that regulate chemicals that we use in, or transport to, the various countries in which we manufacture and/or market our products. We have seen an increase in registration and reporting requirements concerning the use of certain chemicals in a number of countries.

Competition

The flavors and fragrances market is part of a larger market which supplies a variety of ingredients and components that consumer products companies utilize in their products. The broader market includes large multinational companies or smaller regional and local participants which supply products such as seasonings, texturizers, spices, enzymes, certain food related commodities, fortified products and cosmetic ingredients.

The market for flavors and fragrances is highly competitive. Based on annual sales, our main competitors consist of (1) the three other large global flavor and fragrance manufacturers, Givaudan, Firmenich and Symrise, (2) mid-sized companies, (3) numerous small and local manufacturers with more limited research and development capabilities who focus on narrow market segments and local customers and (4) consumer product companies who may develop their own flavors or fragrances. We, together with the other top three companies, represent approximately two-thirds of the total estimated sales in the global flavors and fragrances sub-segment of the broader market.

We believe that our ability to compete successfully in the flavors and fragrances market is based on (1) our understanding of consumers, (2) innovation, arising from the creative skills of our perfumers and flavorists and the technological advances resulting from our research and development activities, (3) our ability to create products which are tailor-made for our customers' needs, (4) developing strong customer intimacy and (5) driving efficiency in all that we do.

Large multinational customers and, increasingly, mid-sized customers, may limit the number of their suppliers, placing some on "core lists," giving them priority for development and production of their new or modified products.

To compete more successfully in this environment, we must make continued investments in customer relationships and tailor product research and development in order to anticipate customers' needs, provide effective service and secure and maintain inclusion on certain "core lists."

Employee Relations

At December 31, 2014, we had approximately 6,200 employees worldwide, of whom approximately 1,400 are employed in the United States. We believe that relations with our employees are good.

Availability of Reports

We make available free of charge on or through the Investor Relations link on our website, www.iff.com, all materials that we file electronically with the Securities and Exchange Commission ("SEC"), including our annual report on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and amendments to those reports, filed or furnished pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, as soon as reasonably practicable after electronically filing such materials with, or furnishing them to, the SEC. During the period covered by this Form 10-K, we made all such materials available through our website as soon as reasonably practicable after filing such materials with the SEC.

You may also read and copy any materials filed by us with the SEC at the SEC's Public Reference Room at 100 F Street, N.E., Washington, D.C. 20549, and you may obtain information on the operation of the Public Reference Room by calling the SEC in the United States at 1-800-SEC-0330. In addition, the SEC maintains an Internet website, www.sec.gov, that contains reports, proxy and information statements and other information that we file electronically with the SEC.

A copy of our Corporate Governance Guidelines, Code of Business Conduct and Ethics, and the charters of the Audit Committee, Compensation Committee and Nominating and Governance Committee of the Board of Directors are posted on the Investor Relations section of our website, www.iff.com.

Our principal executive offices are located at 521 West 57th Street, New York, New York 10019 (212-765-5500).

Executive Officers of Registrant

The current executive officers of the Company, as of March 2, 2015, are listed below.

Andreas Fibig	53	Chairman of the Board and Chief Executive Officer
Richard A. O'Leary	54	Interim Chief Financial Officer, Vice President and Controller
Nicolas Mirzayantz	52	Group President, Fragrances
Matthias Haeni	49	Group President, Flavors
Ahmet Baydar	62	Senior Vice President, Research and Development
Angelica T. Cantlon	63	Senior Vice President, Human Resources
Anne Chwat	55	Senior Vice President, General Counsel and Corporate Secretary
Francisco Fortanet	46	Senior Vice President, Operations

Andreas Fibig has served as our Chairman since December 2014 and Chief Executive Officer since September 2014. Mr. Fibig has been a member of our Board of Directors since 2011. Previously, Mr. Fibig served as President and Chairman of the Board of Management of Bayer HealthCare Pharmaceuticals, the pharmaceutical division of Bayer AG, since September 2008. Prior to this position, Mr. Fibig held a number of positions of increasing responsibility at Pfizer Inc., a research-based pharmaceutical company, including as Senior Vice President in the US Pharmaceutical Operations group from 2007 through 2008 and as President, Latin America, Africa and Middle East from 2006 through 2007.

Richard A. O'Leary has served as our Interim Chief Financial Officer since December 2014 and as our Vice President and Controller since June 2009. Mr. O'Leary joined our Company in July 2007, and served as our Vice President, Corporate Development from July 2007 to May 2009, and as our Interim Chief Financial Officer from July 2008 to May 2009. Prior to joining us, Mr. O'Leary served in various positions since 1986 at International Paper Co., a paper and packaging company, including, as Chief Financial Officer of International Paper Company (Brazil) from June 2004 to June 2007.

Nicolas Mirzayantz has served as our Group President, Fragrances since January 2007, and originally joined our Company in 1988. Prior to his appointment as Group President, Fragrances, he served as a member of our Temporary Office of the Chief Executive Officer from October 1, 2009 until February 2010, our Senior Vice President, Fine Fragrance and Beauty Care and Regional Manager North America, from March 2005 to December 2006, our Senior Vice President, Fine Fragrance and Beauty Care from October 2004 to February 2005, and our Vice President Global Fragrance Business Development from February 2002 to September 2004.

Matthias Haeni has served as our Group President, Flavors since April 2014. Mr. Haeni joined us in 2007 in the role of Regional General Manager, Flavors Greater Asia. In 2010, Mr. Haeni transferred to Hilversum, The Netherlands where he served as Regional General Manager for Flavors Europe, Africa, and the Middle East (EAME).

Ahmet Baydar has served as our Senior Vice President, Research and Development since September 2010, and as our Vice President, Global Fragrance Research from February 2009 to August 2010. Prior to joining us, Dr. Baydar served as a Director of Shave Care and Integrated Shaving Systems at The Procter & Gamble Company, a branded consumer packaged goods company, and Vice President of R&D-Personal Care at The Gillette Company, a personal care products company.

Angelica T. Cantlon has served as our Senior Vice President, Human Resources since August 2009. Prior to joining us, Ms. Cantlon served as Senior Vice President-International Chief Administrative Officer of MetLife, Inc., an insurance and financial services company, from June 2005 to August 2009, and Senior Vice President-Human Resources Business Leader, of Metlife from September 1999 to June 2005.

Anne Chwat has served as our Senior Vice President, General Counsel and Corporate Secretary since April 2011. Prior to joining us, Ms. Chwat served as Executive Vice President and General Counsel of Burger King Holdings, Inc., a fast food hamburger restaurant company, from September 2004 to April 2011. From September 2000 to September 2004, Ms. Chwat served in various positions at BMG Music (now Sony Music Entertainment), including as Senior Vice President, General Counsel and Chief Ethics and Compliance Officer.

Francisco Fortanet has served as Senior Vice President, Operations since February 27, 2012. Mr. Fortanet joined our Company in 1995, and has served as our Vice President, Global Manufacturing Compounding from January 2007 to February 2012, our Vice President, Global Manufacturing from January 2006 to January 2007, our Regional Director of North America Operations from December 2003 to January 2005, the Project Manager of a Special Project in IFF Ireland from May 2003 to December 2003 and as our Plant Manager in Hazlet, New Jersey from October 1999 to May 2003.

ITEM 1A. RISK FACTORS.

We routinely encounter and address risks in conducting our business. Some of these risks may cause our future results to be different - sometimes materially different - than we presently anticipate. Below are certain important operational and strategic risks that could adversely affect our business. How we react to material future developments, as well as how our competitors react to those developments, could also affect our future results.

Volatility and increases in the price of raw materials, energy and transportation could harm our profits.

We use many different raw materials for our business, including essential oils, extracts and concentrates derived from fruits, vegetables, flowers, woods and other botanicals, animal products, raw fruits, organic chemicals and petroleum-based chemicals. Raw material costs continue to remain at elevated levels. Historically, we have experienced the greatest amount of price volatility in natural products that represent approximately half of our raw material purchases. Availability and pricing of these natural products, such as citrus and vanilla, can be impacted by crop size and quality, weather, alternative land use, and other factors which we cannot control.

If we are unable to increase the prices to our customers of our fragrance or flavor products to cover raw material and other input cost increases, or if we are unable to achieve cost savings to offset such cost increases, we could fail to meet our cost expectations and our profits and operating results could be adversely affected. Increases in prices of our products to customers may lead to declines in volume, and we may not be able to accurately predict the volume impact of price increases, which could adversely affect our financial condition and results of operations.

Similarly, commodities and energy prices are subject to significant volatility caused by market fluctuations, supply and demand, currency fluctuations, production and transportation disruptions, and other world events. As we source many of our raw materials globally to help ensure quality control, if the cost of energy, shipping or transportation increases and we are unable to pass along these costs to our customers, our profit margins would be adversely affected. Furthermore, increasing our prices to our customers could result in long-term sales declines or loss of market share if our customers find alternative suppliers or choose to reformulate their consumer products to use fewer ingredients, which could have an adverse long-term impact on our results of operations.

To mitigate our sourcing risk, we maintain strategic stock levels for critical items. However, if we do not accurately estimate the amount of raw materials that will be used for the geographic region in which we will need these materials, our margins could be adversely affected.

Our international operations are subject to economic, political and other risks that could materially and adversely affect our revenues, cash flows or financial position.

We operate on a global basis, with manufacturing and sales facilities in the United States, Europe, Africa, the Middle East, Latin America, and Greater Asia. During 2014, 79% of our net sales were to customers outside the United States and we intend to continue expansion of our international operations. As a result, our business is increasingly exposed to risks inherent in international operations. These risks, which can vary substantially by market, are described in many of the risk factors in this section and include the following:

- governmental laws, regulations and policies adopted to manage national economic conditions, such as increases in taxes, austerity measures that may impact consumer spending, monetary policies that may impact inflation rates and currency fluctuations;

- changes in environmental, health and safety regulations, such as the continued implementation of the European Union’s REACH regulations, and the burdens and costs of our compliance with such regulations;

- the imposition of tariffs, quotas, trade barriers, other trade protection measures and import or export licensing requirements, which could adversely affect our cost or ability to import raw materials or export our flavors or fragrances to surrounding markets;

- our ability to anticipate and adapt our flavors and fragrances to local preferences;

- risks and costs arising from language and cultural differences;

- changes in the laws and policies that govern foreign investment in the countries in which we operate, including the risk of expropriation or nationalization, and the costs and ability to repatriate the revenue that we generate in these countries;

- the impact of recessionary economic conditions outside of the United States;

- risks and costs associated with political and economic instability, corruption, and social and ethnic unrest in the countries in which we operate;

- difficulty in recruiting and retaining trained personnel;

- national and regional labor strikes in the countries in which we operate;

- risks and costs associated with health or similar issues, such as a pandemic or epidemic; or

- the risks of operating in developing or emerging markets in which there are significant uncertainties regarding the interpretation, application and enforceability of laws and regulations and the enforceability of contract rights and intellectual property rights.

These factors may increase in importance as we expand our operations in emerging markets as part of our growth strategy, and the occurrence of any one or more of these factors could increase our costs and adversely affect our results of operations.

We have made investments in and are expanding our business into emerging markets and regions, which exposes us to certain risks.

As part of our growth strategy, we have increased our presence in emerging markets by expanding our manufacturing presence, sales organization and product offerings in these markets, and we expect to continue to focus on expanding our business in these markets. In addition to the currency and international operation risks described above, our operations in these markets may be subject to a variety of other risks. These risks include economies that include consumers with limited or fluctuating disposable income and discretionary spending on which the end users of our products depend, weak legal systems which may affect our ability to enforce our intellectual property and contractual rights, exchange controls, unstable governments and privatization or other government actions affecting taxes, subsidies and incentive programs and the flow of goods and currency. In conducting our business, we move products from one country to another and may provide services in one country from a subsidiary located in another country. Accordingly, we are vulnerable to abrupt changes in customs and tax regimes that may have significant negative impacts on our financial condition and operating results.

The increase in demand for consumer products using flavors and fragrances has been driven by factors outside of our control, and if these factors do not persist our future growth could be adversely affected.

Demand for consumer products using flavors and fragrances has been stimulated and broadened by changing social habits and consumer needs, an expanding global middle-class and general economic growth, especially in emerging markets. Approximately 50% of our sales during 2014 were generated in emerging markets and we expect emerging markets to continue to significantly contribute to our future growth. Increasing consumer demand for products using flavors and fragrances is dependent on factors such as increases in personal income, dual-earner households, teenage population, leisure time, consumer health concerns and urbanization and by the continued growth in world’s population, all of which are outside of our control. Changes in any number of external economic factors, or changes in social or consumer preferences, could materially adversely impact our results of operations. Accordingly, our future growth will depend upon the continued economic growth and development of consumer spending on products for which we supply flavors and fragrances in these global markets.

Our results of operations may be negatively affected by the impact of currency fluctuation or devaluation in the international markets in which we operate.

We have significant operations outside the U.S., the results of which are reported in the local currency and then translated into U.S. dollars at applicable exchange rates for inclusion in our consolidated financial statements. The exchange rates between these currencies and the U.S. dollar have fluctuated and will continue to do so in the future. Changes in exchange rates between these local currencies and the U.S. dollar will affect the recorded levels of sales, profitability, assets and/or liabilities. Additionally, volatility in currency exchange rates may adversely impact our financial condition, cash flows or liquidity. Although we employ a variety of techniques to mitigate the impact of exchange rate fluctuations, including sourcing strategies and a limited number of foreign currency hedging activities, we cannot guarantee that such hedging and risk management strategies will be effective, and our results of operations could be adversely affected.

Volatility in the global economy may adversely affect consumer spending and may negatively impact our business and operating results.

Our flavors and fragrances are components of a wide assortment of global consumer products throughout the world. Since mid-2008, the global economy has experienced significant recessionary pressures and declines in consumer confidence and economic growth. While some segments of the global economy appear to be recovering, the ongoing global recessionary economic environment in Europe has, and may in the near future, increase unemployment and underemployment, decrease salaries and wage rates, increase inflation or result in other market-wide cost pressures that will adversely affect demand for consumer products in both developed and emerging markets. In addition, growth rates in the emerging markets have moderated from previous levels. Reduced consumer spending may cause changes in our customer orders including reduced demand for our flavors and fragrances, increased pressure to reduce the price of our flavors and fragrances or order cancellations. To the extent that the volatility in global economic conditions continues, our sales, profitability and overall operating results could be adversely affected.

We may not successfully develop and introduce new products that appeal to our customers or our customers may not accurately anticipate and respond to global consumer market trends, which may adversely affect our results of operations.

Our growth and performance largely depends on our ability to successfully develop and introduce new products and product improvements that appeal to our customers, and ultimately to global consumer needs. We must continually anticipate and react to, in a timely and cost-efficient manner, changes in consumer preferences and demands. We cannot be certain that we will successfully achieve our innovation goals, such as the development of new molecules, delivery methods and other technologies. We currently spend approximately 8% of our sales on research and development; however, such investments may only generate future revenues to the extent that we are able to successfully develop products that meet our customers' specifications, can be delivered at an acceptable price and are accepted by the targeted consumer market. Furthermore, there may be significant lag times from the time we incur R&D costs to the time that these R&D costs may result in increased revenue. Consequently, even when we "win" a project, our ability to generate revenues as a result of these investments is subject to numerous customer, economic and other risks that are outside of our control, including delays by our customers in the launch of a new product, poor performance of our third-party vendors, reduced or insufficient resources allocated by our customers to promoting the new product, anticipated sales by our customers not being realized or changes in market preferences or demands, or disruptive innovations by our competitors.

If we are unable to maintain the integrity of our raw materials, supply chain and finished goods, it may result in regulatory non-compliance, litigation costs, and harm to our reputation, all of which may adversely impact sales and our results of operations.

The development, manufacture and sale of our products are subject to various regulatory requirements in each of the countries in which our products are developed, manufactured and sold. In addition, we are subject to product safety and compliance requirements established by the industry or similar oversight bodies. We use a variety of strategies, methodologies and tools to (i) identify current product standards, (ii) assess relative risks in our supply chain that can impact product integrity, (iii) monitor internal and external performance and (iv) test raw materials and finished goods to minimize the likelihood of product or process non-compliance.

Gaps in our operational processes could adversely affect the quality of our finished products and result in a regulatory non-compliance event. If a product non-compliance event were to go undetected, it could subject us to customer claims, recalls, penalties, litigation costs and settlements, remediation costs or loss of sales. As our flavors and fragrances are used as ingredients in many products meant for human consumption, these consequences would be exacerbated if our customer did not identify the defect and there was a resulting impact at the consumer level. Such a result could lead to potentially large scale adverse publicity, recalls and potential consumer litigation. Furthermore, adverse publicity about our products, including concerns about product safety or similar issues, whether real or perceived, could harm our reputation and result in an immediate adverse effect on our sales, as well as require us to utilize significant resources to rebuild our reputation.

A disruption in operations or our supply chain could adversely affect our business and financial results.

As a company engaged in development, manufacturing and distribution on a global scale, we are subject to the risks inherent in such activities, including industrial accidents, environmental events, strikes and other labor disputes, disruptions in supply chain or information systems, loss or impairment of key manufacturing sites, product quality control, safety, licensing requirements and other regulatory issues, as well as natural disasters and other external factors over which we have no control. If any of these events were to occur, it could have an adverse effect on our business and financial results. In addition, while we have manufacturing facilities throughout the world, certain of our facilities are the sole source of a specific ingredient or product. If the manufacture of these ingredients or products was disrupted, the cost of relocating or replacing their production or reformulating them may be substantial, which could result in production delays or otherwise have an adverse effect on our operating results, financial condition or cash flows.

Our performance may be adversely impacted if we are not successful in managing our inventory and/or working capital balances.

We evaluate our inventory balances of materials based on shelf life, expected sourcing levels, known uses and anticipated demand based on forecasted customer order activity and changes in our product/sales mix. Efficient inventory management is a key component of our business success, financial returns profitability. To be successful, we must maintain sufficient inventory levels and an appropriate product/sales mix to meet our customers' demands, without allowing those levels to increase to such an extent that the costs associated with storing and holding other inventory adversely impact our financial results. If our buying decisions do not accurately predict sourcing levels, customer trends or our expectations about customer needs are inaccurate, we may have to take unanticipated markdowns or impairment charges to dispose of the excess or obsolete inventory, which can adversely impact our financial results. Additionally, we believe excess inventory levels of raw materials with a short shelf life in our manufacturing facilities subjects us to the risk of increased inventory shrinkage. If we are not successful in managing our inventory balances and shrinkage, our results from operations and cash flows from operations may be negatively affected.

The Company sells certain accounts receivable on a non-recourse basis to unrelated financial institutions under “factoring” agreements that are sponsored, solely and individually, by certain customers. The cost of participating in these programs was immaterial to our results in all periods. Should we choose not to participate, or if these programs were no longer available, it could reduce our cash from operations in the period in which the arrangement ends.

Our ongoing optimization of our manufacturing facilities may not be as effective as we anticipate, and we may fail to realize the expected cost savings and increased efficiencies.

As part of our strategy, we seek to enhance our manufacturing efficiency and align our geographic manufacturing footprint with our expectations of future growth. To operate more efficiently and control costs, from time to time we execute rationalization activities, which include manufacturing facility consolidations. For example, during 2014, we closed our Augusta, Georgia facility and relocated and consolidated its operations into other facilities and we are in the midst of relocating our Ingredients facility in Hangzhou China. Our ability to realize anticipated cost savings, synergies and revenue enhancements from these activities may be affected by a number of factors and may pose significant risks, including:

- the risk that we may be unable to integrate successfully the relocated manufacturing operations;
- the risk that we may be unable to effectively reduce overhead, coordinate management and integrate and retain employees of the relocated manufacturing operations;
- the risk that we may face difficulties in implementing and maintaining consistent standards, controls, procedures, policies and information systems;
- potential strains on our personnel, systems and resources and diversion of attention from other priorities; and
- unforeseen or contingent liabilities of the relocated manufacturing operations.

Furthermore, our rationalization and consolidation actions may not be as effective as we anticipate, and we may fail to realize the cost savings we expect from these actions. Actual charges, costs and adjustments due to these activities may vary materially from our estimates, and these activities may require cash and non-cash integration and implementation costs or charges in excess of budgeted amounts, which could offset any such savings and other synergies and therefore could have an adverse effect on our margins.

We may not achieve expected efficiencies related to the proximity of our customers’ production facilities to our manufacturing facilities, or with respect to existing or future production relocation plans.

As part of our strategy, we manage our global manufacturing footprint to enhance manufacturing efficiencies andalign with our expectations of future growth and technology needs. Many of our facilities are located in close proximity to our customers in order to minimize both our customers’ and our own costs. However, we may not have sufficient demand to utilize all of our production capacity and may be required to ship excess products to other regions in which we operate, which will increase our costs and decrease our margins. In addition, our expected growth may not be realized which would result in excess capacity and reduced margins.

We are subject to laws and regulations governing anti-bribery and corruption, and non-compliance with such laws and regulations could have a material adverse impact on our business, financial condition or results of operations.

We are subject to a wide range of laws and regulations to prevent corruption, bribery and other unethical business practices, including the U.S. Foreign Corrupt Practices Act, or FCPA, and similar laws and regulations in other countries. These laws and regulations generally prohibit companies and their intermediaries from making improper payments to foreign officials for the purpose of obtaining or keeping business or other benefits. In addition, we have manufacturing operations in some jurisdictions which pose potentially elevated risks of fraud or corruption or increased risk of internal control issues. As needed, we conduct internal investigations, control testing and compliance reviews to help ensure that we are in compliance with applicable corruption and similar laws and regulations. We could be subject to inquiries or investigations by government and other regulatory bodies. Any determination that our operations or activities are not in compliance with the FCPA or similar international laws and regulations could expose us to significant fines, penalties or other sanctions that may harm our business and reputation.

Our ability to compete effectively depends on our ability to protect our intellectual property rights.

We rely on patents and trade secrets to protect our intellectual property rights. As part of our strategy to protect our intellectual property rights, we often rely on trade secrets to protect our proprietary fragrance and flavor formulations, as this does not require us to publicly file information regarding our intellectual property. From time to time, a third party may claim that we have infringed upon their intellectual property rights, or a third party may infringe upon our intellectual property. As a result of such third party claims, we could incur significant costs in connection with legal actions to assert our intellectual property rights or to defend ourselves from assertions of invalidity, infringement or misappropriation. For those intellectual property rights that are protected by way of trade secrets, this litigation could result in even higher costs, and potentially the loss of certain rights, as we would not have a perfected intellectual property right that precludes others from making, using or selling our products or processes.

For intellectual property rights that we seek to protect through patents, we cannot be certain that these rights, if obtained, will not later be opposed, invalidated, or circumvented. In addition, even if such rights are obtained in the United States, the laws of some of the other countries in which our products are or may be sold do not protect intellectual property rights to the same extent as the laws of the United States. If other parties were to infringe on our intellectual property rights, or if a third party successfully asserted that we had infringed on their intellectual property rights, it could materially and adversely affect our future results of operations by (i) reducing the price that we could obtain in the marketplace for products which are based on such rights, (ii) increasing the royalty or other fees that we may be required to pay in connection with such rights or (iii) limiting the volume, if any, of such products that we can sell.

Our business is highly competitive, and if we are unable to compete effectively our sales and results of operations will suffer.

The market for flavors and fragrances is highly competitive. We face vigorous competition from companies throughout the world, including multinational and specialized flavor and fragrance companies, as well as consumer product companies who may develop their own flavors or fragrances. Some of our competitors specialize in one or more of our product segments, while others participate in many of our product segments. In addition, some of our global competitors may have greater resources than we do or may have proprietary products that could permit them to respond to changing business and economic conditions more effectively than we can. Consolidation of our competitors may exacerbate these risks.

Competition in our business is based on innovation, product quality, regulatory compliance, pricing, quality of our customer service, the support provided by our marketing and application groups, and our understanding of consumers. It is difficult for us to predict the timing and scale of our competitors' actions in these areas. The discovery and development of new flavor and fragrance materials, protection of the Company's intellectual property and development and retention of key employees are important issues in our ability to compete in our business. Increased competition by existing or future competitors, including aggressive price competition, could result in the potential loss of substantial sales or create the need for us to reduce prices or increase spending and this could have an adverse impact on sales and profitability.

Large multinational customers, and increasingly, mid-sized customers, may limit the number of their suppliers, giving those that remain on "core lists" priority for new or modified products. To compete more successfully in this environment, we must continue to make investments in customer relationships and tailor product research and development in order to anticipate customers' needs, provide effective service and secure and maintain inclusion on certain "core lists." If we are unable to do so, it could adversely impact our future results of operations.

Our success depends on attracting and retaining talented people within our business. Significant shortfalls in recruitment or retention could adversely affect our ability to compete and achieve our strategic goals.

Attracting, developing, and retaining talented employees, including our perfumers and flavorists, is essential to the successful delivery of our products and success in the marketplace. Competition for these employees can be intense. The ability to attract and retain talented employees is critical in the development of new products and technologies which is an integral component of our growth strategy. However, we may not be able to attract and retain such employees in the future. If we experience significant shortfalls in recruitment or retention, our ability to effectively compete with our competitors and to grow our business could be adversely affected.

Our reliance on a limited base of suppliers may result in a disruption to our business and may adversely affect our financial results.

For certain raw materials, we rely on a limited number of suppliers and we may not have readily available alternatives. If we are unable to maintain our supplier arrangements and relationships and are unable to obtain the quantity, quality and price levels needed for our business, or if any of our key suppliers becomes insolvent or experiences other financial distress, we could experience disruptions in production and our financial results could be adversely affected.

Our results of operations may be negatively impacted by the outcome of uncertainties related to litigation.

We are involved in a number of legal claims and litigation, including claims related to indirect taxes. We cannot predict the ultimate outcome of such litigation. In addition, we cannot provide assurance that future events will not result in an increase in the number of claims or require an increase in the amount accrued for any such claims, or require accrual for one or more claims that has not been previously accrued.

The level of returns on pension and postretirement plan assets and the actuarial assumptions used for valuation purposes could affect our earnings and cash flows in future periods. Changes in government regulations could also affect our pension and postretirement plan expenses and funding requirements.

The funding obligations for our pension plans are impacted by the performance of the financial markets, particularly the equity markets, and interest rates. Funding obligations are determined under government regulations and are measured each year based on the value of assets and liabilities on a specific date. If the financial markets do not provide the long-term returns that are expected under the governmental funding calculations, we could be required to make larger contributions. The equity markets can be very volatile, and therefore our estimate of future contribution requirements can change dramatically in relatively short periods of time. Similarly, changes in interest rates and legislation enacted by governmental authorities can impact the timing and amounts of contribution requirements. An adverse change in the funded status of the plans could significantly increase our required contributions in the future and adversely impact our liquidity.

Assumptions used in determining projected benefit obligations and the fair value of plan assets for our pension and other postretirement benefit plans are determined by us in consultation with outside consultants and advisors. In the event that we determine that changes are warranted in the assumptions used, such as the discount rate, expected long-term rate of return on assets, or expected health care costs, our future pension and postretirement benefit expenses could increase or decrease. Due to changing market conditions or changes in the participant population, the assumptions that we use may differ from actual results, which could have a significant impact on our pension and postretirement liabilities and related costs and funding requirements.

Impairment charges on our long-lived assets could have a material adverse effect on our financial results.

Future events may occur that could adversely affect the reported value of our long-lived assets and require impairment charges. Such events may include, but are not limited to, strategic decisions made in response to changes in economic and competitive conditions, the impact of the economic environment on our sales and our relationship with significant customers or business partners, or a sustained decline in our stock price. We continue to evaluate the impact of economic and other developments on our business to assess whether impairment indicators are present. Accordingly, we may perform impairment tests more frequently than annually required, based on changes in the economic environment and other factors, and these tests could result in impairment charges in the future.

Our financial results may be adversely impacted by the failure to successfully execute acquisitions, collaborations and joint ventures.

From time to time, we may evaluate and enter into acquisitions, collaborations or joint ventures that align with our strategic objectives. The success of such activity depends, in part, upon our ability to identify suitable targets or partners, perform effective assessments prior to contract execution, negotiate contract terms, and, if applicable, obtain governmental approvals. For example, in January 2014, we completed the acquisition of Aromor Flavors and Fragrances Ltd., a manufacturer and marketer of complex specialty ingredients. These activities may present certain financial, managerial and operational risks, including diversion of management's attention from existing core businesses; difficulties integrating or separating businesses from existing operations, including employee integration; and challenges presented by acquisitions, collaborations or joint ventures which may not achieve sales levels and profitability that justify the investments made. If the acquisitions, collaborations or joint ventures are not successfully implemented or completed, there could be a negative impact on our results of operations, financial condition and cash flows.

Changes in our tax rates, the adoption of new U.S. or international tax legislation or exposure to additional tax liabilities could affect our future results.

We are subject to taxes in the United States and numerous foreign jurisdictions. Our future effective tax rates could be affected by changes in the mix of earnings in countries with differing statutory tax rates, changes in the valuation of deferred tax assets and liabilities, changes in liabilities for uncertain tax positions, cost of repatriations or changes in tax laws or their interpretation. In addition, the current administration and Congress have announced proposals for new U.S. tax legislation that, if adopted, could affect our tax rate. Any of these changes could have a material adverse effect on our profitability.

We are also subject to the continual examination of our income tax returns by the Internal Revenue Service and foreign tax authorities in those countries in which we operate.

We have and will continue to implement transfer pricing policies among our various operations located in different countries. These transfer pricing policies are a significant component of the management of our operations across international boundaries and overall financial results. Many countries routinely examine transfer pricing policies of taxpayers subject to their jurisdiction, challenge transfer pricing policies aggressively where there is potential non-compliance and impose significant interest charges and penalties where non-compliance is determined. There can be no assurance that a governmental authority will not challenge these policies more aggressively in the future or, if challenged, that we will prevail. We could suffer significant costs related to one or more challenges to our transfer pricing.

We may be subject to assessments or audits in the future in any of the countries in which we operate. The final determination of tax audits and any related litigation could be materially different from our historical income tax provisions and accruals, and while we do not believe the results that follow would have a material adverse effect on our financial condition, such results could have a material effect on our income tax provision, net income or cash flows in the period or periods in which that determination is made.

Our operations may be affected by greenhouse emissions and climate change and related regulations.

The availability of raw materials and energy supplies fluctuate in markets throughout the world. Climate change may also affect the availability and price of key raw materials, including natural products used in the manufacture of our products. In order to mitigate the risk of price increases and shortages, our purchasers have developed various sourcing strategies, including multiple suppliers, inventory management systems, various geographic suppliers and long-term agreements to mitigate risk.

In addition to market forces, there are various regulatory efforts relating to climate change that may increase the cost of raw materials, particularly energy used to operate our facilities, that could materially impact our financial condition, results of operations and cash flows.

Information technology system failures or disruptions or breaches of our network security may adversely affect our business, interrupt our operations, subject us to increased operating costs and expose us to litigation.

We have information technology systems that support our business processes, including product formulas, product development, sales, order processing, production, distribution, finance and intra-company communications throughout the world. These systems may be susceptible to outages due to fire, floods, power loss, telecommunications failures, natural disasters, break-ins and similar events. Effective response to such disruptions will require effort and diligence on the part of our third-party vendors and employees to avoid any adverse impact to our information technology systems. In addition, our systems and proprietary data stored electronically may be vulnerable to computer viruses, cybercrime, computer hacking and similar disruptions from unauthorized tampering. If such unauthorized use of our systems were to occur, data related to our product formulas, product development and other proprietary information could be compromised. The occurrence of any of these events could adversely affect our business, interrupt our operations, subject us to increased operating costs and expose us to litigation.

The potential government regulation of certain of our product development initiatives is uncertain, and we may be subject to adverse consequences if we fail to comply with applicable regulations.

As part of our ingredients research program, we seek to collaborate with research institutions and companies throughout the world, including biotechnology companies. However, it is unclear whether any of our product developments will be classified as genetically modified food products subject to regulation as a biotechnology product. The manufacture of biotechnology products is subject to applicable Current Good Manufacturing Practice (cGMP) regulations as prescribed by the Food and Drug Administration and the applicable standards prescribed by European Commission and the competent authorities of European

Union Member States and to other rules and regulations prescribed by foreign regulatory authorities. Compliance with these regulations can be expensive and time consuming. Such regulation could also subject us to requirements for labeling and traceability, which may cause our customers to avoid our affected products and seek our competitors' products. This may result in our inability to realize any benefit from our investment and have an adverse effect on our operating results.

ITEM 1B. UNRESOLVED STAFF COMMENTS.

None.

ITEM 2. PROPERTIES.

Our principal properties are as follows:

Location	Operation
United States	
Carrollton, TX[(1)]	Production of flavor compounds; flavor laboratories.
Hazlet, NJ[(1)]	Production of fragrance compounds; fragrance laboratories.
Jacksonville, FL	Production of fragrance ingredients.
New York, NY[(1)]	Fragrance laboratories; corporate headquarters.
South Brunswick, NJ[(1)]	Production of flavor compounds and ingredients; flavor laboratories.
Union Beach, NJ	Research and development center.
France	
Neuilly[(1)]	Fragrance laboratories.
Grasse	Production of flavor and fragrance ingredients; fragrance laboratories.
Great Britain	
Haverhill	Production of flavor compounds and ingredients, and fragrance ingredients; flavor laboratories.
Netherlands	
Hilversum	Flavor and fragrance laboratories.
Tilburg	Production of flavor compounds and ingredients, and fragrance compounds.
Spain	
Benicarló	Production of fragrance ingredients.
Argentina	
Garin	Production of flavor compounds and ingredients, and fragrance compounds; flavor laboratories.
Brazil	
Rio de Janeiro	Production of fragrance compounds.
São Paulo	Flavor and fragrance laboratories.
Taubate	Production of flavor compounds and ingredients.
Mexico	
Tlalnepantla	Production of flavor and fragrance compounds; flavor and fragrance laboratories.

Location	Operation
India	
Mumbai(2)	Flavor and fragrance laboratories.
Chennai(2)	Production of flavor compounds and ingredients, and fragrance compounds; flavor laboratories.
Australia	
Dandenong	Production of flavor compounds and flavor ingredients.
China	
Guangzhou(3)	Production of flavor compounds.
Guangzhou(3)	Production of fragrance compounds.
Shanghai(4)	Flavor and fragrance laboratories.
Xin'anjiang(5)	Production of fragrance ingredients.
Zhejiang(3)	Production of fragrance ingredients.
Indonesia	
Jakarta	Production of flavor compounds and ingredients; flavor and fragrance laboratories.
Japan	
Gotemba	Production of flavor compounds.
Tokyo	Flavor and fragrance laboratories.
Singapore	
Jurong(4)	Production of flavor and fragrance compounds.
Science Park(1)	Flavor and fragrance laboratories.
Turkey	
Gebze	Production of flavor compounds.
Israel	
Kibbutz Givat-Oz(3)	Flavor and fragrance ingredients manufacturing and laboratories.

(1) Leased.
(2) We have a 93.4% interest in the subsidiary company that owns this facility.
(3) Land is leased and building and machinery and equipment are owned.
(4) Building is leased and machinery and equipment are owned.
(5) We have a 90% interest in the subsidiary company that leases the land and owns the buildings and machinery.

Our principal executive offices and New York laboratory facilities are located at 521 West 57th Street, New York City.

ITEM 3. LEGAL PROCEEDINGS.

We are subject to various claims and legal actions in the ordinary course of our business.

Tax Claims

We are currently involved in administrative and legal proceedings with the Spanish tax authorities that challenge tax deductions taken in our Spanish subsidiaries' tax returns and allege claims of tax avoidance.

In 2012, we reached an overall settlement with the Spanish tax authorities regarding income tax deductions taken by our Spanish subsidiaries for the 2004-2010 fiscal years and entered into a multi-year agreement with the Spanish tax authorities that established the tax basis for our activities in Spain for 2012 through 2014 consistent with the key principles preliminarily agreed upon as part of the overall settlement. The settlement agreement did not address the assessments for the 2002-2003 fiscal years, as these were further along in the Spanish judicial process, and did not address the 2011 fiscal year. During 2013, we reached a settlement with the Spanish tax authorities related to the 2011 fiscal year, on a basis consistent with the overall settlement reached for the 2004-2010 fiscal years.

With respect to the audits of 2002-2003 fiscal years, the Spanish tax authorities imposed assessments aggregating Euro 22.4 million ($28.6 million), including aggregate estimated interest. The Company appealed these assessments, however, in February 2013, the Appellate Court upheld the administrative ruling with respect to the 2003 tax assessment and the related tax avoidance claims. The Company decided not to pursue the appeals process with respect to the 2003 tax assessment and paid Euro 20.8 million ($27.3 million based on the exchange rate at the respective payment dates) in connection with the 2003 tax assessment in 2013. In June 2013, the Appellate Court ruled against us on our appeal of the 2002 income tax assessment and related claims, which the Company also decided not to appeal. However, this case did not have a related tax exposure associated with it. In an unrelated matter, there was a remaining aggregate assessment related to the 2002 fiscal year of Euro 1.9 million ($2.3 million) as of December 31, 2014. To proceed with its appeal of the tax assessment for the 2002 fiscal year, the Company was required to post bank guarantees. As of December 31, 2014, the Company had remaining posted bank guarantees of Euro 1.9 million ($2.3 million) associated with the 2002 appeal. On February 11, 2015, the Company received a favorable ruling on this appeal.

In addition to the above, the Company has also been a party to four dividend withholding tax controversies in Spain in which the Spanish tax authorities alleged that the Company's Spanish subsidiaries underpaid withholding taxes during the 1995-2001 fiscal years. The Company had previously appealed each of these controversies. During 2012, the Company received unfavorable decisions on the first three cases. At December 31, 2014, the Company had Euro 4.7 million ($5.6 million) reflected in income taxes payable in connection with these three cases and had posted bank guarantees of Euro 4.7 million ($5.6 million) in order to proceed with the appeals in these three cases. The fourth case was heard by the Spanish National High Court in October, 2014 and we received a favorable ruling. Accordingly, during the fourth quarter of 2014, we reversed the total reserve related to the 2001 fiscal year (with a value of Euro 3.6 million of $4.3 million).

The Spanish tax authorities also alleged claims related to capital tax positions arising from the business structure adopted by our Spanish subsidiaries. The aggregate amount of these claims was Euro 9.6 million ($13.2 million), including aggregate estimated interest through December 31, 2014. Our previous settlement in 2012 with the Spanish tax authorities addressed only the income tax assessments and did not address the capital tax positions. In connection with their ruling on our 2002 income tax assessment, the Appellate Court rejected one of the two bases upon which we based our capital tax position. During 2013, the Company was notified that the Spanish High Court of Justice ruled against us in regards to the 2002 capital tax case. As a result, the Company recorded a charge of Euro 9.6 million ($13.0 million or $9.1 million, after tax), included in selling and administrative expenses for the year ended December 31, 2013. On January 22, 2014, we filed an appeal. In order to avoid future interest costs in the event our appeal is unsuccessful, we paid $11.2 million (representing the principal amount) during the first quarter of 2014. Such amount will be refundable if we prevail in our appeal.

We do not currently believe that any of our pending tax assessments, even if ultimately resolved against us, would have a material impact on our financial condition.

Environmental

Over the past 20 years, various federal and state authorities and private parties have claimed that we are a Potentially Responsible Party ("PRP") as a generator of waste materials for alleged pollution at a number of waste sites operated by third parties located principally in New Jersey and have sought to recover costs incurred and to be incurred to clean up the sites.

We have been identified as a PRP at nine facilities operated by third parties at which investigation and/or remediation activities may be ongoing. We analyze our potential liability on at least a quarterly basis. We accrue for environmental liabilities when they are probable and estimable. We estimate our share of the total future cost for these sites to be less than $5 million.

While joint and several liability is authorized under federal and state environmental laws, we believe the amounts we have paid and anticipate paying in the future for clean-up costs and damages at all sites are not material and will not have a material adverse effect on our financial condition, results of operations or liquidity. This assessment is based upon, among other things, the involvement of other PRPs at most of the sites, the status of the proceedings, including various settlement agreements and consent decrees and the extended time period over which payments will likely be made. There can be no assurance, however, that future events will not require us to materially increase the amounts we anticipate paying for clean-up costs and damages at these sites, and that such increased amounts will not have a material adverse effect on our financial condition, results of operations or cash flows.

Other

In March 2012, ZoomEssence, Inc. filed a complaint against the Company in the U.S. District Court of New Jersey alleging trade secret misappropriation, breach of contract and unjust enrichment in connection with certain spray dry technology disclosed to the Company. In connection with the claims, ZoomEssence is seeking an injunction and monetary damages. ZoomEssence initially sought a temporary restraining order and preliminary injunction, but the Court denied these applications in an order entered on September 27, 2013, finding that ZoomEssence had not demonstrated a likelihood of success on the merits of its claims. The Court subsequently referred the matter to mediation, however the private mediation session did not result in a resolution of the dispute. On November 3, 2014, ZoomEssence amended its complaint against the Company to include allegations of breach of the duty of good faith and fair dealing, fraud in the inducement, and misappropriation of confidential and proprietary information. On November 13, 2014, the Company filed a counterclaim against ZoomEssence alleging trade secret misappropriation, breach of contract, breach of the implied covenant of good faith and fair dealing, unjust enrichment, misappropriation of confidential and proprietary information, common law unfair competition, tortious interference with contractual relations, and conversion. The case is currently proceeding through discovery with a trial on the merits anticipated in late 2015. The Company denies the allegations and will vigorously defend and pursue its position in Court. At this stage of the litigation, based on the information currently available to the Company, management does not believe that this matter represents a material loss contingency.

We are also a party to other litigation arising in the ordinary course of our business. We do not expect the outcome of these cases, singly or in the aggregate, to have a material effect on our consolidated financial condition.

ITEM 4. MINE SAFETY DISCLOSURES.

Not applicable.

PART II

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

Market Information.

Our common stock is traded principally on the New York Stock Exchange. The high and low stock prices for each quarter during the last two years were:

	2014		2013	
Quarter	**High**	**Low**	**High**	**Low**
First	$ 97.91	$ 82.91	$ 77.40	$ 65.74
Second	105.61	91.31	82.80	73.02
Third	105.84	95.51	84.99	75.86
Fourth	104.00	91.64	90.30	79.59

Approximate Number of Equity Security Holders.

Title of Class	**Number of shareholders of record as of February 12, 2015**
Common stock, par value 12 $^1/_2$¢ per share	2,026

Dividends.

Cash dividends declared per share for each quarter during the two most recent fiscal years were as follows:

Quarter	**2014**	**2013**
First	$ 0.39	$ 0.34
Second	0.39	0.34
Third	0.47	0.39
Fourth	0.47	0.39

Our current intention is to pay dividends approximating 30%-35% of yearly earnings; however, the payment of dividends is determined by our Board of Directors ("Board") at its discretion based on various factors, and no assurance can be provided as to future dividends.

Performance Graph.

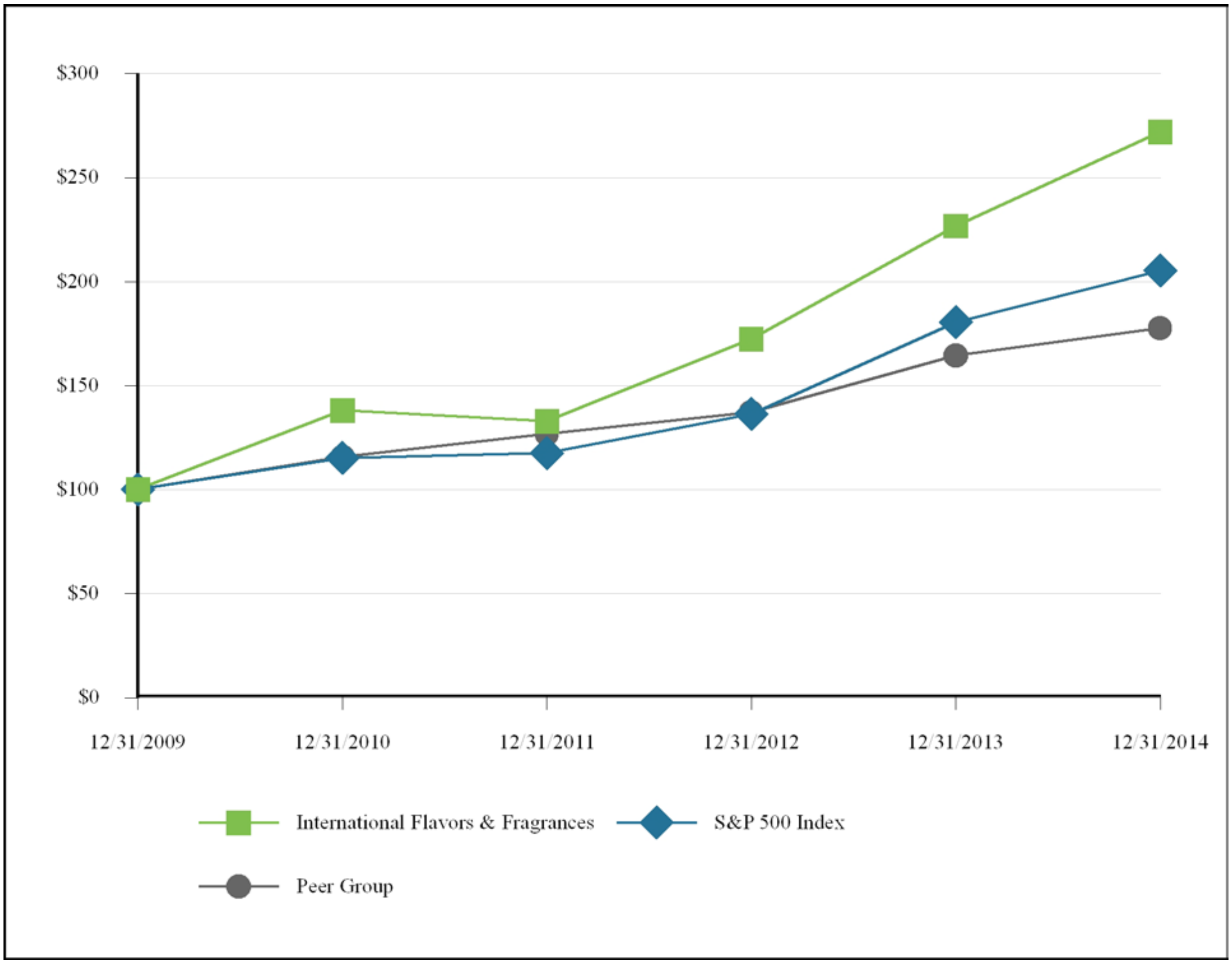
Total Return To Shareholders[(1)]
(Includes reinvestment of dividends)

Company Name / Index	ANNUAL RETURN PERCENTAGE Years Ending 2010	2011	2012	2013	2014
International Flavors & Fragrances	38.06	(3.81)	29.72	31.59	19.95
S&P 500 Index	15.06	2.11	16.00	32.39	13.69
Peer Group	15.56	9.69	8.21	19.83	7.98

Company Name / Index	INDEXED RETURNS Years Ending Base Period 2009	2010	2011	2012	2013	2014
International Flavors & Fragrances	$ 100	$ 138.06	$ 132.81	$ 172.28	$ 226.70	$ 271.92
S&P 500 Index	100	115.06	117.49	136.30	180.44	205.14
Peer Group	100	115.56	126.76	137.16	164.36	177.48

Peer Group Companies[(2)]

Alberto Culver Company
Avon Products
Campbell Soup Co.
Church & Dwight Co. Inc.
Clorox Company
Coca-Cola Company
Colgate-Palmolive Co.
ConAgra Foods, Inc.
General Mills Inc.
H.J. Heinz Co.
Hershey Company
Hillshire Brands Co.
Hormel Foods Corp.
Kellogg Co.
Estee Lauder Companies, Inc.
McCormick & Company, Inc.
McDonald's Corp.
Nestle SA
Pepsico Inc.
Procter & Gamble Co.
Revlon Inc.
Sensient Technologies Corp.
Unilever NV
YUM Brands, Inc.



(1) The Cumulative Shareholder Return assumes that the value of an investment in our Common Stock and each index was $100 on December 31, 2008, and that all dividends were reinvested.

(2) Due to the international scope and breadth of our business, we believe that a Peer Group comprising international public companies, which are representative of the customer group to which we sell our products, is the most appropriate group against which to compare shareholder returns. Alberto Culver Company ceased trading on May 9, 2011 and has only been included through that date. In July 2012, Sara Lee Corp. spun off certain of its businesses and changed its name to Hillshire Brands Co. H.J. Heinz Co was acquired by Hawk Acquisition Holding Corp on June 7, 2013 and has only been included through that date. Hillshire Brands Co was acquired by Tyson Foods on August 28, 2014 and has only been included through that date.

Issuer Purchases of Equity Securities.

The table below reflects shares of common stock we repurchased during the fourth quarter of 2014.

Period	Total Number of Shares Repurchased (1)	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Program	Approximate Dollar Value of Shares That May Yet be Purchased Under the Program
October 1 - 31, 2014	170,968	$ 95.06	170,968	$ 129,431,594
November 1 - 30, 2014	108,310	98.11	108,310	118,805,466
December 1 - 31, 2014	97,222	101.54	97,222	108,933,649
Total	**376,500**	**$ 98.24**	**376,500**	**$ 108,933,649**

(1) Shares were repurchased pursuant to the repurchase program announced in December 2012, with repurchases beginning in the first quarter of 2013. Repurchases under the program are limited to $250 million in total repurchase price, and the expiration date is December 31, 2016. Authorization of the repurchase program may be modified, suspended, or discontinued at any time.

ITEM 6. SELECTED FINANCIAL DATA.

INTERNATIONAL FLAVORS & FRAGRANCES INC.
QUARTERLY FINANCIAL DATA (UNAUDITED)

The following selected consolidated financial data is derived from our Consolidated Financial Statements. This data should be read in conjunction with the Consolidated Financial Statements and Notes thereto, and with Item 7, Management's Discussion and Analysis of Financial Condition and Results of Operations.

(DOLLARS IN THOUSANDS EXCEPT PER SHARE DATA)

	Net Sales		Gross Profit[a]		Net Income[b]		Net Income Per Share[c] Basic		Net Income Per Share[c] Diluted	
Quarter	**2014**	**2013**	**2014**	**2013**	**2014**	**2013**	**2014**	**2013**	**2014**	**2013**
First	$ 770,224	$ 727,836	$ 341,412	$ 311,360	$ 106,707	$ 90,697	$ 1.31	$ 1.11	$ 1.30	$ 1.10
Second	788,414	757,635	352,647	333,986	110,285	102,322	1.35	1.25	1.35	1.24
Third	773,813	742,256	340,111	325,404	107,415	99,046	1.32	1.21	1.31	1.20
Fourth[d]	756,082	725,169	327,980	313,455	90,136	61,479	1.11	0.75	1.10	0.75
	$ 3,088,533	$ 2,952,896	$ 1,362,150	$ 1,284,205	$ 414,543	$ 353,544	$ 5.09	$ 4.32	$ 5.06	$ 4.29

(a) Q1-2014 includes $2.2 million of non-cash charges related to accelerated depreciation associated with the Fragrance Ingredients Rationalization and $0.4 million of operational improvement initiative costs associated with a plant closing, partial closings, and other organizational realignments, principally in Europe and Asia. Q2-2014 includes $2.9 million of non-cash charges related to accelerated depreciation and $0.3 million related to operational improvement initiative costs. Q3-2014 includes $0.3 million of operational improvement initiative costs. Q4-2014 includes $1.6 million of operational improvement initiative costs.

Q1-2013 includes $1.2 million of operational improvement initiative costs associated with the plant closings in Europe and partial closing in Asia. Q2-2013 includes $0.8 million of restructuring-related costs associated with the Fragrance Ingredients Rationalization and $0.2 million of operational improvement initiative costs associated with the plant closings in Europe and Asia. Q3-2013 includes $2.2 million of restructuring-related costs associated with the Fragrance Ingredients Rationalization and $0.4 million of operational improvement initiative costs associated with the plant closings in Europe and Asia. Q4-2013 includes $2.3 million of restructuring-related costs associated with the Fragrance Ingredients Rationalization and $1.8 million of operational improvement initiative costs associated with the plant closings in Europe and several locations in Asia.

(b) Q1-2014 includes $1.5 million of restructuring-related costs associated with the Fragrance Ingredients Rationalization, net of tax, and $0.3 million, net of tax, of operational improvement initiative costs as discussed above. Q2-2014 includes $2.0 million, net of tax, of restructuring-related costs and $0.2 million, net of tax, of operational improvement initiative costs. Q3-2014 includes $0.4 million, net of tax, of restructuring-related costs and $0.2 million, net of tax, of operational improvement initiative costs. Q4-2014 includes $0.3 million, net of tax, of restructuring-related costs, $1.2 million, net of tax, of operational improvement initiative costs, a $3.8 million tax benefit associated with the favorable ruling of the 2011 Spanish dividend withholding case (as discussed in Note 9 of the Consolidated Financial Statements) and a $0.5 million net gain related to the sale of a non-operating asset.

Q1-2013 includes a $6.2 million Spanish tax charge related to the 2002-2003 ruling and $0.9 million of operational improvement initiative costs, net of tax, associated with the plant closings in Europe and Asia. Q2-2013 includes $1.9 million of restructuring-related costs, net of tax, associated with the Fragrance Ingredients Rationalization, $0.1 million of operational improvement initiative costs, net of tax, associated with the plant closings in Europe and Asia, and a $10.5 million net gain related to the sale of a non-operating asset. Q3-2013 includes $1.4 million of restructuring-related costs, net of tax, associated with the Fragrance Ingredients Rationalization and $0.3 million of operational improvement initiative costs, net of tax, associated with the plant closings in Europe and Asia as discussed above. Q4-2013 includes $1.5 million, net of tax, associated with the Fragrance Ingredients Rationalization, $1.4 million of operational improvement initiative costs, net of tax, associated with the plant closings in Europe and several locations in Asia, a $9.1 million charge related to the Spanish capital tax case, net of tax, and a $1.9 million loss related to the sale of a non-operating asset.

(c) Q1-2014 and Q2-2014 both include $0.02 per diluted share related to restructuring-related charges. Q3-2014 includes $0.1 per diluted share related to restructuring-related charges. Q4-2014 includes $0.01 per diluted share related to operational improvement initiative costs and a loss of $0.05 per diluted share related to the favorable ruling of the 2001 Spanish dividend withholding case.

Q1-2013 includes tax charges of $0.08 per diluted share related to the 2002-2003 ruling and $0.01 per diluted share related to operational improvement initiative costs. Q2-2013 includes a gain of $0.13 per diluted share related to the sale of a non-operating asset and restructuring charges of $0.02 per diluted share. Q3-2013 includes restructuring charges of $0.02 per diluted share. Q4-2013 includes charges of $0.11 per diluted share related to the Spanish capital tax case, restructuring charges of $0.02 per diluted share, operational improvement initiative costs of $0.02 per diluted share and a loss of $0.02 per diluted share related to the sale of a non-operating asset.

(d) Q4-2014 includes the impact of an extra week in 2014 (as discussed in Note 1 of the Consolidated Financial Statements). This impact was not material to our results of operations for the year ended December 31, 2014.

INTERNATIONAL FLAVORS & FRAGRANCES INC.
FIVE-YEAR SUMMARY
(DOLLARS IN THOUSANDS EXCEPT PER SHARE AMOUNTS)

	2014	2013	2012	2011	2010
Consolidated Statement of Income Data					
Net sales	$ 3,088,533	$ 2,952,896	$ 2,821,446	$ 2,788,018	$ 2,622,862
Cost of goods sold[a]	1,726,383	1,668,691	1,645,912	1,683,362	1,530,260
Gross profit	1,362,150	1,284,205	1,175,534	1,104,656	1,092,602
Research and development expenses	253,640	259,838	233,713	219,781	218,772
Selling and administrative expenses[b]	514,891	505,877	453,535	443,974	447,392
Restructuring and other charges, net[c]	1,298	2,151	1,668	13,172	10,077
Operating profit	592,321	516,339	486,618	427,729	416,361
Interest expense	46,067	46,767	41,753	44,639	48,709
Other (income) expense, net[d]	(2,807)	(15,638)	1,450	9,544	8,059
Income before taxes	549,061	485,210	443,415	373,546	359,593
Taxes on income[e]	134,518	131,666	189,281	106,680	96,036
Net income	$ 414,543	$ 353,544	$ 254,134	$ 266,866	$ 263,557
Percentage of net sales	13.4	12.0	9.0	9.6	10.0
Percentage of average shareholders' equity	27.7	26.0	21.5	25.3	29.7
Net income per share — basic	$ 5.09	$ 4.32	$ 3.11	$ 3.30	$ 3.29
Net income per share — diluted	$ 5.06	$ 4.29	$ 3.09	$ 3.26	$ 3.26
Average number of diluted shares (thousands)	81,494	81,930	81,833	81,467	80,440
Consolidated Balance Sheet Data					
Cash and cash equivalents	$ 478,573	$ 405,505	$ 324,422	$ 88,279	$ 131,332
Receivables, net	493,768	524,493	499,443	472,346	451,804
Inventories	568,729	533,806	540,658	544,439	531,675
Property, plant and equipment, net	720,268	687,215	654,641	608,065	538,118
Goodwill and intangible assets, net	752,041	696,197	702,270	708,345	714,416
Total assets	3,494,621	3,331,731	3,246,192	2,965,581	2,872,455
Bank borrowings, overdrafts and current portion of long-term debt	8,090	149	150,071	116,688	133,899
Long-term debt	934,232	932,665	881,104	778,248	787,668
Total Shareholders' equity[f]	1,522,689	1,467,051	1,252,555	1,107,407	1,003,155
Other Data					
Current ratio[g]	3.3	2.9	2.5	2.3	2.0
Additions to property, plant and equipment	$ 143,182	$ 134,157	$ 126,140	$ 127,457	$ 106,301
Depreciation and amortization expense	89,354	83,227	76,667	75,327	79,242
Cash dividends declared per share	$ 1.72	$ 1.46	$ 1.30	$ 1.16	$ 1.04
Number of shareholders of record at year-end	2,105	2,255	2,430	2,587	2,758
Number of employees at year-end	6,211	6,000	5,715	5,644	5,514

(a) The 2014 amount includes $7,641 ($5,221 after tax) of accelerated depreciation associated with the Fragrance Ingredients rationalization and operational improvement initiative costs in Europe and Asia. The 2013 amount includes $8,770 ($6,084 after tax) of accelerated depreciation associated with the Fragrance Ingredients rationalization and several locations in Asia.

(b) The 2013 amount includes $13,011 ($9,108 after tax) of expense associated with the Spanish capital tax case and $33,495 ($29,846 after tax) in 2011 of costs associated with the Mane patent litigation settlement.
(c) Restructuring and other charges ($844 after tax) in 2014, ($1,398 after tax) in 2013, ($1,047 after tax) in 2012, ($9,444 after tax) in 2011 and ($8,928 after tax) in 2010 were the result of various restructuring and reorganization programs of the Company.
(d) The 2014 amount includes $723 ($470 after tax) and the 2013 amount includes $14,155 ($8,522 after tax) of net gains related to the sale of non-operating assets.
(e) The 2012 amount includes after tax charges of $72,362 related to the overall Spanish tax settlement.
(f) Includes noncontrolling interest for all periods presented.
(g) Current ratio is equal to current assets divided by current liabilities.

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

(UNLESS INDICATED OTHERWISE, DOLLARS IN MILLIONS EXCEPT PER SHARE AMOUNTS)

Overview

We create, manufacture and supply flavors and fragrances for the food, beverage, personal care and household-products industries either in the form of compounds or individual ingredients. Our flavors and fragrance compounds combine a large number of ingredients that are blended, mixed or reacted together to produce proprietary formulas created by our perfumers and flavorists.

Flavors are the key building blocks that impart taste in processed food and beverage products and, as such, play a significant role in determining consumer preference of the end products in which they are used. While we are a global leader, our flavors business is more regional in nature, with different formulas that reflect local tastes and ingredients. As a leading creator of flavors, we help our customers deliver on the promise of delicious and healthy foods and drinks that appeal to consumers. Our flavors compounds are ultimately used by our customers in four end-use categories: (1) Savory, (2) Beverages, (3) Sweet, pharmaceutical and oral care ("Sweet"), and (4) Dairy.

Our fragrances are a key component in the world's finest perfumes and best-known consumer brands, including beauty care, fabric care, personal wash and home care products. In 2014, we announced that we realigned our creative and commercial teams within our Fragrance Compounds activities resulting in two newly-defined broad market categories, (1) Fine Fragrances and (2) Consumer Fragrances. Consumer Fragrances consists of five end-use categories: Fabric Care, Home Care, Personal Wash, Hair Care and Toiletries. Prior to the realignment, our Fragrance Compounds activities consisted of two broad categories (1) Fine Fragrance and Beauty Care and (2) Functional Fragrances. In addition, Fragrance Ingredients, which are used internally and sold to third parties, including customers and competitors, for use in preparation of compounds, are also included in the Fragrances business unit.

The flavors and fragrances market is part of a larger market which supplies a variety of ingredients and components that consumer products companies utilize in their products. The broader market includes large multinational companies or smaller regional and local participants which supply products such as seasonings, texturizers, spices, enzymes, certain food related commodities, fortified products and cosmetic ingredients. The flavors and fragrances market is estimated to be at least $18 billion; however the exact size of the global market is not available due to fragmentation of data. We, together with the other top three companies are estimated to comprise approximately two-thirds of the total estimated sales in the global flavors and fragrances sub-segment of the broader market.

Development of new flavors and fragrance compounds is driven by a variety of sources, including requests from our customers, who are in need of a specific flavor or fragrance for use in a new or modified consumer product, or as a result of internal initiatives stemming from our Consumer Insights program. Our product development team works in partnership with our scientists and researchers to optimize the consumer appeal of the flavor or fragrance. It then becomes a collaborative process between our researchers, our product development team and our customers to perfect the flavor or fragrance so that it is ready to be included in the final consumer product.

Our 25 largest customers accounted for 53% of total sales in 2014; this percentage has remained fairly constant for several years. A key factor for commercial success is inclusion on our strategic customers' core supplier lists, which provides opportunities to win new business. We are on the core supplier lists of a large majority of our global and strategic customers within Fragrances and Flavors.

Sales in 2014 grew 5% both on a reported basis and in local currency (LC) terms, with the acquisition of Aromor adding approximately 1% to both reported and local currency basis amounts. Flavors achieved LC growth of 4% and Fragrances achieved LC growth of 7% in 2014. The LC growth reflects new win performance (net of losses) in both Flavors and Fragrance

Compounds partially offset by volume erosion on existing business. In addition, Fragrance Ingredients sales were up 18% driven largely by the Aromor acquisition. Overall, our 2014 results continued to be driven by our strong emerging market presence that represented 50% of total sales and experienced 6% LC growth in 2014. From a geographic perspective, all regions delivered LC growth on a consolidated basis in 2014; led by Latin America (LA) with 7% LC sales growth.

The year 2014 included an extra week of activity, due to the timing of our fiscal year-end (as discussed in Note 1 of the Consolidated Financial Statements). The impact of this week was not material to our results of operations for the year ended December 31, 2014.

2014 Sales by Business Unit

Sales by Destination (DOLLARS IN MILLIONS)	**2014**	**Percent of sales**	**2013**	**Percent of sales**	**2012**	**Percent of sales**
Europe, Africa and Middle East (EAME)	$ 1,042	34%	$ 972	33%	$ 913	32%
Greater Asia (GA)	856	28%	823	28%	772	27%
North America (NOAM)	690	22%	681	23%	694	25%
Latin America (LA)	501	16%	477	16%	442	16%
Total net sales, as reported	$ 3,089		$ 2,953		$ 2,821	

	Year Ended December 31,		
Sales by End-Use Product Category	**2014**	**2013**	**2012**
Flavor Compounds	47%	48%	49%
Consumer Fragrances	32%	32%	31%
Fine Fragrances	11%	11%	11%
Fragrance Ingredients	10%	9%	9%
Total Net Sales	100%	100%	100%

FINANCIAL PERFORMANCE OVERVIEW

Reported sales for 2014 increased 5% year-over-year (including approximately 1% growth from the acquisition of Aromor). We continue to benefit from our diverse portfolio of end-use product categories and geographies and had growth in all four regions and in Consumer Fragrances, Fragrance Ingredients and Flavor Compounds. Both Flavors and Fragrances benefited from new win performance (net of losses) that was partially offset by volume erosion on existing business. Exchange rate variations were flat in year-over-year sales. The effect of exchange rates can vary by business and region depending upon the mix of sales by country as well as the relative percentage of local sales priced in U.S. dollars versus local currencies. LC sales growth of 5% in 2014 was consistent with our long-term strategic target of 4%-6% LC growth. We saw good LC sales growth during each quarter of 2014, despite the impact of volume erosion on existing business. Regarding our 2015 outlook, we believe that LC sales growth will be in line with our long-term targets, while operating profit growth is expected to be at the low end of the range, in light of a stronger U.S. dollar versus most currencies and higher incentive compensation expense. In addition, we believe EPS growth will be high single-digits, driven by operating profit growth.

On a long-term basis we expect that sales growth for the industry will generally be in line with the underlying assumptions that support our long-term strategic goals, albeit with some risk in the near term given the continuing global economic uncertainty. We believe changing social habits resulting from increased disposable income, improved focus on personal health and wellness awareness should help drive growth of our consumer product customers' businesses.

Gross margins increased 60 basis points (bps) year-over-year, due to solid sales growth, and benefits from cost and productivity initiatives, that more than offset the slightly unfavorable price versus input cost dynamic during 2014. However, the overall raw material cost base remains elevated, including certain categories where prices remain near all time highs. We believe input costs will increase approximately 1% in 2015 as higher prices on certain categories, such as naturals, will more than offset potential benefits associated with oil-based derivatives that are expected to occur later in 2015. We continue to seek improvements in our margins through operational performance and mix enhancement.

Operating profit increased $76.0 million to $592.3 million (19.2% of sales) in 2014 compared to $516.3 million (17.5% of sales) in 2013. Included in 2014 were operational improvement initiative costs of $2.5 million, Restructuring and other charges, net of $1.3 million and $5.1 million of accelerated depreciation included in Cost of goods sold related to the Fragrance Ingredients Rationalization and several locations in Asia. Excluding these charges, adjusted operating profit was $601.3 million (19.5% of sales) for 2014. Included in 2013 were operational improvement initiative costs of $3.7 million primarily related to closing a smaller facility in Europe and certain manufacturing activities in Asia while transferring production to larger facilities in each respective region and accelerated depreciation associated with several locations in Asia, as well as restructuring costs of $7.4 million related to the Fragrance Ingredients Rationalization. In addition, 2013 included a $13.0 million charge related to the Spanish capital tax case. Excluding these charges, adjusted operating profit was $540.4 million (18.3% of sales) for 2013. The year-over-year improvement reflects sales volume growth combined with reduced R&D, selling and administrative expenses as a percentages of sales, all of which were driven largely by favorable year-over-year incentive compensation expenses. The results of Aromor were not significant to the consolidated financial performance of the Company for 2014.

Although we are in the process of refreshing the key elements of our strategic priorities, we continued to execute against the core elements of the strategic priorities identified during our in depth 2010 strategic assessment. In particular, ensuring that we have adequate resources and capabilities in place to support planned growth in emerging markets through investments and installing key technologies globally was the primary driver related to the $143.2 million (4.6% of sales) of capital spending during 2014. We anticipate capital spending in 2015 to be 4-5% of sales, net of potential grants and other reimbursements from government authorities that we expect to receive as we continue to prioritize investments in emerging markets and Flavors.

Cash flows from operations were $518.4 million or 16.8% of sales in 2014 as compared to cash flows from operations of $407.6 million, or 13.8% of sales, during 2013. Excluding an incremental pension contribution of $15 million year-over-year and total Spanish tax payments of $33 million (related to the 2003 and 2011 fiscal years) made during 2013, our adjusted cash flow from operations was $455.6 million in 2013, representing an increase of $62.8 million in 2014 from 2013.

Results of Operations

(DOLLARS IN THOUSANDS EXCEPT PER SHARE AMOUNTS)	Year Ended December 31, 2014	2013	2012	Change 2014 vs. 2013	2013 vs. 2012
Net sales	$ 3,088,533	$ 2,952,896	$ 2,821,446	4.6 %	4.7 %
Cost of goods sold	1,726,383	1,668,691	1,645,912	3.5 %	1.4 %
Gross profit	1,362,150	1,284,205	1,175,534		
Research and development (R&D) expenses	253,640	259,838	233,713	(2.4)%	11.2 %
Selling and administrative (S&A) expenses	514,891	505,877	453,535	1.8 %	11.5 %
Restructuring and other charges, net	1,298	2,151	1,668	-39.7 %	29.0 %
Operating profit	592,321	516,339	486,618		
Interest expense	46,067	46,767	41,753	-1.5 %	12.0 %
Other (income) expense, net	(2,807)	(15,638)	1,450	-82.1 %	(1,178.5)%
Income before taxes	549,061	485,210	443,415		
Taxes on income	134,518	131,666	189,281	2.2 %	(30.4)%
Net income	$ 414,543	$ 353,544	$ 254,134		
Net income per share — diluted	$ 5.06	$ 4.29	$ 3.09	17.9 %	38.8 %
Gross margin	44.1%	43.5%	41.7%	60.0	180.0
R&D as a percentage of sales	8.2%	8.8%	8.3%	(60.0)	50.0
S&A as a percentage of sales	16.7%	17.1%	16.1%	(40.0)	100.0
Operating margin	19.2%	17.5%	17.2%	170.0	30.0
Adjusted operating margin [1]	*19.5%*	*18.3%*	*17.3%*	*120.0*	*100.0*
Effective tax rate	24.5%	27.1%	42.7%	(260.0)	(1,560.0)
Segment net sales					
Flavors	$ 1,457,055	$ 1,422,739	$ 1,378,377	2.4 %	3.2 %
Fragrances	1,631,478	1,530,157	1,443,069	6.6 %	6.0 %
Consolidated	$ 3,088,533	$ 2,952,896	$ 2,821,446		

(1) Adjusted operating margin for the twelve months ended December 31, 2014 excludes the operational improvement initiative costs of $2.5 million, Restructuring and other charges, net of $1.3 million and $5.1 million of accelerated depreciation included in Cost of goods sold related to the Fragrance Ingredients Rationalization and several locations in Asia. Adjusted operating margin for the twelve months ended December 31, 2013 excludes the operational improvement initiative costs of $2.3 million, Restructuring and other charges, net of $2.2 million, $6.7 million of accelerated depreciation included in Cost of goods sold related to the Fragrance Ingredients Rationalization and several locations in Asia, and the Spanish capital tax charge of $13.0 million. Adjusted operating margin for the twelve months ended December 31, 2012 excludes Restructuring and other charges, net of $1.7 million.

Cost of goods sold includes the cost of materials and manufacturing expenses; raw materials generally constitute 70% of the total. R&D expenses relate to the development of new and improved molecules and technologies, technical product support and compliance with governmental regulations. S&A expenses include expenses necessary to support our commercial activities and administrative expenses principally associated with staff groups that support our overall operating activities.

2014 IN COMPARISON TO 2013

Sales

Sales for 2014 totaled $3.1 billion, an increase of 5% from the prior year on both a reported and LC basis, with the acquisition of Aromor adding approximately 1% to both reported and LC basis amounts. The LC growth reflects new win performance (net of losses) in both Flavors and Fragrance Compounds partially offset by volume erosion on existing business. In addition, Fragrance Ingredients sales were up 18% (which includes the benefit of the Aromor acquisition). Overall LC growth was driven by 6% growth in emerging markets.

Flavors Business Unit

On a reported basis, Flavors sales increased 2%. Excluding the impact of foreign currency, LC sales for the Flavors business increased 4% versus the prior year period. The overall performance reflects new wins offset by volume erosion on existing business. Overall high single-digit growth in Beverage combined with low single-digit growth in Savory and mid single-digit growth in Dairy was partially offset by low single-digit declines in Sweet. Regionally, the Flavors business delivered LC growth in LA, EAME and GA, led by LA, while sales declined in NOAM. Sales in LA were driven by high double-digit gains in Beverage. Sales in GA were led by mid single-digit gains in Savory and sales in EAME were driven by double-digit gains in Beverage. The declines in NOAM were primarily driven by low single-digit declines in Beverage and Sweet, which were only partially offset by double-digit gains in Dairy. EAME performance continues to be led by our performance in the emerging market countries within the region. Globally, Flavors growth was led by high single-digit growth in emerging markets. Overall, emerging markets represented approximately 52% of total Flavors sales.

Fragrances Business Unit

The Fragrances business was up 7% in both reported and LC terms. Year-over-year, 2014 LC sales performance was led by double-digit growth in Fragrance Ingredients, high single-digit growth in Fabric Care and mid single-digit growth in Hair Care categories, as well as low single-digit growth in Fine Fragrances. LC growth within the regions was led by GA at 11% reflecting double-digit gains in the Fabric Care and Fragrance Ingredients. EAME experienced LC sales growth of 8% reflecting double-digit gains in Fragrance Ingredients and high single-digit gains in Fabric Care. LA had LC sales growth of 3% reflecting double-digit gains in Hair Care and Personal Wash. NOAM LC sales increased 4% reflecting double-digit gains in Home Care and mid to high single-digit gains in Fabric Care and Hair Care categories that more than offset low single-digit declines in Fragrance Ingredients. Overall, emerging markets represented 47% of total Fragrances sales.

Sales Performance by Region and Category

		% Change in Sales — 2014 vs 2013					
		Fine Fragrances	**Consumer Fragrances**	**Ingredients**	**Total Frag.**	**Flavors**	**Total**
NOAM	**Reported**	**1%**	**8%**	**-1%**	**4%**	**-1%**	**1%**
EAME	**Reported**	**4%**	**4%**	**33%**	**9%**	**5%**	**7%**
	***Local Currency*[(1)]**	***2 %***	***3 %***	***32 %***	***8 %***	***4 %***	***6 %***
LA	**Reported**	**-2%**	**3%**	**3%**	**2%**	**12%**	**5%**
	***Local Currency*[(1)]**	***1 %***	***4 %***	***3 %***	***3 %***	***16 %***	***7 %***
GA	**Reported**	**8%**	**7%**	**31%**	**10%**	**0%**	**4%**
	***Local Currency*[(1)]**	***9 %***	***8 %***	***33 %***	***11 %***	***3 %***	***6 %***
Total	**Reported**	**2%**	**5%**	**18%**	**7%**	**2%**	**5%**
	***Local Currency*[(1)]**	***2 %***	***5 %***	***18 %***	***7 %***	***4 %***	***5 %***

(1) Local currency sales growth is calculated by translating prior year sales at the exchange rates for the corresponding 2014 period.

- NOAM reported sales growth of 1% reflecting a decline of 1% in Flavors as double-digit growth in Dairy was more than offset by volume declines in Sweet and Beverage, and 4% growth in Fragrances. Consumer Fragrances sales were up 8% versus last year as new wins and volume gains in Home Care and Fabric Care were only partially offset by lower volumes on existing business in Fragrance Ingredients.
- EAME LC growth reflects 4% growth in Flavors primarily resulting from double-digit gains in Beverages. This growth was mainly due to new wins within our emerging markets in the region, as well as volume increases. Total Fragrances growth of 8% was driven by double-digit growth in Fragrance Ingredients as well as high single-digit growth in Fabric Care.
- LA LC sales growth of 7% was driven by double-digit gains in Flavors, driven by Beverage. Total Fragrances growth reflects double-digit gains in Hair Care and mid single-digit gains in Fabric Care.
- GA delivered LC sales growth of 6%, led by mid single-digit gains in Savory. Both Consumer Fragrances and Fine Fragrances experienced high single-digit growth led by double-digit growth in Fabric Care and high single-digit growth in Fine Fragrances. In addition, GA experienced Fragrance Ingredients LC sales growth of 33%.

Cost of Goods Sold

Cost of goods sold, as a percentage of sales, decreased 60 bps, on both a reported and adjusted basis, to 55.9% in 2014 compared to 56.5% in 2013 (or 55.6% and 56.2% on an adjusted basis in 2014 and 2013, respectively). Included in cost of goods sold was $7.6 million of charges related to restructuring and operational improvement initiative costs in 2014 and $8.8 million of restructuring and operational improvement initiative costs in 2013.

Research and Development (R&D)

R&D expenses decreased approximately $6.2 million versus the prior year. Overall, R&D expenses decreased 60 bps as a percentage of sales from 8.8% in 2013 to 8.2% in 2014. This decrease is primarily driven by lower incentive compensation expense.

Selling and Administrative (S&A)

S&A, as a percentage of sales, decreased 40 bps to 16.7% versus 17.1%. Excluding the $13.0 million Spanish capital tax charge (as discussed in Note 17 to the Consolidated Financial Statements) in 2013, adjusted S&A expenses, as a percentage of sales, were 16.7% in 2013, consistent with the current year.

Restructuring and Other Charges

Restructuring and other charges primarily consist of separation costs for employees, including severance, outplacement and other benefit costs.

	Restructuring Charges *(In Thousands)*	
	2014	**2013**
Flavors	$ —	$ —
Fragrances	1,298	2,151
Global	—	—
Total	$ 1,298	$ 2,151

Fragrance Ingredients Rationalization

In 2014, the Company closed its fragrance ingredients manufacturing facility in Augusta, Georgia and consolidated production into other Company facilities. In connection with this closure in 2014, the Company incurred charges of $13.8 million, consisting primarily of $10.3 million in accelerated depreciation of fixed assets, $2.2 million in personnel-related costs and $1.3 million in plant shutdown and other related costs. The Company recorded total charges of $7.4 million during 2013, consisting of $2.2 million of pre-tax charges related to severance included in Restructuring and other charges, net and $5.2 million of non-cash charges related to accelerated depreciation included in Cost of goods sold. During 2014, the Company recorded $1.3 million of plant shutdown and other related costs included in Restructuring and other charges, net as well as an additional $5.1 million of non-cash charges related to accelerated depreciation included in Cost of goods sold. As a result of this closure, 43 positions have been eliminated. The Company estimates that approximately $3 - $4 million of the costs will be or have been cash expenditures.

Other

During 2013, the Company reversed $1.2 million of employee-related liabilities, offset by $0.6 million of additional costs incurred related to the European Rationalization Plan announced in 2009. Additionally, during 2013, the Company recorded a charge of $1.7 million related to the Strategic Initiative, which began in 2011.

Operating Results by Business Unit

We evaluate the performance of business units based on segment profit which is defined as operating profit before Restructuring and certain non-recurring items, Interest expense, Other expense, net and Taxes on income. See Note 12 to our Consolidated Financial Statements for the reconciliation to Income before taxes.

(DOLLARS IN THOUSANDS)	For the Year Ended December 31, 2014	2013
Segment profit:		
Flavors	$ 331,257	$ 323,562
Fragrances	335,447	283,651
Global Expenses	(65,443)	(66,942)
Restructuring and other charges, net	(1,298)	(2,151)
Spanish capital tax charge	—	(13,011)
Operational improvement initiative costs	(7,642)	(8,770)
Operating Profit	$ 592,321	$ 516,339
Profit margin		
Flavors	22.7%	22.7%
Fragrances	20.6%	18.5%
Consolidated	19.2%	17.5%

Flavors Business Unit

Flavors segment profit totaled $331.3 million in 2014 (22.7% of sales) consistent with $323.6 million (22.7% of sales) in the comparable 2013 period. The increase in segment profit was driven by lower incentive compensation expense.

Fragrances Business Unit

Fragrances segment profit totaled $335.4 million in 2014 (20.6% of sales), compared to $283.7 million (18.5% of sales) reported in 2013. The improvement in segment profit and profit margin was primarily due to strong sales growth combined with gross margin expansion, ongoing cost discipline, and lower incentive compensation expense.

Global Expenses

Global expenses represent corporate and headquarter-related expenses which include legal, finance, human resources and R&D and other administrative expenses that are not allocated to an individual business unit. In 2014, Global expenses were $65.4 million compared to $66.9 million during 2013. The decrease is principally driven by lower incentive compensation expense.

Interest Expense

In 2014, interest expense decreased $0.7 million to $46.1 million, as a result of the refinancing of our debt in 2013. Average cost of debt was 4.9% for the 2014 period compared to 4.7% in 2013.

Other (Income) Expense, Net

Other (income) expense, net decreased approximately $12.8 million to $2.8 million of income in 2014 versus $15.6 million of income in 2013. The decrease was largely driven by a $14.2 million gain related to the sale of non-operating assets that occurred during 2013.

Income Taxes

The effective tax rate was 24.5% in 2014 as compared to 27.1% in 2013. Excluding the $2.6 million tax benefit associated with the pretax restructuring charges and operational improvement initiative costs as well as the $3.8 million tax benefit related to the reserve reversal for the 2001 Spanish dividend withholding tax case (as discussed in Note 9 of the Consolidated Financial Statements), the adjusted tax rate for 2014 is 25.3%. Excluding the tax charge of $6.2 million related to the 2002-2003 income tax cases (as discussed in Note 9 of the Consolidated Financial Statements) and net of the $3.9 million tax benefit associated with the pretax Spanish capital tax charge (as discussed in Note 17 of the Consolidated Financial Statements), the adjusted tax rate for 2013 was 25.7%. The year-over-year reduction reflects a benefit from mix of earnings and lower loss provisions partially offset by a higher cost of repatriation.

2013 IN COMPARISON TO 2012

Sales

Sales for 2013 totaled $3.0 billion, an increase of 5% from the prior year. Excluding currency impacts, LC sales grew by 5% (or 6% on a like-for-like basis, excluding the effects of the exit of low margin sales activities in Flavors), driven principally by new wins and the realization of price increases. LC sales growth was largely driven by new customer wins, with price offset by volume reductions on existing business, primarily in Fragrance Ingredients.

Flavors Business Unit

On a reported basis, Flavors sales increased 3%. Excluding the impact of foreign currency, LC sales for the Flavors business increased 4% versus the prior year period. Excluding the impact of a 2% decline in sales associated with the strategic decision to exit certain lower margin sales activities, LC sales increased 6% on a like-for-like basis. The increase was driven by growth from new wins. LC growth was led by double-digit gains in Beverages, mid single-digit gains in Savory and single-digit gains in Sweet, all of which benefited from new wins, supported by our innovative technology. Regionally, the business benefited from mid to high single-digit LC growth in GA, EAME and LA, which was partially offset by low single-digit LC declines in NOAM. On a like-for-like basis, NOAM experienced mid single-digit growth. LC growth in EAME and GA reflect growth in all categories led by double-digit growth in Beverages in EAME and high single-digit gains in Savory and Dairy in GA. LA LC growth reflects double-digit growth in Beverages. Sales in NOAM were led by double-digit gains in Beverages. EAME performance was led by our performance in the emerging market countries within the region. Globally, Flavors growth was led by high single-digit growth in emerging markets. Overall, emerging markets represented approximately 51% of total Flavors sales.

Fragrances Business Unit

The Fragrances business was up 6% in both reported and LC terms compared to flat LC sales in 2012 over 2011. New wins across Fragrance Compounds were partially offset by volume declines in Fragrance Ingredients principally related to the transition of volume to Fragrance Compounds. Year-over-year, 2013 LC sales performance was led by double-digit growth in Fabric Care and high single-digit growth in Fine Fragrances and Hair Care categories along with mid single-digit gains in Toiletries and Home Care. Offsetting these gains was a 4% decline in Fragrance Ingredients. LC growth within the regions was led by GA at 13% reflecting double-digit gains in the Hair Care and Toiletries categories and double-digit gains in Fabric Care and high single-digit growth in Fragrance Ingredients. LA experienced LC sales growth of 11% reflecting double-digit gains in Fine Fragrances and the Fabric Care and Personal Wash categories and EAME had LC sales growth of 4% reflecting double-digit gains in Fine Fragrances and mid to high single-digit gains in Fabric Care, Hair Care and Toiletries categories, with both regions partially offset by mid single-digit declines in Fragrance Ingredients. NOAM LC sales decreased reflecting double-digit gains in Home Care and Hair Care categories that were more than offset by high single-digit declines in Fine Fragrances, Fabric Care and Fragrance Ingredients. Overall, emerging markets represented 47% of total Fragrances sales.

Sales Performance by Region and Category

		% Change in Sales — 2013 vs 2012					
		Fine Fragrances	**Consumer Fragrances**	**Ingredients**	**Total Frag.**	**Flavors**	**Total**
NOAM	**Reported**	-6%	4%	-6%	-2%	-2%	-2%
EAME	**Reported**	14%	6%	-4%	6%	7%	6%
	Local Currency[1]	*11 %*	*4 %*	*-6 %*	*4 %*	*6 %*	*5 %*
LA	**Reported**	14%	10%	-5%	9%	5%	8%
	Local Currency[1]	*17 %*	*11 %*	*-5 %*	*11 %*	*8 %*	*10 %*
GA	**Reported**	-2%	13%	3%	11%	4%	7%
	Local Currency[1]	*-2 %*	*14 %*	*8 %*	*13 %*	*7 %*	*9 %*
Total	**Reported**	8%	8%	-4%	6%	3%	5%
	Local Currency[1]	*8 %*	*8 %*	*-4 %*	*6 %*	*4 %*	*5 %*

(1) Local currency sales growth is calculated by translating prior year sales at the exchange rates for the corresponding 2013 period.

- NOAM reported sales decline reflects a 2% Flavors decline as double-digit growth in Beverages was more than offset by volume declines in Sweet and Dairy, driven primarily by the exit of low margin sales activities. In Fragrances, Consumer Fragrances sales were up 4% versus last year as new wins and volume gains in Home Care were offset by lower volumes on existing business in Fabric Care. Fine Fragrances sales declined 6% as a result of mid single-digit declines in Fine Fragrances. On a like-for-like basis, excluding the effects of the exit of low margin sales activities, NOAM Flavors experienced mid single-digit growth.

- EAME LC growth was led by 6% growth in Flavors resulting from double-digit gains in Beverages along with mid single-digit growth in Savory. This growth was mainly due to new wins within our emerging markets in the region, as well as volume increases. On a like-for-like basis, excluding the effects of the exit of low margin sales activities, EAME Flavors experienced high single-digit growth. Fine Fragrances had LC sales growth of 11% and Consumer Fragrances experienced 4% LC growth driven by high single-digit gains in Fabric Care and mid single-digit growth in Hair Care and Toiletries, which more than offset volume declines in Fragrance Ingredients of 6% year-over-year.
- LA LC sales growth of 10% was driven by double-digit gains in Fragrance Compounds, reflecting double-digit LC sales growth in Fabric Care, Personal Wash and Fine Fragrances, and mid single-digit growth in Hair Care and Toiletries categories, which were only partially offset by mid single-digit volume declines in Fragrance Ingredients. Flavors LC sales growth was 8%, driven by double-digit gains in Beverages and mid single-digit gains in Savory, which were only partially offset by single-digit declines in Sweet (as a result of exiting low margin sales activities). On a like-for-like basis, excluding the effects of the exit of low margin sales activities, LA Flavors experienced double-digit growth.
- GA delivered LC sales growth of 9%, led by high single-digit gains in Savory and Dairy, along with mid single-digit growth in Beverages and Sweet categories. On a like-for-like basis, excluding the effects of the exit of low margin sales activities, GA Flavors experienced high single-digit growth. Consumer Fragrances experienced double-digit growth led by high double-digit growth in Fabric Care, Hair Care and Toiletries. In addition, GA experienced Fragrance Ingredients LC sales growth of 8%.

Cost of Goods Sold

Cost of goods sold, as a percentage of sales, decreased 180 bps to 56.5% in 2013 compared to 58.3% in 2012. The improvement versus prior year was mainly driven by a slightly favorable input cost environment, manufacturing efficiencies, favorable sales mix and price realization. Overall, raw material costs have decreased slightly on a year-over-year basis.

Research and Development (R&D)

R&D expenses increased approximately $26.1 million versus the prior year as a result of additional investments in technology and innovation, consistent with our strategy to accelerate levels of innovation into the marketplace. Our product portfolio is actively managed to support gross margin expansion and be aligned with the strategic priorities identified for each of our operating segments. Overall, R&D expenses increased 50 bps as a percentage of sales from 8.3% in 2012 to 8.8% in 2013.

Selling and Administrative (S&A)

S&A, as a percentage of sales, increased 100 bps to 17.1% versus 16.1%. Excluding the $13.0 million Spanish capital tax charge (as discussed in Note 17 to the Consolidated Financial Statements), adjusted S&A expenses, as a percentage of sales, were 16.7%, an increase of 60 bps from the prior year. The increase in adjusted S&A expenses was driven by higher incentive compensation, planned spend in sales activities (mainly in emerging markets) as well as the mark-to-market costs of our Deferred Compensation Plan awards.

Restructuring and Other Charges

Restructuring and other charges primarily consist of separation costs for employees, including severance, outplacement and other benefit costs.

	Restructuring Charges *(In Thousands)*	
	2013	**2012**
Flavors	$ —	$ (36)
Fragrances	2,151	1,636
Global	—	68
Total	$ 2,151	$ 1,668

Fragrance Ingredients Rationalization

During the second quarter of 2013, the Company announced that it intended to close its fragrance ingredients manufacturing facility in Augusta, Georgia by July 2014 and planned to consolidate production into other Company facilities.

The Company recorded total charges of $7.4 million during 2013, consisting of $2.2 million of pre-tax charges related to severance included in Restructuring and other charges, net and $5.2 million of non-cash charges related to accelerated depreciation included in Cost of goods sold.

Strategic Initiative

In December 2011, we recorded a charge to cover a restructuring which involved a reduction in workforce as well as a realignment of responsibilities in our Fragrances business unit. This alignment partly addresses issues identified in our 2010 strategic review process towards improving the underperforming areas of our portfolio. It resulted in the redeployment of creative resources in emerging markets and the reorganization from a regional to a global category structure. We implemented a plan to streamline business operations globally which resulted in the elimination of 72 positions, across Fragrances, Flavors and Corporate functions. As a result, we recorded a provision for severance costs of $9.8 million to Restructuring and other charges. We recorded an additional net charge of $1.7 million during the twelve months ended December 31, 2012, principally attributable to adjustments based on the final separation terms with affected employees. We realized pre-tax savings of approximately $8 million in 2012.

European Rationalization Plan

During the second quarter 2011, we executed a partial settlement of our pension obligations with the former employees of the Drogheda, Ireland facility. As a result, we recorded a charge of $3.9 million related to the European rationalization plan to cover settlements and special termination benefits. This settlement was funded primarily through pension plan investment trust assets.

We also reversed $1.2 million of employee-related liabilities in 2011 due to certain employees accepting other roles within the Company, offset by $0.6 million of additional costs incurred.

Based upon the period-end estimates regarding the separation agreements, we increased our provision for severance costs by $4.4 million in 2010. The remaining $5.7 million of the restructuring charges in 2010 was mainly due to accelerated depreciation and other restructuring related costs pertaining to the rationalization of our Fragrances and Ingredients operations in Europe.

In the aggregate, as of December 31, 2013, we have recorded expenses of $34.1 million relating to the European Rationalization Plan and $11.5 million for the Strategic Initiative, of which $41.5 million was recorded to Restructuring and other charges, net and $11.6 million was recorded to Cost of goods sold, R&D and Selling and administrative expenses.

Operating Results by Business Unit

We evaluate the performance of business units based on segment profit which is defined as operating profit before Restructuring and certain non-recurring items, Interest expense, Other expense, net and Taxes on income. See Note 12 to our Consolidated Financial Statements for the reconciliation to Income before taxes.

	For the Year Ended December 31,	
(DOLLARS IN THOUSANDS)	**2013**	**2012**
Segment profit:		
Flavors	$ 323,562	$ 298,326
Fragrances	283,651	238,379
Global Expenses	(66,942)	(48,419)
Restructuring and other charges, net	(2,151)	(1,668)
Spanish capital tax charge	(13,011)	—
Operational improvement initiative costs	(8,770)	—
Operating Profit	$ 516,339	$ 486,618
Profit margin		
Flavors	22.7%	21.6%
Fragrances	18.5%	16.5%
Consolidated	17.5%	17.2%

Flavors Business Unit

Flavors segment profit totaled $323.6 million in 2013 (22.7% of sales) compared to $298.3 million (21.6% of sales) in the comparable 2012 period. The improvement in profitability was mainly driven by strong volume growth, favorable category mix, including the impact of exiting low margin sales activities, and the net impact of price versus input costs, which were partially offset by ongoing investments in R&D, higher employee costs and increased incentive compensation related to strong 2013 performance.

Fragrances Business Unit

Fragrances segment profit totaled $283.7 million in 2013 (18.5% of sales), compared to $238.4 million (16.5% of sales) reported in 2012. The increase in profitability was driven by the strong sales growth combined with further gross margin expansion and ongoing cost discipline, which more than offset increased R&D and incentive compensation related to strong 2013 performance.

Global Expenses

Global expenses represent corporate and headquarter-related expenses which include legal, finance, human resources and R&D and other administrative expenses that are not allocated to an individual business unit. In 2013, Global expenses were $66.9 million compared to $48.4 million during 2012. The increase principally includes higher incentive compensation and pension costs.

Interest Expense

In 2013, interest expense increased $5.0 million to $46.8 million. The increase in interest expense principally reflects new long-term borrowings from our senior note offering in the second quarter of 2013. Average cost of debt was 4.7% for the 2013 period compared to 4.6% in 2012.

Other (Income) Expense, Net

Other (income) expense, net increased approximately $17.1 million to $15.6 million of income in 2013 versus $1.5 million of expense in 2012. The increase was largely driven by a $14.2 million gain related to the sale of non-operating assets that occurred during 2013.

Income Taxes

The effective tax rate was 27.1% in 2013 as compared to 42.7% in 2012. Excluding the tax charge of $6.2 million related to the 2002-2003 income tax cases (as discussed in Note 9 of the Consolidated Financial Statements) and net of the $3.9 million tax benefit associated with the pretax Spanish capital tax charge (as discussed in Note 17 of the Consolidated Financial Statements), the adjusted tax rate for 2013 was 25.7%. Included in 2012 results are tax charges of $72.4 million associated with the Spanish tax settlement and pre-tax restructuring charges of $1.7 million ($1.1 million after-tax). Excluding these items, the adjusted effective tax rate for 2012 was 26.4%. The 2012 period also includes a provision of $12.4 million related to the Spanish dividend withholding tax cases, which was partially offset by a $10.6 million benefit due to a corporate restructuring of certain of our foreign subsidiaries, a lower cost of remittances and other reserve adjustments on uncertain tax positions. The year-over-year reduction also reflects the reinstatement of the U.S. federal R&D credit in 2013 partially offset by a higher cost of repatriation.

Liquidity and Capital Resources

CASH AND CASH EQUIVALENTS

We had cash and cash equivalents of $478.6 million at December 31, 2014 compared to $405.5 million at December 31, 2013, of which $249.1 million of the balance at December 31, 2014 was held outside the United States. Cash balances held in foreign jurisdictions are, in most circumstances, available to be repatriated to the United States; however, they would be subject to United States federal income taxes, less applicable foreign tax credits. We have not provided U.S. income tax expense on accumulated earnings of our foreign subsidiaries because we have the ability and plan to reinvest the undistributed earnings indefinitely.

Effective utilization of the cash generated by our international operations is a critical component of our tax strategy. Strategic dividend repatriation from foreign subsidiaries creates U.S. taxable income, which enables us to realize U.S. deferred tax assets. The Company regularly repatriates, in the form of dividends from its non-U.S. subsidiaries, a portion of its current year earnings to fund financial obligations in the U.S. These repatriations of current year earnings totaled $248.0 million, $128.0 million and $97.6 million in 2014, 2013 and 2012, respectively.

CASH FLOWS FROM OPERATING ACTIVITIES

Operating cash flows in 2014 were $518.4 million compared to $407.6 million in 2013, which included $48 million of cash payments related to the Spanish tax cases and incremental U.S. pension contributions, and $323.8 million in 2012, which included an outflow of cash of $105.5 million associated with the Spanish tax settlement (as discussed in Note 9 to the Consolidated Financial Statements). The cash flow impact associated with core working capital (trade receivables, inventories and accounts payable) improved compared to 2013. Operating cash flows versus the prior year also reflect strong net income growth and improvements in working capital as a percentage of sales. Although we have appealed the lower court ruling on our Spanish capital tax case, we made payment of $11.2 million (representing the principal amount) to the Spanish government relating to the case during the first quarter of 2014, which is refundable if we prevail on our appeal.

Working capital (current assets less current liabilities) totaled $1,191.2 million at year-end 2014 compared to $1,092.5 million at December 31, 2013. This increase in working capital of $98.7 million primarily reflects strong sales growth and inventory increases associated with plant startups. The Company sold certain accounts receivable on a non-recourse basis to unrelated financial institutions under “factoring” agreements that are sponsored, solely and individually, by certain customers. We believe that participating in the factoring programs strengthens our relationships with these customers and provides operational efficiencies. We estimate that, as a result of participating in the programs, there was a beneficial impact to cash inflows from operations of approximately $33 million, $7 million and $18 million in 2014, 2013 and 2012, respectively. The cost of participating in these programs was immaterial to our results in all periods.

CASH FLOWS USED IN INVESTING ACTIVITIES

Net investing activities in 2014 utilized $221.3 million compared to $105.4 million and $114.3 million in 2013 and 2012, respectively. The increase in the investing activities was principally driven by the acquisition of Aromor in the first quarter of 2014.

Additions to property, plant and equipment were $143.2 million, $134.2 million and $126.1 million in 2014, 2013 and 2012, respectively, and are again expected to be 4-5% of sales in 2015, net of potential grants and other reimbursements from government authorities that we expect to receive. Investments were largely focused on emerging markets and new technology consistent with our strategy.

On January 16, 2014, the Company completed the acquisition of Aromor Flavors and Fragrances Ltd., a privately held manufacturer and marketer of complex specialty ingredients that are used in fragrances and flavors. IFF funded the transaction with cash.

CASH FLOWS (USED IN) PROVIDED BY FINANCING ACTIVITIES

Net financing activities in 2014 had an outflow of $202.3 million compared to an outflow of $217.0 million and an inflow of $25.4 million in 2013 and 2012, respectively. The decrease in outflow of cash used in financing activities in 2014 as compared to 2013 principally reflects higher incremental dividend payments and treasury share repurchases in 2014 which were more than offset by the repayment of long-term debt of $100 million made in July 2013. The outflow of cash used in financing activities in 2013 compared to the inflow of cash in 2012 principally reflects the repayment of long-term debt of $100 million made in 2013 and changes in the revolving credit facility borrowings in 2013 compared to 2012.

At December 31, 2014, we had $942.3 million of debt outstanding compared to $932.8 million outstanding at December 31, 2013.

We paid dividends totaling $133.2 million, $87.3 million and $130.9 million in 2014, 2013 and 2012, respectively. The cash dividend declared per share in 2014, 2013 and 2012 was $1.72, $1.46 and $1.30, respectively.

In December 2012, the Board of Directors authorized a $250 million share repurchase program, which commenced in the first quarter of 2013 and is expected to be completed by the end of 2014. Based on the total remaining amount of $109 million available under the repurchase program, approximately 1.1 million shares, or 1.4% of shares outstanding (based on the market price and shares outstanding as of December 31, 2014) could be repurchased under the program as of December 31, 2014. The purchases will be made from time to time on the open market or through private transactions as market and business conditions warrant. Repurchased shares will be placed into treasury stock.

CAPITAL RESOURCES

Operating cash flow provides the primary source of funds for capital investment needs, dividends paid to shareholders and debt repayments. We anticipate that cash flows from operations and availability under our existing credit facilities are sufficient to meet our investing and financing needs for at least the next eighteen months. We regularly assess our capital structure, including both current and long-term debt instruments, as compared to our cash generation and investment needs in order to provide ample flexibility and to optimize our leverage ratios. We believe our existing cash balances are sufficient to meet our debt service requirements.

Credit Facility and Senior Notes

We supplement short-term liquidity with access to capital markets, mainly through bank credit facilities and issuance of commercial paper. We did not issue commercial paper during 2014 and 2013.

Credit Facility

In April 2014, we amended and restated our unsecured revolving credit facility, including to modify the available tranches, reduce the applicable margin on the interest rate on advances under the credit facility and extend the maturity date of the credit facility to April 2019.

There are two tranches under the credit facility. The Tranche A facility is available in U.S. dollars, euros, Swiss francs, Japanese yen and British sterling in an aggregate amount up to an equivalent of $456.0 million, with a sublimit of $25.0 million for swing line borrowings. The Tranche B facility is available in euros, Swiss francs, Japanese yen and British sterling in an aggregate amount up to an equivalent of $494.0 million. The credit facility is available for general corporate purposes and may be extended for up to two additional one-year periods at the Company's request, subject to the agreement of the lenders having commitments representing more than 50% of the aggregate commitments of all lenders under the credit facility. Borrowings under the credit facility bear interest at an annual rate of LIBOR plus a margin, currently 112.5 bps, linked to our credit rating. The interest rate under our credit facility at December 31, 2014 was 1.41%. The credit facility contains various affirmative and negative covenants, including the requirement for us to maintain, at the end of each fiscal quarter, a ratio of net debt for borrowed money to adjusted EBITDA in respect of the previous 12-month period of not more than 3.25 to 1. Based on this ratio, at December 31, 2014 our covenant compliance would provide overall borrowing capacity of $1,831.8 million.

On April 26, 2013, the Company repaid the full amount outstanding under the credit facility ($283.1 million). As of December 31, 2014 we had no borrowings under the credit facility. The amount which we are able to draw down on under the credit facility is limited by financial covenants as described in more detail below. Our drawdown capacity on the credit facility was $940.4 million at December 31, 2014. See Note 8 to the Consolidated Financial Statements for further information on the credit facility.

At December 31, 2014 and 2013 we were in compliance with all financial and other covenants, including the net debt to adjusted EBITDA ratio. At December 31, 2014 our Net Debt/adjusted EBITDA[(1)] ratio was 0.65 to 1 as defined by the credit facility, well below the financial covenants of existing outstanding debt. Failure to comply with the financial and other covenants under our debt agreements would constitute default and would allow the lenders to accelerate the maturity of all indebtedness under the related agreement. If such acceleration were to occur, we would not have sufficient liquidity available to repay the indebtedness. We would likely have to seek amendments under the agreements for relief from the financial covenants or repay the debt with proceeds from the issuance of new debt or equity, and/or asset sales, if necessary. We may be unable to amend the agreements or raise sufficient capital to repay such obligations in the event the maturities are accelerated.

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(1) Adjusted EBITDA and Net Debt, which are non-GAAP measures used for these covenants, are calculated in accordance with the definition in the debt agreements. In this context, these measures are used solely to provide information on the extent to which we are in compliance with debt covenants and may not be comparable to adjusted EBITDA and Net Debt used by other companies. Reconciliations of adjusted EBITDA to net income and net debt to total debt are as follows:

	12 Months Ended December 31,	
(DOLLARS IN MILLIONS)	2014	2013
Net income	$ 414.5	$ 353.5
Interest expense	46.1	46.8
Income taxes	134.5	131.7
Depreciation and amortization	89.4	83.2
Specified items[(1)]	1.3	2.2
Non-cash items[(2)]	18.9	6.1
Adjusted EBITDA	$ 704.7	$ 623.5

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(1) Specified items for the 12 months ended December 31, 2014 of $1.3 million consist of restructuring charges related to the Fragrance Ingredients Rationalization. Specified items for the 12 months ended December 31, 2013 of $2.2 million consist of restructuring charges related to the 2011 Strategic Initiative.

(2) *Non-cash items, defined as part of Adjusted EBITDA in the terms of the Company's New Facility agreement, represent all other adjustments to reconcile net income to net cash provided by operations as presented on the Statement of Cash Flows, including gain on disposal of assets, stock-based compensation and pension settlement/curtailment.*

(DOLLARS IN MILLIONS)	December 31, 2014	December 31, 2013
Total debt	*$ 942.3*	*$ 932.8*
Adjustments:		
Deferred gain on interest rate swaps	*(5.2)*	*(7.1)*
Cash and cash equivalents	*(478.6)*	*(405.5)*
Net debt	*$ 458.5*	*$ 520.2*

Senior Notes

Senior Notes - 2013. In April 2013, we issued $300.0 million face amount of 3.20% Senior Notes ("Senior Notes - 2013") due 2023 at a discount of $0.3 million, to take advantage of attractive borrowing rates and maintain efficiency and flexibility in our capital structure, and received proceeds of $297.8 million. The Senior Notes -2013 bear interest at a rate of 3.20% per year, with interest payable on May 1 and November 1 of each year, commencing on November 1, 2013. See Note 8 to the Consolidated Financial Statements for further information on the Senior Notes - 2013.

Senior Notes - 2007. In September 2007, we issued an aggregate of $500.0 million of senior unsecured notes in four series, with $250.0 million due in 2017, $100.0 million due in 2019, $50 million due in 2022 and $100.0 million due in 2027. See Note 8 to the Consolidated Financial Statements for further information on the Senior Notes - 2007.

Senior Notes - 2006. In 2006, we issued an aggregate of $375.0 million of senior unsecured notes in four series, of which $250.0 million has been repaid, and the remaining $125.0 million is due in 2016. See Note 8 to the Consolidated Financial Statements for further information on the Senior Notes - 2013.

Other Commitments

Compliance with existing governmental requirements regulating the discharge of materials into the environment has not materially affected our operations, earnings or competitive position. In 2014 and 2013, we spent $4.3 million and $1.7 million on capital projects and $19.2 million and $18.9 million, respectively, in operating expenses and governmental charges for the purpose of complying with such regulations. Expenditures for these purposes will continue for the foreseeable future. In addition, we are party to a number of proceedings brought under the Comprehensive Environmental Response, Compensation and Liability Act or similar state statutes. It is expected that the impact of any judgments in or voluntary settlements of such proceedings will not be material to our financial condition, results of operations or liquidity.

CONTRACTUAL OBLIGATIONS

At December 31, 2014, we had contractual payment obligations due within the time periods as specified in the following table:

Contractual Obligations ***(Dollars In Millions)***	**Payments Due** Total	2015	2016 - 2017	2018 - 2019	2020 and thereafter
Borrowings[(1)]	$ 925	$ —	$ 375	$ 100	$ 450
Interest on borrowings[(1)]	275	49	83	50	93
Operating leases[(2)]	249	29	48	38	134
Pension funding obligations[(3)]	60	20	40	—	—
Postretirement obligations[(4)]	114	5	11	12	86
Purchase commitments[(5)]	110	44	63	3	—
Total	$ 1,733	$ 147	$ 620	$ 203	$ 763

(1) See Note 8 to the Consolidated Financial Statements for a further discussion of our various borrowing facilities.
(2) Operating leases include facility and other lease commitments executed in the normal course of the business, including sale leaseback obligations included in Note 7 of the Notes to the Consolidated Financial Statements. Further details

concerning worldwide aggregate operating leases are contained in Note 17 of the Notes to the Consolidated Financial Statements.

(3) See Note 13 to the Consolidated Financial Statements for a further discussion of our retirement plans. Anticipated funding obligations are based on current actuarial assumptions. The projected contributions beyond fiscal year 2017 are not currently determinable.

(4) Amounts represent expected future benefit payments for our postretirement benefit plans.

(5) Purchase commitments include agreements for raw material procurement and contractual capital expenditures. Amounts for purchase commitments represent only those items which are based on agreements that are enforceable and legally binding.

The table above does not include $23.1 million of the total unrecognized tax benefits for uncertain tax positions and approximately $2.2 million of associated accrued interest, of which $1.2 million is expected to be paid in the next 12 months. Due to the high degree of uncertainty regarding the timing of potential cash flows, the Company is unable to make a reasonable estimate of the amount and period in which the remaining liabilities might be paid.

Critical Accounting Policies and Use of Estimates

Our significant accounting policies are more fully described in Note 1 to the Consolidated Financial Statements. As disclosed in Note 1, the preparation of financial statements in conformity with U.S. generally accepted accounting principles ("GAAP") requires management to make estimates and assumptions that affect reported amounts and accompanying disclosures. These estimates are based on management's best judgment of current events and actions that we may undertake in the future. Actual results may ultimately differ from estimates.

Those areas requiring the greatest degree of management judgment or deemed most critical to our financial reporting involve:

The periodic assessment of potential impairment of intangible assets acquired in business combinations. We currently have net intangible assets, including goodwill, of $752.0 million. In assessing the potential for impairment of goodwill, management uses the most current actual and forecasted operating data available and current market based assumptions in accordance with the criteria in ASC 350. In 2012, the Company re-evaluated its reporting unit structure and identified three reporting units: (1) Flavors, (2) Fragrance Compounds and (3) Fragrance Ingredients. Prior to 2012, the Company had identified two reporting units, Flavors and Fragrances. As a result, in 2012 the Company reallocated the goodwill previously allocated to its Fragrances reporting unit to its Fragrance Compounds and Fragrance Ingredients reporting units.

The Company performed the annual goodwill impairment test, utilizing the two-step approach for the Flavors, Fragrance Compounds and Fragrance Ingredients reporting units, by assessing the fair value of our reporting units based on discounted cash flows. We completed our annual goodwill impairment test as of November 30, 2014, which indicated no impairment of goodwill, as the estimated fair values substantially exceeded the carrying values of each of these reporting units.

The analysis and evaluation of income taxes. We account for taxes under the asset and liability method. Under this method, deferred income taxes are recognized for temporary differences between the financial statement and tax return bases of assets and liabilities. A valuation allowance is recognized if, based on the weight of available evidence, it is more likely than not that some portion or all of the deferred tax asset will not be realized. The assessment of the need for a valuation allowance requires management to make estimates and assumptions about future earnings, reversal of existing temporary differences and available tax planning strategies. If actual experience differs from these estimates and assumptions, the recorded deferred tax asset may not be fully realized resulting in an increase to income tax expense in our results of operations.

The Company has not established deferred tax liabilities for undistributed foreign earnings as it has plans to and intends to indefinitely reinvest those earnings to finance foreign activities. The unrecognized deferred tax liability on these undistributed earnings approximates $219 million.

We are subject to income taxes in the U.S. and numerous foreign jurisdictions. Significant judgment is required in evaluating our uncertain tax positions and determining our provision for income taxes. We first determine whether it is "more likely than not" that we would sustain our tax position if the relevant tax authority were to audit the position with full knowledge of all the relevant facts and other information. For those tax positions that meet this threshold, we measure the amount of tax benefit based on the largest amount of tax benefit that we have a greater than 50% chance of realizing in a final settlement with the relevant authority. Those tax positions failing to qualify for initial recognition are recognized in the first interim period in which they meet the more likely than not standard. This evaluation is made at the time that we adopt a tax position and whenever there is new information and is based upon management's evaluation of the facts, circumstances and information available at the reporting date. We maintain a cumulative risk portfolio relating to all of our uncertainties in income taxes in order to perform this analysis, but the evaluation of our tax positions requires significant judgment and estimation in part because, in certain cases, tax law is subject to varied interpretation, and whether a tax position will ultimately be sustained may be uncertain. We do not currently believe that any of our pending tax assessments, even if ultimately resolved against us, would have a material impact on our results of operations and cash flows.

The evaluation of potential litigation and environmental liabilities, where changing circumstances, rules and regulations require regular reassessment of related practices and anticipated costs. We are subject to certain legal claims regarding products and other matters, as well as environmental-related matters. Significant management judgment is involved in determining when it is probable that a liability has been incurred and the extent to which it can be reasonably estimated.

We regularly assess potential liabilities with respect to all legal claims based on the most recent available information, in consultation with outside counsel we have engaged on our behalf to handle the defense of such matters. To the extent a liability is considered to be probable and reasonably estimable, we recognize a corresponding liability; if the reasonably estimated liability is a range, we recognize that amount considered most likely, or in the absence of such a determination, the minimum reasonably estimated liability. To the extent such claims are covered by various insurance policies, we separately evaluate the right to recovery and estimate the related insurance claim receivable. Management judgments involve determination as to whether a liability has been incurred, the reasonably estimated amount of that liability, and any potential insurance recovery.

We regularly evaluate potential environmental exposure in terms of total estimated cost and the viability of other potentially responsible parties ("PRP's") associated with our exposure. Recorded liabilities are adjusted periodically as remediation efforts progress and additional information becomes available. Critical management assumptions relate to expected total costs to remediate and the financial viability of PRP's to share such costs.

Determination of the various assumptions employed in the valuation of pension and retiree health care expense and associated obligations. Amounts recognized in the Consolidated Financial Statements related to pension and other postretirement benefits are determined from actuarial valuations. Inherent in such valuations are assumptions including expected return on plan assets, discount rates at which the liabilities could be settled, rates of increase in future compensation levels, mortality rates and health care cost trend rates. These assumptions are updated annually and are disclosed in Note 13 to the Consolidated Financial Statements. In accordance with GAAP, actual results that differ from the assumptions are accumulated and amortized over future periods and, therefore, affect expense recognized and obligations recorded in future periods.

We consider a number of factors in determining and selecting assumptions for the overall expected long-term rate of return on plan assets. We consider the historical long-term return experience of our assets, the current and expected allocation of our plan assets, and expected long-term rates of return. We derive these expected long-term rates of return with the assistance of our investment advisors. We base our expected allocation of plan assets on a diversified portfolio consisting of domestic and international equity securities, fixed income, real estate, and alternative asset classes.

We consider a variety of factors in determining and selecting our assumptions for the discount rate at December 31. For the U.S. plans, the discount rate was based on the internal rate of return for a portfolio of Moody's Aaa, Aa and Merrill Lynch AAA-AA high quality bonds with maturities that are consistent with the projected future benefit payment obligations of the plan. The rate of compensation increase for all plans and the medical cost trend rate for the applicable U.S. plans are based on plan experience.

With respect to the U.S. plans, the expected rate of return on plan assets was determined based on an asset allocation model using the current target allocation, real rates of return by asset class and an anticipated inflation rate. The target asset allocation consists of approximately: 40% in equity securities and 60% in fixed income securities. The plan has achieved a compounded annual rate of return of 8.0% over the previous 20 years. At December 31, 2014, the actual asset allocation was: 40% in equity securities; 59% in fixed income securities; and 1% in cash equivalents.

The expected rate of return for the non-U.S. plans employs a similar set of criteria adapted for local investments, inflation rates and in certain cases specific government requirements. The target asset allocation, for the non-U.S. plans, consists of approximately: 40% – 60% in fixed income securities; 20% – 40% in equity securities; 5% – 20% in real estate; and 5% – 10% in alternative investments. At December 31, 2014, the actual asset allocation was: 62% in fixed income investments; 26% in equity investments; 7% in real estate investments; 4% in alternative investments and 1% in cash and cash equivalents.

Changes in pension and other post-employment benefits, and associated expenses, may occur in the future due to changes in these assumptions. The impact that a 0.25% decrease in the discount rate or a 1% change in the medical cost trend rate would have on our pension and other post-employment benefit expense, as applicable, is as follows:

(DOLLARS IN THOUSANDS)	Sensitivity of Disclosures to Changes in Selected Assumptions			
	25 BP Decrease in Discount Rate		25 BP Decrease in Discount Rate	25 BP Decrease in Long-Term Rate of Return
	Change in PBO	Change in ABO	Change in pension expense	Change in pension expense
U.S. Pension Plans	$ 19,983	$ 19,609	$ 1,304	$ 1,043
Non-U.S. Pension Plans	$ 47,377	$ 45,329	$ 2,783	$ 2,115
Postretirement Benefit Plan	N/A	$ 3,745	$ 215	N/A

The effect of a 1% increase in the medical cost trend rate would increase the accumulated postretirement benefit obligation and the annual postretirement expense by approximately $6.9 million and $0.3 million, respectively; a 1% decrease in the rate would decrease the obligation and expense by approximately $6.7 million and $0.3 million, respectively.

The ongoing assessment of the valuation of inventory, given the large number of natural ingredients employed, the quality of which may be diminished over time. We hold a majority of our inventory as raw materials, providing the greatest degree of flexibility in manufacture and use. As of December 31, 2014, we maintained 48% of our inventory as raw materials. Materials are evaluated based on shelf life, known uses and anticipated demand based on forecasted customer order activity and changes in product/sales mix. Management policy provides for an ongoing assessment of inventory with adjustments recorded when an item is deemed to be slow moving or obsolete.

We believe that we have considered relevant circumstances that we may be currently subject to, and the financial statements accurately reflect our best estimate of the impact of these items in our results of operations, financial condition and cash flows for the years presented. We have discussed the decision process and selection of these critical accounting policies with the Audit Committee of the Board of Directors.

New Accounting Standards

In March 2013, the Financial Accounting Standards Board ("FASB") issued authoritative guidance clarifying the accounting for the release of cumulative translation adjustments into net income when a parent either sells a part or all of its investment in a foreign entity or no longer holds a controlling financial interest in a subsidiary or group of assets that is a nonprofit activity or a business within a foreign entity. The guidance was effective prospectively for reporting periods beginning after December 15, 2013. The adoption of this statement did not have an impact on our financial position, results of operations or cash flows.

In July 2013, the FASB issued authoritative guidance related to the financial statement presentation of unrecognized tax benefits. This update clarifies that an unrecognized tax benefit, or a portion of an unrecognized tax benefit, should be presented in the financial statements as a reduction to a deferred tax asset for a net operating loss carryforward, a similar tax loss, or a tax credit carryforward, except to the extent a net operating loss carryforward, a similar tax loss, or a tax credit carryforward is not available at the reporting date under the tax law of the applicable jurisdiction to settle any additional income taxes that would result from the disallowance of a tax position or the tax law of the applicable jurisdiction does not require the entity to use, and the entity does not intend to use, the deferred tax asset for such purpose. In such situations, the unrecognized tax benefit should be presented in the financial statements as a liability and should not be combined with deferred tax assets. The guidance was effective prospectively for reporting periods beginning after December 15, 2013. The adoption of this statement did not have a significant impact on our financial position, results of operations or cash flows.

In May 2014, the FASB issued authoritative guidance to clarify the principles to be used to recognize revenue. The guidance is applicable to all entities and is effective for annual and interim periods beginning after December 15, 2016. Early adoption is not permitted. The Company is currently evaluating the impact that this new standard will have on its consolidated financial statements.

Non-GAAP Financial Measures

The Company uses non-GAAP financial operating measures in this Annual Report, including: (i) local currency sales (which eliminates the effects that result from translating its international sales in U.S. dollars), (ii) like-for-like sales (which eliminated the effects of local currency and the strategic decision to exit certain low margin sales in 2013), (iii) adjusted operating profit and operating profit margin (which excludes the operational improvement initiative and restructuring charges), (iv) adjusted effective tax rate (which excludes the sale of a non-operating assets, tax and litigation settlements, restructuring charges and operational improvement initiative costs) and (v) adjusted cash flows from operations (which excludes the Spanish tax payments made and the year-over-year incremental pension contribution). The Company also provides the non-GAAP measures adjusted EBITDA (which excludes certain specified items and non-cash items as set forth in the Company's debt agreements) and net debt (which is adjusted for deferred gain on interest rate swaps and cash and cash equivalents) solely for the purpose of providing information regarding the Company's compliance with debt covenants contained in its debt agreements.

We have included each of these non-GAAP measures in order to provide additional information regarding our underlying operating results and comparable year-over-year performance. Such information is supplemental to information presented in accordance with GAAP and is not intended to represent a presentation in accordance with GAAP. In discussing our historical and expected future results and financial condition, we believe it is meaningful for investors to be made aware of and to be assisted in a better understanding of, on a period-to-period comparable basis, financial amounts both including and excluding these identified items, as well as the impact of exchange rate fluctuations and the exit of certain low margin sales activities on operating results and financial condition. We believe such additional non-GAAP information provides investors with an overall perspective of the period-to-period performance of our business. In addition, management internally reviews each of these non-GAAP measures to evaluate performance on a comparative period-to-period basis in terms of absolute performance, trends and expected future performance with respect to our business. A material limitation of these non-GAAP measures is that such measures do not reflect actual GAAP amounts; for example, costs associated with operational improvements and restructuring activities involve actual cash outlays. We compensate for such limitations by using these measures as one of several metrics, including GAAP measures. These non-GAAP measures may not be comparable to similarly titled measures used by other companies.

International Flavors & Fragrances Inc.
Like-for-Like Flavors Sales Reconciliation

Twelve Months Ended December 31, 2013

	Reported Sales Growth	Local Currency Sales Growth (1)	Exit of Low Margin Sales Activities	Like-for-Like Sales Growth (2)
Total Company	5%	5%	1%	6%
Flavors				
North America	-2%	-2%	5%	3%
EAME	7%	6%	1%	7%
Latin America	5%	8%	3%	11%
Greater Asia	4%	7%	0%	7%
Total	3%	4%	2%	6%

(1) Local currency sales growth is calculated by translating prior year sales at the exchange rates used for the corresponding 2013 period.
(2) Like-for-like is a non-GAAP metric that excludes the impact of exiting low margin sales activities and foreign exchange.

Cautionary Statement Under the Private Securities Litigation Reform Act of 1995

Statements in this Annual Report, which are not historical facts or information, are “forward-looking statements” within the meaning of The Private Securities Litigation Reform Act of 1995. Such forward-looking statements are based on management’s current assumptions, estimates and expectations and include statements concerning (i) our ability to achieve long-term sustainable growth and increase shareholder value, (ii) growth potential in the emerging markets, (iii) our ability to generate returns above cost of capital, (iv) our competitive position in the market and expected financial results in 2015, and (v) expected capital expenditures and cost pressures in 2015. These forward-looking statements should be evaluated with consideration given to the many risks and uncertainties inherent in the Company’s business that could cause actual results and events to differ materially from those in the forward-looking statements. Certain of such forward-looking information may be identified by such terms as “expect”, “anticipate”, “believe”, “outlook”, “may”, “estimate”, “should” and “predict” similar terms or variations thereof. Such forward-looking statements are based on a series of expectations, assumptions, estimates and projections about the Company, are not guarantees of future results or performance, and involve significant risks, uncertainties and other factors, including assumptions and projections, for all forward periods. Actual results of the Company may differ materially from any future results expressed or implied by such forward-looking statements. Such factors include, among others, the following:

- volatility and increases in the price of raw materials, energy and transportation;
- the economic and political risks associated with the Company's international operations;

- the Company’s ability to benefit from its investments and expansion in emerging markets;
- fluctuations in the quality and availability of raw materials;
- changes in consumer preferences and demand for the Company's products or decline in consumer confidence and spending;
- the Company’s ability to implement its business strategy, including the achievement of anticipated cost savings, profitability, realization of price increases and growth targets;
- the Company’s ability to successfully develop new and competitive products that appeal to its customers and consumers;
- the impact of a disruption in the Company’s supply chain or its relationship with its suppliers;
- the Company’s ability to successfully manage inventory and working capital;
- the effects of any unanticipated costs and construction or start-up delays in the expansion of any of the Company’s facilities;
- the impact of currency fluctuations or devaluations in the Company’s principal foreign markets;
- any adverse impact on the availability, effectiveness and cost of the Company’s hedging and risk management strategies;
- uncertainties regarding the outcome of, or funding requirements, related to litigation or settlement of pending litigation, uncertain tax positions or other contingencies;
- the impact of possible pension funding obligations and increased pension expense, particularly as a result of changes in asset returns or discount rates, on the Company’s cash flow and results of operations;
- the Company’s ability to optimize its manufacturing facilities, including the achievement of expected cost savings and increased efficiencies;
- the effect of legal and regulatory proceedings, as well as restrictions imposed on the Company, its operations or its representatives by U.S. and foreign governments;
- adverse changes in federal, state, local and foreign tax legislation or adverse results of tax audits, assessments, or disputes;
- the ability of the Company to attract and retain talented employees;
- the direct and indirect costs and other financial impact that may result from any business disruptions due to political instability, armed hostilities, incidents of terrorism, natural disasters, or the responses to or repercussion from any of these or similar events or conditions;
- the Company’s ability to quickly and effectively implement its disaster recovery and crisis management plans; and
- adverse changes due to accounting rules or regulations.

The foregoing list of important factors does not include all such factors, nor necessarily present them in order of importance. In addition, you should consult other disclosures made by the Company (such as in our other filings with the Securities and Exchange Commission (“SEC”) or in company press releases) for other factors that may cause actual results to differ materially from those projected by the Company. Please refer to Part I. Item 1A., Risk Factors, of this 2014 Form 10-K for additional information regarding factors that could affect the Company’s results of operations, financial condition and liquidity.

The Company intends its forward-looking statements to speak only as of the time of such statements and does not undertake or plan to update or revise them as more information becomes available or to reflect changes in expectations, assumptions or results. The Company can give no assurance that such expectations or forward-looking statements will prove to be correct. An occurrence of, or any material adverse change in, one or more of the risk factors or risks and uncertainties referred to in this report or included in our other periodic reports filed with the SEC could materially and adversely impact our operations and our future financial results.

Any public statements or disclosures by IFF following this report that modify or impact any of the forward-looking statements contained in or accompanying this report will be deemed to modify or supersede such outlook or other forward-looking statements in or accompanying this report.

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

We operate on a global basis and are exposed to currency fluctuation related to the manufacture and sale of our products in currencies other than the U.S. dollar. The major foreign currencies involve the markets in the European Union, Great Britain, Mexico, Brazil, China, India, Indonesia, Australia and Japan, although all regions are subject to foreign currency fluctuations versus the U.S. dollar. We actively monitor our foreign currency exposures in all major markets in which we operate, and employ a variety of techniques to mitigate the impact of exchange rate fluctuations, including foreign currency hedging activities.

We have established a centralized reporting system to evaluate the effects of changes in interest rates, currency exchange rates and other relevant market risks. Our risk management procedures include the monitoring of interest rate and foreign exchange exposures and hedge positions utilizing statistical analyses of cash flows, market value and sensitivity analysis. However, the use of these techniques to quantify the market risk of such instruments should not be construed as an endorsement of their accuracy or the accuracy of the related assumptions. For the year ended December 31, 2014, the Company's exposure to market risk was estimated using sensitivity analyses, which illustrate the change in the fair value of a derivative financial instrument assuming hypothetical changes in foreign exchange rates and interest rates.

We enter into foreign currency forward contracts with the objective of reducing exposure to cash flow volatility associated with foreign currency receivables and payables, and with anticipated purchases of certain raw materials used in operations. These contracts, the counterparties to which are major international financial institutions, generally involve the exchange of one currency for a second currency at a future date, and have maturities not exceeding twelve months. The gain or loss on the hedging instrument and services is recorded in earnings at the same time as the transaction being hedged is recorded in earnings. At December 31, 2014, the Company's foreign currency exposures pertaining to derivative contracts exist with the Euro, Japanese Yen, South African Rand, and Chinese Renminbi. Based on a hypothetical decrease or increase of 10% in the applicable balance sheet exchange rates (primarily against the U.S. dollar), the estimated fair value of the Company's foreign currency forward contracts would increase or decrease by approximately $25 million. However, any change in the value of the contracts, real or hypothetical, would be significantly offset by a corresponding change in the value of the underlying hedged items.

We have also used non-U.S. dollar borrowings and foreign currency forward contracts, to hedge the foreign currency exposures of our net investment in certain foreign subsidiaries, primarily in the European Union. Based on a hypothetical decrease or increase of 10% in the value of the U.S. dollar against the Euro, the estimated fair value of the Company's foreign currency forward contracts would change by approximately $4 million. However, any change in the value of the contracts, real or hypothetical, would be significantly offset by a corresponding change in the value of the underlying hedged items.

We use derivative instruments as part of our interest rate risk management strategy. The derivative instruments used are comprised principally of fixed to variable rate interest rate swaps based on the LIBOR plus an interest mark up. The notional amount, interest payment and maturity date of the swaps match the principal, interest payment and maturity date of the related debt and the swaps are valued using observable benchmark rates. Based on a hypothetical decrease or increase of one percentage point in LIBOR, the estimated fair value of the Company's interest rate swaps would change by less than $10 million.

At December 31, 2014, the fair value of our fixed rate debt was $1 billion. Based on a hypothetical decrease of 10% in interest rates, the estimated fair value of the Company's fixed debt would increase by $8 million.

We purchase certain commodities, such as natural gas, electricity, petroleum based products and certain crop related items. We generally purchase these commodities based upon market prices that are established with the vendor as part of the purchase process. In general, we do not use commodity financial instruments to hedge commodity prices.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA.

See index to Consolidated Financial Statements on page 49. See Item 6 on page 24 for supplemental quarterly data.

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 and Changes in Internal Control over Financial Reporting.

Our Chief Executive Officer and Chief Financial Officer, with the assistance of other members of our management, have evaluated the effectiveness of our disclosure controls and procedures as of the end of the period covered by this Annual Report on Form 10-K. Based on such evaluation, our Chief Executive Officer and Chief Financial Officer have concluded that our disclosure controls and procedures are effective as of the end of the period covered by this Annual Report on Form 10-K.

We have established controls and procedures designed to ensure that information required to be disclosed in the reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the Commission's rules and forms and is accumulated and communicated to management, including the principal executive officer and the principal financial officer, to allow timely decisions regarding required disclosure.

Our Chief Executive Officer and Chief Financial Officer have concluded that there have not been any changes in our internal control over financial reporting during the fourth quarter that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Management's Report on Internal Control Over Financial Reporting.

Our management is responsible for establishing and maintaining adequate internal control over financial reporting as defined in Rules 13a-15(f) and 15d-15(f) under the Securities Exchange Act of 1934. Our 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.

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.

Management assessed the effectiveness of our internal control over financial reporting as of December 31, 2014. In making this assessment, management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO") in its 2013 *Internal Control — Integrated Framework*.

Based on this assessment, management determined that, as of December 31, 2014, our internal control over financial reporting was effective.

PricewaterhouseCoopers LLP, our independent registered public accounting firm, has audited the effectiveness of our internal control over financial reporting as of December 31, 2014 as stated in their report which is included herein.

ITEM 9B. OTHER INFORMATION.

None.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE.

The information relating to directors and nominees of the Company is set forth in the IFF 2015 Proxy Statement and is incorporated by reference herein. The information relating to Section 16(a) beneficial ownership reporting compliance that appears in the IFF 2015 Proxy Statement is also incorporated by reference herein. See Part I, Item 1 of this Form 10-K for information relating to the Company's Executive Officers.

We have adopted a Code of Business Conduct and Ethics (the "Code of Ethics") that applies to all of our employees, including our chief executive officer and our chief financial officer (who is also our principal accounting officer). We have also adopted a Code of Conduct for Directors and a Code of Conduct for Executive Officers (together with the Code of Ethics, the "Codes"). The Codes are available through the Investors — Corporate Governance link on our website *www.iff.com*.

Only the Board of Directors or the Audit Committee of the Board may grant a waiver from any provision of our Codes in favor of a director or executive officer, and any such waiver will be publicly disclosed. We will disclose substantive amendments to and any waivers from the Codes provided to our chief executive officer and principal financial officer (principal accounting officer), as well as any other executive officer or director, on the Company's website: *www.iff.com*.

The information regarding the Company's Audit Committee and its designated audit committee financial experts is set forth in the IFF 2015 Proxy Statement and such information is incorporated by reference herein.

The information concerning procedures by which shareholders may recommend director nominees is set forth in the IFF 2015 Proxy Statement and such information is incorporated by reference herein.

ITEM 11. EXECUTIVE COMPENSATION.

The information relating to executive compensation and the Company's policies and practices as they relate to the Company's risk management is set forth in the IFF 2015 Proxy Statement and such information is incorporated by reference herein; except that the information under the caption "Compensation Committee Report" shall be deemed "furnished" with this report and shall not be deemed "filed" with this report, not deemed incorporated by reference into any filing under the Securities Act of 1933 except only as may be expressly set forth in any such filing by specific reference.

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

The information relating to security ownership of management, certain beneficial owners and the Company's equity plans is set forth in the IFF 2015 Proxy Statement and such information is incorporated by reference herein.

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

The information regarding certain relationships and related party transactions and director independence is set forth in the IFF 2015 Proxy Statement and such information is incorporated by reference herein.

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES.

The information regarding the independent registered public accounting firm ("independent accountant") fees and services and the Company's pre-approval policies and procedures for audit and non-audit services provided by the Company's independent accountant are set forth in the IFF 2015 Proxy Statement and such information is incorporated by reference herein.

PART IV

ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES.

(a)(1) FINANCIAL STATEMENTS: The following consolidated financial statements, related notes, and independent registered public accounting firm's report are included in this report on Form 10-K:

(a)(2) FINANCIAL STATEMENT SCHEDULES

All other schedules are omitted because they are not applicable or the required information is shown in the financial statements or notes thereto.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Shareholders of International Flavors & Fragrances Inc.:

In our opinion, the consolidated financial statements listed in the index appearing under item 15(a)(1) present fairly, in all material respects, the financial position of International Flavors & Fragrances Inc. and its subsidiaries at December 31, 2014 and December 31, 2013, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2014 in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statement schedule listed in the index appearing under Item 15(a)(2) presents fairly, in all material respects, the information set forth therein when read in conjunction with the related consolidated financial statements. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2014, based on criteria established in *2013 Internal Control — Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The Company's management is responsible for these financial statements and financial statement schedule, for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in Management's Report on Internal Control Over Financial Reporting, appearing under Item 9A. Our responsibility is to express opinions on these financial statements, on the financial statement schedule, and on the Company's internal control over financial reporting based on our integrated audits. We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement and whether effective internal control over financial reporting was maintained in all material respects. Our audits of the financial statements included examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) 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 (iii) 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.

/s/ PricewaterhouseCoopers LLP

New York, New York

March 2, 2015

INTERNATIONAL FLAVORS & FRAGRANCES INC.

CONSOLIDATED STATEMENT OF INCOME AND COMPREHENSIVE INCOME

	Year Ended December 31,		
(DOLLARS IN THOUSANDS EXCEPT PER SHARE AMOUNTS)	2014	2013	2012
Net sales	$ 3,088,533	$ 2,952,896	$ 2,821,446
Cost of goods sold	1,726,383	1,668,691	1,645,912
Gross profit	1,362,150	1,284,205	1,175,534
Research and development expenses	253,640	259,838	233,713
Selling and administrative expenses	514,891	505,877	453,535
Restructuring and other charges, net	1,298	2,151	1,668
Operating profit	592,321	516,339	486,618
Interest expense	46,067	46,767	41,753
Other (income) expense, net	(2,807)	(15,638)	1,450
Income before taxes	549,061	485,210	443,415
Taxes on income	134,518	131,666	189,281
Net income	414,543	353,544	254,134
Other comprehensive income (loss):			
Foreign currency translation adjustments	(69,064)	(10,556)	17,687
Gains (losses) on derivatives qualifying as hedges	16,383	(3,794)	(4,455)
Pension and postretirement liability adjustment	(95,038)	25,264	(41,548)
Comprehensive income	$ 266,824	$ 364,458	$ 225,818

	2014	2013	2012
Net income per share — basic	$ 5.09	$ 4.32	$ 3.11
Net income per share — diluted	$ 5.06	$ 4.29	$ 3.09

See Notes to Consolidated Financial Statements

INTERNATIONAL FLAVORS & FRAGRANCES INC.

CONSOLIDATED BALANCE SHEET

(DOLLARS IN THOUSANDS)	December 31, 2014	December 31, 2013
ASSETS		
Current Assets:		
Cash and cash equivalents	$ 478,573	$ 405,505
Receivables:		
Trade	502,915	534,986
Allowance for doubtful accounts	(9,147)	(10,493)
Inventories	568,729	533,806
Deferred income taxes	27,709	40,189
Prepaid expenses and other current assets	141,248	148,910
Total Current Assets	1,710,027	1,652,903
Property, plant and equipment, net	720,268	687,215
Goodwill	675,484	665,582
Other intangible assets, net	76,557	30,615
Deferred income taxes	183,047	154,437
Other assets	129,238	140,979
Total Assets	$ 3,494,621	$ 3,331,731
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current Liabilities:		
Bank borrowings, overdrafts and current portion of long-term debt	$ 8,090	$ 149
Accounts payable	229,866	226,733
Dividends payable	37,968	31,740
Other current liabilities	242,884	301,744
Total Current Liabilities	518,808	560,366
Other Liabilities:		
Long-term debt	934,232	932,665
Deferred gains	46,535	41,339
Retirement liabilities	354,333	238,225
Other liabilities	118,024	92,085
Total Other Liabilities	1,453,124	1,304,314
Commitments and Contingencies (Note 17)		
Shareholders' Equity:		
Common stock 12 1/2¢ par value; authorized 500,000,000 shares; issued 115,858,190 and 115,761,840 shares as of December 31, 2014 and 2013; and outstanding 80,777,590 and 81,384,246 shares as of December 31, 2014 and 2013	14,470	14,470
Capital in excess of par value	140,008	131,461
Retained earnings	3,350,734	3,075,657
Accumulated other comprehensive loss:		
Cumulative translation adjustments	(173,342)	(104,278)
Accumulated gains (losses) on derivatives qualifying as hedges	12,371	(4,012)
Pension and postretirement liability adjustment	(379,459)	(284,421)
Treasury stock, at cost — 35,080,600 and 34,377,594 shares as of December 31, 2014 and 2013	(1,446,221)	(1,365,805)
Total Shareholders' Equity	1,518,561	1,463,072
Noncontrolling interest	4,128	3,979
Total Shareholders' Equity including noncontrolling interest	1,522,689	1,467,051
Total Liabilities and Shareholders' Equity	$ 3,494,621	$ 3,331,731

See Notes to Consolidated Financial Statements

INTERNATIONAL FLAVORS & FRAGRANCES INC.

CONSOLIDATED STATEMENT OF CASH FLOWS

(DOLLARS IN THOUSANDS)	Year Ended December 31, 2014	2013	2012
Cash flows from operating activities:			
Net income	$ 414,543	$ 353,544	$ 254,134
Adjustments to reconcile to net cash provided by operating activities:			
Depreciation and amortization	89,354	83,227	76,667
Deferred income taxes	23,350	(484)	(15,878)
Gain on disposal of assets	(3,768)	(17,841)	(4,461)
Stock-based compensation	22,648	23,736	19,716
Spanish tax charges	—	—	72,362
Payments pursuant to Spanish tax settlement	—	—	(105,503)
Changes in assets and liabilities, net of Aromor acquisition:			
Trade receivables	(2,635)	(53,156)	(33,056)
Inventories	(40,042)	4,822	4,571
Accounts payable	7,753	10,074	(740)
Accruals for incentive compensation	(30,947)	24,518	34,632
Other current payables and accrued expenses	(19,332)	9,995	29,203
Changes in other assets/liabilities, net	57,466	(30,873)	(7,851)
Net cash provided by operating activities	518,390	407,562	323,796
Cash flows from investing activities:			
Cash paid for acquisition, net of cash received (including $15 million of contingent consideration)	(102,500)	—	—
Additions to property, plant and equipment	(143,182)	(134,157)	(126,140)
Proceeds from disposal of assets	3,295	27,312	1,763
Maturity of net investment hedges	3,304	646	1,960
Purchase of life insurance contracts	—	—	(1,127)
Proceeds from life insurance contracts	17,750	793	9,283
Net cash used in investing activities	(221,333)	(105,406)	(114,261)
Cash flows from financing activities:			
Cash dividends paid to shareholders	(133,239)	(87,347)	(130,943)
Net change in revolving credit facility borrowings and overdrafts	8,332	(283,225)	138,756
Deferred financing costs	(1,023)	(2,800)	—
Repayments of long-term debt	—	(100,000)	—
Proceeds from long-term debt	3,609	297,786	—
Proceeds from issuance of stock under stock plans	1,864	3,799	9,211
Excess tax benefits on stock-based payments	6,330	6,112	8,380
Purchase of treasury stock	(88,203)	(51,363)	—
Net cash (used in) provided by financing activities	(202,330)	(217,038)	25,404
Effect of exchange rate changes on cash and cash equivalents	(21,659)	(4,035)	1,204
Net change in cash and cash equivalents	73,068	81,083	236,143
Cash and cash equivalents at beginning of year	405,505	324,422	88,279
Cash and cash equivalents at end of year	$ 478,573	$ 405,505	$ 324,422
Cash paid for:			
Interest, net of amounts capitalized	$ 46,106	$ 48,165	$ 41,315
Income taxes[(1)]	$ 92,087	$ 138,940	$ 184,592
Noncash investing activities:			
Accrued capital expenditures	$ 14,376	$ 21,744	$ 26,565

(1) The 2012 amount includes $105.5 million pursuant to the Spanish tax settlement (see Note 9).

See Notes to Consolidated Financial Statements

INTERNATIONAL FLAVORS & FRAGRANCES INC.

CONSOLIDATED STATEMENT OF SHAREHOLDERS' EQUITY

(DOLLARS IN THOUSANDS)	Common stock	Capital in excess of par value	Retained earnings	Accumulated other comprehensive (loss) income	Treasury stock Shares	Treasury stock Cost	Noncontrolling interest
Balance at December 31, 2011	$ 14,470	$ 128,631	$ 2,692,893	$ (375,309)	(34,840,632)	$ (1,356,273)	$ 2,995
Net income			254,134				752
Cumulative translation adjustment				17,687			
Losses on derivatives qualifying as hedges; net of tax $1,327				(4,455)			
Pension liability and postretirement adjustment; net of tax $11,696				(41,548)			
Cash dividends declared ($1.30 per share)			(105,861)				
Stock options/SSARs		4,248			336,296	13,144	
Vested restricted stock units and awards		(23,113)			263,645	10,298	
Stock-based compensation		17,738			105,725	2,124	
Balance at December 31, 2012	$ 14,470	$ 127,504	$ 2,841,166	$ (403,625)	(34,134,966)	$ (1,330,707)	$ 3,747
Net income			353,544				232
Cumulative translation adjustment				(10,556)			
Losses on derivatives qualifying as hedges; net of tax $429				(3,794)			
Pension liability and postretirement adjustment; net of tax $22,778				25,264			
Cash dividends declared ($1.46 per share)			(119,053)				
Stock options		10,395			157,403	6,196	
Treasury share repurchases					(655,907)	(51,363)	
Vested restricted stock units and awards		(26,735)			159,559	6,277	
Stock-based compensation		20,297			96,317	3,792	
Balance at December 31, 2013	$ 14,470	$ 131,461	$ 3,075,657	$ (392,711)	(34,377,594)	$ (1,365,805)	$ 3,979
Net income			414,543				149
Cumulative translation adjustment				(69,064)			
Gains on derivatives qualifying as hedges; net of tax $(2,526)				16,383			
Pension liability and postretirement adjustment; net of tax $36,554				(95,038)			
Cash dividends declared ($1.72 per share)			(139,466)				
Stock options		9,770			87,706	3,590	
Treasury share repurchases					(927,339)	(88,959)	
Vested restricted stock units and awards		(23,871)			136,627	4,953	
Stock-based compensation		22,648					
Balance at December 31, 2014	$ 14,470	$ 140,008	$ 3,350,734	$ (540,430)	(35,080,600)	$ (1,446,221)	$ 4,128

See Notes to Consolidated Financial Statements

INTERNATIONAL FLAVORS & FRAGRANCES INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1. NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations International Flavors & Fragrances Inc. and its subsidiaries (the "Registrant," "IFF," "the Company," "we," "us" and "our") is a leading creator and manufacturer of flavor and fragrance compounds used to impart or improve flavor or fragrance in a wide variety of consumer products. Our products are sold principally to manufacturers of perfumes and cosmetics, hair and other personal care products, soaps and detergents, cleaning products, dairy, meat and other processed foods, beverages, snacks and savory foods, sweet and baked goods, and pharmaceutical and oral care products.

Fiscal Year End The Company has historically operated on a 52/53 week fiscal year generally ending on the Friday closest to the last day of the year. For ease of presentation, December 31 is used consistently throughout the financial statements and notes to represent the period-end date. The 2012 and 2013 fiscal years were 52 week periods and the 2014 fiscal year was a 53 week period. For the 2014, 2013 and 2012 fiscal years, the actual closing dates were January 2, December 27 and December 28, respectively.

Use of Estimates 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 and accompanying disclosures. These estimates are based on management's best knowledge of current events and actions the Company may undertake in the future. Actual results may ultimately differ from estimates.

Principles of Consolidation The consolidated financial statements include the accounts of International Flavors & Fragrances Inc. and those of its subsidiaries. Significant intercompany balances and transactions have been eliminated. To the extent a subsidiary is not wholly-owned, any related noncontrolling interest is included as a separate component of Shareholders' Equity. Any applicable expense (income) attributable to the noncontrolling interest is included in Other expense, net in the accompanying Consolidated Statement of Income and Comprehensive Income due to its immateriality and, as such, is not presented separately.

Revenue Recognition The Company recognizes revenue when the earnings process is complete. This generally occurs when (i) title and risk of loss have been transferred to the customer in accordance with the terms of sale and (ii) collection is reasonably assured. Sales are reduced, at the time revenue is recognized, for applicable discounts, rebates and sales allowances based on historical experience. Related accruals are included in Other current liabilities in the accompanying Consolidated Balance Sheet.

Foreign Currency Translation The Company translates the assets and liabilities of non-U.S. subsidiaries into U.S. dollars at year-end exchange rates. Income and expense items are translated at average exchange rates during the year. Cumulative translation adjustments are shown as a separate component of Shareholders' Equity.

Research and Development Research and development ("R&D") expenses relate to the development of new and improved flavors or fragrances, technical product support and compliance with governmental regulation. All research and development costs are expensed as incurred.

Cash Equivalents Cash equivalents include highly liquid investments with maturities of three months or less at date of purchase.

Accounts Receivable The Company sells certain accounts receivable on a non-recourse basis to unrelated financial institutions under "factoring" agreements that are sponsored, solely and individually, by certain customers. The Company accounts for these transactions as sale of receivables, removes the receivables sold from its financial statements, and records cash proceeds when received by the Company. The increase in cash from operations was approximately $33 million, $7 million and $18 million in 2014, 2013 and 2012, respectively, along with approximately $40 million in periods prior to 2012 in connection with these programs. The cost of participating in these programs was immaterial to our results in all periods.

Inventories Inventories are stated at the lower of cost (on a weighted average basis) or market. Our inventories consisted of the following:

	December 31,	
(DOLLARS IN THOUSANDS)	2014	2013
Raw materials	$ 275,161	$ 252,457
Work in process	17,705	6,658
Finished goods	275,863	274,691
Total	$ 568,729	$ 533,806

Property, Plant and Equipment Property, plant and equipment are recorded at cost. Depreciation is calculated on a straight-line basis, principally over the following estimated useful lives: buildings and improvements, 10 to 40 years; machinery and equipment, 3 to 20 years; information technology hardware and software, 3 to 7 years; and leasehold improvements which are included in buildings and improvements, the estimated life of the improvements or the remaining term of the lease, whichever is shorter. During 2014, the Company began to use an estimated useful life of 20 years for certain machinery and equipment. The change in useful life, which was adopted prospectively, did not have a material effect on the Company's 2014 financial statements.

The Company reviews long-lived assets for impairment when events or changes in business conditions indicate that their full carrying value may not be recovered. An estimate of undiscounted future cash flows produced by an asset or group of assets is compared to the carrying value to determine whether impairment exists. If assets are determined to be impaired, the loss is measured based on an estimate of fair value using various valuation techniques, including a discounted estimate of future cash flows.

Goodwill and Other Intangible Assets Goodwill represents the difference between the total purchase price and the fair value of identifiable assets and liabilities acquired in business acquisitions.

In assessing the potential for impairment of goodwill, management uses the most current actual and forecasted operating data available and current market based assumptions in accordance with the criteria in ASC 350. In 2012, the Company re-evaluated its reporting unit structure and identified three reporting units: (1) Flavors, (2) Fragrance Compounds and (3) Fragrance Ingredients. These reporting units were determined based on the level at which the performance is measured and reviewed by segment management.

The Company performed the annual goodwill impairment test utilizing the two-step approach for the Flavors, Fragrance Compounds and Fragrance Ingredients reporting units, by assessing the fair value of our reporting units based on discounted cash flows. We completed our annual goodwill impairment test as of November 30, 2014, which indicated no impairment of goodwill, as the estimated fair values substantially exceeded the carrying values of each of these reporting units.

Other intangible assets include patents, trademarks and other intellectual property valued at acquisition, and amortized on a straight-line basis over periods ranging from 6 to 20 years.

Income Taxes The Company accounts for taxes under the asset and liability method. Under this method, deferred income taxes are recognized for temporary differences between the financial statement and tax return bases of assets and liabilities, based on enacted tax rates and other provisions of the tax law. The effect of a change in tax laws or rates on deferred tax assets and liabilities is recognized in income in the period in which such change is enacted. Future tax benefits are recognized to the extent that realization of such benefits is more likely than not, and a valuation allowance is established for any portion of a deferred tax asset that management believes may not be realized.

The Company recognizes uncertain tax positions that it has taken or expects to take on a tax return. Pursuant to accounting requirements, we first determine whether it is “more likely than not” our tax position will be sustained if the relevant tax authority were to audit the position with full knowledge of all the relevant facts and other information. For those tax positions that meet this threshold, we measure the amount of tax benefit based on the largest amount of tax benefit that we have a greater than 50% chance of realizing in a final settlement with the relevant authority. Those tax positions failing to qualify for initial recognition are recognized in the first interim period in which they meet the more likely than not standard. We maintain a cumulative risk portfolio relating to all of our uncertainties in income taxes in order to perform this analysis, but the evaluation of our tax positions requires significant judgment and estimation in part because, in certain cases, tax law is subject to varied interpretation, and whether a tax position will ultimately be sustained may be uncertain.

The Company regularly repatriates a portion of current year earnings from select non–U.S. subsidiaries. No provision has been made for additional taxes on undistributed earnings of subsidiary companies that are intended and planned to be indefinitely invested in such subsidiaries. We intend to, and have plans to, reinvest these earnings indefinitely in our foreign subsidiaries to fund local operations and/or capital projects.

Interest and penalties related to unrecognized tax benefits are recognized as a component of income tax expense.

Retirement Benefits Current service costs of retirement plans and postretirement health care and life insurance benefits are accrued. Prior service costs resulting from plan improvements are amortized over periods ranging from 10 to 20 years.

Financial Instruments Derivative financial instruments are used to manage interest and foreign currency exposures. The gain or loss on the hedging instrument is recorded in earnings at the same time as the transaction being hedged is recorded in earnings. The associated asset or liability related to the open hedge instrument is recorded in Prepaid expenses and other current assets or Other current liabilities, as applicable.

The Company records all derivative financial instruments on the balance sheet at fair value. Changes in a derivative’s fair value are recognized in earnings unless specific hedge criteria are met. If the derivative is designated as a fair value hedge, the changes in the fair value of the derivative and of the hedged item attributable to the hedged risk are recognized in Net income. If the derivative is designated as a cash flow hedge, the effective portions of changes in the fair value of the derivative are recorded in Accumulated other comprehensive income ("AOCI") in the accompanying Consolidated Balance Sheet and are subsequently recognized in Net income when the hedged item affects earnings. Ineffective portions of changes in the fair value of cash flow hedges, if any, are recognized as a charge or credit to earnings.

Software Costs The Company capitalizes direct internal and external development costs for certain significant projects associated with internal-use software and amortizes these costs over 7 years. Neither preliminary evaluation costs nor costs associated with the software after implementation are capitalized. Costs related to projects that are not significant are expensed as incurred.

Shipping and Handling Costs Net sales include shipping and handling charges billed to customers. Cost of goods sold includes all costs incurred in connection with shipping and handling.

Net Income Per Share Net income per share is based on the weighted average number of shares outstanding. A reconciliation of shares used in the computations of basic and diluted net income per share is as follows:

	Number of Shares		
(SHARES IN THOUSANDS)	**2014**	**2013**	**2012**
Basic	80,936	81,322	81,108
Assumed dilution under stock plans	558	608	725
Diluted	81,494	81,930	81,833

Stock options and stock settled appreciation rights (“SSARs”) to purchase 132,000 shares in the aggregate were outstanding at December 31, 2012, but are not included in the computation of diluted net income per share because to do so would have been anti-dilutive for the periods presented. There were no stock options or SSARs excluded from the computation of diluted net income per share at December 31, 2013 and 2014.

The Company has issued shares of Purchased Restricted Stock (“PRS”) which contain nonforfeitable rights to dividends and thus are considered participating securities which are required to be included in the computation of basic and diluted earnings per share pursuant to the two-class method. The two-class method was not presented since the difference between basic and diluted net income per share for both common shareholders and PRS shareholders was approximately $0.01 per share for each year and the number of PRS outstanding as of December 31, 2014, 2013 and 2012 was immaterial (approximately 0.6% 0.7%, and 0.6%, respectively, of the total number of common shares outstanding). Net income allocated to such PRS during 2014, 2013 and 2012 was approximately $2.4 million, $2.3 million and $1.6 million, respectively.

Stock-Based Compensation Compensation cost of all share-based awards is measured at fair value on the date of grant and recognized over the service period for which awards are expected to vest. The cost of such share-based awards is principally recognized on a straight-line attribution basis over their respective vesting periods, net of estimated forfeitures.

New Accounting Standards

In March 2013, the Financial Accounting Standards Board (“FASB”) issued authoritative guidance clarifying the accounting for the release of cumulative translation adjustments into net income when a parent either sells a part or all of its investment in a foreign entity or no longer holds a controlling financial interest in a subsidiary or group of assets that is a nonprofit activity or a business within a foreign entity. The guidance was effective prospectively for reporting periods beginning after December 15, 2013. The adoption of this statement did not have an impact on our financial position, results of operations or cash flows.

In July 2013, the FASB issued authoritative guidance related to the financial statement presentation of unrecognized tax benefits. This update clarifies that an unrecognized tax benefit, or a portion of an unrecognized tax benefit, should be presented in the financial statements as a reduction to a deferred tax asset for a net operating loss carryforward, a similar tax loss, or a tax credit carryforward, except to the extent a net operating loss carryforward, a similar tax loss, or a tax credit carryforward is not available at the reporting date under the tax law of the applicable jurisdiction to settle any additional income taxes that would result from the disallowance of a tax position or the tax law of the applicable jurisdiction does not require the entity to use, and the entity does not intend to use, the deferred tax asset for such purpose. In such situations, the unrecognized tax benefit should be presented in the financial statements as a liability and should not be combined with deferred tax assets. The guidance was effective prospectively for reporting periods beginning after December 15, 2013. The adoption of this statement did not have a significant impact on our financial position, results of operations or cash flows.

In May 2014, the FASB issued authoritative guidance to clarify the principles to be used to recognize revenue. The guidance is applicable to all entities and is effective for annual and interim periods beginning after December 15, 2016. Early adoption is not permitted. The Company is currently evaluating the impact that this new standard will have on its consolidated financial statements.

Reclassifications

Certain reclassifications have been made to the prior years' financial statements to conform to the 2014 presentation.

NOTE 2. RESTRUCTURING AND OTHER CHARGES

Restructuring and other charges primarily consist of separation costs for employees including severance, outplacement and other benefit costs.

Fragrance Ingredients Rationalization

In 2014, the Company closed its fragrance ingredients manufacturing facility in Augusta, Georgia and consolidated production into other Company facilities. In connection with this closure, the Company incurred charges of $13.8 million, consisting primarily of $10.3 million in accelerated depreciation of fixed assets, $2.2 million in personnel-related costs and $1.3 million in plant shutdown and other related costs. The Company recorded total charges of $7.4 million during 2013, consisting of $2.2 million of pre-tax charges related to severance included in Restructuring and other charges, net and $5.2 million of non-cash charges related to accelerated depreciation included in Cost of goods sold. During 2014, the Company recorded $1.3 million of plant shutdown and other related costs included in Restructuring and other charges, net as well as an additional $5.1 million of non-cash charges related to accelerated depreciation included in Cost of goods sold. As a result of this closure, 43 positions have been eliminated. The Company estimates that approximately $3 - $4 million of the costs will be or have been cash expenditures.

Other

During 2013, the Company reversed $1.2 million of employee-related liabilities, offset by $0.6 million of additional costs incurred related to the European Rationalization Plan that was announced in 2009 and completed in 2011. Additionally, during 2013, the Company recorded a charge of $1.7 million related to the Strategic Initiative, which began in 2011 and was completed in 2013.

Reorganization Plan

Movements in related accruals during 2012, 2013 and 2014 are as follows:

(DOLLARS IN THOUSANDS)	Employee-Related	Pension	Asset - Related/and Other	Total
Balance at January 1, 2012	$ 10,774	$ —	$ —	$ 10,774
Additional charges (reversals), net	1,376	292	—	1,668
Non-cash charges	—	(292)	—	(292)
Payments and other costs	(9,001)	—	—	(9,001)
Balance at December 31, 2012	3,149	—	—	3,149
Additional charges (reversals), net	2,151	—	5,250	7,401
Non-cash charges	—	—	(5,250)	(5,250)
Payments and other costs	(3,184)	—	—	(3,184)
Balance at December 31, 2013	2,116	—	—	2,116
Additional charges (reversals), net	(46)	—	6,444	6,398
Non-cash charges		—	(5,100)	(5,100)
Payments and other costs	(1,311)	—	(1,344)	(2,655)
Balance at Balance at December 31, 2014	$ 759	$ —	$ —	$ 759

NOTE 3. PROPERTY, PLANT AND EQUIPMENT, NET

Property, plant and equipment consists of the following amounts:

(DOLLARS IN THOUSANDS)	December 31, 2014	December 31, 2013
Asset Type		
Land	$ 16,448	$ 20,723
Buildings and improvements	411,157	432,978
Machinery and equipment	935,340	952,103
Information technology	257,092	254,961
Construction in process	146,709	97,218
	1,766,746	1,757,983
Accumulated depreciation	(1,046,478)	(1,070,768)
	$ 720,268	$ 687,215

NOTE 4. GOODWILL AND OTHER INTANGIBLE ASSETS, NET

Goodwill by segment is as follows:

(DOLLARS IN THOUSANDS)	December 31, 2014	December 31, 2013
Flavors	$ 319,479	$ 319,479
Fragrances	356,005	346,103
Total	$ 675,484	$ 665,582

The increase in Fragrances goodwill for the year ended December 31, 2014, relates to the acquisition of Aromor, as discussed below.

Trademark and other intangible assets consist of the following amounts:

	December 31,	
(DOLLARS IN THOUSANDS)	2014	2013
Gross carrying value[(1)]	$ 218,676	$ 165,406
Accumulated amortization	(142,119)	(134,791)
Total	$ 76,557	$ 30,615

(1) Includes patents, trademarks, technological know-how, and other intellectual property, valued at acquisition.

Aromor

On January 15, 2014, the Company completed the acquisition of 100% of the equity of Aromor Flavors and Fragrances Ltd. ("Aromor"), a privately held manufacturer and marketer of complex specialty ingredients that are used in fragrances and flavors. The acquisition was accounted for under the purchase method. The Company paid $102.6 million (including $0.1 million of cash acquired) for this acquisition, which was funded out of existing cash resources. Aromor is part of the IFF Fragrances Ingredients business and was acquired in order to strengthen this business and provide cost-effective quality materials for use in our formula creations. The purchase price exceeded the carrying value of existing net assets by approximately $56 million. The excess was allocated principally to identifiable intangible assets (approximately $53 million), goodwill (approximately $10 million) and approximately $9 million to deferred tax liabilities. Separately identifiable intangible assets are principally related to technological know-how. The intangible assets are amortized using lives ranging from 13-19 years. Additionally, the consideration included $15 million related to post-combination contingent consideration, held in escrow. This escrowed amount will be expensed by the Company as it is earned by the selling shareholders over three years based upon the continued participation in the acquired business of certain key personnel. The purchase price allocation was completed during the second quarter. No pro forma financial information for 2013 is presented as the impact of the acquisition is immaterial.

Amortization

Amortization expense was $7.3 million for the year ended December 31, 2014, and $6.1 million for each year ended December 31, 2013 and 2012. Estimated annual amortization is $7.2 million for years 2015 through 2018 and $6.5 million for 2019.

NOTE 5. OTHER ASSETS

Other assets consist of the following amounts:

	December 31,	
(DOLLARS IN THOUSANDS)	2014	2013
Overfunded pension plans	$ 1,338	$ 14,058
Cash surrender value of life insurance contracts	42,378	56,292
Other	85,522	70,629
Total	$ 129,238	$ 140,979

NOTE 6. OTHER CURRENT LIABILITIES

Other current liabilities consist of the following amounts:

(DOLLARS IN THOUSANDS)	December 31, 2014	December 31, 2013
Accrued payrolls and bonuses	$ 71,264	$ 105,816
VAT payable	15,125	23,448
Interest payable	12,974	12,709
Current pension and other postretirement benefit obligation	11,902	11,891
Accrued insurance (including workers' compensation)	10,718	9,777
Restructuring and other charges	759	2,116
Other	120,142	135,987
Total	$ 242,884	$ 301,744

NOTE 7. SALE AND LEASEBACK TRANSACTIONS

In connection with the disposition of certain real estate in prior years, we entered into long-term operating leases. The leases are classified as operating leases and the gains realized on these leases have been deferred and are being credited to income over the initial lease term. Such deferred gains totaled $42 million and $45 million at December 31, 2014 and 2013, respectively, of which $39 million and $41 million, respectively, are reflected in the accompanying Consolidated Balance Sheet under the caption Deferred gains, with the remainder included as a component of Other current liabilities.

NOTE 8. BORROWINGS

Debt consists of the following at December 31:

(DOLLARS IN THOUSANDS)	Rate	Maturities	2014	2013
Senior notes — 2007	6.40%	2017-27	$ 500,000	$ 500,000
Senior notes — 2006	6.14%	2016	125,000	125,000
Senior notes — 2013	3.20%	2023	299,782	299,736
Bank overdrafts and other			12,335	984
Deferred realized gains on interest rate swaps			5,205	7,094
			942,322	932,814
Less: Current portion of long-term debt			(8,090)	(149)
			$ 934,232	$ 932,665

Commercial Paper

Commercial paper issued by the Company generally has terms of 30 days or less. There were no outstanding commercial paper borrowings at December 31, 2014 or 2013.

Senior Notes - 2013

On April 4, 2013, the Company issued $300.0 million face amount of 3.20% Senior Notes ("Senior Notes - 2013") due 2023 at a discount of $0.3 million. The Company received proceeds related to the issuance of these Senior Notes - 2013 of $297.8 million which was net of the $0.3 million discount and a $1.9 million underwriting discount (recorded as deferred financing costs). In addition, the Company incurred $0.9 million of other deferred financing costs in connection with the debt issuance. The discount and deferred financing costs are being amortized as interest expense over the term of the Senior Notes - 2013. The Senior Notes - 2013 bear interest at a rate of 3.20% per year, with interest payable on May 1 and November 1 of each year, commencing on November 1, 2013. The Senior Notes - 2013 mature on May 1, 2023. Upon 30 days' notice to holders of the Senior Notes - 2013, the Company may redeem the Senior Notes - 2013 for cash in whole, at any time, or in part, from time to time, prior to maturity, at redemption prices that include accrued and unpaid interest and a make-whole premium. However, no make-whole premium will be paid for redemptions of the Senior Notes - 2013 on or after February 1, 2023. The Indenture provides for customary events of default and contains certain negative covenants that limit the ability of the Company and its subsidiaries to grant liens on assets, to enter into sale-leaseback transactions or to consolidate with or merge into any other entity or convey, transfer or lease all or substantially all of the Company's properties and assets. In addition, subject to certain limitations, in the event of the occurrence of both (1) a change of control of the Company and (2) a downgrade of the Senior Notes - 2013 below investment grade rating by both Moody's Investors Services, Inc. and Standard & Poor's Ratings Services within a specified time period, the Company will be required to make an offer to repurchase the Senior Notes - 2013 at a price equal to 101% of the principal amount of the Senior Notes - 2013, plus accrued and unpaid interest to the date of repurchase.

Senior Notes - 2007

On September 27, 2007, the Company issued $500 million of Senior Unsecured Notes ("Senior Notes — 2007") in four series under the Note Purchase Agreement ("NPA"): (i) $250 million in aggregate principal amount of 6.25% Series A Senior Notes due September 27, 2017, (ii) $100 million in aggregate principal amount of 6.35% Series B Notes due September 27, 2019, (iii) $50 million in aggregate principal amount of 6.50% Series C Notes due September 27, 2022, and (iv) $100 million in aggregate principal amount of 6.79% Series D Notes due September 27, 2027. Proceeds of the offering were used primarily to fund an accelerated repurchase of IFF stock.

Senior Notes - 2006

In 2006, the Company issued $375 million of Senior Unsecured Notes ("Senior Notes — 2006") in four series under another NPA: (i) $50 million in aggregate principal amount of 5.89% Series A Senior Notes due July 12, 2009, (ii) $100 million in aggregate principal amount of 5.96% Series B Notes due July 12, 2011, (iii) $100 million in aggregate principal amount of 6.05% Series C Notes due July 12, 2013, and (iv) $125 million in aggregate principal amount of 6.14% Series D Notes due July 12, 2016. Proceeds of the offering were used primarily to repay commercial paper borrowings used to fund our maturing debt. In 2009, 2011 and 2013, the Company repaid $50 million, $100 million and $100 million, respectively, upon maturity of the first three series of the Senior Notes — 2006.

Maturities on our outstanding Senior Notes - 2006, Senior Notes - 2007 and Senior Notes - 2013 at December 31, 2014 were: 2016, $125 million; 2017, $250 million; 2019, $100 million; 2020 and thereafter, $450 million. There is no debt maturing in 2015 and 2018.

Credit Facility

On April 4, 2014, the Company and certain of its subsidiaries amended and restated the Company's existing credit agreement with Citibank, N.A., as administrative agent. The credit agreement, as amended, provides for a revolving loan facility in an aggregate amount up to an equivalent of $950 million (the "Credit Facility"). Under the Credit Facility, Tranche A is available to borrowers in U.S. dollars, euros, Swiss francs, Japanese yen and British sterling in an aggregate amount up to an equivalent of approximately $456 million, with a sublimit of $25 million for swing line borrowings. Tranche B of the Credit Facility is available to borrowers in euros, Swiss francs, Japanese yen and British sterling in an aggregate amount up to an equivalent of approximately $494 million.

The Credit Facility is available for general corporate purposes of each borrower and its subsidiaries. The obligations under the Credit Facility are unsecured and the Company has guaranteed the obligations of each other borrower under the Credit Facility. The 2014 amendment to the Credit Facility extended the maturity date of the facility to April 4, 2019, which may be extended for up to two additional one-year periods at the Company's request, subject to the agreement of the lenders having commitments representing more than 50% of the aggregate commitments of all lenders under the Credit Facility. Borrowings under the Credit Facility bear interest at an annual rate of LIBOR plus a margin, currently 112.5 bps, linked to our credit rating. The Company pays a commitment fee on the aggregate unused commitments; such fee is not material. The Credit Facility contains various affirmative and negative covenants, including the requirement for the Company to maintain, at the end of each fiscal quarter, a ratio of net debt for borrowed money to adjusted EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortization) in respect of the previous 12-month period of not more than 3.25 to 1. As of December 31, 2014, the Company was in compliance with all covenants under this Credit Facility. The Company had no borrowings outstanding under the Credit Facility as of December 31, 2014, with $940.4 million still available for additional borrowings. As the Credit Facility is a multi-year revolving credit agreement, the Company classifies as long-term debt the portion that it has the intent and ability to maintain outstanding longer than 12 months.

Credit facility borrowings and bank overdrafts were outstanding in several countries and averaged $3 million in 2014 and $72.4 million in 2013. The highest levels were $8 million in 2014, $296 million in 2013, and $297 million in 2012. The 2014 weighted average interest rate of these borrowings, based on balances outstanding at the end of each month, was 4.13%. These rates compare with 0.35% and 1.5%, respectively, in 2013 and 2012.

Other

The estimated fair value at December 31, 2014 of our Senior Notes — 2007, Senior Notes — 2006 and Senior Notes — 2013 was approximately $588 million, $133 million and $296 million, respectively, and is discussed in further detail in Note 14.

During 2013, the Company entered into multiple interest rate swap agreements effectively converting the fixed rate on a portion of our long-term Senior Notes to a variable short-term rate based on the LIBOR plus an interest markup.

In March 2008, the Company realized an $18 million gain on the termination of an interest rate swap, which has been deferred and is being amortized as a reduction to interest expense over the remaining term of the related debt. The balance of this deferred gain was $5 million at December 31, 2014.

NOTE 9. INCOME TAXES

Earnings before income taxes consisted of the following:

	December 31,		
(DOLLARS IN THOUSANDS)	2014	2013	2012
U.S. income (loss) before taxes	$ 17,650	$ (20,727)	$ (21,308)
Foreign income before taxes	531,411	505,937	464,723
Total income before taxes	$ 549,061	$ 485,210	$ 443,415

The income tax provision consisted of the following:

	December 31,		
(DOLLARS IN THOUSANDS)	2014	2013	2012
Current			
Federal	$ 1,175	$ 8,658	$ 8,280
State and local	264	1,246	(456)
Foreign[(1)]	109,729	122,246	197,335
	111,168	132,150	205,159
Deferred			
Federal	20,795	(4,686)	(4,650)
State and local	113	262	(74)
Foreign[(1)]	2,442	3,940	(11,154)
	23,350	(484)	(15,878)
Total income taxes	$ 134,518	$ 131,666	$ 189,281

(1) For the year ended December 31, 2012, the foreign current income tax provision includes $72 million of Spanish tax charges and $12 million of charges related to the Spanish dividend withholding cases. For the year ended December 31, 2012, the foreign deferred income tax provision includes an $11 million tax benefit from the corporate restructuring of certain foreign subsidiaries.

Effective Tax Rate Reconciliation

A reconciliation between the U.S. federal statutory income tax rate to our actual effective tax rate is as follows:

	December 31,		
	2014	2013	2012
Statutory tax rate	35.0%	35.0%	35.0%
Difference in effective tax rate on foreign earnings and remittances	(9.9)	(10.2)	(10.6)
Unrecognized tax benefit, net of reversals	0.8	1.0	0.9
Corporate restructuring of certain foreign subsidiaries	—	—	(2.4)
Spanish tax charges	—	1.3	16.3
Spanish dividend withholdings	(0.7)	—	2.6
State and local taxes	0.1	0.2	(0.1)
Other, net	(0.8)	(0.2)	1.0
Effective tax rate	24.5%	27.1%	42.7%

Our effective tax rate reflects the benefit from having significant operations outside the U.S. that are taxed at rates that are lower than the U.S. federal rate of 35%. Included in the 2014 effective tax rate is a $3.8 million tax benefit related to the reserve reversal for the 2001 Spanish dividend withholding tax case. Included in the 2013 effective tax rate is a $6.2 million tax charge related to the 2002-2003 Spanish income tax cases as discussed below. Included in the 2012 effective tax rate is $72.4 million of tax charges pursuant to the Spanish tax settlement. The 2014, 2013 and 2012 effective tax rates were also favorably impacted by the reversals of liabilities for uncertain tax positions of $2 million, $5 million and $1 million, respectively, principally due to statutory expiry and effective settlement.

Deferred Taxes

The deferred tax assets consist of the following amounts:

	December 31,	
(DOLLARS IN THOUSANDS)	2014	2013
Employee and retiree benefits	$ 164,542	$ 136,370
Credit and net operating loss carryforwards[(1)]	180,296	311,562
Property, plant and equipment, net	(7,275)	(699)
Trademarks and other	149,695	189,536
Amortizable R&D expenses	48,982	42,303
Other, net	17,320	16,957
Gross deferred tax assets	553,560	696,029
Valuation allowance[(1)]	(355,568)	(503,990)
Total net deferred tax assets	$ 197,992	$ 192,039

(1) During 2014 and 2013, the Company decreased its deferred tax assets by $81 million and $30 million, respectively, relating to an adjustment to the 2013 and 2012 foreign net operating loss carryforwards, respectively. The entire decreases of $81 million and $30 million were offset by corresponding decreases in valuation allowances. These adjustments are not considered material to the previously issued financial statements.

Net operating loss carryforwards were $141 million and $264 million at December 31, 2014 and 2013, respectively. If unused, $5 million will expire between 2015 and 2034. The remainder, totaling $136 million, may be carried forward indefinitely. Tax credit carryforwards were $40 million and $48 million at December 31, 2014 and 2013, respectively. If unused, the credit carryforwards will expire between 2015 and 2034.

The U.S. consolidated group has historically generated taxable income after the inclusion of foreign dividends. As such, the Company is not in a federal net operating loss position. This allows IFF and its U.S. subsidiaries to realize tax benefits from the reversal of temporary differences and the utilization of its federal tax credits before the expiration of the applicable carryforward periods. The Company has not factored any future trends, other than inflation, in its U.S. taxable income projections. The corresponding U.S. federal taxable income is sufficient to realize $160.3 million in deferred tax assets as of December 31, 2014.

The majority of states in the U.S. where IFF and its subsidiaries file income tax returns allow a 100% foreign dividend exclusion, effectively converting the domestic companies' reversing temporary differences into net operating losses. As there is significant doubt with respect to realizability of these net operating losses, we have established a full valuation allowance against these deferred tax assets.

Of the $181 million deferred tax asset for net operating loss carryforwards and credits at December 31, 2014, we consider it unlikely that a portion of the tax benefit will be realized. Accordingly, a valuation allowance of $138 million of net operating loss carryforwards and $8 million of tax credits has been established against these deferred tax assets, respectively. In addition, due to realizability concerns, we established a valuation allowance against certain other net deferred tax assets of $210 million.

Uncertain Tax Positions

A reconciliation of the beginning and ending amount of unrecognized tax benefits is as follows:

	December 31,		
(DOLLARS IN THOUSANDS)	**2014**	**2013**	**2012**
Balance of unrecognized tax benefits at beginning of year	$ 21,553	$ 41,153	$ 67,615
Gross amount of increases in unrecognized tax benefits as a result of positions taken during a prior year	1,795	7,364	22,031
Gross amount of decreases in unrecognized tax benefits as a result of positions taken during a prior year	(823)	(993)	(1,853)
Gross amount of increases in unrecognized tax benefits as a result of positions taken during the current year	5,378	4,951	3,854
The amounts of decreases in unrecognized benefits relating to settlements with taxing authorities	—	(26,712)	(48,355)
Reduction in unrecognized tax benefits due to the lapse of applicable statute of limitation	(4,848)	(4,210)	(2,139)
Balance of unrecognized tax benefits at end of year	$ 23,055	$ 21,553	$ 41,153

At December 31, 2014, 2013 and 2012, there are $22.3 million, $21.6 million, and $36.4 million, respectively, of unrecognized tax benefits recorded to Other liabilities and $0.7 million and $4.8 million recorded to Other current liabilities for 2014 and 2012, respectively. If these unrecognized tax benefits were recognized, all the benefits and related interest would be recorded as a benefit to income tax expense.

For the year ended December 31, 2014, the Company reduced its liabilities for interest and penalties by $0.1 million, net, and $5.2 million, net, and $5.3 million, net for the years ended 2013 and 2012, respectively, principally due to payments made pursuant to the Spanish tax settlement, as discussed below. At December 31, 2014, 2013 and 2012, we had accrued $1.7 million, $2.3 million and $7.4 million, respectively, of interest and penalties classified as Other liabilities and $0.5 million in 2014 recorded to Other current liabilities.

As of December 31, 2014, the Company's aggregate provisions for uncertain tax positions, including interest and penalties, was $25.2 million, which includes $2.3 million associated with the tax positions taken by our Spanish subsidiaries for the 2002 fiscal year (as discussed below) and the remainder associated with various other tax positions asserted in foreign jurisdictions, none of which is individually material.

Other

Tax benefits credited to Shareholders' equity totaled $0.2 million, $0.6 million and $0.4 million for 2014, 2013 and 2012, respectively, associated with stock option exercises and Purchased Restricted Stock ("PRS") dividends.

U.S. income taxes and foreign withholding taxes associated with the repatriation of earnings of its foreign subsidiaries were not provided on a cumulative total of $1.5 billion of undistributed earnings of foreign subsidiaries. We intend to, and have plans to, reinvest these earnings indefinitely in our foreign subsidiaries to fund local operations and/or capital projects. The unrecognized deferred tax liability on these undistributed earnings approximates $219 million.

The Company has ongoing income tax audits and legal proceedings which are at various stages of administrative or judicial review, of which the material items are discussed below. In addition, the Company has other ongoing tax audits and legal proceedings that relate to indirect taxes, such as value-added taxes, capital tax, sales and use and property taxes, which are discussed in Note 17.

Spanish Tax Items

During 2012 the Company and the Spanish tax authorities entered into an overall settlement with respect to assessments imposed in connection with audits for the 2004-2010 fiscal years. In connection with this settlement, the Company paid Euro 84.0 million ($105.5 million based on exchange rates at the respective payment dates) during 2012 and paid the remainder of Euro 1.5 million ($1.9 million based on the exchange rate at the payment date) in 2013. This settlement did not address either the 2002-2003 fiscal years or the 2011 fiscal year. Also during 2012, the Company and the Spanish tax authorities finalized a multi-year agreement that established the tax basis for the Company's activities in Spain for 2012 through 2014 consistent with the key principles preliminarily agreed upon as part of the overall settlement.

During 2013, the Company reached a settlement with the Spanish tax authorities related to the 2011 fiscal year audit, on a basis consistent with the overall settlement reached for the 2004-2010 fiscal year audits, and paid Euro 3.9 million ($5.2 million based on the exchange rate at the payment date).

With respect to the audits of 2002-2003 fiscal years, the Spanish tax authorities imposed assessments aggregating Euro 22.4 million ($28.6 million), including aggregate estimated interest. The Company appealed these assessments, however, in February 2013, the Appellate Court upheld the administrative ruling with respect to the 2003 tax assessment and the related tax avoidance claims. The Company decided not to pursue the appeals process with respect to the 2003 tax assessment and paid Euro 20.8 million ($27.3 million based on the exchange rate at the respective payment dates) in connection with the 2003 tax assessment in 2013. In June 2013, the Appellate Court ruled against us on our appeal of the 2002 income tax assessment and related claims, which the Company also decided not to appeal. However, this case did not have a related tax exposure associated with it. In an unrelated matter, there was a remaining aggregate assessment related to the 2002 fiscal year of Euro 1.9 million ($2.3 million) as of December 31, 2014. To proceed with its appeal of the tax assessment for the 2002 fiscal year, the Company was required to post bank guarantees. As of December 31, 2014, the Company had remaining posted bank guarantees of Euro 1.9 million ($2.3 million) associated with the 2002 appeal. On February 11, 2015, the Company received a favorable ruling on this appeal.

In addition to the above, the Company has also been a party to four dividend withholding tax controversies in Spain in which the Spanish tax authorities alleged that the Company's Spanish subsidiaries underpaid withholding taxes during the 1995-2001 fiscal years. The Company had previously appealed each of these controversies. During 2012, the Company received unfavorable decisions on the first three cases. As a result of these rulings, during 2012 the Company (i) recorded charges (including estimated interest) of approximately $12.0 million after-tax and (ii) made payments of Euro 9.8 million ($12.8 million based on exchange rate at the respective payment dates). At December 31, 2014, the Company had Euro 4.7 million ($5.6 million) reflected in income taxes payable in connection with these three cases. The fourth case was heard by the Spanish National High Court in October, 2014 and we received a favorable ruling. Accordingly, during the fourth quarter of 2014, we reversed the total reserve related to the 2001 fiscal year (with a value of Euro 3.6 million of $4.3 million). As of December 31, 2014, the Company had posted bank guarantees of Euro 4.7 million ($5.6 million) in order to proceed with the appeals of the interest portion of these three remaining controversies.

In addition, the Company has several other tax audits in process and has open tax years with various taxing jurisdictions that range primarily from 2004 to 2013. Based on currently available information, we do not believe the ultimate outcome of any of these tax audits and other tax positions related to open tax years, when finalized, will have a material impact on our financial position.

NOTE 10. SHAREHOLDERS' EQUITY

Dividends

Cash dividends declared per share were $1.72, $1.46 and $1.30 in 2014, 2013 and 2012, respectively. The Consolidated Balance Sheet reflects $38.0 million of dividends payable at December 31, 2014. This amount relates to a cash dividend of $0.47 per share declared in December 2014 and paid in January 2015. Dividends declared, but not paid as of December 31, 2013 were $31.7 million ($0.39 per share). There were no dividends payable as of December 31, 2012. The decrease in the dividends paid in 2013 versus 2012 is a result of the accelerated payment in December 2012 of the 2012 fourth quarter dividend.

Share Repurchases

In December 2012, the Board of Directors authorized a $250 million share repurchase program, which commenced in the first quarter of 2013 and is expected to be completed by the end of 2016. Based on the total remaining amount of $109 million available under the repurchase program, approximately 1.1 million shares, or 1.4% of shares outstanding (based on the market price and shares outstanding as of December 31, 2014) could be repurchased under the program as of December 31, 2014. The purchases will be made from time to time on the open market or through private transactions as market and business conditions warrant. Repurchased shares will be placed into treasury stock. The ultimate level of purchases will be a function of the daily purchase limits established in the pre-approved program according to the share price at that time. This plan expires on December 31, 2016.

NOTE 11. STOCK COMPENSATION PLANS

We have various equity plans under which our officers, senior management, other key employees and directors may be granted options to purchase IFF common stock or other forms of stock-based awards. Beginning in 2004, we granted Restricted Stock Units ("RSUs") as the principal element of our equity compensation for all eligible U.S. based employees and a majority of eligible overseas employees. Vesting of the RSUs is solely time based; the vesting period is primarily 3 years from date of grant. For a small group of employees, primarily overseas, we granted stock options prior to 2008.

The cost of all employee stock-based awards are principally recognized on a straight-line attribution basis over their respective vesting periods, net of estimated forfeitures. Total stock-based compensation expense included in our Consolidated Statement of Income and Comprehensive Income was as follows:

	December 31,		
(DOLLARS IN THOUSANDS)	**2014**	**2013**	**2012**
Equity-based awards	$ 22,648	$ 23,736	$ 19,716
Liability-based awards	4,354	4,042	3,294
Total stock-based compensation	27,002	27,778	23,010
Less tax benefit	(8,018)	(8,456)	(7,228)
Total stock-based compensation, net of tax	$ 18,984	$ 19,322	$ 15,782

The shareholders of the Company approved the Company's 2010 Stock Award and Incentive Plan (the "2010 Plan") at the Annual Meeting of Shareholders held on April 27, 2010. The 2010 Plan replaced the Company's 2000 Stock Award and Incentive Plan and the 2000 Supplemental Stock Award Plan (the "2000 Plans") and provides the source for future deferrals of cash into deferred stock under the Company's Deferred Compensation Plan (with the Deferred Compensation Plan being deemed a subplan under the 2010 Plan for the sole purpose of funding deferrals under the IFF Share Fund).

Under the 2010 Plan, a total of 2,749,669 shares are authorized for issuance, including 749,669 shares remaining available under a previous plan that were rolled into the 2010 Plan. At December 31, 2014, 1,206,380 shares were subject to outstanding awards and 1,546,494 shares remained available for future awards under all of the Company's equity award plans, including the 2010 Plan (excluding shares not yet issued under open cycles of the Company's Long-Term Incentive Plan).

The Company offers a Long-Term Incentive Plan ("LTIP") for senior management. The targeted payout is 50% cash and 50% IFF stock at the end of the three-year cycle and provides for segmentation in which one-fourth of the award vests during each twelve-month period, with the final one-fourth segment vesting over the full three-year period. The 2011 grant was earned based on the achievement of defined EPS targets and our performance ranking of total shareholder return as a percentile of the S&P 500. Commencing with the 2012-2014 LTIP cycle, the Company used Economic Profit ("EP"), rather than EPS, as one of the two financial metrics of Company performance. EP measures operating profitability after considering (i) all our operating costs, (ii) income taxes and (iii) a charge for the capital employed in the business. When the award is granted, 50% of the target dollar value of the award is converted to a number of "notional" shares based on the closing price at the beginning of the cycle. For those shares whose payout is based on shareholder return as a percentile of the S&P 500, compensation expense is recognized using a graded-vesting attribution method, while compensation expense for the remainder of the performance shares (e.g., EPS targets) is recognized on a straight-line basis over the vesting period based on the probable outcome of the performance condition.

The 2010-2012 cycle concluded at the end of 2012 and an aggregate 119,561 shares of our common stock were issued in March 2013. The 2011-2013 cycle concluded at the end of 2013 and an aggregate 65,735 shares of our common stock were issued in March 2014. The 2012-2014 cycle concluded at the end of 2014 and an aggregate 90,062 shares of our common stock will be issued in March 2015.

In 2006, our Board approved the Equity Choice Program (the "Program") for senior management. This program continues under the 2010 Plan. Eligible employees can choose from among three equity alternatives and will be granted such equity awards up to certain dollar awards depending on the participant’s grade level. A participant may choose among (1) Stock Settled Appreciation Rights ("SSARs"), (2) RSUs or (3) PRS. No stock options were granted in 2014, 2013 or 2012.

SSARs

SSARs granted become exercisable on the third anniversary of the grant date and have a maximum term of 7 years. No SSARs were granted in 2014 or 2013. We granted 54,307 SSARs during 2012.

We use the Binomial lattice-pricing model as our valuation model for estimating the fair value of SSARs granted. In applying the Binomial model, we utilize historical information to estimate expected term and post-vesting terminations within the model. The expected term of a SSAR is based on historical employee exercise behavior, vesting terms and a contractual life of primarily 7 years. The risk-free interest rate for periods within the expected term of the award is based on the U.S. Treasury yield curve in effect at the time of grant. Expected volatility is based on an average of implied and historical volatility of the price of our common stock over the calculated expected term. We anticipate paying cash dividends in the future and therefore use an expected dividend yield in the valuation model; the cash dividend in effect at the time of grant was employed in this calculation.

Principal assumptions used in applying the Binomial model in 2012 were:

	2012
Weighted average fair value of SSARs granted during the period	$ 10.39
Assumptions:	
Risk-free interest rate	0.9%
Expected volatility	22.5%
Expected dividend yield	2.1%
Expected life, in years	5
Termination rate	1.05%
Exercise multiple	1.44

SSARs and options activity were as follows:

(SHARE AMOUNTS IN THOUSANDS)	Shares Subject to SSARs/Options	Weighted Average Exercise Price	SSARs/ Options Exercisable
Balance at Balance at December 31, 2013	315	$ 49.96	183
Exercised	(144)	$ 50.45	
Cancelled	(20)	$ 60.39	
Balance at Balance at December 31, 2014	151	$ 51.13	116

The weighted average exercise price of our SSARs and options exercisable at December 31, 2014, 2013 and 2012 were $47.92, $41.70 and $37.64, respectively. The following tables summarize information concerning currently outstanding and exercisable SSARs and options.

SSARs and options outstanding at December 31, 2014 were as follows:

Price Range	Number Outstanding (in thousands)	Weighted Average Remaining Contractual Life (in years)	Weighted Average Exercise Price	Aggregate Intrinsic Value (in thousands)
$26 – $30	1	4.4	$ 30.48	
$31 – $35	18	0.9	$ 35.03	
$36 – $40	6	1.3	$ 36.00	
$41 – $50	39	1.9	$ 44.56	
$51 – $60	59	3.4	$ 56.68	
$61 – $65	28	1.6	$ 62.13	
	151		$ 51.13	$ 7,490

SSARs and options exercisable as of December 31, 2014 were as follows:

Price Range	Number Exercisable (in thousands)	Weighted Average Remaining Contractual Life (in years)	Weighted Average Exercise Price	Aggregate Intrinsic Value (in thousands)
$26 – $30	1	4.4	$ 30.48	
$31 – $35	18	0.9	$ 35.03	
$36 – $40	6	1.3	$ 36.00	
$41 – $50	39	1.9	$ 44.56	
$51 – $55	25	2.0	$ 49.58	
$61 - $65	27	1.61	$ 62.13	
	116		$ 47.92	$ 6,050

The total intrinsic value of options/SSARs exercised during 2014, 2013 and 2012 totaled $7 million, $11 million and $11 million, respectively.

As of December 31, 2014, there was $0.1 million of total unrecognized compensation cost related to non-vested SSARs granted; such cost is expected to be recognized over a period of 0.3 years.

Restricted Stock Units

We have granted RSUs to eligible employees and directors. Such RSUs are subject to forfeiture if certain employment conditions are not met. RSUs principally vest 100% at the end of 3 years and contain no performance criteria provisions. An RSU's fair value is calculated based on the market price of our stock at date of grant, with an adjustment to reflect the fact that such awards do not participate in dividend rights. The aggregate fair value is amortized to expense ratably over the vesting period.

RSU activity was as follows:

(SHARE AMOUNTS IN THOUSANDS)	Number of Shares	Weighted Average Grant Date Fair Value Per Share
Balance at December 31, 2013	558	$ 64.86
Granted	206	$ 94.19
Vested	(200)	$ 59.43
Forfeited	(42)	$ 82.34
Balance at December 31, 2014	522	$ 74.83

The total fair value of RSUs which vested during the year ended December 31, 2014 was $19.5 million.

As of December 31, 2014, there was $15.6 million of total unrecognized compensation cost related to non-vested RSUs granted under the equity incentive plans; such cost is expected to be recognized over a weighted average period of 1.8 years.

Purchased Restricted Stock

For awards issued in 2012 and prior, PRS provides for eligible employees to purchase restricted shares of IFF stock at 50% of the fair market value on the grant date of the award. The shares generally vest on the third anniversary of the grant date, are subject to continued employment and other specified conditions and pay dividends if and when paid by us. Holders of PRS have, in most instances, all of the rights of stockholders, except that they may not sell, assign, pledge or otherwise encumber such shares. RSUs provide no such rights. In 2013, the terms of PRS were modified such that, for each share put in escrow by the eligible employee, the Company matches with a grant of a share of restricted stock or, for non-U.S. participants, a restricted stock unit. We issued 99,091shares of PRS in 2014 for an aggregate purchase price of $9.7 million covering 49,545 purchased shares, 101,326 shares of PRS in 2013 for $7.8 million covering 50,633 purchased shares and 228,750 shares in 2012 for $6.9 million covering 114,375 purchased shares.

PRS activity was as follows:

(SHARE AMOUNTS IN THOUSANDS)	Number of Shares	Weighted Average Grant Date Fair Value Per Share
Balance at Balance at December 31, 2013	476	$ 60.58
Granted	99	$ 97.94
Vested	(155)	$ 62.13
Forfeited	(40)	$ 57.59
Balance at Balance at December 31, 2014	380	$ 57.36

The total fair value of PRS which vested during the year ended December 31, 2014 was $14.9 million.

As of December 31, 2014, there was $6.8 million of total unrecognized compensation cost related to non-vested PRS granted under the equity incentive plans; such cost is expected to be recognized over a weighted average period of 1.8 years.

Liability Awards

We have granted Cash RSUs to eligible employees that are paid out 100% in cash upon vesting. Such RSUs are subject to forfeiture if certain employment conditions are not met. Cash RSUs principally vest 100% at the end of three years and contain no performance criteria provisions. A Cash RSU's fair value is calculated based on the market price of our stock at date of our closing period and is accounted for as a liability award. The aggregate fair value is amortized to expense ratably over the vesting period.

Cash RSU activity was as follows:

(SHARE AMOUNTS IN THOUSANDS)	Cash RSUs	Weighted Average Fair Value Per Share
Balance at Balance at December 31, 2013	112	$ 85.94
Granted	35	$ 100.85
Vested	(37)	$ 97.68
Cancelled	(4)	$ 99.73
Balance at Balance at December 31, 2014	106	$ 100.85

The total fair value of Cash RSUs which vested during the year ended December 31, 2014 was $3.7 million.

As of December 31, 2014, there was $3.7 million of total unrecognized compensation cost related to non-vested Cash RSUs granted under the equity incentive plans; such cost is expected to be recognized over a weighted average period of 1.9 years. The aggregate compensation cost will be adjusted based on changes in the Company’s stock price.

NOTE 12. SEGMENT INFORMATION

We are organized into two operating segments, Flavors and Fragrances; these segments align with the internal structure used to manage these businesses. Flavor compounds are sold to the food and beverage industries for use in consumer products such as prepared foods, beverages, dairy, food and sweet products. Fragrances is comprised of Fragrance Compounds, which are ultimately used by our customers in two broad categories: Fine Fragrances, including perfumes and colognes and Consumer Fragrances, including fragrance compounds for personal care (e.g., soaps), household products (e.g., detergents and cleaning agents) and beauty care, including toiletries; and Fragrance Ingredients, consisting of synthetic and natural ingredients that can be combined with other materials to create unique fine fragrance and consumer compounds. Major fragrance customers include the cosmetics industry, including perfume and toiletries manufacturers, and the household products industry, including manufacturers of soaps, detergents, fabric care, household cleaners and air fresheners.

We evaluate the performance of these operating segments based on segment profit which is defined as operating profit before Restructuring, global expenses (as discussed below) and certain non-recurring items, Interest expense, Other income (expense), net and Taxes on income.

The Global expenses caption represents corporate and headquarters-related expenses which include legal, finance, human resources, certain incentive compensation expenses and other R&D and administrative expenses that are not allocated to individual operating segments. Unallocated assets are principally cash and cash equivalents and other corporate and headquarters-related assets.

Our reportable segment information is as follows:

(DOLLARS IN THOUSANDS)	December 31, 2014	2013	2012
Net sales			
Flavors	$ 1,457,055	$ 1,422,739	$ 1,378,377
Fragrances	1,631,478	1,530,157	1,443,069
Consolidated	$ 3,088,533	$ 2,952,896	$ 2,821,446

(DOLLARS IN THOUSANDS)	December 31, 2014	2013
Segment assets		
Flavors	$ 1,539,254	$ 1,573,737
Fragrances	1,753,477	1,623,033
Global assets	201,890	134,961
Consolidated	$ 3,494,621	$ 3,331,731

(DOLLARS IN THOUSANDS)	December 31, 2014	2013	2012
Segment profit:			
Flavors	$ 331,257	$ 323,562	$ 298,326
Fragrances	335,447	283,651	238,379
Global expenses	(65,443)	(66,942)	(48,419)
Restructuring and other charges, net	(1,298)	(2,151)	(1,668)
Spanish capital tax charge (1)	—	(13,011)	—
Operational improvement initiative costs (2)	(7,642)	(8,770)	—
Operating Profit	592,321	516,339	486,618
Interest expense	(46,067)	(46,767)	(41,753)
Other income (expense), net (3)	2,807	15,638	(1,450)
Income before taxes	$ 549,061	$ 485,210	$ 443,415
Profit margin			
Flavors	22.7%	22.7%	21.6%
Fragrances	20.6%	18.5%	16.5%
Consolidated	19.2%	17.5%	17.2%

(1) The Spanish capital tax charge represents the charge recorded during the year ended December 31, 2013 as a result of the unfavorable ruling of the Spanish capital tax case from 2002.

(2) Operational improvement initiative costs relate to the closing of a smaller facility in Europe and certain manufacturing activities in Asia, while transferring production to larger facilities in each respective region.

(3) Other income (expense), net includes a $14.2 million gain on the sale of non-operating assets for the year ended December 31, 2013.

We have not disclosed revenues at a lower level than provided herein, such as revenues from external customers by product, as it is impracticable for us to do so.

We had one customer that accounted for more than 10% of our consolidated net sales in each year for all periods presented and related net sales were $368 million, $355 million and $320 million in 2014, 2013 and 2012, respectively. The majority of these sales were in the Fragrances operating segment.

Total long-lived assets consist of net property, plant and equipment and amounted to $720 million and $687 million at December 31, 2014 and 2013, respectively. Of this total $159 million and $163 million was located in the United States at December 31, 2014 and 2013, respectively, and $105 million and $107 million were located in the Netherlands at December 31, 2014 and 2013, respectively.

	Capital Expenditures			Depreciation and Amortization		
(DOLLARS IN THOUSANDS)	2014	2013	2012	2014	2013	2012
Flavors	$ 91,104	$ 108,215	$ 90,309	$ 36,008	$ 33,662	$ 30,816
Fragrances	43,948	17,616	26,069	43,790	39,716	42,987
Unallocated assets	8,130	8,326	9,762	9,556	9,849	2,864
Consolidated	$ 143,182	$ 134,157	$ 126,140	$ 89,354	$ 83,227	$ 76,667

	Net Sales by Geographic Area		
(DOLLARS IN THOUSANDS)	2014	2013	2012
Europe, Africa and Middle East	$ 1,041,585	$ 971,921	$ 912,768
Greater Asia	856,217	823,504	771,877
North America	690,214	680,840	694,430
Latin America	500,517	476,631	442,371
Consolidated	$ 3,088,533	$ 2,952,896	$ 2,821,446

Net sales are attributed to individual regions based upon the destination of product delivery. Net sales related to the U.S. for the years ended December 31, 2014, 2013 and 2012 were $653 million, $653 million and $662 million, respectively. Net sales attributed to all foreign countries in total for the years ended December 31, 2014, 2013 and 2012 were $2,435 million, $2,300 million and $2,159 million, respectively. No non-U.S. country had net sales in any period presented greater than 7.1% of total consolidated net sales.

NOTE 13. EMPLOYEE BENEFITS

We have pension and/or other retirement benefit plans covering approximately one-third of active employees. In 2007 the Company amended its U.S. qualified and non-qualified pension plans under which accrual of future benefits was suspended for all participants that did not meet the rule of 70 (age plus years of service equal to at least 70 at December 31, 2007). Pension benefits are generally based on years of service and on compensation during the final years of employment. Plan assets consist primarily of equity securities and corporate and government fixed income securities. Substantially all pension benefit costs are funded as accrued; such funding is limited, where applicable, to amounts deductible for income tax purposes. Certain other retirement benefits are provided by general corporate assets.

We sponsor a qualified defined contribution plan covering substantially all U.S. employees. Under this plan, we match 100% of participants' contributions up to 4% of compensation and 75% of participants' contributions from over 4% to 8%. Employees that are still eligible to accrue benefits under the defined benefit plan are limited to a 50% match up to 6% of the participants' compensation.

In addition to pension benefits, certain health care and life insurance benefits are provided to qualifying United States employees upon retirement from IFF. Such coverage is provided through insurance plans with premiums based on benefits paid. We do not generally provide health care or life insurance coverage for retired employees of foreign subsidiaries; such benefits are provided in most foreign countries by government-sponsored plans, and the cost of these programs is not material to us.

We offer a non-qualified Deferred Compensation Plan (DCP) for certain key employees and non-employee directors. Eligible employees and non-employee directors may elect to defer receipt of salary, incentive payments and Board of Directors' fees into participant directed investments, which are generally invested by the Company in individual variable life insurance contracts we own that are designed to informally fund savings plans of this nature. The cash surrender value of life insurance is based on the net asset values of the underlying funds available to plan participants. At December 31, 2014 and December 31, 2013, the Consolidated Balance Sheet reflects liabilities of $33.9 million and $29.7 million, respectively, related to the DCP in Other liabilities and $19.0 million and $15.1 million, respectively, included in Capital in excess of par value related to the portion of the DCP that will be paid out in IFF shares.

The total cash surrender value of life insurance contracts the Company owns in relation to the DCP and post-retirement life insurance benefits amounted to $42.4 million and $56.3 million at December 31, 2014 and 2013, respectively, and are recorded in Other assets in the Consolidated Balance Sheet.

The plan assets and benefit obligations of our defined benefit pension plans are measured at December 31 of each year.

	U.S. Plans			Non-U.S. Plans		
(DOLLARS IN THOUSANDS)	2014	2013	2012	2014	2013	2012
Components of net periodic benefit cost						
Service cost for benefits earned	$ 3,057	$ 3,644	$ 3,121	$ 14,142	$ 16,423	$ 12,585
Interest cost on projected benefit obligation	25,090	23,284	24,314	33,360	31,103	30,944
Expected return on plan assets	(27,647)	(26,320)	(24,329)	(49,861)	(47,793)	(43,728)
Net amortization of deferrals	17,656	24,600	20,180	10,584	9,337	6,443
Settlements and curtailments	—	—	—	43	215	873
Net periodic benefit cost	18,156	25,208	23,286	8,268	9,285	7,117
Defined contribution and other retirement plans	7,854	7,326	7,039	6,323	4,094	4,837
Total expense	$ 26,010	$ 32,534	$ 30,325	$ 14,591	$ 13,379	$ 11,954
Changes in plan assets and benefit obligations recognized in OCI						
Net actuarial (gain) loss	$ 50,918	$ (39,754)		$ 138,652	$ 36,134	
Recognized actuarial loss	(17,345)	(24,296)		(10,874)	(9,536)	
Prior service cost	216	—		(10,814)	(873)	
Recognized prior service cost	(311)	(304)		248	(15)	
Currency translation adjustment	—	—		(30,441)	5,464	
Total recognized in OCI (before tax effects)	$ 33,478	$ (64,354)		$ 86,771	$ 31,174	

	Postretirement Benefits		
(DOLLARS IN THOUSANDS)	2014	2013	2012
Components of net periodic benefit cost			
Service cost for benefits earned	$ 1,295	$ 1,526	$ 1,357
Interest cost on projected benefit obligation	4,896	4,503	5,656
Net amortization and deferrals	(4,109)	(3,040)	(1,770)
Expense	$ 2,082	$ 2,989	$ 5,243
Changes in plan assets and benefit obligations recognized in OCI			
Net actuarial (gain)	$ 7,706	$ (15,524)	
Recognized actuarial loss	(540)	(1,672)	
Recognized prior service credit	4,649	4,712	
Total recognized in OCI (before tax effects)	$ 11,815	$ (12,484)	

The amounts expected to be recognized in net periodic cost in 2015 are:

(DOLLARS IN THOUSANDS)	U.S. Plans	Non-U.S. Plans	Postretirement Benefits
Actuarial loss recognition	$ 20,627	$ 15,088	$ 1,184
Prior service cost (credit) recognition	183	(840)	(4,029)

Weighted-average actuarial assumption used to determine expense	U.S. Plans			Non-U.S. Plans		
	2014	2013	2012	2014	2013	2012
Discount rate	4.70%	4.10%	4.70%	4.18%	4.14%	4.71%
Expected return on plan assets	7.30%	7.30%	7.30%	6.27%	6.26%	6.27%
Rate of compensation increase	3.25%	3.25%	3.25%	2.66%	2.73%	2.88%

Changes in the postretirement benefit obligation and plan assets, as applicable, are detailed in the following table:

	U.S. Plans		Non-U.S. Plans		Postretirement Benefits	
(DOLLARS IN THOUSANDS)	2014	2013	2014	2013	2014	2013
Benefit obligation at beginning of year	$ 544,602	$ 573,706	$ 818,578	$ 780,164	$ 105,521	$ 119,308
Service cost for benefits earned	3,057	3,644	14,142	16,423	1,295	1,526
Interest cost on projected benefit obligation	25,090	23,284	33,360	31,103	4,896	4,503
Actuarial (gain) loss	79,855	(29,875)	236,096	2,655	7,706	(15,524)
Plan amendments	216	—	(10,814)	(873)	—	—
Adjustments for expense/tax contained in service cost	—	—	(2,087)	(2,343)	—	—
Plan participants' contributions	—	—	2,096	2,793	1,024	1,022
Benefits paid	(27,341)	(26,157)	(32,134)	(27,571)	(6,945)	(5,314)
Curtailments / settlements	—	—	(9,270)	(768)	—	—
Translation adjustments	—	—	(86,413)	16,995	—	—
Acquisitions/Transferred Liabilities	—	—	1,712	—	—	—
Benefit obligation at end of year	$ 625,479	$ 544,602	$ 965,266	$ 818,578	$ 113,497	$ 105,521
Fair value of plan assets at beginning of year	$ 448,851	$ 405,289	$ 799,670	$ 776,188		
Actual return on plan assets	56,584	36,199	135,947	11,970		
Employer contributions	23,707	33,520	20,282	19,377		
Participants' contributions	—	—	2,096	2,793		
Benefits paid	(27,341)	(26,157)	(32,134)	(27,571)		
Settlements	—	—	—	(768)		
Translation adjustments	—	—	(74,680)	17,681		
Acquisitions/Transferred Assets	—	—	1,712	—		
Fair value of plan assets at end of year	$ 501,801	$ 448,851	$ 852,893	$ 799,670		
Funded status at end of year	$ (123,678)	$ (95,751)	$ (112,373)	$ (18,908)		

	U.S. Plans		Non-U.S. Plans	
(DOLLARS IN THOUSANDS)	2014	2013	2014	2013
Amounts recognized in the balance sheet:				
Other assets	$ —	$ —	$ 1,338	$ 14,058
Other current liabilities	(3,887)	(3,819)	(608)	(651)
Retirement liabilities	(119,791)	(91,930)	(113,103)	(32,315)
Net amount recognized	$ (123,678)	$ (95,749)	$ (112,373)	$ (18,908)

(DOLLARS IN THOUSANDS)	U.S. Plans 2014	U.S. Plans 2013	Non-U.S. Plans 2014	Non-U.S. Plans 2013	Postretirement Benefits 2014	Postretirement Benefits 2013
Amounts recognized in AOCI consist of:						
Net actuarial loss	$ 178,677	$ 145,105	$ 360,070	$ 263,930	$ 21,057	$ 13,891
Prior service cost (credit)	387	482	(10,697)	(1,330)	(10,358)	(15,007)
Total AOCI (before tax effects)	$ 179,064	$ 145,587	$ 349,373	$ 262,600	$ 10,699	$ (1,116)

(DOLLARS IN THOUSANDS)	U.S. Plans 2014	U.S. Plans 2013	Non-U.S. Plans 2014	Non-U.S. Plans 2013
Accumulated Benefit Obligation — end of year	$ 616,004	$ 536,176	$ 942,103	$ 777,188
Information for Pension Plans with an ABO in excess of Plan Assets:				
Projected benefit obligation	$ 625,479	$ 544,602	$ 695,552	$ 43,778
Accumulated benefit obligation	616,004	536,176	672,389	41,991
Fair value of plan assets	501,801	448,851	581,841	18,669
Weighted-average assumptions used to determine obligations at December 31				
Discount rate	3.90%	4.70%	2.74%	4.18%
Rate of compensation increase	3.25%	3.25%	2.00%	2.66%

(DOLLARS IN THOUSANDS)	U.S. Plans	Non-U.S. Plans	Postretirement Benefits
Estimated Future Benefit Payments			
2015	30,068	28,045	5,085
2016	31,194	27,710	5,285
2017	32,589	28,893	5,522
2018	34,115	31,459	5,784
2019	35,483	32,259	6,043
2020 - 2024	188,512	169,579	33,627
Contributions			
Required Company Contributions in the Following Year (2015)	$ 4,156	$ 16,183	$ 5,085

We consider a number of factors in determining and selecting assumptions for the overall expected long-term rate of return on plan assets. We consider the historical long-term return experience of our assets, the current and expected allocation of our plan assets and expected long-term rates of return. We derive these expected long-term rates of return with the assistance of our investment advisors. We base our expected allocation of plan assets on a diversified portfolio consisting of domestic and international equity securities, fixed income, real estate and alternative asset classes. The asset allocation is monitored on an ongoing basis.

We consider a variety of factors in determining and selecting our assumptions for the discount rate at December 31. For the U.S. plans, the discount rate was based on the internal rate of return for a portfolio of Moody's Aaa, Aa and Merrill Lynch AAA-AA high quality bonds with maturities that are consistent with the projected future benefit payment obligations of the plan. The rate of compensation increase for all plans and the medical cost trend rate for the applicable U.S. plans are based on plan experience.

	U.S. Plans		Non-U.S. Plans	
	2014	2013	2014	2013
Percentage of assets invested in:				
Cash and cash equivalents	1%	1%	1%	2%
Equities	40%	48%	26%	25%
Fixed income	59%	51%	62%	59%
Property	0%	0%	7%	8%
Alternative and other investments	0%	0%	4%	6%

With respect to the U.S. plans, the expected return on plan assets was determined based on an asset allocation model using the current target allocation, real rates of return by asset class and an anticipated inflation rate. The target investment allocation is 40% equity securities and 60% fixed income securities.

The expected annual rate of return for the non-U.S. plans employs a similar set of criteria adapted for local investments, inflation rates and in certain cases specific government requirements. The target asset allocation, for the non-U.S. plans, consists of approximately: 40% – 60% in fixed income securities; 20% – 40% in equity securities; 5% – 20% in real estate; and 5% – 10% in alternative investments.

The following tables present our plan assets for the U.S. and non-U.S. plans using the fair value hierarchy as of December 31, 2014 and 2013. Our plans' assets were accounted for at fair value and are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. Our assessment of the significance of a particular input to the fair value measurement requires judgment, and may affect the valuation of fair value assets and their placement within the fair value hierarchy levels. For more information on a description of the fair value hierarchy, see Note 14.

	U.S. Plans for the year ended December 31, 2014			
(DOLLARS IN THOUSANDS)	Level 1	Level 2	Level 3	Total
Cash Equivalents	$ —	$ 3,829	$ —	$ 3,829
Equity Securities				
U.S. Common Stock	37,278	—	—	37,278
Non-U.S. Common Stock	1,635	—	—	1,635
Balanced Funds	—	9,270	—	9,270
Pooled Funds	—	154,559	—	154,559
Fixed Income Securities				
Government & Government Agency Bonds	—	10,620	—	10,620
Mutual Funds	—	212,007	—	212,007
Corporate Bonds	—	63,057	—	63,057
Municipal Bonds	—	9,100	—	9,100
Total	$ 38,913	$ 462,442	$ —	$ 501,355
Receivables				$ 446
Total				$ 501,801

	U.S. Plans for the year ended December 31, 2013			
(DOLLARS IN THOUSANDS)	Level 1	Level 2	Level 3	Total
Cash Equivalents	$ —	$ 5,694	$ —	$ 5,694
Equity Securities				
U.S. Common Stock	38,993	—	—	38,993
Non-U.S. Common Stock	343	—	—	343
Balanced Funds	—	8,389	—	8,389
Pooled Funds	—	165,670	—	165,670
Fixed Income Securities				
Government & Government Agency Bonds	—	8,262	—	8,262
Mutual Funds	—	158,646	—	158,646
Corporate Bonds	—	54,699	—	54,699
Municipal Bonds	—	7,440	—	7,440
Total	$ 39,336	$ 408,800	$ —	$ 448,136
Receivables				$ 715
Total				$ 448,851

	Non-U.S. Plans for the year ended December 31, 2014			
(DOLLARS IN THOUSANDS)	Level 1	Level 2	Level 3	Total
Cash	$ 10,792	$ —	$ —	$ 10,792
Equity Securities				
U.S. Large Cap	64,852	8,295	—	73,147
Non-U.S. Large Cap	83,671	5,853	—	89,524
Non-U.S. Mid Cap	145	—	—	145
Non-U.S. Small Cap	33	—	—	33
Emerging Markets	52,664	1,214	—	53,878
Fixed Income Securities				
U.S. Treasuries/Government Bonds	47	—	—	47
Non-U.S. Treasuries/Government Bonds	163,143	100,544	—	263,687
Non-U.S. Corporate Bonds	62,630	186,837	—	249,467
Non-U.S. Asset-Backed Securities	—	16,375	—	16,375
Non-U.S. Other Fixed Income	1,409	—	—	1,409
Alternative Types of Investments				
Insurance Contracts	316	—	—	316
Hedge Funds	—	—	14,775	14,775
Other	904	—	—	904
Absolute Return Funds	—	17,135	—	17,135
Private Equity Funds	—	—	6	6
Real Estate				
Non-U.S. Real Estate	—	56,346	4,907	61,253
Total	$ 440,606	$ 392,599	$ 19,688	$ 852,893

(DOLLARS IN THOUSANDS)	Non-U.S. Plans for the year ended December 31, 2013			
	Level 1	Level 2	Level 3	Total
Cash	$ 11,956	$ —	$ —	$ 11,956
Equity Securities				
U.S. Large Cap	40,274	—	—	40,274
Non-U.S. Large Cap	92,551	12,783	—	105,334
Non-U.S. Mid Cap	107	—	—	107
Non-U.S. Small Cap	29	—	—	29
Emerging Markets	57,689	—	—	57,689
Fixed Income Securities				
U.S. Treasuries/Government Bonds	328	—	—	328
U.S. Corporate Bonds	—	—	—	—
Non-U.S. Treasuries/Government Bonds	120,651	75,131	—	195,782
Non-U.S. Corporate Bonds	65,443	189,707	—	255,150
Non-U.S. Mortgage-Backed Securities	—	—	—	—
Non-U.S. Asset-Backed Securities	—	17,895	—	17,895
Non-U.S. Other Fixed Income	1,205	—	—	1,205
Alternative Types of Investments				
Insurance Contracts	334	—	—	334
Hedge Funds	—	—	15,280	15,280
Other	928	—	—	928
Absolute Return Funds	—	31,253	—	31,253
Private Equity Funds	—	—	7	7
Real Estate				
Non-U.S. Real Estate	—	58,660	7,459	66,119
Total	$ 391,495	$ 385,429	$ 22,746	$ 799,670

Cash and cash equivalents are primarily held in registered money market funds which are valued using a market approach based on the quoted market prices of identical instruments. Other cash and cash equivalents are valued daily by the fund using a market approach with inputs that include quoted market prices for similar instruments.

Equity securities are primarily valued using a market approach based on the quoted market prices of identical instruments. Pooled funds are typically common or collective trusts valued at their net asset values (NAVs).

Fixed income securities are primarily valued using a market approach with inputs that include broker quotes and benchmark yields.

Derivative instruments are valued by the custodian using closing market swap curves and market derived inputs.

Real estate values are primarily based on valuation of the underlying investments, which include inputs such as cost, discounted future cash flows, independent appraisals and market comparable data.

Hedge funds are valued based on valuation of the underlying securities and instruments within the funds. Quoted market prices are used when available and NAVs are used for unquoted securities within the funds.

Absolute return funds are actively managed funds mainly invested in debt and equity securities and are valued at their NAVs.

The following table presents a reconciliation of Level 3 non-U.S. plan assets held during the year ended December 31, 2014:

	Non-U.S. Plans			
(DOLLARS IN THOUSANDS)	Real Estate	Private Equity	Hedge Funds	Total
Ending balance as of December 31, 2013	$ 7,459	$ 7	$ 15,280	$ 22,746
Actual return on plan assets	(2,322)	(1)	(505)	(2,828)
Purchases, sales and settlements	(230)	—	—	(230)
Ending balance as of December 31, 2014	$ 4,907	$ 6	$ 14,775	$ 19,688

The following weighted average assumptions were used to determine our postretirement benefit expense and obligation for the years ended December 31:

	Expense		Liability	
	2014	2013	2014	2013
Discount rate	4.80%	4.00%	3.90%	4.80%
Current medical cost trend rate	6.50%	6.75%	5.80%	6.50%
Ultimate medical cost trend rate	4.75%	4.75%	4.75%	4.75%
Medical cost trend rate decreases to ultimate rate in year	2021	2021	2023	2021

	Sensitivity of Disclosures to Changes in Selected Assumptions			
	25 BP Decrease in Discount Rate		25 BP Decrease in Discount Rate	25 BP Decrease in Long-Term Rate of Return
(DOLLARS IN THOUSANDS)	Change in PBO	Change in ABO	Change in pension expense	Change in pension expense
U.S. Pension Plans	$ 19,983	$ 19,609	$ 1,304	$ 1,043
Non-U.S. Pension Plans	$ 47,377	$ 45,329	$ 2,783	$ 2,115
Postretirement Benefit Plan	N/A	$ 3,745	$ 215	N/A

The effect of a 1% increase in the medical cost trend rate would increase the accumulated postretirement benefit obligation and the annual postretirement expense by approximately $6.9 million and $0.3 million, respectively; a 1% decrease in the rate would decrease the obligation and expense by approximately $6.7 million and $0.3 million, respectively.

We contributed $20.0 million and $20.3 million to our qualified U.S. pension plans and non-U.S. pension plans in 2014, respectively. We made $3.7 million in benefit payments with respect to our non-qualified U.S. pension plan. In addition, $6.9 million of payments were made with respect to our other postretirement plans.

NOTE 14. FINANCIAL INSTRUMENTS

Fair Value

Accounting guidance on fair value measurements specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect our market assumptions. These two types of inputs create the following fair value hierarchy:

- Level 1 — Quoted prices for *identical* instruments in active markets.
- Level 2 — Quoted prices for *similar* instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations in which all significant inputs and significant value drivers are observable in active markets.
- Level 3 — Valuations derived from valuation techniques in which one or more significant inputs or significant value drivers are unobservable.

This hierarchy requires us to use observable market data, when available, and to minimize the use of unobservable inputs when determining fair value. We determine the fair value of structured liabilities (where performance is linked to structured interest rates, inflation or currency risks) using the London InterBank Offer Rate (“LIBOR”) swap curve and forward interest and exchange rates at period end. Such instruments are classified as Level 2 based on the observability of significant inputs to the model. We do not have any instruments classified as Level 1 or Level 3, other than those included in pension asset trusts included in Note 13.

These valuations take into consideration our credit risk and our counterparties’ credit risk. The estimated change in the fair value of these instruments due to such changes in our own credit risk (or instrument-specific credit risk) was immaterial as of December 31, 2014.

The amounts recorded in the balance sheet (carrying amount) and the estimated fair values of financial instruments at December 31 consisted of the following:

	2014		2013	
(DOLLARS IN THOUSANDS)	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Cash and cash equivalents[(1)]	$ 478,573	$ 478,573	$ 405,505	$ 405,505
Credit facilities and bank overdrafts[(2)]	12,335	12,335	984	984
Long-term debt:[(3)]				
Senior notes — 2007	500,000	587,650	500,000	590,024
Senior notes — 2006	125,000	133,137	125,000	139,146
Senior notes — 2013	299,782	296,290	299,736	278,770

(1) The carrying amount of cash and cash equivalents approximates fair value due to the short maturity of those instruments.

(2) The carrying amount of our credit facilities and bank overdrafts approximates fair value as the interest rate is reset frequently based on current market rates as well as the short maturity of those instruments.

(3) The fair value of our long-term debt was calculated using discounted cash flows applying current interest rates and current credit spreads based on our own credit risk.

Derivatives

We periodically enter into foreign currency forward contracts with the objective of reducing exposure to cash flow volatility associated with our intercompany loans, foreign currency receivables and payables and anticipated purchases of certain raw materials used in operations. These contracts generally involve the exchange of one currency for a second currency at a future date, have maturities not exceeding twelve months and are with counterparties which are major international financial institutions.

In 2003, we executed a 10-year Yen — U.S. dollar currency swap related to the monthly sale and purchase of products between the U.S. and Japan which has been designated as a cash flow hedge. This swap matured in January 2013.

During the years ended December 31, 2014 and 2013, we entered into forward currency contracts which qualified as net investment hedges, in order to mitigate a portion of our net European investments from foreign currency risk. The effective portions of net investment hedges are recorded in other comprehensive income ("OCI") as a component of Foreign currency translation adjustments in the accompanying Consolidated Statement of Income and Comprehensive Income. Realized gains/(losses) are deferred in AOCI where they will remain until the net investments in our European subsidiaries are divested. Six of these forward currency contracts matured during the year ended December 31, 2014. The outstanding forward currency contacts have remaining maturities of less than one year.

During the year ended December 31, 2014 and 2013, we continued to enter into several forward currency contracts which qualified as cash flow hedges. The objective of these hedges is to protect against the currency risk associated with forecasted U.S. dollar (USD) denominated raw material purchases made by Euro (EUR) functional currency entities which result from changes in the EUR/USD exchange rate. The effective portions of cash flow hedges are recorded in OCI as a component of Gains/(Losses) on derivatives qualifying as hedges in the accompanying Consolidated Statement of Income and Comprehensive Income. Realized gains/(losses) in AOCI related to cash flow hedges of raw material purchases are recognized as a component of Cost of goods sold in the accompanying Consolidated Statement of Income and Comprehensive Income in the same period as the related costs are recognized.

During 2014 and 2013, we entered into interest rate swap agreements that effectively converted the fixed rate on a portion of our long-term borrowings to a variable short-term rate based on the LIBOR plus an interest markup. These swaps are designated as fair value hedges. Amounts recognized in Interest expense were immaterial for the year ended December 31, 2014.

During Q1 2013, we entered into three interest rate swaps to hedge the anticipated issuance of fixed-rate debt, which are designated as cash flow hedges. The effective portions of cash flow hedges are recorded in OCI as a component of Losses/gains on derivatives qualifying as hedges in the accompanying Consolidated Statement of Income and Comprehensive Income. During the second quarter of 2013, we terminated these swaps and incurred a loss of $2.7 million, which we will amortize as Interest expense over the life of the Senior Notes - 2013 (discussed in Note 8).

The following table shows the notional amount of the Company's derivative instruments outstanding as of December 31, 2014 and December 31, 2013:

(DOLLARS IN THOUSANDS)	December 31, 2014	December 31, 2013
Forward currency contracts	$ 191,150	$ 255,500
Interest rate swaps	$ 425,000	$ 375,000

The following tables show the Company's derivative instruments measured at fair value (Level 2 of the fair value hierarchy) as reflected in the Consolidated Balance Sheets as of December 31, 2014 and December 31, 2013 (in thousands):

	December 31, 2014		
	Fair Value of Derivatives Designated as Hedging Instruments	Fair Value of Derivatives Not Designated as Hedging Instruments	Total Fair Value
Derivative assets[(a)]			
Foreign currency contracts	$ 16,637	$ 4,398	$ 21,035
Interest rate swaps	683	—	683
	$ 17,320	$ 4,398	$ 21,718
Derivative liabilities[(b)]			
Foreign currency contracts	$ 6	$ 1,055	$ 1,061

	December 31, 2013		
	Fair Value of Derivatives Designated as Hedging Instruments	Fair Value of Derivatives Not Designated as Hedging Instruments	Total Fair Value
Derivative assets[(a)]			
Foreign currency contracts	$ 580	$ 8,896	$ 9,476
Interest rate swaps	670	—	670
	$ 1,250	$ 8,896	$ 10,146
Derivative liabilities[(b)]			
Foreign currency contracts	$ 6,024	$ 2,909	$ 8,933

(a) Derivative assets are recorded to Prepaid expenses and other current assets in the Consolidated Balance Sheet.
(b) Derivative liabilities are recorded as Other current liabilities in the Consolidated Balance Sheet.

The following table shows the effect of the Company's derivative instruments which were not designated as hedging instruments in the Consolidated Statement of Income and Comprehensive Income for the years ended December 31, 2014 and December 31, 2013 (in thousands):

Derivatives Not Designated as Hedging Instruments	Amount of Gain For the years ended December 31, 2014	Amount of Gain For the years ended December 31, 2013	Location of Gain Recognized in Income on Derivative
Foreign currency contract	$ 25,678	$ 16,479	Other (income) expense, net

Most of these net gains (losses) offset any recognized gains (losses) arising from the revaluation of the related intercompany loans during the same respective periods.

The following table shows the effect of the Company's derivative instruments designated as cash flow and net investment hedging instruments in the Consolidated Statement of Income and Comprehensive Income for the years ended December 31, 2014 and December 31, 2013 (in thousands):

	Amount of Gain or (Loss) Recognized in OCI on Derivative (Effective Portion) For the years ended December 31,		Location of Gain or (Loss) Reclassified from Accumulated OCI into Income (Effective Portion)	Amount of Gain or (Loss) Reclassified from Accumulated OCI into Income (Effective Portion) For the years ended December 31,	
	2014	2013		2014	2013
Derivatives in Cash Flow Hedging Relationships:					
Cross currency swap(1)	$ —	$ —	Other (income) expense, net	$ —	$ (333)
Forward currency contract	16,109	(1,308)	Cost of goods sold	(3,675)	(624)
Interest rate swaps (2)	274	(2,530)	Interest expense	(274)	(205)
Derivatives in Net Investment Hedging Relationships:					
Forward currency contract	7,415	(1,330)	N/A	—	—
Total	$ 23,798	$ (5,168)		$ (3,949)	$ (1,162)

(1) Ten year swap executed in 2003, matured in January 2013.
(2) Interest rate swaps were entered into as pre-issuance hedges for the $300 million bond offering.

The ineffective portion of the above noted cash flow hedges and net investment hedges was not material for the years ended December 31, 2014 and 2013.

The Company expects approximately $7.0 million (net of tax), of derivative gains included in AOCI at December 31, 2014, based on current market rates, will be reclassified into earnings within the next twelve months. The majority of this amount will vary due to fluctuations in foreign currency exchange rates.

NOTE 15. ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)

The following tables present changes in the accumulated balances for each component of other comprehensive income, including current period other comprehensive income and reclassifications out of accumulated other comprehensive income:

(DOLLARS IN THOUSANDS)	Foreign Currency Translation Adjustments	(Losses) Gains on Derivatives Qualifying as Hedges	Pension and Postretirement Liability Adjustment	Total
Accumulated other comprehensive loss, net of tax, as of December 31, 2013	$ (104,278)	$ (4,012)	$ (284,421)	$ (392,711)
OCI before reclassifications	(69,064)	12,434	(111,915)	(168,545)
Amounts reclassified from AOCI	—	3,949	16,877	20,826
Net current period other comprehensive income (loss)	(69,064)	16,383	(95,038)	(147,719)
Accumulated other comprehensive loss, net of tax, as of December 31, 2014	$ (173,342)	$ 12,371	$ (379,459)	$ (540,430)

(DOLLARS IN THOUSANDS)	Foreign Currency Translation Adjustments	(Losses) Gains on Derivatives Qualifying as Hedges	Pension and Postretirement Liability Adjustment	Total
Accumulated other comprehensive (loss) income, net of tax, as of December 31, 2012	$ (93,722)	$ (218)	$ (309,685)	$ (403,625)
OCI before reclassifications	(10,556)	(4,956)	4,339	(11,173)
Amounts reclassified from AOCI	—	1,162	20,925	22,087
Net current period other comprehensive income (loss)	(10,556)	(3,794)	25,264	10,914
Accumulated other comprehensive loss, net of tax, as of December 31, 2013	$ (104,278)	$ (4,012)	$ (284,421)	$ (392,711)

The following table provides details about reclassifications out of accumulated other comprehensive income to the Consolidated Statement of Comprehensive Income:

(DOLLARS IN THOUSANDS)	December 31, 2014	December 31, 2013	Affected Line Item in the Consolidated Statement of Comprehensive Income
(Losses) gains on derivatives qualifying as hedges			
Cross currency swap	$ —	$ (333)	Other (income) expense, net
Foreign currency contracts	(4,426)	(861)	Cost of goods sold
Interest rate swaps	(274)	(205)	Interest expense
	751	237	Provision for income taxes
	$ (3,949)	$ (1,162)	Total, net of income taxes
(Losses) gains on pension and postretirement liability adjustments			
Settlements / Curtailments	$ (43)	$ (215)	(a)
Prior service cost	(63)	(319)	(a)
Actuarial losses	(28,219)	(33,618)	(a)
	11,448	13,227	Provision for income taxes
	$ (16,877)	$ (20,925)	Total, net of income taxes

(a) The amortization of prior service cost and actuarial loss is included in the computation of net periodic benefit cost. Refer to Note 13 to the Consolidated Financial Statements - Employee Benefits for additional information regarding net periodic benefit cost.

NOTE 16. CONCENTRATIONS OF CREDIT RISK

The Company does not have significant concentrations of risk in financial instruments. Temporary investments are made in a well-diversified portfolio of high-quality, liquid obligations of government, corporate and financial institutions. There are also limited concentrations of credit risk with respect to trade receivables because the Company has a large number of customers who are spread across many industries and geographic regions. The Company's larger customers are each spread across many sub-categories of its segments and geographical regions. We had one customer that accounted for more than 10% of our consolidated net sales in each year for all periods presented.

NOTE 17. COMMITMENTS AND CONTINGENCIES

Lease Commitments

Minimum rental payments under non-cancelable operating leases are $29.0 million in 2015, $25.3 million in 2016, $22.3 million in 2017 and from 2018 and thereafter through 2031, the aggregate lease obligations are $133.8 million. The corresponding rental expense amounted to $34.4 million, $32.4 million and $31.5 million for the years ended December 31, 2014, 2013 and 2012, respectively. None of our leases contain escalation clauses and they do not require capital improvement funding.

Guarantees and Letters of Credit

The Company has various bank guarantees and letters of credit which are available for use regarding governmental requirements associated with pending litigation in various jurisdictions and to support its ongoing business operations.

At December 31, 2014, we had total bank guarantees and standby letters of credit of approximately $38.5 million with various financial institutions. Of this amount, Euro 6.5 million ($7.9 million) in bank guarantees are related to governmental requirements on income tax disputes in Spain, as discussed in further detail in Note 9. Also included in the above aggregate amount is a total of $19.6 million for certain other assessments in Brazil for other diverse income tax and indirect tax disputes related to fiscal years 1998-2011. There were no material amounts utilized under the standby letters of credit as of December 31, 2014.

In order to challenge the assessments in these cases in Brazil, the Company has been required to and has separately pledged assets, principally property, plant and equipment to cover assessments in the amount of approximately $18.0 million as of December 31, 2014.

Lines of Credit

The Company has various lines of credit which are available to support its ongoing business operations. December 31, 2014, we had available lines of credit (in addition to the New Facility as discussed in Note 8) of approximately $78.6 million with various financial institutions. There were no material amounts drawn down pursuant to these lines of credit as of December 31, 2014.

Litigation

The Company assesses contingencies related to litigation and/or other matters to determine the degree of probability and range of possible loss. A loss contingency is accrued in the Company's consolidated financial statements if it is probable that a liability has been incurred and the amount of the loss can be reasonably estimated. Because litigation is inherently unpredictable and unfavorable resolutions could occur, assessing contingencies is highly sensitive and requires judgments about future events. On at least a quarterly basis, the Company reviews contingencies related to litigation to determine the adequacy of accruals. The amount of ultimate loss may differ from these estimates and further events may require the Company to increase or decrease the amounts it has accrued on any matter.

Periodically, we assess our insurance coverage for all known claims, where applicable, taking into account aggregate coverage by occurrence, limits of coverage, self-insured retentions and deductibles, historical claims experience and claims experience with our insurance carriers. The liabilities are recorded at management's best estimate of the probable outcome of the lawsuits and claims, taking into consideration the facts and circumstances of the individual matters as well as past experience on similar matters. At each balance sheet date, the key issues that management assesses are whether it is probable that a loss as to asserted or unasserted claims has been incurred and if so, whether the amount of loss can be reasonably estimated. We record the expected liability with respect to claims in Other liabilities and expected recoveries from our insurance carriers in Other assets. We recognize a receivable when we believe that realization of the insurance receivable is probable under the terms of the insurance policies and our payment experience to date.

Environmental

Over the past 20 years, various federal and state authorities and private parties have claimed that we are a Potentially Responsible Party ("PRP") as a generator of waste materials for alleged pollution at a number of waste sites operated by third parties located principally in New Jersey and have sought to recover costs incurred and to be incurred to clean up the sites.

We have been identified as a PRP at nine facilities operated by third parties at which investigation and/or remediation activities may be ongoing. We analyze our potential liability on at least a quarterly basis. We accrue for environmental liabilities when they are probable and estimable. We estimate our share of the total future cost for these sites to be less than $5 million.

While joint and several liability is authorized under federal and state environmental laws, we believe the amounts we have paid and anticipate paying in the future for clean-up costs and damages at all sites are not and will not have a material adverse effect on our financial condition, results of operations or liquidity. This assessment is based upon, among other things, the involvement of other PRPs at most of the sites, the status of the proceedings, including various settlement agreements and consent decrees and the extended time period over which payments will likely be made. There can be no assurance, however, that future events will not require us to materially increase the amounts we anticipate paying for clean-up costs and damages at these sites, and that such increased amounts will not have a material adverse effect on our financial condition, results of operations or cash flows.

Other Contingencies

The Company has contingencies involving third parties (such as labor, contract, technology or product-related claims or litigation) as well as government-related items in various jurisdictions in which we operate pertaining to such items as value-added taxes, other indirect taxes, customs and duties and sales and use taxes. It is possible that cash flows or results of operations, in any period, could be materially affected by the unfavorable resolution of one or more of these contingencies.

The most significant government-related contingencies exist in Brazil. With regard to the Brazilian matters, we believe we have valid defenses for the underlying positions under dispute; however, in order to pursue these defenses, we are required to, and have provided, bank guarantees and pledged assets in the aggregate amount of $37.6 million. The Brazilian matters take an extended period of time to proceed through the judicial process and there are a limited number of rulings to date.

In March 2012, ZoomEssence, Inc. filed a complaint against the Company in the U.S. District Court of New Jersey alleging trade secret misappropriation, breach of contract and unjust enrichment in connection with certain spray dry technology disclosed to the Company. In connection with the claims, ZoomEssence is seeking an injunction and monetary damages. ZoomEssence initially sought a temporary restraining order and preliminary injunction, but the Court denied these applications in an order entered on September 27, 2013, finding that ZoomEssence had not demonstrated a likelihood of success on the merits of its claims. The Court subsequently referred the matter to mediation, however the private mediation session did not result in a resolution of the dispute. On November 3, 2014, ZoomEssence amended its complaint against the Company to include allegations of breach of the duty of good faith and fair dealing, fraud in the inducement, and misappropriation of confidential and proprietary information. On November 13, 2014, the Company filed a counterclaim against ZoomEssence alleging trade secret misappropriation, breach of contract, breach of the implied covenant of good faith and fair dealing, unjust enrichment, misappropriation of confidential and proprietary information, common law unfair competition, tortious interference with contractual relations, and conversion. The case is currently proceeding through discovery with a trial on the merits anticipated in late 2015. The Company denies the allegations and will vigorously defend and pursue its position in Court. At this stage of the litigation, based on the information currently available to the Company, management does not believe that this matter represents a material loss contingency.

Based on the information available as of December 31, 2014, we estimate a range of reasonably possible loss related to all of the matters above of $0-$31 million.

Separately, the Spanish tax authorities are alleging claims for a capital tax in a case arising from similar allegations as the income tax cases (discussed in further detail in Note 9). In connection with the 2002 income tax assessment ruling discussed in Note 9, the Appellate Court rejected one of the two bases upon which we based our capital tax position. However, we believe that we still have a strong basis for our capital tax position and intend to continue to defend these claims. If there is an unfavorable ruling in this case, we estimate the loss wold be approximately $13 million, which was fully reserved as of December 31, 2014. On January 22, 2014, we filed an appeal and in order to avoid future interest costs in the event our appeal is unsuccessful, we paid $11.2 million (representing the principal amount) during the first quarter of 2014.

(a)(3) EXHIBITS

Exhibit Number	Description
3(i)	Restated Certificate of Incorporation of the Company, incorporated by reference to Exhibit 10(g) to Registrant's Report on Form 10-Q filed on August 12, 2002.
3(ii)	By-laws of the Registrant, effective as of February 6, 2014, incorporated by reference to Exhibit 3(ii) to Registrant's Report on Form 8-K filed on February 7, 2014.
4.1	Note Purchase Agreement, dated as of July 12, 2006, by and among International Flavors & Fragrances Inc. and the various purchasers named therein, incorporated by reference to Exhibit 4.7 to Registrant's Report on Form 8-K filed on July 13, 2006.
4.2	Form of Series A, Series B, Series C and Series D Senior Notes incorporated by reference to Exhibit 4.8 to Registrant's Report on Form 8-K filed on July 13, 2006.
4.3	Note Purchase Agreement, dated as of September 27, 2007, by and among International Flavors & Fragrances Inc. and the various purchasers named therein, incorporated by reference to Exhibit 4.7 to Registrant's Report on Form 8-K filed on October 1, 2007.
4.4	Form of Series A, Series B, Series C and Series D Senior Notes incorporated by reference to Exhibit 4.8 of Registrant's Report on Form 8-K filed on October 1, 2007.
*10.1	Letter Agreement between International Flavors & Fragrances Inc. and Andreas Fibig, dated May 26, 2014, incorporated by reference to Exhibit 10.1 to the Registrant's Report on Form 8-K filed on May 28, 2014.
*10.2	Supplemental Retirement Plan, adopted by the Registrant's Board of Directors on October 29, 1986 as amended and restated through October 9, 2007, incorporated by reference to Exhibit 10.5 to Registrant's Report on Form 10-K filed on February 27, 2008.
*10.3	2000 Stock Award and Incentive Plan, adopted by the Registrant's Board of Directors on March 9, 2000 as amended and restated through October 9, 2007, incorporated by reference to Exhibit 10.6 to Registrant's Report on Form 10-K filed on February 27, 2008.
*10.4	2010 Stock Award and Incentive Plan, as Amended and Restated as of February 6, 2014.
*10.5	2000 Supplemental Stock Award Plan, adopted by the Registrant's Board of Directors on November 14, 2000 as amended and restated through October 9, 2007, incorporated by reference to Exhibit 10.7 to Registrant's Report on Form 10-K filed on February 27, 2008.
*10.6	Performance Criteria for the Registrant's Equity Choice Program relating to Senior Executives incorporated by reference to Exhibit 10.1 to Registrant's Report on Form 10-Q filed on May 6, 2010.
*10.7	Form of Non-Employee Director's Restricted Stock Units Agreement under International Flavors & Fragrances Inc. 2000 Stock Award and Incentive Plan, incorporated by reference to Exhibit 10.7 to Registrant's Report on Form 10-Q filed on October 31, 2007.
*10.8	Form of U.S. Restricted Stock Units Agreement under International Flavors & Fragrances Inc. 2000 Stock Award and Incentive Plan incorporated by reference to Exhibit 10.5 to Registrant's Report on Form 10-Q filed on October 31, 2007.

Exhibit Number	Description
*10.9	Form of U.S. Stock Settled Appreciation Rights Agreement under International Flavors & Fragrances Inc. 2000 Stock Award and Incentive Plan, incorporated by reference to Exhibit 10.6 to Registrant's Report on Form 10-Q filed on October 31, 2007.
*10.10	Form of Restricted Stock Units Agreement under International Flavors & Fragrances Inc. 2000 Stock Award and Incentive Plan incorporated by reference to Exhibit 10.2 to Registrant's Report on Form 10-Q filed on August 5, 2009.
*10.11	Form of Purchased Restricted Stock Agreement under International Flavors & Fragrances Inc. 2000 Stock Award and Incentive Plan incorporated by reference to Exhibit 10.1 to Registrant's Report on Form 10-Q filed on August 5, 2009.
*10.12	Form of Employee Stock Option Agreement under International Flavors & Fragrances Inc. 2000 Stock Award and Incentive Plan, incorporated by reference to Exhibit 10.1 to Registrant's Report on Form 10-Q filed on November 9, 2004.
*10.13	Form of International Flavors & Fragrances Inc. Stock Option Agreement under 2000 Stock Option Plan for Non-Employee Directors, incorporated by reference to Exhibit 10.2 to Registrant's Report on Form 10-Q filed on November 9, 2004.
*10.14	Amended and Restated Executive Severance Policy, as Amended through and including October 23, 2014, incorporated by reference to Exhibit 10.1 to Registrant's Report on Form 10-Q Filed on November 4, 2014.
*10.15	Director Charitable Contribution Program, adopted by the Board of Directors on December 8, 2009, incorporated by reference to Exhibit 10.38 to Registrant's Report on Form 10-K filed on February 25, 2010.
10.16	Form of Director/Officer Indemnification Agreement incorporated by reference to Exhibit 10.1 to Registrant's Report on Form 8-K filed on July 28, 2008.
10.17	Credit Agreement, dated as of November 9, 2011, Amended and Restated as of April 4, 2014, among International Flavors & Fragrances Inc., International Flavors & Fragrances (Luxembourg) S.à r.l., International Flavors & Fragrances (Nederland) Holding B.V., International Flavors & Fragrances I.F.F. (Nederland) B.V., IFF Worldwide (Gibraltar) Limited and IFF Aroma Esans Sanayi Ve Ticaret Anonim Sirketi, as borrowers, the banks, financial institutions and other institutional lenders party thereto, and Citibank, N.A. as administrative agent, incorporated by reference to Exhibit 10.1 to Registrant's Report on Form 8-K filed on April 8, 2014.
10.18	Amendment No. 1 to the Credit Agreement, dated as of June 2, 2014, among International Flavors & Fragrances Inc., International Flavors & Fragrances (Luxembourg) S.à.r.l., International Flavors & Fragrances (Nederland) Holding B.V., International Flavors & Fragrances I.F.F. (Nederland) B.V., IFF Worldwide (Gibraltar) Limited and IFF Aroma Esans Sanayi Ve Ticaret Anonim Sirketi, the various financial institutions as are parties to the Credit Agreement, and Citibank, N.A. as administrative agent.
*10.19	Form of Executive Death Benefit Plan Agreement incorporated by reference to Exhibit 10.27 to Registrant's Report on Form 10-K filed on February 28, 2012.
*10.20	Deferred Compensation Plan, as amended and restated December 12, 2011 incorporated by reference to Exhibit 10.28 to Registrant's Report on Form 10-K filed on February 28, 2012.
*10.21	Form of U.S. Stock Settled Appreciation Rights Agreement under International Flavors & Fragrances Inc. 2010 Stock Award and Incentive Plan incorporated by reference to Exhibit 10.29 to Registrant's Report on Form 10-K filed on February 28, 2012.

Exhibit Number	Description
*10.22	Form of Restricted Stock Units Award Agreement under International Flavors & Fragrances Inc. 2010 Stock Award and Incentive Plan incorporated by reference to Exhibit 10.31 to Registrant’s Report on Form 10-Q filed on May 6, 2014.
*10.23	Form of Purchased Restricted Stock Agreement under International Flavors & Fragrances Inc. 2010 Stock Award and Incentive Plan incorporated by reference to Exhibit 10.31 to Registrant’s Report on Form 10-K filed on February 28, 2012.
*10.24	Form of Non-Employee Director’s Restricted Stock Units Agreement under International Flavors & Fragrances Inc. 2010 Stock Award and Incentive Plan incorporated by reference to Exhibit 10.32 to Registrant’s Report on Form 10-K filed on February 28, 2012.
*10.25	Form of Annual Bonus Award Agreement under International Flavors & Fragrances Inc. 2010 Stock Award and Incentive Plan
*10.26	Form of Long-Term Incentive Plan Award Agreement under International Flavors & Fragrances Inc. 2010 Stock Award and Incentive Plan
*10.27	Restricted Stock Units Award Agreement, dated as of June 13, 2014, between International Flavors and Fragrances Inc. and Nicolas Mirzayantz, incorporated by reference to Exhibit 10.5 to Registrant's Report on Form 10-Q Filed on August 5, 2014.
*10.28	Form of Equity Choice Program Award Agreement under International Flavors & Fragrances Inc. 2010 Stock Award and Incentive Plan incorporated by reference to Exhibit 10.2 to Registrant's Report on Form 10-Q Filed on May 6, 2014.
*10.29	Restricted Stock Units Award Agreement, dated as of March 6, 2014, between International Flavors & Fragrances Inc. and Hernan Vaisman, incorporated by reference to Exhibit 10.3 to Registrant's Report on Form 10-Q Filed on May 6, 2014.
21	List of Principal Subsidiaries.
23	Consent of PricewaterhouseCoopers LLP.
31.1	Certification of Andreas Fibig pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification of Richard A. O'Leary pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32	Certification of Andreas Fibig and Richard A. O'Leary pursuant to 18 U.S.C. Section 1350 as adopted pursuant to the Sarbanes-Oxley Act of 2002.
101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extensions Schema
101.CAL	XBRL Taxonomy Extension Calculation Linkbase
101.DEF	XBRL Taxonomy Extension Definition Linkbase
101.LAB	XBRL Taxonomy Extension Label Linkbase
101.PRE	XBRL Taxonomy Extension Presentation Linkbase

* Management contract or compensatory plan or arrangement

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.

INTERNATIONAL FLAVORS & FRAGRANCES INC.

By: /s/ Richard A. O'Leary
Name: **Richard A. O'Leary**
Title: ***Interim Chief Financial Officer, Vice President and Controller***

Dated: March 2, 2015

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 and in the capacities and on the dates indicated:

Signature	Title	Date
/s/ Andreas Fibig **Andreas Fibig**	Chairman of the Board, Chief Executive Officer and Director (Principal Executive Officer)	March 2, 2015
/s/ Richard A. O'Leary **Richard A. O'Leary**	Interim Chief Financial Officer, Vice President and Controller	March 2, 2015
/s/ Marcello V. Bottoli **Marcello V. Bottoli**	Director	March 2, 2015
/s/ Linda B. Buck **Linda B. Buck**	Director	March 2, 2015
/s/ J. Michael Cook **J. Michael Cook**	Director	March 2, 2015
/s/ Michael Ducker **Michael Ducker**	Director	March 2, 2015
/s/ Roger W. Ferguson, Jr. **Roger W. Ferguson, Jr.**	Director	March 2, 2015
/s/ Christina Gold **Christina Gold**	Director	March 2, 2015
/s/ Alexandra A. Herzan **Alexandra A. Herzan**	Director	March 2, 2015
/s/ Henry W. Howell, Jr. **Henry W. Howell, Jr.**	Director	March 2, 2015
/s/ Katherine M. Hudson **Katherine M. Hudson**	Director	March 2, 2015
/s/ Arthur C. Martinez **Arthur C. Martinez**	Director	March 2, 2015
/s/ Dale F. Morrison **Dale F. Morrison**	Director	March 2, 2015

INTERNATIONAL FLAVORS & FRAGRANCES INC. AND SUBSIDIARIES

SCHEDULE II — VALUATION AND QUALIFYING ACCOUNTS AND RESERVES

(IN THOUSANDS)

	For the Year Ended December 31, 2014				
	Balance at beginning of period	Additions (deductions) charged to costs and expenses	Accounts written off	Translation adjustments	Balance at end of period
Allowance for doubtful accounts[1]	$ 10,493	$ 222	$ (554)	$ (1,014)	$ 9,147
Valuation allowance on credit and operating loss carryforwards and other net deferred tax assets	503,990	(92,204) [2]	—	(56,218)	355,568

	For the Year Ended December 31, 2013				
	Balance at beginning of period	Additions (deductions) charged to costs and expenses	Accounts written off	Translation adjustments	Balance at end of period
Allowance for doubtful accounts[1]	$ 9,293	$ 1,984	$ (1,059)	$ 275	$ 10,493
Valuation allowance on credit and operating loss carryforwards and other net deferred tax assets	450,733	38,360 [3]	—	14,897	503,990

	For the Year Ended December 31, 2012				
	Balance at beginning of period	Additions (deductions) charged to costs and expenses	Accounts written off	Translation adjustments	Balance at end of period
Allowance for doubtful accounts[1]	$ 5,831	$ 3,639	$ (824)	$ 647	$ 9,293
Valuation allowance on credit and operating loss carryforwards and other net deferred tax assets	290,879	153,718 [4]	—	6,136	450,733

(1) Amounts have been revised to properly reflect a $2.1 million prior period adjustment.
(2) The 2014 amount includes an adjustment to the 2013 foreign net operating loss carryforwards in the amount of $81 million, as discussed in Note 9 of the Consolidated Financial Statements.
(3) The 2013 amount includes an adjustment to the 2012 foreign net operating loss carryforwards in the amount of $30 million, as discussed in Note 9 of the Consolidated Financial Statements.
(4) During 2012, the Company increased its deferred tax assets by $129 million. The 2012 amount includes an adjustment to the 2011 foreign net operating loss carryforwards in the amount of $74 million and a $55 million increase related to current year internally generated intangible assets. This entire increase of $129 million was offset by a corresponding increase in valuation allowances.

INTERNATIONAL FLAVORS & FRAGRANCES INC.

INVESTOR INFORMATION

ANNUAL MEETING

The Annual Meeting of Shareholders will be held at the offices of the Company, 521 West 57th Street, New York, New York, on May 6, 2015 at 10:00 a.m., EDT.

IFF will be furnishing proxy materials to shareholders on the internet, rather than mailing printed copies of those materials to each shareholder. A Notice of Internet Availability of Proxy Materials will be mailed to each shareholder on or about March 18, 2015, which will provide instructions as to how shareholders may access and review the proxy materials for the 2015 Annual Meeting on the website referred to in the Notice or, alternatively, how to request a printed copy of the proxy materials be sent to them by mail.

TRANSFER AGENT AND REGISTRAR

American Stock Transfer & Trust Company
59 Maiden Lane
New York, New York 10038
800-937-5449
www.amstock.com

LISTED

New York Stock Exchange

INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

PricewaterhouseCoopers LLP

WEBSITE

www.iff.com

EXHIBIT I – FORM 10 K

EXHIBIT II

QUARTERLY REPORT ON FORM 10-Q FOR THE QUARTER ENDED MARCH 31, 2015 FILED BY IFF WITH THE SEC ON May 12, 2015

<u>EXHIBIT II – FORM 10-Q</u>

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

FORM 10-Q

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

For the quarterly period ended March 31, 2015

OR

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

For the transition period from __________ to

Commission file number 1-4858

INTERNATIONAL FLAVORS & FRAGRANCES INC.

(Exact name of registrant as specified in its charter)

New York	**13-1432060**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification No.)**

521 West 57th Street, New York, N.Y. 10019-2960
(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code (212) 765-5500

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

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☑ No ☐

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

Large accelerated filer	☑	Accelerated filer	☐
Non-accelerated filer	☐	Smaller reporting company	☐

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

Number of shares outstanding as of April 28, 2015: 80,886,358

EXHIBIT II – FORM 10-Q

PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

INTERNATIONAL FLAVORS & FRAGRANCES INC.
CONSOLIDATED BALANCE SHEET
(DOLLARS IN THOUSANDS)
(Unaudited)

	March 31, 2015	December 31, 2014
ASSETS		
Current Assets:		
Cash and cash equivalents	$ 443,689	$ 478,573
Trade receivables (net of allowances of $7,795 and $9,147, respectively)	525,260	493,768
Inventories: Raw materials	258,779	275,161
Work in process	19,845	17,705
Finished goods	257,841	275,863
Total Inventories	536,465	568,729
Deferred income taxes	17,127	27,709
Prepaid expenses and other current assets	232,569	141,248
Total Current Assets	1,755,110	1,710,027
Property, plant and equipment, at cost	1,713,269	1,766,746
Accumulated depreciation	(1,021,261)	(1,046,478)
	692,008	720,268
Goodwill	675,484	675,484
Other intangible assets, net	74,717	76,557
Deferred income taxes	178,948	183,047
Other assets	130,905	129,238
Total Assets	$ 3,507,172	$ 3,494,621
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current Liabilities:		
Bank borrowings and overdrafts and current portion of long-term debt	$ 8,379	$ 8,090
Accounts payable	215,915	229,866
Accrued payroll and bonus	41,350	71,264
Dividends payable	37,959	37,968
Other current liabilities	183,717	171,620
Total Current Liabilities	487,320	518,808
Long-term debt	935,170	934,232
Deferred gains	45,815	46,535
Retirement liabilities	353,748	354,333
Other liabilities	113,022	118,024
Total Other Liabilities	1,447,755	1,453,124
Commitments and Contingencies (Note 12)		
Shareholders' Equity:		
Common stock 12 1/2¢ par value; authorized 500,000,000 shares; issued 115,995,113 and 115,858,190 shares as of March 31, 2015 and December 31, 2014, respectively; and outstanding 80,902,319 and 80,777,590 shares as of March 31, 2015 and December 31, 2014	14,470	14,470
Capital in excess of par value	135,619	140,008
Retained earnings	3,441,033	3,350,734
Accumulated other comprehensive loss	(573,315)	(540,430)
Treasury stock, at cost - 35,092,794 shares as of March 31, 2015 and 35,080,600 shares as of December 31, 2014	(1,450,490)	(1,446,221)
Total Shareholders' Equity	1,567,317	1,518,561
Noncontrolling interest	4,780	4,128
Total Shareholders' Equity including noncontrolling interest	1,572,097	1,522,689
Total Liabilities and Shareholders' Equity	$ 3,507,172	$ 3,494,621

See Notes to Consolidated Financial Statements

INTERNATIONAL FLAVORS & FRAGRANCES INC.
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
(AMOUNT IN THOUSANDS EXCEPT PER SHARE AMOUNTS)
(Unaudited)

	Three Months Ended March 31,	
	2015	2014
Net sales	$ 774,907	$ 770,224
Cost of goods sold	428,630	428,812
Gross profit	346,277	341,412
Research and development expenses	63,462	61,504
Selling and administrative expenses	120,835	123,733
Restructuring and other charges, net	187	122
Operating profit	161,793	156,053
Interest expense	11,095	11,677
Other (income) expense, net	(5,710)	1,443
Income before taxes	156,408	142,933
Taxes on income	28,150	36,226
Net income	128,258	106,707
Other comprehensive income (loss), after tax:		
Foreign currency translation adjustments	(50,515)	(9,396)
Gains on derivatives qualifying as hedges	12,083	460
Pension and postretirement net liability	5,547	4,365
Other comprehensive income (loss)	(32,885)	(4,571)
Total comprehensive income	$ 95,373	$ 102,136
Net income per share - basic	$ 1.58	$ 1.31
Net income per share - diluted	$ 1.57	$ 1.30
Average number of shares outstanding - basic	80,654	81,053
Average number of shares outstanding - diluted	81,195	81,732
Dividends declared per share	$ 0.47	$ 0.39

See Notes to Consolidated Financial Statements

EXHIBIT II – FORM 10-Q

INTERNATIONAL FLAVORS & FRAGRANCES INC.
CONSOLIDATED STATEMENT OF CASH FLOWS
(DOLLARS IN THOUSANDS)
(Unaudited)

	Three Months Ended March 31, 2015	Three Months Ended March 31, 2014
Cash flows from operating activities:		
Net income	$ 128,258	$ 106,707
Adjustments to reconcile to net cash provided by operating activities:		
Depreciation and amortization	19,985	22,830
Deferred income taxes	13,932	8,246
(Gain) loss on disposal of assets	34	(811)
Stock-based compensation	5,387	4,695
Pension contributions	(54,048)	(5,316)
Changes in assets and liabilities, net of Aromor acquisition:		
Trade receivables	(62,891)	(41,569)
Inventories	13,172	(591)
Accounts payable	(3,061)	(11,989)
Accruals for incentive compensation	(27,675)	(62,282)
Other current payables and accrued expenses	20,264	1,096
Other assets/liabilities, net	(21,881)	13,977
Net cash provided by operating activities	31,476	34,993
Cash flows from investing activities:		
Cash paid for acquisition, net of cash received (including $15 million of contingent consideration)	—	(102,400)
Additions to property, plant and equipment	(19,381)	(33,836)
Proceeds from life insurance contracts	—	12,308
Maturity of net investment hedges	—	(472)
Proceeds from disposal of assets	1,450	2,042
Net cash used in investing activities	(17,931)	(122,358)
Cash flows from financing activities:		
Cash dividends paid to shareholders	(37,971)	(31,743)
Net change in revolving credit facility borrowings and overdrafts	265	1,309
Proceeds from issuance of stock under stock plans	227	913
Excess tax benefits on stock-based payments	8,597	315
Purchase of treasury stock	(10,660)	(20,122)
Net cash used in financing activities	(39,542)	(49,328)
Effect of exchange rate changes on cash and cash equivalents	(8,887)	(228)
Net change in cash and cash equivalents	(34,884)	(136,921)
Cash and cash equivalents at beginning of year	478,573	405,505
Cash and cash equivalents at end of period	$ 443,689	$ 268,584
Interest paid, net of amounts capitalized	$ 19,697	$ 20,033
Income taxes paid	$ 20,634	$ 18,681

See Notes to Consolidated Financial Statements

Notes to Consolidated Financial Statements

Note 1. Consolidated Financial Statements:

Basis of Presentation

These interim statements and related management's discussion and analysis should be read in conjunction with the Consolidated Financial Statements and the related notes and management's discussion and analysis of results of operations, liquidity and capital resources included in our 2014 Annual Report on Form 10-K ("2014 Form 10-K"). These interim statements are unaudited. The year-end balance sheet data included in this Form 10-Q filing was derived from audited financial statements, but does not include all disclosures required by generally accepted accounting principles in the United States of America. We have historically operated and continue to operate on a 52/53 week fiscal year ending on the Friday closest to the last day of the quarter. For ease of presentation, March 31 and December 31 are used consistently throughout this Form 10-Q and these interim financial statements and related notes to represent the period-end dates. For the 2015 and 2014 quarters, the actual closing dates were April 3 and March 28, respectively. The unaudited interim financial statements include all adjustments (consisting only of normal recurring adjustments) and accruals necessary in the judgment of management for a fair statement of the results for the periods presented. When used herein, the terms "IFF," the "Company," "we," "us" and "our" mean International Flavors & Fragrances Inc. and its consolidated subsidiaries.

Recent Accounting Pronouncements

In April 2015, the Financial Accounting Standards Board ("FASB") issued authoritative guidance which provides a practical expedient related to the measurement date of defined benefit plan assets and obligations. This guidance is effective for annual and interim periods beginning after December 15, 2015. The Company is currently evaluating the impact that this new standard will have on its consolidated financial statements.

In April 2015, the FASB issued authoritative guidance which requires that debt issuance costs related to a recognized debt liability be presented in the balance sheet as a direct deduction from the carrying amount of that debt liability. This guidance is effective for fiscal years beginning after December 15, 2015 and interim periods within fiscal years beginning after December 15, 2016. The Company is currently evaluating the impact that this new standard will have on its consolidated financial statements.

In February 2015, the FASB issued authoritative guidance related to Consolidation which will change the analysis that a reporting entity must perform to determine the criteria for consolidating certain types of entities. This guidance is effective for annual and interim periods beginning after December 15, 2015. The Company is currently evaluating the impact that this new standard will have on its consolidated financial statements.

In May 2014, the FASB issued authoritative guidance to clarify the principles to be used to recognize revenue. The guidance is applicable to all entities and is effective for annual and interim periods beginning after December 15, 2016. Early adoption is not permitted. However, in April 2015, the FASB proposed a one-year deferral of the effective date. Under the proposal, the new guidance will be effective for reporting periods beginning after December 15, 2017. The Company is currently evaluating the impact that this new standard will have on its consolidated financial statements.

Accounts Receivable

The Company sells certain accounts receivable on a non-recourse basis to unrelated financial institutions under "factoring" agreements that are sponsored, solely and individually, by certain customers. The Company accounts for these transactions as sales of receivables, removes the receivables sold from its financial statements, and records cash proceeds when received by the Company. The beneficial impact on cash from operations from participating in these programs decreased approximately $6.5 million for the three months ended March 31, 2015 compared to a decrease of approximately $14.3 million for the three months ended March 31, 2014. The cost of participating in these programs was immaterial to our results in all periods.

Note 2. Net Income Per Share:

Net income per share is based on the weighted average number of shares outstanding. A reconciliation of the shares used in the computation of basic and diluted net income per share is as follows:

	Three Months Ended March 31,	
(SHARES IN THOUSANDS)	2015	2014
Basic	80,654	81,053
Assumed dilution under stock plans	541	679
Diluted	81,195	81,732

There were no stock options or stock-settled appreciation rights ("SSARs") excluded from the computation of diluted net income per share for the three months ended March 31, 2015 and 2014.

The Company has issued shares of purchased restricted common stock ("PRS") which contain rights to nonforfeitable dividends while these shares are outstanding and thus are considered participating securities. Such securities are required to be included in the computation of basic and diluted earnings per share pursuant to the two-class method. The Company did not present the two-class method since the difference between basic and diluted net income per share for both unrestricted common shareholders and PRS shareholders was less than $0.01 per share for each period presented, and the number of PRS outstanding as of March 31, 2015 and 2014 was immaterial. Net income allocated to such PRS was $0.6 million and $0.7 million during the three months ended March 31, 2015 and 2014, respectively.

Note 3. Restructuring and Other Charges, Net:

In 2014, the Company closed its fragrance ingredients manufacturing facility in Augusta, Georgia and consolidated production into other Company facilities. In connection with this closure, during 2014 the Company recorded total charges of $13.8 million, consisting of $2.2 million of pre-tax charges related to severance included in Restructuring and other charges, net $10.3 million of non-cash charges related to accelerated depreciation included in Cost of goods sold, and $1.3 million in plant shutdown and other related costs in connection with the Fragrance Ingredients Rationalization. During the three months ended March 31, 2015, the Company recorded an additional $0.2 million of plant shutdown and other related costs included in Restructuring and other charges. As a result of this closure, 43 positions have been eliminated.

Changes in employee-related restructuring liabilities during the three months ended March 31, 2015 related to the Fragrance Ingredients Rationalization were as follows:

(DOLLARS IN THOUSANDS)	Employee-Related Costs	Accelerated Depreciation	Other	Total
December 31, 2014	$ 759	$ —	$ —	$ 759
Additional charges, net	—	—	187	187
Non-cash charges	—	—	—	—
Payments and other costs	(258)	—	(187)	(445)
March 31, 2015	$ 501	$ —	$ —	$ 501

Note 4. Other Intangible Assets, Net:

Other intangible assets, net consist of the following amounts:

(DOLLARS IN THOUSANDS)	March 31, 2015	December 31, 2014
Gross carrying value [(1)]	$ 218,676	$ 218,676
Accumulated amortization	(143,959)	(142,119)
Total	$ 74,717	$ 76,557

(1) Includes patents, trademarks, technological know-how and other intellectual property, valued at acquisition.

Aromor

During the first quarter of 2014, the Company completed the acquisition of 100% of the equity of Aromor Flavors and Fragrances Ltd. ("Aromor"). Aromor is part of the IFF Fragrances Ingredients business. The Company paid $102.6 million (including $0.1 million of cash acquired) for this acquisition, which was funded out of existing cash resources. The purchase price exceeded the carrying value of existing net assets by approximately $56 million. The excess was allocated principally to identifiable intangible assets (approximately $53 million), goodwill (approximately $10 million) and approximately $9 million to deferred tax liabilities. Separately identifiable intangible assets are principally related to technological know-how. The intangible assets are amortized using lives ranging from 13-19 years. Additionally, the consideration included $15 million related to post-combination contingent consideration, held in escrow, which is being expensed by the Company as it is earned by the selling shareholders.

Amortization

Amortization expense was $1.8 million and $1.2 million for the three months ended March 31, 2015 and 2014, respectively. Annual amortization is expected to be $7.2 million for the years 2015 through 2018, and $6.5 million for the years 2019 and 2020.

Note 5. Borrowings:

Debt consists of the following:

(DOLLARS IN THOUSANDS)	Rate	Maturities	March 31, 2015	December 31, 2014
Senior notes - 2007	6.40%	2017-27	$ 500,000	$ 500,000
Senior notes - 2006	6.14%	2016	125,000	125,000
Senior notes - 2013	3.20%	2023	299,789	299,782
Bank overdrafts and other			14,032	12,335
Deferred realized gains on interest rate swaps			4,728	5,205
			943,549	942,322
Less: Current portion of long-term debt			(8,379)	(8,090)
			$ 935,170	$ 934,232

Note 6. Income Taxes:

Uncertain Tax Positions

At March 31, 2015, the Company had $14.8 million of unrecognized tax benefits recorded in Other liabilities and $0.7 million recorded in Other current liabilities. If these unrecognized tax benefits were recognized, the effective tax rate would be affected.

At March 31, 2015, the Company had accrued interest and penalties of $0.8 million classified in Other liabilities and $0.5 million recorded in Other current liabilities.

As of March 31, 2015, the Company's aggregate provisions for uncertain tax positions, including interest and penalties, was $16.8 million associated with various tax positions asserted in foreign jurisdictions, none of which is individually material.

The Company regularly repatriates a portion of current year earnings from select non–U.S. subsidiaries. No provision is made for additional taxes on undistributed earnings of subsidiary companies that are intended and planned to be indefinitely invested in such subsidiaries. We intend to, and have plans to, reinvest these earnings indefinitely in our foreign subsidiaries to fund local operations and/or capital projects.

The Company has ongoing income tax audits and legal proceedings which are at various stages of administrative or judicial review, of which the most significant items are discussed below. In addition, the Company has open tax years with various taxing jurisdictions that range primarily from 2005 to 2014. Based on currently available information, we do not believe the ultimate outcome of any of these tax audits and other tax positions related to open tax years, when finalized, will have a material impact on our financial position.

The Company also has other ongoing tax audits and legal proceedings that relate to indirect taxes, such as value-added taxes, capital tax, sales and use taxes and property taxes, which are discussed in Note 12.

Spanish Tax

As of December 31, 2014, the Company had one outstanding income tax case in Spain relating to fiscal year 2002, which had been previously appealed by the Company. As of December 31, 2014, the Company had fully reserved the original assessment asserted by the Spanish Tax Authority. During the first quarter of 2015, the Company received a favorable ruling on this appeal and accordingly, reversed the total reserve related to the 2002 fiscal year (with a value of Euro 1.9 million or $2.3 million).

As of March 31, 2015, the Company had an aggregate value of Euro 4.7 million ($5.1 million), which was fully reserved for and reflected in income taxes payable, related to three dividend withholding tax controversies in Spain, all of which have now been resolved. The Company made payments of Euro 3.5 ($3.8 million) in April 2015 related to two of the controversies and expects to make the remaining payment during the second quarter of 2015. As of March 31, 2015, the Company had posted bank guarantees of Euro 4.7 million ($5.1 million) associated with the appeals of these matters.

Effective Tax Rate

The effective tax rate for the three months ended March 31, 2015 was 18.0% compared with 25.3% for the three months ended March 31, 2014. The quarter-over-quarter decrease is largely due to a benefit of $10.5 million recorded in the first quarter of 2015, as a result of favorable tax rulings in Spain and another jurisdiction for which reserves were previously recorded.

Note 7. Stock Compensation Plans:

The Company has various plans under which its officers, senior management, other key employees and directors may be granted equity-based awards. Equity awards outstanding under the plans include PRS, restricted stock units ("RSUs"), stock options, SSARs and Long-Term Incentive Plan awards; liability-based awards outstanding under the plans are cash-settled RSUs.

Stock-based compensation expense and related tax benefits were as follows:

	Three Months Ended March 31,	
(DOLLARS IN THOUSANDS)	**2015**	**2014**
Equity-based awards	$ 5,387	$ 4,695
Liability-based awards	1,907	1,245
Total stock-based compensation expense	7,294	5,940
Less: tax benefit	(2,187)	(1,726)
Total stock-based compensation expense, after tax	$ 5,107	$ 4,214

On May 6, 2015, the shareholders of the Company approved the 2015 Stock Award and Incentive Plan (the "2015 Plan"). The 2015 Plan replaces the 2010 Stock Award and Incentive Plan (the "2010 Plan"). The total number of shares authorized for issuance under the Plan is 1,500,000 shares plus shares that remained available for issuance under the 2010 Plan as of May 6, 2015 and any shares subject to outstanding awards under the 2010 Plan that are cancelled, forfeited or expire.

Note 8. Segment Information:

The Company is organized into two operating segments: Flavors and Fragrances. These segments align with the internal structure of the Company used to manage these businesses. Performance of these operating segments is evaluated based on segment profit which is defined as operating profit before Restructuring and other charges, net, Global expenses (as discussed below) and certain non-recurring items, Interest expense, Other income (expense), net and Taxes on income.

The Global expenses caption below represents corporate and headquarters-related expenses which include legal, finance, human resources, certain incentive compensation expenses and other R&D and administrative expenses that are not allocated to individual operating segments.

Reportable segment information is as follows:

(DOLLARS IN THOUSANDS)	Three Months Ended March 31, 2015	2014
Net sales:		
Flavors	$ 377,108	$ 366,505
Fragrances	397,799	403,719
Consolidated	$ 774,907	$ 770,224
Segment profit:		
Flavors	$ 92,727	$ 88,063
Fragrances	81,598	87,166
Global expenses	(11,564)	(16,435)
Restructuring and other charges, net	(187)	(122)
Acquisition and related costs (1)	(500)	—
Operational improvement initiative costs (2)	(281)	(2,619)
Operating profit	161,793	156,053
Interest expense	(11,095)	(11,677)
Other income (expense), net	5,710	(1,443)
Income before taxes	$ 156,408	$ 142,933

(1) Acquisition and related costs are associated with the acquisition of Henry H. Ottens Manufacturing Co., Inc., as discussed in Note 13.
(2) Operational improvement initiative costs relate to the closing of a smaller facility in Europe and certain manufacturing activities in Asia, while transferring production to larger facilities in each respective region.

Net sales are attributed to individual regions based upon the destination of product delivery. Net sales related to the U.S. for the three months ended March 31, 2015 and 2014 were $164 million and $159 million, respectively. Net sales attributed to all foreign countries in total for the three months ended March 31, 2015 and 2014 were $611 million in both years. No country other than the U.S. had net sales in any period presented greater than 7.1% of total consolidated net sales.

Note 9. Employee Benefits:

Pension and other defined contribution retirement plan expenses included the following components:

U.S. Plans (DOLLARS IN THOUSANDS)	Three Months Ended March 31, 2015	2014
Service cost for benefits earned	$ 984	$ 885
Interest cost on projected benefit obligation	5,953	6,232
Expected return on plan assets	(8,083)	(6,913)
Net amortization and deferrals	5,203	4,255
Net periodic benefit cost	4,057	4,459
Defined contribution and other retirement plans	2,135	2,112
Total expense	$ 6,192	$ 6,571

Non-U.S. Plans (DOLLARS IN THOUSANDS)	Three Months Ended March 31, 2015	2014
Service cost for benefits earned	$ 4,383	$ 3,948
Interest cost on projected benefit obligation	6,392	8,412
Expected return on plan assets	(12,950)	(12,481)
Net amortization and deferrals	3,486	2,955
Loss due to settlements and special terminations	—	—
Net periodic benefit cost	1,311	2,834
Defined contribution and other retirement plans	1,595	1,177
Total expense	$ 2,906	$ 4,011

The Company expects to contribute a total of approximately $30 million to its non-U.S. pension plans during 2015. During the three months ended March 31, 2015, $35.0 million of contributions were made to the qualified U.S. pension plans. In the three months ended March 31, 2015, $19.1 million of contributions were made to the non-U.S. plans. In the three months ended March 31, 2015, $1.1 million of benefit payments were made with respect to the Company's non-qualified U.S. pension plan.

Expense recognized for postretirement benefits other than pensions included the following components:

(DOLLARS IN THOUSANDS)	Three Months Ended March 31, 2015	2014
Service cost for benefits earned	$ 300	$ 323
Interest cost on projected benefit obligation	1,082	1,238
Net amortization and deferrals	(711)	(978)
Total postretirement benefit expense	$ 671	$ 583

The Company expects to contribute approximately $5 million to its postretirement benefits other than pension plans during 2015. In the three months ended March 31, 2015, $1.7 million of contributions were made.

Note 10. Financial Instruments:

Fair Value

Accounting guidance on fair value measurements specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect our market assumptions. These two types of inputs create the following fair value hierarchy:

- Level 1–Quoted prices for *identical* instruments in active markets.
- Level 2–Quoted prices for *similar* instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations in which all significant inputs and significant value drivers are observable in active markets.

- Level 3–Valuations derived from valuation techniques in which one or more significant inputs or significant value drivers are unobservable.

This hierarchy requires us to use observable market data, when available, and to minimize the use of unobservable inputs when determining fair value. We determine the fair value of structured liabilities (where performance is linked to structured interest rates, inflation or currency risks) using the LIBOR swap curve and forward interest and exchange rates at period end. Such instruments are classified as Level 2 based on the observability of significant inputs to the model. We do not have any instruments classified as Level 1 or Level 3, other than those included in pension asset trusts as discussed in Note 13 of our 2014 Form 10-K.

These valuations take into consideration our credit risk and our counterparties' credit risk. The estimated change in the fair value of these instruments due to such changes in our own credit risk (or instrument-specific credit risk) was immaterial as of March 31, 2015.

The amounts recorded in the balance sheet (carrying amount) and the estimated fair values of financial instruments at March 31, 2015 and December 31, 2014 consisted of the following:

	March 31, 2015		December 31, 2014	
(DOLLARS IN THOUSANDS)	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Cash and cash equivalents (1)	$ 443,689	$ 443,689	$ 478,573	$ 478,573
Credit facilities and bank overdrafts (2)	14,032	14,032	12,335	12,335
Long-term debt: (3)				
Senior notes - 2007	500,000	591,713	500,000	587,650
Senior notes - 2006	125,000	131,786	125,000	133,137
Senior notes - 2013	299,789	304,294	299,782	296,290

(1) The carrying amount of cash and cash equivalents approximates fair value due to the short maturity of those instruments.
(2) The carrying amount of our credit facilities and bank overdrafts approximates fair value as the interest rate is reset frequently based on current market rates as well as the short maturity of those instruments.
(3) The fair value of our long-term debt was calculated using discounted cash flows applying current interest rates and current credit spreads based on our own credit risk.

Derivatives

We periodically enter into foreign currency forward contracts with the objective of reducing exposure to cash flow volatility associated with our intercompany loans, foreign currency receivables and payables, and anticipated purchases of certain raw materials used in operations. These contracts generally involve the exchange of one currency for a second currency at a future date, have maturities not exceeding twelve months and are with counterparties which are major international financial institutions.

During the three months ended March 31, 2015 and the year ended December 31, 2014, we entered into forward currency contracts which qualified as net investment hedges, in order to mitigate a portion of our net European investments from foreign currency risk. The effective portions of net investment hedges are recorded in Other comprehensive income ("OCI") as a component of Foreign currency translation adjustments in the accompanying Consolidated Statement of Comprehensive Income. Realized gains (losses) are deferred in accumulated other comprehensive income ("AOCI") where they will remain until the net investments in our European subsidiaries are divested. The outstanding forward currency contracts have remaining maturities of approximately one year.

During the three months ended March 31, 2015 and the year ended December 31, 2014, we entered into several forward currency contracts which qualified as cash flow hedges. The objective of these hedges is to protect against the currency risk associated with forecasted U.S. dollar (USD) denominated raw material purchases made by Euro (EUR) functional currency entities which result from changes in the EUR/USD exchange rate. The effective portions of cash flow hedges are recorded in OCI as a component of Gains/(losses) on derivatives qualifying as hedges in the accompanying Consolidated Statement of Comprehensive Income. Realized gains/(losses) in AOCI related to cash flow hedges of raw material purchases are recognized as a component of Cost of goods sold in the accompanying Consolidated Statement of Comprehensive Income in the same period as the related costs are recognized.

During 2014, we entered into interest rate swap agreements that effectively converted the fixed rate on a portion of our long-term borrowings to a variable short-term rate based on the LIBOR plus an interest markup. These swaps are designated as fair value hedges. Amounts recognized in Interest expense were immaterial for the three months ended March 31, 2015.

The following table shows the notional amount of the Company's derivative instruments outstanding as of March 31, 2015 and December 31, 2014:

(DOLLARS IN THOUSANDS)	March 31, 2015	December 31, 2014
Foreign currency contracts	$ 297,050	$ 191,150
Interest rate swaps	$ 425,000	$ 425,000

The following tables show the Company's derivative instruments measured at fair value (Level 2 of the fair value hierarchy), as reflected in the Consolidated Balance Sheets as of March 31, 2015 and December 31, 2014:

	March 31, 2015		
(DOLLARS IN THOUSANDS)	Fair Value of Derivatives Designated as Hedging Instruments	Fair Value of Derivatives Not Designated as Hedging Instruments	Total Fair Value
Derivative assets [(a)]			
Foreign currency contracts	$ 31,972	$ 17,693	$ 49,665
Interest rate swaps	2,676	—	2,676
	$ 34,648	$ 17,693	$ 52,341
Derivative liabilities [(b)]			
Foreign currency contracts	$ 1,193	$ 9,362	$ 10,555
	$ 1,193	$ 9,362	$ 10,555

	December 31, 2014		
(DOLLARS IN THOUSANDS)	Fair Value of Derivatives Designated as Hedging Instruments	Fair Value of Derivatives Not Designated as Hedging Instruments	Total Fair Value
Derivative assets [(a)]			
Foreign currency contracts	$ 16,637	$ 4,398	$ 21,035
Interest rate swaps	683	—	683
	$ 17,320	$ 4,398	$ 21,718
Derivative liabilities [(b)]			
Foreign currency contracts	$ 6	$ 1,055	$ 1,061

(a) Derivative assets are recorded to Prepaid expenses and other current assets in the Consolidated Balance Sheet.
(b) Derivative liabilities are recorded as Other current liabilities in the Consolidated Balance Sheet.

The following table shows the effect of the Company's derivative instruments which were not designated as hedging instruments in the Consolidated Statement of Comprehensive Income for the three months ended March 31, 2015 and 2014 (in thousands):

Derivatives Not Designated as Hedging Instruments	Amount of Gain (Loss) Recognized in Income on Derivative		Location of Gain (Loss) Recognized in Income on Derivative
	Three Months Ended March 31,		
	2015	2014	
Foreign currency contracts	$ 9,704	$ (2,926)	Other (income) expense, net

Most of these net gains (losses) offset any recognized gains (losses) arising from the revaluation of the related intercompany loans during the same respective periods.

The following table shows the effect of the Company's derivative instruments designated as cash flow and net investment hedging instruments in the Consolidated Statements of Comprehensive Income for the three months ended March 31, 2015 and 2014 (in thousands):

	Amount of (Loss) Gain Recognized in OCI on Derivative (Effective Portion)		Location of (Loss) Gain Reclassified from AOC I into Income (Effective Portion)	Amount of (Loss) Gain Reclassified from Accumulated OCI into Income (Effective Portion)	
	Three Months Ended March 31,			Three Months Ended March 31,	
	2015	2014		2015	2014
Derivatives in Cash Flow Hedging Relationships:					
Foreign currency contracts	12,014	391	Cost of goods sold	1,023	(753)
Interest rate swaps (1)	69	69	Interest expense	(69)	(69)
Derivatives in Net Investment Hedging Relationships:					
Foreign currency contracts	4,561	(375)	N/A	—	—
Total	$ 16,644	$ 85		$ 954	$ (822)

(1) Interest rate swaps were entered into as pre-issuance hedges for the $300 million bond offering.

No ineffectiveness was experienced in the above noted cash flow hedges during the three months ended March 31, 2015 and 2014. The ineffective portion of the net investment hedges was not material during the three months ended March 31, 2015 and 2014.

The Company expects that approximately $15.2 million (net of tax) of derivative gains included in AOCI at March 31, 2015, based on current market rates, will be reclassified into earnings within the next 12 months. The majority of this amount will vary due to fluctuations in foreign currency exchange rates.

Note 11. Accumulated Other Comprehensive Income (Loss):

The following tables present changes in the accumulated balances for each component of other comprehensive income, including current period other comprehensive income and reclassifications out of accumulated other comprehensive income:

(DOLLARS IN THOUSANDS)	Foreign Currency Translation Adjustments	(Losses) Gains on Derivatives Qualifying as Hedges	Pension and Postretirement Liability Adjustment	Total
Accumulated other comprehensive (loss) income, net of tax, as of December 31, 2014	$ (173,342)	$ 12,371	$ (379,459)	$ (540,430)
OCI before reclassifications	(50,515)	13,037	—	(37,478)
Amounts reclassified from AOCI	—	(954)	5,547	4,593
Net current period other comprehensive income (loss)	(50,515)	12,083	5,547	(32,885)
Accumulated other comprehensive (loss) income, net of tax, as of March 31, 2015	$ (223,857)	$ 24,454	$ (373,912)	$ (573,315)

(DOLLARS IN THOUSANDS)	Foreign Currency Translation Adjustments	(Losses) Gains on Derivatives Qualifying as Hedges	Pension and Postretirement Liability Adjustment	Total
Accumulated other comprehensive (loss) income, net of tax, as of December 31, 2013	$ (104,278)	$ (4,012)	$ (284,421)	$ (392,711)
OCI before reclassifications	(9,396)	(361)	—	(9,757)
Amounts reclassified from AOCI	—	821	4,365	5,186
Net current period other comprehensive income (loss)	(9,396)	460	4,365	(4,571)
Accumulated other comprehensive (loss) income, net of tax, as of March 31, 2014	$ (113,674)	$ (3,552)	$ (280,056)	$ (397,282)

The following table provides details about reclassifications out of accumulated other comprehensive income to the Consolidated Statement of Comprehensive Income:

(DOLLARS IN THOUSANDS)	Three Months Ended March 31, 2015	Three Months Ended March 31, 2014	Affected Line Item in the Consolidated Statement of Comprehensive Income
(Losses) gains on derivatives qualifying as hedges			
Foreign currency contracts	1,169	(1,038)	Cost of goods sold
Interest rate swaps	(69)	(69)	Interest expense
	(146)	286	Provision for income taxes
	$ 954	$ (821)	Total, net of income taxes
(Losses) gains on pension and postretirement liability adjustments			
Prior service cost	1,166	1,111	(a)
Actuarial losses	(9,144)	(7,343)	(a)
	2,431	1,867	Provision for income taxes
	$ (5,547)	$ (4,365)	Total, net of income taxes

(a) The amortization of prior service cost and actuarial loss is included in the computation of net periodic benefit cost. Refer to Note 13 of our 2014 Form 10-K for additional information regarding net periodic benefit cost.

Note 12. Commitments and Contingencies:

Guarantees and Letters of Credit

The Company has various bank guarantees and letters of credit which are available for use regarding governmental requirements associated with pending litigation in various jurisdictions and to support its ongoing business operations.

At March 31, 2015, we had total bank guarantees and standby letters of credit of approximately $36 million with various financial institutions. Of this amount, Euro 4.7 million ($5.1 million) in bank guarantees are related to governmental requirements on income tax disputes in Spain, as discussed in further detail in Note 9 of our 2014 Form 10-K. Also included in the above aggregate amount is a total of $16.4 million in bank guarantees which the Company has posted for certain assessments in Brazil for other diverse income tax and indirect tax disputes related to fiscal years 1998-2011. There were no material amounts utilized under the standby letters of credit as of March 31, 2015.

In order to challenge the assessments in these cases in Brazil, the Company has been required to, and has separately pledged assets, principally property, plant and equipment, to cover assessments in the amount of approximately $15.5 million as of March 31, 2015.

Lines of Credit

The Company has various lines of credit which are available to support its ongoing business operations. At March 31, 2015, we had available lines of credit (in addition to the Credit Facility discussed in Note 8 of our 2014 Form 10-K) of approximately $74.5 million with various financial institutions. There were no significant amounts drawn down pursuant to these lines of credit as of March 31, 2015.

Litigation

The Company assesses contingencies related to litigation and/or other matters to determine the degree of probability and range of possible loss. A loss contingency is accrued in the Company’s consolidated financial statements if it is probable that a liability has been incurred and the amount of the loss can be reasonably estimated. Because litigation is inherently unpredictable and unfavorable resolutions could occur, assessing contingencies is highly sensitive and requires judgments about future events. On at least a quarterly basis, the Company reviews contingencies related to litigation to determine the adequacy of accruals. The amount of ultimate loss may differ from these estimates and further events may require the Company to increase or decrease the amounts it has accrued on any matter.

Periodically, we assess our insurance coverage for all known claims, where applicable, taking into account aggregate coverage by occurrence, limits of coverage, self-insured retentions and deductibles, historical claims experience and claims experience with our insurance carriers. The liabilities are recorded at management's best estimate of the probable outcome of the lawsuits and claims, taking into consideration the facts and circumstances of the individual matters as well as past experience on similar matters. At each balance sheet date, the key issues that management assesses are whether it is probable that a loss as to asserted or unasserted claims has been incurred and if so, whether the amount of loss can be reasonably estimated. We record the expected liability with respect to claims in Other liabilities and expected recoveries from our insurance carriers in Other assets. We recognize a receivable when we believe that realization of the insurance receivable is probable under the terms of the insurance policies and our payment experience to date.

Environmental

Over the past 20 years, various federal and state authorities and private parties have claimed that we are a Potentially Responsible Party ("PRP") as a generator of waste materials for alleged pollution at a number of waste sites operated by third parties located principally in New Jersey and have sought to recover costs incurred and to be incurred to clean up the sites.

We have been identified as a PRP at eight facilities operated by third parties at which investigation and/or remediation activities may be ongoing. We analyze our potential liability on at least a quarterly basis. We accrue for environmental liabilities when they are probable and estimable. We estimate our share of the total future cost for these sites to be less than $5 million.

While joint and several liability is authorized under federal and state environmental laws, we believe the amounts we have paid and anticipate paying in the future for clean-up costs and damages at all sites are not material and will not have a material adverse effect on our financial condition, results of operations or liquidity. This assessment is based upon, among other things, the involvement of other PRPs at most of the sites, the status of the proceedings, including various settlement agreements and consent decrees, and the extended time period over which payments will likely be made. There can be no assurance, however, that future events will not require us to materially increase the amounts we anticipate paying for clean-up costs and damages at these sites, and that such increased amounts will not have a material adverse effect on our financial condition, results of operations or cash flows.

Other Contingencies

The Company has contingencies involving third parties (such as labor, contract, technology or product-related claims or litigation) as well as government-related items in various jurisdictions in which we operate pertaining to such items as value-added taxes, other indirect taxes, customs and duties and sales and use taxes. It is possible that cash flows or results of operations, in any period, could be materially affected by the unfavorable resolution of one or more of these contingencies.

The most significant government-related contingencies exist in Brazil. With regard to the Brazilian matters, we believe we have valid defenses for the underlying positions under dispute; however, in order to pursue these defenses, we are required to, and have provided, bank guarantees and pledged assets in the aggregate amount of $31.9 million. The Brazilian matters take an extended period of time to proceed through the judicial process and there are a limited number of rulings to date.

In March 2012, ZoomEssence, Inc. filed a complaint against the Company in the U.S. District Court of New Jersey alleging trade secret misappropriation, breach of contract and unjust enrichment in connection with certain spray dry technology disclosed to the Company. In connection with the claims, ZoomEssence is seeking an injunction and monetary damages. ZoomEssence initially sought a temporary restraining order and preliminary injunction, but the Court denied these applications in an order entered on September 27, 2013, finding that ZoomEssence had not demonstrated a likelihood of success on the merits of its claims. The Court subsequently referred the matter to mediation, however the private mediation session did not result in a resolution of the dispute. On November 3, 2014, ZoomEssence amended its complaint against the Company to include allegations of breach of the duty of good faith and fair dealing, fraud in the inducement, and misappropriation of confidential and proprietary information. On November 13, 2014, the Company filed a counterclaim against ZoomEssence alleging trade secret misappropriation, breach of contract, breach of the implied covenant of good faith and fair dealing, unjust enrichment, misappropriation of confidential and proprietary information, common law unfair competition, tortious interference with contractual relations, and conversion. The case is currently proceeding through discovery with a trial on the merits anticipated in mid-2016. The Company denies the allegations and will vigorously defend and pursue its position in Court. At this stage of the litigation, based on the information currently available to the Company, management does not believe that this matter represents a material loss contingency.

Based on the information available as of March 31, 2015, we estimate a range of reasonably possible loss related to the matters above, collectively, is $0-$31 million.

Separately, the Spanish tax authorities are alleging claims for a capital tax in a case arising from similar allegations as the income tax cases (discussed in further detail in Note 9 of our 2014 Form 10-K). In connection with the 2002 income tax assessment ruling the Appellate Court rejected one of the two bases upon which we based our capital tax position. However, we believe that we still have a strong basis for our capital tax position and intend to continue to defend these claims. On January 22, 2014, we filed an appeal and in order to avoid future interest costs in the event our appeal is unsuccessful, we paid $11.2 million (representing the principal amount) during the first quarter of 2014. If there is an unfavorable ruling in this case, we estimate a reasonably possible loss of approximately $13 million, which was fully reserved as of March 31, 2015.

Note 13. Subsequent Events:

On May 1, 2015, the Company acquired 100% of the outstanding shares of Henry H. Ottens Manufacturing Co., Inc. Ottens Flavors ("Ottens") for approximately $190 million from existing cash resources. Ottens was acquired in order to strengthen the Flavors business in North America. This acquisition will be accounted for as a business combination and is not expected to have a material impact on the consolidated financial statements.

EXHIBIT II – FORM 10-Q

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Overview

We create, manufacture and supply flavors and fragrances for the food, beverage, personal care and household-products industries either in the form of compounds or individual ingredients. Our flavors and fragrance compounds combine a large number of ingredients that are blended, mixed or reacted together to produce proprietary formulas created by our perfumers and flavorists.

Flavors are the key building blocks that impart taste in processed food and beverage products and, as such, play a significant role in determining consumer preference of the end products in which they are used. While we are a global leader, our flavors business is more regional in nature, with different formulas that reflect local tastes and ingredients. As a leading creator of flavors, we help our customers deliver on the promise of delicious and healthy foods and drinks that appeal to consumers. Our flavors compounds are ultimately used by our customers in four end-use categories: (1) Savory, (2) Beverages, (3) Sweet, pharmaceutical and oral care ("Sweet"), and (4) Dairy.

Our fragrances are a key component in the world's finest perfumes and best-known consumer brands, including beauty care, fabric care, personal wash and home care products. Our Fragrance Compounds are defined into broad market categories, (1) Fine Fragrances and (2) Consumer Fragrances. Consumer Fragrances consists of five end-use categories: (1) Fabric Care, (2) Home Care, (3) Personal Wash, (4) Hair Care and (5) Toiletries. In addition, Fragrance Ingredients, which are used internally and sold to third parties, including customers and competitors, for use in preparation of compounds, are included in the Fragrances business unit.

The flavors and fragrances market is part of a larger market which supplies a variety of ingredients and components that consumer products companies utilize in their products. The broader market includes large multinational companies or smaller regional and local participants which supply products such as seasonings, texturizers, spices, enzymes, certain food-related commodities, fortified products and cosmetic ingredients. The flavors and fragrances market is estimated to be at least $18 billion; however the exact size of the global market is not available due to fragmentation of data. We, together with the other top three companies, are estimated to comprise approximately two-thirds of the total estimated sales in the global flavors and fragrances sub-segment of the broader market.

Net sales growth during the first quarter of 2015 was 1% on a reported basis and 6% on a currency neutral basis (which excludes the effects of changes in currency). The currency neutral growth reflects new win performance (net of losses) in both Flavors and Fragrance Compounds partially offset by volume erosion on existing business, as well as additional full shipping days in the first week of the 2015 quarter as compared to the 2014 quarter. For 2015, we continue to expect that currency neutral sales growth will be in line with our long-term targets.

Exchange rate fluctuations had a 500 basis point (bps) unfavorable impact on net sales for the first quarter, driven mainly by the weakening of the Euro against the U.S. dollar. The effect of exchange rates can vary by business and region, depending upon the mix of sales by destination country as well as the relative percentage of local sales priced in U.S. dollars versus local currencies.

Gross margins increased slightly year-over-year. Included in the first quarter of 2015 was $0.3 million of costs associated with operational improvement initiatives, compared to $2.6 million of costs related to restructuring and operational improvement initiatives included in the 2014 period. Excluding these items, gross margin remained consistent with the prior year period. The overall raw material cost base remains elevated, including certain categories where prices remain well above average levels. We believe input costs will increase approximately 1-2% in 2015 as higher prices on certain categories, such as naturals, will more than offset potential benefits associated with oil-based derivatives that are expected to occur later in 2015. We continue to seek improvements in our margins through operational performance and mix enhancement.

On May 1, 2015, the Company acquired Henry H. Ottens Manufacturing Co., Inc. Ottens Flavors for approximately $190 million. This acquisition is not expected to have a material impact on the consolidated financial statements.

FINANCIAL PERFORMANCE OVERVIEW

Reported sales in the first quarter of 2015 increased approximately 1%. In currency neutral terms, sales increased 6% as a result of new win performance in both Flavors and Fragrance Compounds and lower volume erosion on existing business. We continue to benefit from our diverse portfolio of end-use product categories and geographies and had growth in three of four regions and Consumer Fragrances and Flavor Compounds both had positive currency neutral growth. Flavors realized currency neutral growth of 9% for the first quarter of 2015. Our Fragrance business achieved currency neutral growth of 5%. Fragrances performance reflects new win performance in our Consumer Fragrances end-use categories, led by sales in Fabric Care. Overall, our first quarter 2015 results continued to be driven by our strong emerging market presence that represented 51% of currency neutral sales and experienced 9% currency neutral growth. From a geographic perspective, for the first quarter, all regions delivered currency neutral growth in 2015, led by Latin America (LA), with 14%.

Operating profit increased $5.7 million to $161.8 million (20.9% of sales) in the 2015 first quarter compared to $156.1 million (20.3% of sales) in the comparable 2014 period. The three months ended March 31, 2015 included restructuring charges of $0.2 million, operational improvement initiative costs of $0.3 million and $0.5 million of acquisition and related costs compared to $2.7 million of restructuring and operational improvement initiative costs in the prior year period. Excluding these charges, adjusted operating profit was $162.8 million (21.0% of sales) for the first quarter of 2015 compared to $158.8 million (20.6% of sales) for the first quarter of 2014. Foreign currency changes had an unfavorable impact on operating profit of approximately 7% in the first quarter of 2015.

Other (income) expense, net increased $7.1 million to $5.7 million of income in the first quarter of 2015 compared to $1.4 million of expense in the first quarter of 2014. The year-over-year increase is primarily driven by higher levels of foreign exchange gains during 2015 compared to the 2014 period.

Net income increased by $21.6 million quarter-over-quarter to $128.3 million for the first quarter of 2015.

Although we are in the process of refreshing the key elements of our strategic priorities, we continued to execute against our strategic priorities of leveraging our geographic reach, strengthening our innovation platform and maximizing our portfolio during the first quarter of 2015. By maintaining cost discipline and realizing productivity gains across many parts of the business, we believe that we can continue to fund investments in resources and capabilities in emerging markets, R&D and key technologies. In 2015, we believe that capital spending will approach 4-5% of sales as we continue to prioritize investments in emerging markets and Flavors.

Cash flows from operations for the three months ended March 31, 2015 were $31.5 million or 4.1% of sales, compared to cash inflow from operations of $35.0 million or 4.5% of sales for the three months ended March 31, 2014. The decrease in cash flow from operations in 2015 reflects higher net income and lower payments for incentive compensation, which were offset principally by higher pension contributions in the 2015 period.

Results of Operations

(DOLLARS IN THOUSANDS EXCEPT PER SHARE AMOUNTS)	Three Months Ended March 31, 2015	2014	Change
Net sales	$ 774,907	$ 770,224	1 %
Cost of goods sold	428,630	428,812	— %
Gross profit	346,277	341,412	
Research and development (R&D) expenses	63,462	61,504	3 %
Selling and administrative (S&A) expenses	120,835	123,733	(2)%
Restructuring and other charges, net	187	122	53 %
Operating profit	161,793	156,053	
Interest expense	11,095	11,677	(5)%
Other expense (income), net	(5,710)	1,443	(496)%
Income before taxes	156,408	142,933	
Taxes on income	28,150	36,226	(22)%
Net income	$ 128,258	$ 106,707	20 %
Diluted EPS	$ 1.57	$ 1.30	21 %
Gross margin	44.7%	44.3%	40
R&D as a percentage of sales	8.2%	8.0%	20
S&A as a percentage of sales	15.6%	16.1%	(50)
Operating margin	20.9%	20.3%	60
Adjusted operating margin (1)	*21.0%*	*20.6%*	*40*
Effective tax rate	18.0%	25.3%	(730)
Segment net sales			
Flavors	$ 377,108	$ 366,505	3 %
Fragrances	397,799	403,719	(1)%
Consolidated	$ 774,907	$ 770,224	

(1) Adjusted operating margin excludes the Restructuring and other charges, net of $0.2 million, operational improvement initiative costs of $0.3 million and acquisition and related costs of $0.5 million for the three months ended March 31, 2015 and excludes $2.7 million of restructuring and operational improvement initiative costs for the three months ended March 31, 2014.

Cost of goods sold includes the cost of materials and manufacturing expenses. R&D expenses relate to the development of new and improved products, technical product support and compliance with governmental regulations. S&A expenses include expenses necessary to support our commercial activities and administrative expenses supporting our overall operating activities.

FIRST QUARTER 2015 IN COMPARISON TO FIRST QUARTER 2014

Sales

Sales for the first quarter of 2015 totaled $774.9 million, an increase of 1% from the prior year quarter. Excluding the impact of foreign currency, currency neutral sales increased 6%, as a result of new win performance (net of losses) in both Flavors and Fragrance Compounds and lower volume erosion on existing business. Overall currency neutral growth was driven by 9% growth in emerging markets.

Flavors Business Unit

Flavors reported sales growth was 3%, and currency neutral sales growth was 9% during the first quarter of 2015 compared to the 2014 period. The overall performance primarily reflects new wins and low volume growth. The overall increase was due to double-digit growth in Beverage and mid to high single-digit growth in Savory, Sweet and Dairy. The Flavors business delivered currency neutral growth in all regions, led by LA. Sales in LA were driven by high double-digit gains in Beverage. Sales in Europe, Africa, and the Middle East (EAME) and Greater Asia (GA) were driven by double-digit gains in Beverage and mid to high single-digit growth in Savory, and sales in North America (NOAM) were led by double-digit gains in Beverage, Sweet and Dairy.

Fragrances Business Unit

The Fragrances business experienced a decline of 1% in reported sales but a 5% increase in currency neutral sales for the first quarter of 2015 compared to the first quarter of 2014. The overall increase was primarily driven by double-digit gains in our Fabric Care and Home Care categories, offset by low single-digit declines in Fine Fragrance and Fragrance Ingredients. Our Fragrance Compounds saw currency neutral sales growth of 6%, while Fragrance Ingredients declined 2% over the prior year period.

Sales Performance by Region and Category

		% Change in Sales-First Quarter 2015 vs. First Quarter 2014					
		Fine Fragrances	Consumer Fragrances	Ingredients	Total Frag.	Flavors	Total
NOAM	**Reported**	-14%	5%	-20%	-6%	10%	2%
EAME	**Reported**	-13%	-1%	-8%	-7%	-4%	-6%
	Currency Neutral (1)	*-1 %*	*13 %*	*0 %*	*6 %*	*9 %*	*7 %*
LA	**Reported**	-1%	13%	1%	9%	15%	11%
	Currency Neutral (1)	*2 %*	*16 %*	*-4 %*	*11 %*	*21 %*	*14 %*
GA	**Reported**	36%	2%	8%	3%	0%	2%
	Currency Neutral (1)	*38 %*	*3 %*	*17 %*	*6 %*	*4 %*	*5 %*
Total	**Reported**	-10%	4%	-8%	-1%	3%	1%
	Currency Neutral (1)	*-2 %*	*9 %*	*-2 %*	*5 %*	*9 %*	*6 %*

(1) Currency neutral sales growth is calculated by translating prior year sales at the exchange rates for the corresponding 2015 period.

- NOAM Flavors sales increased 10% as a result of double-digit gains in Beverage, Sweet and Dairy. NOAM Fragrance sales decreased 6% in the first quarter of 2015, principally due to double-digit declines in Fine Fragrance and Ingredients, that were only partially offset by double-digit growth in Home Care and high single-digit growth in Fabric Care categories.
- EAME Flavors currency neutral sales growth of 9% was led by double-digit growth in Beverage, high single-digit growth in Sweet and mid single-digit growth in Savory. EAME Fragrance currency neutral sales increased 6% overall, driven mainly by double-digit growth in Fabric Care and Home Care categories, which were only partially offset by low single-digit declines in Fine Fragrance.
- LA Flavors currency neutral sales were up 21% driven by double-digit gains in the Beverage, Sweet, Dairy and Savory categories. LA Fragrances currency neutral sales increased 11% overall, principally led by double-digit gains in Fabric Care and Home Care, which more than offset double-digit declines in Personal Wash and single-digit declines in Fragrance Ingredients.
- GA Flavors had currency neutral sales growth of 4% principally from double-digit gains in Beverage and high single-digit gains in Savory. GA Fragrances currency neutral sales growth of 6% was principally driven by double-digit growth in Fragrance Ingredients as well as the Personal Wash, Toiletries and Fine Fragrance categories. In addition, the Hair Care and Home Care categories experienced mid to high single-digit growth.

Cost of Goods Sold

Cost of goods sold, as a percentage of sales, decreased 40 bps to 55.3% in the first quarter of 2015 compared to 55.7% in the first quarter of 2014. Included in cost of goods sold was $0.3 million and $0.4 million of charges related to operational improvement initiative costs in 2015 and 2014, respectively.

Research and Development (R&D) Expenses

Overall R&D expenses, as a percentage of sales, remained consistent with the prior year period at 8.2% in the first quarter of 2015 versus 8.0% in the first quarter of 2014.

Selling and Administrative (S&A) Expenses

S&A expenses decreased $2.9 million to $120.8 million or 15.6%, as a percentage of sales, in the first quarter of 2015 compared to 16.1% in the first quarter of 2014. The $2.9 million decrease is principally due to the impact of currency, which was partially offset by higher amortization and incentive compensation expenses.

Operating Results by Business Unit

We evaluate the performance of business units based on segment profit which is defined as operating profit before Restructuring and other charges, net, Global expenses (as discussed in Note 8 to our Consolidated Financial Statements) and certain non-recurring items, net, Interest expense, Other income (expense), net and Taxes on income. See Note 8 to our Consolidated Financial Statements for the reconciliation to Income before taxes.

	Three Months Ended March 31,	
(DOLLARS IN THOUSANDS)	**2015**	**2014**
Segment profit:		
Flavors	$ 92,727	$ 88,063
Fragrances	81,598	87,166
Global	(11,564)	(16,435)
Restructuring and other charges, net	(187)	(122)
Acquisition and related costs	(500)	—
Operational improvement initiative costs	(281)	(2,619)
Operating profit	$ 161,793	$ 156,053
Profit margin		
Flavors	24.6%	24.0%
Fragrances	20.5%	21.6%
Consolidated	20.9%	20.3%

Flavors Segment Profit

Flavors segment profit increased approximately 5% to $92.7 million in the first quarter of 2015, or 24.6% as a percentage of sales, compared to $88.1 million, or 24.0% as a percentage of sales, in the comparable 2014 period. The improvement in segment profit and profit margin was driven primarily by strong new win performance and volume growth, which were partially offset by higher incentive compensation as well as unfavorable foreign currency impacts.

Fragrances Segment Profit

Fragrances segment profit declined approximately 6% to $81.6 million in the first quarter of 2015, or 20.5% as a percentage of sales, compared to $87.2 million, or 21.6% as a percentage of sales, in the comparable 2014 period. The decline in segment profit and profit margin was primarily due to unfavorable foreign currency impacts, competitive pressure on Ingredient prices, and rising input costs, which were partially offset by favorable volume growth, productivity initiatives and sales mix.

Global Expenses

Global expenses represent corporate and headquarters-related expenses which include legal, finance, human resources and R&D and other administrative expenses that are not allocated to an individual business unit. In the first quarter of 2015, Global expenses were $11.6 million compared to $16.4 million during the first quarter of 2014. The decrease was principally driven by the favorable impact of our cash flow hedging program.

Restructuring and Other Charges, Net

In 2014, the Company closed its fragrance ingredients manufacturing facility in Augusta, Georgia and consolidated production into other Company facilities. During the first quarter of 2015, the Company recorded $0.2 million of plant shutdown and other related costs included in Restructuring and other charges, net related to this closure. As a result of this closure, 43 positions have been eliminated.

Interest Expense

Interest expense decreased $0.6 million to $11.1 million in the first quarter of 2015 compared to the first quarter of 2014. Average cost of debt was 4.7% for the 2015 three month period compared to 5.0% for the 2014 three month period.

Other (Income) Expense, Net

Other (income) expense, net increased by approximately $7.1 million to $5.7 million of income in the first quarter of 2015 versus $1.4 million of expense in the comparable 2014 period. The year-over-year increase is primarily driven by higher levels of foreign exchange gains on working capital during 2015 compared to the 2014 period.

Income Taxes

The effective tax rate for the three months ended March 31, 2015 was 18.0% compared with 25.3% for the three months ended March 31, 2014. The quarter-over-quarter decrease is largely due to a benefit of $10.5 million recorded in the first quarter of 2015, as a result of favorable tax rulings in Spain and another jurisdiction for which reserves were previously recorded. Excluding the benefit related to the favorable tax rulings, the first quarter 2015 adjusted effective tax rate was 24.7%, or 80 basis points lower than the first quarter 2014 adjusted effective tax rate of 25.5%, due to lower repatriation costs and lower loss provisions in the current quarter.

Liquidity and Capital Resources

CASH AND CASH EQUIVALENTS

We had cash and cash equivalents of $443.7 million at March 31, 2015 compared to $478.6 million at December 31, 2014, of which $344.0 million of the balance at March 31, 2015 was held outside the United States. Cash balances held in foreign jurisdictions are, in most circumstances, available to be repatriated to the United States; however, they would be subject to United States federal income taxes, less applicable foreign tax credits. We have not provided U.S. income tax expense on accumulated earnings of our foreign subsidiaries because we have the ability and plan to reinvest the undistributed earnings indefinitely.

Effective utilization of the cash generated by our international operations is a critical component of our tax strategy. Strategic dividend repatriation from foreign subsidiaries creates U.S. taxable income, which enables us to realize deferred tax assets. The Company regularly repatriates, in the form of dividends from its non-U.S. subsidiaries, a portion of its current year earnings to fund financial obligations in the U.S.

CASH FLOWS FROM OPERATING ACTIVITIES

Operating cash flows in the first three months of 2015 were $31.5 million compared to $35.0 million in the first three months of 2014. The decrease in operating cash flows for the first three months of 2015 compared to 2014 is principally driven by higher net income and lower payments for incentive compensation, which were offset principally by higher pension contributions in the 2015 period.

Working capital (current assets less current liabilities) totaled $1,267.8 million at March 31, 2015, compared to $1,191.2 million at December 31, 2014. The Company sold certain accounts receivable on a non-recourse basis to unrelated financial institutions under “factoring” agreements that are sponsored, solely and individually, by certain customers. We believe that participating in the factoring programs strengthens our relationships with these customers and provides operational efficiencies. The beneficial impact on cash from operations from participating in these programs decreased approximately $6.5 million for the three months ended March 31, 2015 compared to a decrease of approximately $14.3 million for the three months ended March 31, 2014. The cost of participating in these programs was immaterial to our results in all periods.

CASH FLOWS USED IN INVESTING ACTIVITIES

Net investing activities during the first three months of 2015 utilized $17.9 million compared to $122.4 million in the prior year period. The decrease in cash paid for investing activities is primarily driven by the acquisition of Aromor during the first quarter of 2014 for approximately $102 million.

Additions to property, plant and equipment were $19.4 million during the first three months of 2015 compared to $33.8 million in the first three months of 2014. We expect additions to property, plant and equipment to approach 4-5% of our sales in 2015.

CASH FLOWS USED IN FINANCING ACTIVITIES

Net financing activities in the first three months of 2015 used $39.5 million compared to $49.3 million in the first three months of 2014. The decrease in cash used for financing activities principally reflects lower treasury stock purchases in the first quarter of 2015 as compared to the 2014 period.

At March 31, 2015, we had $943.5 million of debt outstanding compared to $942.3 million outstanding at December 31, 2014.

We paid dividends totaling $38.0 million in the 2015 period. We declared a cash dividend per share of $0.47 in the first quarter of 2015 that was paid on April 7, 2015 to all shareholders of record as of March 27, 2015.

In December 2012, the Board of Directors authorized a $250 million share repurchase program, which commenced in the first quarter of 2013. Based on the total remaining amount of $98.3 million available under the repurchase program, approximately 0.8 million shares, or 1.0% of shares outstanding (based on the market price and shares outstanding as of March 31, 2015) could be repurchased under the program as of March 31, 2015. The purchases will be made from time to time on the open market or through private transactions as market and business conditions warrant. Repurchased shares will be placed into treasury stock. During the three months ended March 31, 2015, we repurchased 98,113 shares on the open market at an aggregate cost of $10.7 million or an average of $108.65 per share. We expect total purchases during 2015 to be less than total purchases made during 2014. The ultimate level of purchases will be a function of the daily purchase limits established in the pre-approved program according to the share price at that time.

CAPITAL RESOURCES

Operating cash flow provides the primary source of funds for capital investment needs, dividends paid to shareholders and debt repayments. We anticipate that cash flows from operations and availability under our existing credit facilities are sufficient to meet our investing and financing needs for at least the next eighteen months. We regularly assess our capital structure, including both current and long-term debt instruments, as compared to our cash generation and investment needs in order to provide ample flexibility and to optimize our leverage ratios. We believe our existing cash balances are sufficient to meet our debt service requirements.

We supplement short-term liquidity with access to capital markets, mainly through bank credit facilities and issuance of commercial paper. We did not issue commercial paper during the first three months of 2015 or 2014.

We expect to contribute a total of approximately $30 million to our non-U.S. pension plans during 2015. During the three months ended March 31, 2015, $35.0 million of contributions were made to the qualified U.S. pension plans. For the three months ended March 31, 2015, we have contributed $19.1 million related to our non-U.S. pension plans and $1.1 million related to our non-qualified U.S. pension plans.

On May 1, 2015, the Company acquired Henry H. Ottens Manufacturing Co., Inc. Ottens Flavors for approximately $190 million, which was funded from existing cash resources.

Under our revolving credit facility, we are required to maintain, at the end of each fiscal quarter, a ratio of net debt for borrowed money to adjusted EBITDA in respect of the previous 12-month period of not more than 3.25 to 1. Based on this ratio, at March 31, 2015 our covenant compliance provided overall borrowing capacity of $1,833 million.

As of March 31, 2015 we had no borrowings under our revolving credit facility. The amount which we are able to draw down on under the facility is limited by financial covenants as described in more detail below. Our drawdown capacity on the facility was $940.4 million at March 31, 2015.

At March 31, 2015, we were in compliance with all financial and other covenants, including the net debt to adjusted EBITDA ratio. At March 31, 2015 our Net Debt/adjusted EBITDA [(1)] ratio was 0.69 to 1 as defined by the debt agreements, well below the financial covenants of existing outstanding debt. Failure to comply with the financial and other covenants under our debt agreements would constitute default and would allow the lenders to accelerate the maturity of all indebtedness under the related agreement. If such acceleration were to occur, we would not have sufficient liquidity available to repay the indebtedness. We would likely have to seek amendments under the agreements for relief from the financial covenants or repay the debt with proceeds from the issuance of new debt or equity, and/or asset sales, if necessary. We may be unable to amend the agreements or raise sufficient capital to repay such obligations in the event the maturities are accelerated.

(1) *Adjusted EBITDA and Net Debt, which are non-GAAP measures used for these covenants, are calculated in accordance with the definition in the debt agreements. In this context, these measures are used solely to provide information on the extent to which we are in compliance with debt covenants and may not be comparable to adjusted EBITDA and Net Debt used by other companies. Reconciliations of adjusted EBITDA to net income and net debt to total debt are as follows:*

(DOLLARS IN MILLIONS)	Twelve Months Ended March 31, 2015	Twelve Months Ended March 31, 2014
Net income	$ 436.1	$ 369.5
Interest expense	45.5	47.3
Income taxes	126.4	131.1
Depreciation and amortization	86.6	86.6
Specified items (1)	1.4	2.3
Non-cash items (2)	20.4	6.6
Adjusted EBITDA	$ 716.4	$ 643.4

(1) *Specified items for the 12 months ended March 31, 2015 of $1.4 million consist of restructuring charges.*
(2) *Non-cash items, defined as part of Adjusted EBITDA in the terms of the Company's credit facility agreement dated November 9, 2011 and amended and restated on April 4, 2014, represent all other adjustments to reconcile net income to net cash provided by operations as presented on the Statement of Cash Flows, including gain on disposal of assets, stock-based compensation and pension settlement/curtailment.*

(DOLLARS IN MILLIONS)	March 31, 2015	March 31, 2014
Total debt	$ 943.5	$ 933.9
Adjustments:		
Deferred gain on interest rate swaps	(4.7)	(6.6)
Cash and cash equivalents	(443.7)	(268.6)
Net debt	$ 495.1	$ 658.7

As discussed in Note 12 to the Consolidated Financial Statements, at March 31, 2015, we had entered into various guarantees and had undrawn outstanding letters of credit from financial institutions. These arrangements reflect ongoing business operations, including commercial commitments, and governmental requirements associated with audits or litigation that are in process with various jurisdictions. Based on the current facts and circumstances they are not reasonably likely to have a material impact on our consolidated financial condition, results of operations, or cash flows.

As discussed in Notes 6 and 12 to the Consolidated Financial Statements, we had Euro 4.7 million ($5.1 million) in bank guarantees outstanding as of March 31, 2015 related to the tax disputes in Spain. These amounts will be reduced once we make the remaining payments pursuant to the dividend withholding tax cases during the second quarter of 2015.

Cautionary Statement Under the Private Securities Litigation Reform Act of 1995

This Quarterly Report includes "forward-looking statements" under the Federal Private Securities Litigation Reform Act of 1995, including statements regarding the Company's expectations concerning (i) our ability to meet long-term growth targets in 2015, (ii) our competitive position in the market and financial performance in 2015, (iii) expected cost pressures in 2015, (iv) capital spending in 2015, (v) cash flows to fund future operations and to meet debt service requirements, (vi) expected share repurchases in 2015, and (vii) the ultimate resolution of pending tax matters with the Spanish and Brazilian tax authorities. These forward-looking statements should be evaluated with consideration given to the many risks and uncertainties inherent in the Company's business that could cause actual results and events to differ materially from those in the forward-looking statements. Certain of such forward-looking information may be identified by such terms as "will," "expect," "anticipate," "believe," "outlook," "may," "estimate," "should" and "predict" similar terms or variations thereof. Such forward-looking statements are based on a series of expectations, assumptions, estimates and projections about the Company, are not guarantees of future results or performance, and involve significant risks, uncertainties and other factors, including assumptions and projections, for all forward periods. Actual results of the Company may differ materially from any future results expressed or implied by such forward-looking statements. Such factors include, among others, the following:

- volatility and increases in the price of raw materials, energy and transportation;
- the economic and political risks associated with the Company’s international operations;
- the Company's ability to benefit from its investments and expansion in emerging markets;
- fluctuations in the quality and availability of raw materials;
- our ability to successfully execute acquisitions, collaborations and joint ventures;
- changes in consumer preferences and demand for the Company's products or decline in consumer confidence and spending;
- the Company’s ability to implement its business strategy, including the achievement of anticipated cost savings, profitability, realization of price increases and growth targets;
- the Company’s ability to successfully develop new and competitive products that appeal to its customers and consumers;
- the impact of a disruption in the Company's supply chain or its relationship with its suppliers;
- the Company's ability to successfully manage inventory and working capital;
- the effects of any unanticipated costs and construction or start-up delays in the expansion of any of the Company’s facilities;
- the impact of currency fluctuations or devaluations in the Company’s principal foreign markets;
- any adverse impact on the availability, effectiveness and cost of the Company’s hedging and risk management strategies;
- uncertainties regarding the outcome of, or funding requirements, related to litigation or settlement of pending litigation, uncertain tax positions or other contingencies;
- the impact of possible pension funding obligations and increased pension expense, particularly as a result of changes in asset returns or discount rates, on the Company’s cash flow and results of operations;
- the Company’s ability to optimize it's manufacturing facilities, including the achievement of expected cost savings and increased efficiencies;
- the effect of legal and regulatory proceedings, as well as restrictions imposed on the Company, its operations or its representatives by U.S. and foreign governments;
- adverse changes in federal, state, local and foreign tax legislation or adverse results of tax audits, assessments, or disputes;
- the Company's ability to attract and retain talented employees;
- the direct and indirect costs and other financial impact that may result from any business disruptions due to political instability, armed hostilities, incidents of terrorism, natural disasters, or the responses to or repercussion from any of these or similar events or conditions;
- the Company’s ability to quickly and effectively implement its disaster recovery and crisis management plans; and
- adverse changes due to accounting rules or regulations.

New risks emerge from time to time and it is not possible for management to predict all such risk factors or to assess the impact of such risks on the Company’s business. Accordingly, the Company undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events, or otherwise.

Any public statements or disclosures by the Company following this report that modify or impact any of the forward-looking statements contained in or accompanying this report will be deemed to modify or supersede such outlook or other forward-looking statements in or accompanying this report.

The foregoing list of important factors does not include all such factors, nor necessarily present them in order of importance. In addition, you should consult other disclosures made by the Company (such as in our other filings with the SEC or in company press releases) for other factors that may cause actual results to differ materially from those projected by the Company. Please refer to Part I. Item 1A., Risk Factors, of the 2014 Form 10-K for additional information regarding factors that could affect the Company’s results of operations, financial condition and cash flow.

Non-GAAP Financial Measures

The Company uses non-GAAP financial operating measures in this Quarterly Report, including: (i) currency neutral sales (which eliminates the effects that result from translating its international sales in U.S. dollars), (ii) adjusted operating profit and adjusted operating margin (which excludes the acquisition costs, operational improvement initiative costs and restructuring charges), and (iii) adjusted effective tax rate (which excludes restructuring charges and operational improvement initiative costs). The Company also provides the non-GAAP measures adjusted EBITDA (which excludes certain specified items and non-cash items as set forth in the Company's debt agreements) and net debt (which is adjusted for deferred gain on interest rate swaps and cash and cash equivalents) solely for the purpose of providing information on the extent to which the Company is in compliance with debt covenants contained in its debt agreements.

We have included each of these non-GAAP measures in order to provide additional information regarding our underlying operating results and comparable year-over-year performance. Such information is supplemental to information presented in accordance with GAAP and is not intended to represent a presentation in accordance with GAAP. In discussing our historical and expected future results and financial condition, we believe it is meaningful for investors to be made aware of and to be assisted in a better understanding of, on a period-to-period comparable basis, financial amounts both including and excluding these identified items, as well as the impact of exchange rate fluctuations. We believe such additional non-GAAP information provides investors with an overall perspective of the period-to-period performance of our business. In addition, management internally reviews each of these non-GAAP measures to evaluate performance on a comparative period-to-period basis in terms of absolute performance, trends and expected future performance with respect to our business. A material limitation of these non-GAAP measures is that such measures do not reflect actual GAAP amounts; for example, costs associated with operational improvements and restructuring activities involve actual cash outlays. We compensate for such limitations by using these measures as one of several metrics, including GAAP measures. These non-GAAP measures may not be comparable to similarly titled measures used by other companies.

International Flavors & Fragrances Inc.
Foreign Currency Reconciliation

Three Months Ended March 31, 2015

	Operating Profit
% Change - Reported (GAAP)	**4%**
Items impacting comparability [1]	-2%
% Change - Adjusted (Non-GAAP)	**2%**
Currency Impact	7%
% Change - Currency Neutral Adjusted (Non-GAAP)**	**10%***

(1) Includes Restructuring and other charges, net of $0.2 million, operational improvement initiative costs of $0.3 million and acquisition and related costs of $0.5 million for the three months ended March 31, 2015 and includes $2.7 million of restructuring and operational improvement initiative costs for the three months ended March 31, 2014.

* The sum of these items do not foot due to rounding.

** Currency neutral amount is calculated by translating prior year sales at the exchange rates used for the corresponding 2015 period.

Item 3. Quantitative and Qualitative Disclosures about Market Risk

There are no material changes in market risk from the information provided in the Company's 2014 Annual Report on Form 10-K.

Item 4. Controls and Procedures

The Chief Executive Officer and Chief Financial Officer with the assistance of other members of our management, have evaluated the effectiveness of our disclosure controls and procedures as of the end of the period covered by this Quarterly Report on Form 10-Q. Based on such evaluation, the Chief Executive Officer and Chief Financial Officer have concluded that our disclosure controls and procedures are effective as of the end of the period covered by this Quarterly Report on Form 10-Q.

We have established controls and procedures designed to ensure that information required to be disclosed in the reports that we file or submit under the Securities Exchange Act of 1934, as amended, is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's rules and forms and is accumulated and communicated to management, including the principal executive officer and the principal financial officer, to allow timely decisions regarding required disclosure.

The Chief Executive Officer and Chief Financial Officer have also concluded that there have not been any changes in our internal control over financial reporting during the quarter ended March 31, 2015 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

We are subject to various claims and legal actions in the ordinary course of our business.

Tax Claims

We are currently involved in a legal proceeding with the Spanish tax authorities that challenges tax deductions taken in our Spanish subsidiaries' tax returns and alleges claims of tax avoidance.

The Spanish tax authorities have also alleged claims related to capital tax positions arising from the business structure adopted by our Spanish subsidiaries. During the fourth quarter of 2013, the Company was notified that the Spanish High Court of Justice ruled against us in regards to the 2002 capital tax case. As a result, the Company recorded a charge of Euro 9.6 million ($13.0 million, or $9.1 million, after tax) for the year ended December 31, 2013. On January 22, 2014, we filed an appeal. In order to avoid future interest costs in the event our appeal is unsuccessful, we paid $11.2 million (representing the principal amount) during the first quarter of 2014. Such amount will be refundable if we prevail in our appeal.

As of March 31, 2015, the Company had an aggregate value of Euro 4.7 million ($5.1 million), which was fully reserved for and reflected in income taxes payable, related to three dividend withholding tax controversies in Spain, all of which have now been resolved. The Company made payments of Euro 3.5 ($3.8 million) in April 2015 related to two of the controversies and expects to make the remaining payment during the second quarter of 2015. As of March 31, 2015, the Company had posted bank guarantees of Euro 4.7 million ($5.1 million) associated with the appeals of these matters.

We do not currently believe that any of our pending tax assessments, even if ultimately resolved against us, would have a material impact on our financial condition.

Environmental

Over the past 20 years, various federal and state authorities and private parties have claimed that we are a Potentially Responsible Party ("PRP") as a generator of waste materials for alleged pollution at a number of waste sites operated by third parties located principally in New Jersey and have sought to recover costs incurred and to be incurred to clean up the sites.

We have been identified as a PRP at eight facilities operated by third parties at which investigation and/or remediation activities may be ongoing. We analyze our potential liability on at least a quarterly basis. We accrue for environmental liabilities when they are probable and estimable. We estimate our share of the total future cost for these sites to be less than $5 million.

While joint and several liability is authorized under federal and state environmental laws, we believe the amounts we have paid and anticipate paying in the future for clean-up costs and damages at all sites are not material and will not have a material adverse effect on our financial condition, results of operations or liquidity. This assessment is based upon, among other things, the involvement of other PRPs at most of the sites, the status of the proceedings, including various settlement agreements and consent decrees, and the extended time period over which payments will likely be made. There can be no assurance, however, that future events will not require us to materially increase the amounts we anticipate paying for clean-up costs and damages at these sites, and that such increased amounts will not have a material adverse effect on our financial condition, results of operations or cash flows.

Other

In March 2012, ZoomEssence, Inc. filed a complaint against the Company in the U.S. District Court of New Jersey alleging trade secret misappropriation, breach of contract and unjust enrichment in connection with certain spray dry technology disclosed to the Company. In connection with the claims, ZoomEssence is seeking an injunction and monetary damages. ZoomEssence initially sought a temporary restraining order and preliminary injunction, but the Court denied these applications in an order entered on September 27, 2013, finding that ZoomEssence had not demonstrated a likelihood of success on the merits of its claims. The Court subsequently referred the matter to mediation, however the private mediation session did not result in a resolution of the dispute. On November 3, 2014, ZoomEssence amended its complaint against the Company to include allegations of breach of the duty of good faith and fair dealing, fraud in the inducement, and misappropriation of confidential and proprietary information. On November 13, 2014, the Company filed a counterclaim against ZoomEssence alleging trade secret misappropriation, breach of contract, breach of the implied covenant of good faith and fair dealing, unjust enrichment, misappropriation of confidential and proprietary information, common law unfair competition, tortious interference with contractual relations, and conversion. The case is currently proceeding through discovery with a trial on the merits anticipated in mid 2016. The Company denies the allegations and will vigorously defend and pursue its position in Court. At this stage of the litigation, based on the information currently available to the Company, management does not believe that this matter represents a material loss contingency.

We are also a party to other litigations arising in the ordinary course of our business. We do not expect the outcome of these cases, singly or in the aggregate, to have a material effect on our consolidated financial condition.

Item 2. **Unregistered Sales of Equity Securities and Use of Proceeds**

(c) Issuer Purchases of Equity Securities

The table below reflects shares of common stock we repurchased during the first quarter of 2015.

Period	Total Number of Shares Repurchased (1)		Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Program		Approximate Dollar Value of Shares That May Yet be Purchased Under the Program
January 1 - 31, 2015	51,435	$	102.07	51,435	$	103,683,793
February 1 - 28, 2015	21,235		111.80	21,235		101,309,657
March 1 - 31, 2015	25,443		119.34	25,443		98,273,281
Total	**98,113**	**$**	**108.65**	**98,113**	**$**	**98,273,281**

(1) Shares were repurchased pursuant to the repurchase program announced in December 2012, with repurchases beginning in the first quarter of 2013. Repurchases under the program are limited to $250 million in total repurchase price, and the expiration date is December 31, 2016. Authorization of the repurchase program may be modified, suspended, or discontinued at any time.

Item 6. **Exhibits**

3.2	Amended and Restated Bylaws of the Company, effective as of May 6, 2015, incorporated by reference to Exhibit 3.2 to the Company's Report on Form 8-K filed on May 6, 2015
10.1	2015 Stock Award and Incentive Plan, incorporated by reference to Annex 1 of the Company's definitive proxy statement on Schedule 14A filed with the SEC on March 18, 2015
10.2	Amended and Restated Executive Severance Policy, as amended through and including March 11, 2015
10.3	Form of Annual Incentive Plan Award Agreement under the International Flavors & Fragrances 2015 Stock Award and Incentive Plan
10.4	Form of Long-Term Incentive Plan Award Agreement under the International Flavors & Fragrances 2015 Stock Award and Incentive Plan
10.5	Form of Equity Choice Program Award Agreement under the International Flavors & Fragrances 2015 Stock Award and Incentive Plan
10.6	Form of Restricted Stock Units Award Agreement under the International Flavors & Fragrances 2015 Stock Award and Incentive Plan
10.7	Form of Non-Employee Director Restricted Stock Units Award Agreement under the International Flavors & Fragrances 2015 Stock Award and Incentive Plan
10.8	2010 Stock Award and Incentive Plan, as Amended and Restated as of May 6, 2015
31.1	Certification of Andreas Fibig pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification of Richard A. O'Leary pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32	Certification of Andreas Fibig and Richard A. O'Leary pursuant to 18 U.S.C. Section 1350 as adopted pursuant to the Sarbanes-Oxley Act of 2002.
101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extensions Schema
101.CAL	XBRL Taxonomy Extension Calculation Linkbase
101.DEF	XBRL Taxonomy Extension Definition Linkbase
101.LAB	XBRL Taxonomy Extension Label Linkbase
101.PRE	XBRL Taxonomy Extension Presentation Linkbase

EXHIBIT II – FORM 10-Q

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

INTERNATIONAL FLAVORS & FRAGRANCES INC.

Dated:	May 12, 2015	By:	/s/ Andreas Fibig
			Andreas Fibig
			Chairman of the Board and Chief Executive Officer
Dated:	May 12, 2015	By:	/s/ Richard A. O'Leary
			Richard A. O'Leary
			Interim Chief Financial Officer, Vice President and Controller

EXHIBIT II – FORM 10-Q

EXHIBIT INDEX

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EXHIBIT III

CURRENT REPORT ON FORM 8-K FURNISHED BY IFF TO THE SEC ON MAY 12, 2015, RELATING TO THE FINANCIAL RESULTS OF IFF FOR THE QUARTER ENDED MARCH 31, 2015

EXHIBIT III – May 12, 2015 FORM 8-K

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

FORM 8-K

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

Date of report (Date of earliest event reported) May 12, 2015

INTERNATIONAL FLAVORS & FRAGRANCES INC.
(Exact Name of Registrant as Specified in Charter)

New York	1-4858	13-1432060
(State or Other Jurisdiction of Incorporation)	**(Commission File Number)**	**(I.R.S. Employer Identification No.)**

521 West 57th Street, New York, New York	10019
(Address of Principal Executive Offices)	**(Zip Code)**

Registrant's telephone number, including area code (212) 765-5500

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

EXHIBIT III – May 12, 2015 FORM 8-K

Item 2.02. Results of Operations and Financial Condition

Attached and being furnished hereby as Exhibit 99.1 is a copy of a press release of International Flavors & Fragrances Inc. ("IFF" or the "Company") dated May 12, 2015 reporting IFF's financial results for the quarter ended March 31, 2015.

An audio webcast to discuss the Company's first quarter 2015 financial results and full year 2015 outlook will be held today, May 12, 2015, at 10:00 a.m. EST. Interested parties can access the webcast and accompanying slide presentation on the Company's website at www.iff.com under the Investor Relations section. For those unable to listen to the live broadcast, a replay will be available on the Company's website approximately one hour after the event and will remain available on the IFF website for one year.

Non-GAAP financial measures: In the attached press release and the referenced audio webcast, the Company uses the following non-GAAP financial operating measures: (i) adjusted earnings per share, (ii) adjusted operating profit, (iii) currency neutral adjusted operating profit, (iv) adjusted operating profit margin, (v) currency neutral sales, (vi) adjusted research, selling and administrative (RSA) expenses, (vii) adjusted effective tax rate and (viii) adjusted gross profit margin. Such information is supplemental to information presented in accordance with GAAP and is not intended to represent a presentation in accordance with GAAP. In discussing the Company's historical and expected future results and financial condition, the Company believes it is meaningful for investors to be made aware of and to be assisted in a better understanding of, on a period-to-period comparable basis, financial amounts both including and excluding these identified items, as well as the impact of exchange rate fluctuations. The Company believes such additional non-GAAP information provides investors with an overall perspective of the period-to-period performance of our business. In addition, management internally reviews each of these non-GAAP measures to evaluate performance on a comparative period-to-period basis in terms of absolute performance, trends and expected future performance with respect to our business. A material limitation of these non-GAAP measures is that such measures do not reflect actual GAAP amounts. The Company compensates for such limitations by presenting the reconciliations contained in the attached press release to the most directly comparable GAAP measure. These non-GAAP measures may not be comparable to similarly titled measures used by other companies.

Item 9.01. Financial Statements and Exhibits

(d) Exhibits

99.1 Press Release of International Flavors & Fragrances Inc., dated May 12, 2015

EXHIBIT III – May 12, 2015 FORM 8-K

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

INTERNATIONAL FLAVORS & FRAGRANCES INC.

Dated: May 12, 2015

/s/ Richard A. O’Leary
Name: Richard A. O'Leary

Title: Interim Chief Financial Officer, Vice President and Controller

Exhibit Index

Number	Description
99.1	Press Release of International Flavors & Fragrances Inc. dated May 12, 2015

IFF REPORTS FIRST QUARTER 2015 RESULTS

International Flavors & Fragrances Inc.

NEWS RELEASE

IFF Reports Strong First Quarter 2015 Results

Currency Neutral Sales Grew 6%; Currency Neutral Adjusted EPS Increased 13%

NEW YORK, N.Y., May 12, 2015 – International Flavors & Fragrances Inc. (NYSE: IFF), a leading global creator of flavors and fragrances for consumer products, today reported financial results for the first quarter ended March 31, 2015.

First Quarter 2015 Results

- Currency neutral sales increased 6% reflecting broad-based growth in both businesses and across all regions. Sales to the emerging markets, which now represent 51% of total company sales, grew 9% on a currency neutral basis.

- Currency neutral adjusted operating profit increased 10% versus the prior year quarter driven by strong sales growth, and manufacturing and RSA cost leverage. The net impact on adjusted earnings per share (EPS) was positive, increasing 13% on a currency neutral basis to $1.45 per share in the quarter.

- Reported sales increased $4.7 million, or 1%, to $774.9 million from $770.2 million in the prior year quarter. On a reported basis, operating profit rose $5.7 million, or 4%, to $161.8 million from $156.1 million in the prior year quarter and reported diluted EPS rose 21% to $1.57 from $1.30.

Schedules at the end of this release contain reconciliations of reported GAAP to non-GAAP financial metrics.

Beginning this quarter, we refer to “currency neutral,” instead of “local currency.” The change is solely a change in terminology and the underlying calculation of the measure remains the same.

Management Commentary

“We are pleased with our performance in the first quarter.” said IFF Chairman and CEO Andreas Fibig. “Financially, we delivered mid-single-digit sales growth, and double-digit increases in both adjusted operating profit and adjusted EPS, all on a currency neutral basis. At the same time, we continued to invest in the business to support our goal of Winning Where We Compete by bolstering our Flavors business with the acquisition of Ottens, the opening of a new sales and creative facility near Chicago, and the expansion of our creative center in South Africa."

First Quarter 2015 Segment Results

Fragrances Business Unit

- Currency neutral sales growth was 5% as nearly all regions delivered mid to high single-digit growth.

- Fine Fragrances currency neutral sales declined by 2%, against very strong 10% growth reported in the year-ago period. A double-digit increase in Greater Asia was more than offset by softness in North America and EAME, both of which compared to double-digit growth in the prior-year period.

- Consumer Fragrances delivered strong currency neutral sales growth of 9% led by double-digit growth in Fabric Care and Home Care, as well as mid-single digit growth in Hair Care.

- Fragrance Ingredients currency neutral sales declined 2% compared to high double-digit gains in the prior year quarter.

- Reported sales decreased 1% to $397.8 million in the first quarter of 2015 compared with $403.7 million in the prior year quarter.

- Fragrances segment profit decreased 6%, or $5.6 million, to $81.6 million in the first quarter of 2015. Segment profit margin decreased to 20.5%, down 110 basis points from 21.6% in the prior year quarter as unfavorable net impact of price to input costs and a negative impact from currency more than offset continued cost control discipline and productivity programs.

Flavors Business Unit

- Currency neutral sales grew 9% in the first quarter, against a 5% year-ago comparison, with growth across all regions led by double-digit growth in Latin America and North America and high single-digit growth in EAME.

- On a category basis, Beverages grew high double-digits with growth across all regions driven by new win performance and strong innovative solutions for better-for-you products. Growth was also achieved in all other categories including Dairy, Sweet and Savory.

IFF REPORTS FIRST QUARTER 2015 RESULTS

- Reported sales increased 3%, or $10.6 million, to $377.1 million from $366.5 million in the prior year quarter.

- Flavors segment profit increased 5%, or $4.7 million, to $92.7 million in the first quarter of 2015. Segment profit margin improved 60 basis points to 24.6% from 24.0% in the prior year quarter, reflecting topline growth, mix benefits, productivity initiatives and disciplined cost control that more than offset the negative impact of currency.

Management Commentary

Mr. Fibig continued, "Looking to the balance of year, we continue to believe we can deliver attractive returns to our shareholders. On a currency neutral basis, we expect all of our key financial metrics to be in line with our long-term targets in 2015. Yet, if global currencies remain where they are today throughout the rest of the year, we expect adjusted operating profit and adjusted EPS to grow low to mid-single-digits."

Audio Webcast

A live webcast to discuss the Company's first quarter 2015 financial results will be held today, May 12, 2015, at 10:00 a.m. EST. Investors may access the webcast and accompanying slide presentation on the Company's website at www.iff.com under the Investor Relations section. For those unable to listen to the live broadcast, a recorded version of the webcast will be made available on the Company's website approximately one hour after the event and will remain available on IFF's website for one year.

About IFF

International Flavors & Fragrances Inc. (NYSE: IFF) is a leading global creator of flavors and fragrances used in a wide variety of consumer products. Consumers experience these unique scents and tastes in fine fragrances and beauty care, detergents and household goods, as well as beverages, sweet goods and food products. The Company leverages its competitive advantages of consumer insight, research and development, creative expertise, and customer intimacy to provide customers with innovative and differentiated product offerings. A member of the S&P 500 Index, IFF has more than 6,200 employees working in 32 countries worldwide. For more information, please visit our website at www.iff.com.

Cautionary Statement Under The Private Securities Litigation Reform Act of 1995

This press release includes "forward-looking statements" under the Federal Private Securities Litigation Reform Act of 1995, including statements regarding our outlook for the second quarter and full year 2015, and our ability to generate shareholder returns and sustain our long-term growth performance. These forward-looking statements are qualified in their entirety by cautionary statements and risk factor disclosures contained in the Company's Securities and Exchange Commission filings, including the Company's Annual Report on Form 10-K filed with the Commission on March 2, 2015. The Company wishes to caution readers that certain important factors may have affected and could in the future affect the Company's actual results and could cause the Company's actual results for subsequent periods to differ materially from those expressed in any forward-looking statements made by or on behalf of the Company. With respect to the Company's expectations regarding these statements, such factors include, but are not limited to: (1) volatility and increases in the price of raw materials, energy and transportation; (2) the economic and political risks associated with the Company's international operations; (3) the

Company's ability to benefit from its investments and expansion in emerging markets; (4) fluctuations in the quality and availability of raw materials; (5) changes in consumer preferences and demand for the Company's products or a decline in consumer confidence and spending; (6) the Company's ability to implement its business strategy, including the achievement of anticipated cost savings, profitability, realization of price increases and growth targets; (7) the Company's ability to successfully develop new and competitive products that appeal to its customers and consumers; (8) the impact of a disruption in the Company's supply chain or its relationship with its suppliers; (9) the impact of currency fluctuations or devaluations in the Company's principal foreign markets; (10) any adverse impact on the availability, effectiveness and cost of the Company's hedging and risk management strategies; (11) the effects of any unanticipated costs and construction or start-up delays in the expansion of the Company's facilities; (12) the Company's ability to successfully execute acquisitions, collaborations and joint ventures; (13) the effect of legal and regulatory proceedings, as well as restrictions imposed on the Company, its operations or its representatives by U.S. and foreign governments; (14) adverse changes in federal, state, local and foreign tax legislation or adverse results of tax audits, assessments, or disputes; and (15) changes in market conditions or governmental regulations relating to our pension and postretirement obligations. New risks emerge from time to time and it is not possible for management to predict all such risk factors or to assess the impact of such risks on the Company's business. Accordingly, the Company undertakes no obligation to publicly revise any forward-looking statements, whether as a result of new information, future events, or otherwise.

VP, Global Corporate Communications & Investor Relations:
Michael DeVeau
212-708-7164

IFF REPORTS FIRST QUARTER 2015 RESULTS

International Flavors & Fragrances Inc.
Consolidated Income Statement
(Amounts in thousands except per diluted share data)
(Unaudited)

EXHIBIT III – May 12, 2015 FORM 8-K

IFF REPORTS FIRST QUARTER 2015 RESULTS

	Three Months Ended March 31,		
	2015	2014	% Change
Net sales	$ 774,907	$ 770,224	1 %
Cost of goods sold	428,630	428,812	(0)%
Gross profit	346,277	341,412	1 %
Research and development	63,462	61,504	3 %
Selling and administrative	120,835	123,733	(2)%
Restructuring and other charges	187	122	
Operating Profit	161,793	156,053	
Interest expense	11,095	11,677	
Other (income) expense, net	(5,710)	1,443	
Pretax income	156,408	142,933	9 %
Income taxes	28,150	36,226	(22)%
Net income	$ 128,258	$ 106,707	20 %
Earnings per share - basic	$ 1.58	$ 1.31	
Earnings per share - diluted	$ 1.57	$ 1.30	
Average shares outstanding			
Basic	80,654	81,053	
Diluted	81,195	81,732	

IFF REPORTS FIRST QUARTER 2015 RESULTS

International Flavors & Fragrances Inc.
Condensed Consolidated Balance Sheet
(Amounts in thousands)
(Unaudited)

	March 31, 2015	December 31, 2014
Cash & cash equivalents	$ 443,689	$ 478,573
Receivables	525,260	493,768
Inventories	536,465	568,729
Other current assets	249,696	168,957
Total current assets	1,755,110	1,710,027
Property, plant and equipment, net	692,008	720,268
Goodwill and other intangibles, net	750,201	752,041
Other assets	309,853	312,285
Total assets	$ 3,507,172	$ 3,494,621
Bank borrowings and overdrafts, and current portion of long-term debt	$ 8,379	$ 8,090
Other current liabilities	478,941	510,718
Total current liabilities	487,320	518,808
Long-term debt	935,170	934,232
Non-current liabilities	512,585	518,892
Shareholders' equity	1,572,097	1,522,689
Total liabilities and shareholders' equity	$ 3,507,172	$ 3,494,621

International Flavors & Fragrances Inc.
Consolidated Statement of Cash Flows
(Amounts in thousands)
(Unaudited)

	Three Months Ended March 31, 2015	Three Months Ended March 31, 2014
Cash flows from operating activities:		
Net income	$ 128,258	$ 106,707
Adjustments to reconcile to net cash provided by operations:		
Depreciation and amortization	19,985	22,830
Deferred income taxes	13,932	8,246
(Gain) loss on disposal of assets	34	(811)
Stock-based compensation	5,387	4,695
Pension contributions	(54,048)	(5,316)
Changes in assets and liabilities, net of Aromor		
Current receivables	(62,891)	(41,569)
Inventories	13,172	(591)
Accounts payable	(3,061)	(11,989)
Accruals for incentive compensation	(27,675)	(62,282)
Other current payables and accrued expenses	20,264	1,096
Changes in other assets/liabilities	(21,881)	13,977
Net cash provided by operating activities	31,476	34,993
Cash flows from investing activities:		
Cash paid for acquisition, net of cash received (including $15 million of contingent consideration)	—	(102,400)
Additions to property, plant and equipment	(19,381)	(33,836)
Proceeds from life insurance contracts	—	12,308
Maturity of net investment hedges	—	(472)
Proceeds from disposal of assets	1,450	2,042
Net cash used in investing activities	(17,931)	(122,358)
Cash flows from financing activities:		
Cash dividends paid to shareholders	(37,971)	(31,743)
Net change in revolving credit facility borrowings and overdrafts	265	1,309
Proceeds from issuance of stock under stock plans	227	913
Excess tax benefits on stock-based payments	8,597	315
Purchase of treasury stock	(10,660)	(20,122)
Net cash used in financing activities	(39,542)	(49,328)
Effect of exchange rates changes on cash and cash equivalents	(8,887)	(228)
Net change in cash and cash equivalents	(34,884)	(136,921)
Cash and cash equivalents at beginning of year	478,573	405,505
Cash and cash equivalents at end of period	$ 443,689	$ 268,584

International Flavors & Fragrances Inc.
Business Unit Performance
(Amounts in thousands)
(Unaudited)

	Three Months Ended March 31, 2015	Three Months Ended March 31, 2014
Net Sales		
Flavors	$ 377,108	$ 366,505
Fragrances	397,799	403,719
Consolidated	774,907	770,224
Segment Profit		
Flavors	92,727	88,063
Fragrances	81,598	87,166
Global Expenses	(11,564)	(16,435)
Restructuring and other charges, net	(187)	(122)
Acquisition and related costs	(500)	—
Operational improvement initiative costs	(281)	(2,619)
Operating profit	161,793	156,053
Interest Expense	(11,095)	(11,677)
Other income, net	5,710	(1,443)
Income before taxes	$ 156,408	$ 142,933
Operating Margin		
Flavors	24.6 %	24.0 %
Fragrances	20.5 %	21.6 %
Consolidated	20.9 %	20.3 %

International Flavors & Fragrances Inc.
Sales Performance by Region and Category
(Unaudited)

First Quarter 2015 vs. 2014
Percentage Change in Sales by Region of Destination

		Fine Fragrances	Consumer Fragrances	Ingredients	Total Frag.	Flavors	Total
North America	**Reported**	**-14%**	**5%**	**-20%**	**-6%**	**10%**	**2%**
EAME	**Reported**	**-13%**	**-1%**	**-8%**	**-7%**	**-4%**	**-6%**
	Currency Neutral	*-1%*	*13%*	*0%*	*6%*	*9%*	*7%*
Latin America	**Reported**	**-1%**	**13%**	**1%**	**9%**	**15%**	**11%**
	Currency Neutral	*2%*	*16%*	*-4%*	*11%*	*21%*	*14%*
Greater Asia	**Reported**	**36%**	**2%**	**8%**	**3%**	**0%**	**2%**
	Currency Neutral	*38%*	*3%*	*17%*	*6%*	*4%*	*5%*
Total	**Reported**	**-10%**	**4%**	**-8%**	**-1%**	**3%**	**1%**
	Currency Neutral	*-2%*	*9%*	*-2%*	*5%*	*9%*	*6%*

Note: *Beginning this quarter, we refer to "currency neutral," instead of "local currency." The change is solely a change in terminology and the underlying calculation of the measure remains the same.*

Currency neutral sales growth is calculated by translating prior year sales at the exchange rates used for the corresponding 2015 period.

International Flavors & Fragrances Inc.
GAAP to Non-GAAP Reconciliation
Foreign Exchange Impact
(Unaudited)

	Sales	Operating Profit	EPS
% Change - Reported (GAAP)	**1%**	**4%**	**21%**
Items Impacting Comparability	0%	-2%	-11%
% Change - Adjusted (Non-GAAP)	**1%**	**2%**	**10%**
Currency Impact	5%	7%	3%
% Change - Currency Neutral (Adjusted)	**6%**	**10%***	**13%**

* The sum of these items do not foot due to rounding.

Note: *Beginning this quarter, we refer to "currency neutral," instead of "local currency." The change is solely a change in terminology and the underlying calculation of the measure remains the same.*

Currency neutral sales growth is calculated by translating prior year sales at the exchange rates used for the corresponding 2015 period.

International Flavors & Fragrances Inc.
GAAP to Non-GAAP Reconciliation
(Amounts in thousands)
(Unaudited)

The following information and schedules provide reconciliation information between reported GAAP amounts and non-GAAP certain adjusted amounts. This information and schedules are not intended as, and should not be viewed as, a substitute for reported GAAP amounts or financial statements of the Company prepared and presented in accordance with GAAP.

IFF REPORTS FIRST QUARTER 2015 RESULTS

First Quarter 2015
Items Impacting Comparability

	Reported (GAAP)	Restructuring and Other Charges	Operational Improvement Initiative Costs	Tax Settlements	Acquisition and Related Costs	Adjusted (Non-GAAP)
Net Sales	774,907					
Cost of Goods Sold	428,630		(281) (b)			
Gross Profit	346,277		281			**346,558**
Research and Development	63,462					
Selling and Administrative	120,835				(500) (d)	**120,335**
RSA Expense	184,297					
Restructuring and other charges, net	187	(187) (a)				
Operating Profit	161,793	187	281		500	**162,761**
Interest Expense	11,095					
Other Income, net	(5,710)					
Income before taxes	156,408	187	281		500	
Taxes on Income	28,150	66	70	10,478 (c)	175	38,939
Net Income	128,258	121	211	(10,478)	325	**118,437**
Earnings per share - diluted	$ 1.57	$ —	$ —	$ (0.13)	$ —	**$ 1.45** (e)

(a) *Costs related to the Fragrance Ingredients Rationalization.*
(b) *Related to a partial plant closing in Asia.*
(c) *Settlements due to favorable tax rulings in jurisdictions for which reserves were previously recorded for ongoing tax disputes.*
(d) *Related to the acquisition of Henry H. Ottens Manufacturing Co., Inc. Ottens Flavors.*
(e) *The sum of these items do not foot due to rounding.*

First Quarter 2014
Items Impacting Comparability

	Reported (GAAP)	Restructuring and Other Charges	Operational Improvement Initiative Costs	Adjusted (Non-GAAP)
Net Sales	770,224			
Cost of Goods Sold	428,812	(2,250) (a)	(369) (b)	
Gross Profit	341,412	2,250	369	**344,031**
Research and Development	61,504			
Selling and Administrative	123,733			
RSA Expense	185,237			
Restructuring and other charges, net	122	(122)		
Operating Profit	156,053	2,372	369	**158,794**
Interest Expense	11,677			
Other Income, net	1,443			
Income before taxes	142,933	2,372	369	
Taxes on Income	36,226	831	90	37,147
Net Income	106,707	1,541	279	**108,527**
Earnings per share - diluted	$ 1.30	$ 0.02	$ —	**$ 1.32**

(a) *Costs related to the Fragrance Ingredients Rationalization.*
(b) *Related to plant closing in Europe and partial closing in Asia.*

EXHIBIT IV

NEWS RELEASE ANNOUNCING THAT IFF HADS MADE A BINDING OFFER FOR THE ACQUISITION OF LUCAS MEYER COSMETICS, FILED BY IFF WITH THE SEC AS OF JUNE 12, 2015

EXHIBIT IV – NEWS RELEASE

International Flavors & Fragrances Inc.

NEWS RELEASE

IFF to Expand into Cosmetics Ingredients
Makes Binding Offer for the Acquisition of Lucas Meyer Cosmetics

NEW YORK – June 12, 2015 – International Flavors & Fragrances Inc. (NYSE:IFF), a leading global creator of flavors and fragrances for consumer products, today announced that it has made a binding offer for the acquisition of Lucas Meyer Cosmetics, a business of Unipex Group. The transaction is structured as a binding offer in order to allow the seller to consult with its French works council prior to entering into the final purchase agreement. The acquisition is expected to close in the third quarter of 2015 and is subject to exclusivity protection.

Lucas Meyer Cosmetics, headquartered in Quebec City, Canada, with operations in France and Australia, develops, manufactures and markets innovative ingredients for the cosmetics and personal care industry. The Company offers proprietary active ingredients, functional ingredients and delivery systems that address health and wellness macro-trends in the beauty industry in both the developed and emerging markets.

"The addition of Lucas Meyer Cosmetics to the IFF portfolio aligns well with our strategic growth initiative to strengthen and expand our portfolio," said IFF Chairman and CEO Andreas Fibig. "The Company has a successful track record of delivering double-digit compounded annual sales growth since 2011 in a very attractive industry. We believe they will be an excellent complement to our existing portfolio and will strengthen our ability to achieve our Vision 2020 goals of accelerated growth and increased differentiation."

"This acquisition would combine our fragrance expertise, global commercial network, leadership in natural ingredients, and unique R&D pipeline with Lucas Meyer Cosmetics' research and cosmetics ingredients innovation," added Nicolas Mirzayantz, Group President Fragrances. "This will strengthen our product offerings and enable IFF to be one of our customers' partners of choice in the very attractive skin care and hair care segment. We're looking forward to welcoming Lucas Meyer Cosmetics' employees to IFF."

"We believe IFF is the preferred partner for Lucas Meyer Cosmetics' future development while preserving the continuity of the world-class, innovative and market-driven cosmetic ingredient expertise built over the years by our dedicated and loyal employees," said Antonio Lara, Vice President and General Manager of Lucas Meyer Cosmetics.

Under the terms of the offer, IFF will pay approximately €283 million. The transaction, which will be funded from existing resources, is expected to add revenues of approximately €40 million on an annualized basis.

EXHIBIT IV – NEWS RELEASE

Morgan Stanley & Co. is acting as financial advisor to IFF, and Cleary Gottlieb Steen & Hamilton LLP is acting as legal advisor.

Forward-Looking Statements

This press release contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, including IFF's expectations and beliefs (i) that its binding offer will be accepted, (ii) regarding the timing of the closing of the acquisition; (iii) that the acquisition, if consummated, will accelerate IFF's growth and increase its differentiation, (iv) regarding the impact of the acquisition, if consummated, on IFF's future financial and operational results including its future product offerings and (v) regarding the future growth of the cosmetics and personal care industry and statements containing the words such as "anticipate," "approximate," "believe," "plan," "estimate," "expect," "project," "could," "should," "will," "intend," "may" and other similar expressions. Such forward-looking statements are inherently uncertain, and stockholders and other potential investors must recognize that actual results may differ materially from IFF's expectations as a result of a variety of factors, including, without limitation, the risks discussed below and those set forth in IFF's Annual Report on Form 10-K and its other filings with the Securities and Exchange Commission.

These statements involve risks and uncertainties related to IFF's acquisition of Lucas Meyer Cosmetics include, but are not limited to, (i) whether Lucas Meyer Cosmetics will accept the offer and execute a binding purchase agreement, (ii) the ability and willingness of both parties to satisfy the conditions precedent and to close the transaction in the expected timeframe, (iii) the inability to obtain, or delays in obtaining, cost savings and synergies from the acquisition, (iv) costs and difficulties related to the integration of Lucas Meyer Cosmetics with IFF businesses and operations, (v) unexpected costs or liabilities, resulting from the acquisitions, (vi) the inability to retain key personnel, (vi) potential adverse reactions, changes to business relationships or competitive responses resulting from the acquisition, (vii) the ability of IFF to recognize the anticipated financial and operational benefits of the acquisition and (viii) other macroeconomic factors that could impact the growth of the cosmetics and personal care industry.

IFF disclaims any obligation to update any such factors or to announce publicly the results of any revisions to any of the forward-looking statements to reflect future events or developments.

About IFF

International Flavors & Fragrances Inc. (NYSE: IFF) is a leading global creator of flavors and fragrances used in a wide variety of consumer products. Consumers experience these unique scents and tastes in fine fragrances and beauty care, detergents and household goods, as well as beverages, sweet goods and food products. IFF leverages its competitive advantages of consumer insight, research and development, creative expertise and customer intimacy to provide customers with innovative and differentiated product offerings. A member of the S&P 500 Index, IFF has more than 6,200 employees working in 32 countries worldwide. For more information, please visit our website at www.iff.com; follow us on Twitter and LinkedIn.

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EXHIBIT IV – NEWS RELEASE

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EXHIBIT V

CONSOLIDATED FINANCIAL STATEMENTS OF IFF AS OF DECEMBER 31, 2013 AND DECEMBER 31, 2012, AND FOR EACH OF THE THREE YEARS IN THE PERIOD ENDED DECEMBER 31, 2013

EXHIBIT V – CONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2013

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Shareholders of International Flavors & Fragrances Inc.:

In our opinion, the consolidated financial statements listed in the index appearing under item 15(a)(1) present fairly, in all material respects, the financial position of International Flavors & Fragrances Inc. and its subsidiaries at December 31, 2013 and December 31, 2012, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2013 in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statement schedule listed in the index appearing under Item 15(a)(2) presents fairly, in all material respects, the information set forth therein when read in conjunction with the related consolidated financial statements. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2013, based on criteria established in *1992 Internal Control — Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The Company's management is responsible for these financial statements and financial statement schedule, for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in Management's Report on Internal Control Over Financial Reporting, appearing under Item 9A. Our responsibility is to express opinions on these financial statements, on the financial statement schedule, and on the Company's internal control over financial reporting based on our integrated audits. We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement and whether effective internal control over financial reporting was maintained in all material respects. Our audits of the financial statements included examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) 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 (iii) 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.

/s/ PricewaterhouseCoopers LLP

New York, New York

February 25, 2014

INTERNATIONAL FLAVORS & FRAGRANCES INC.

CONSOLIDATED STATEMENT OF INCOME AND COMPREHENSIVE INCOME

	Year Ended December 31,		
(DOLLARS IN THOUSANDS EXCEPT PER SHARE AMOUNTS)	2013	2012	2011
Net sales	$ 2,952,896	$ 2,821,446	$ 2,788,018
Cost of goods sold	1,668,691	1,645,912	1,683,362
Research and development expenses	259,838	233,713	219,781
Selling and administrative expenses	505,877	453,535	443,974
Restructuring and other charges, net	2,151	1,668	13,172
Interest expense	46,767	41,753	44,639
Other (income) expense, net	(15,638)	1,450	9,544
	2,467,686	2,378,031	2,414,472
Income before taxes	485,210	443,415	373,546
Taxes on income	131,666	189,281	106,680
Net income	353,544	254,134	266,866
Other comprehensive income (loss):			
Foreign currency translation adjustments	(10,556)	17,687	(36,581)
(Losses) gains on derivatives qualifying as hedges	(3,794)	(4,455)	8,420
Pension and postretirement liability adjustment	25,264	(41,548)	(71,797)
Comprehensive income	$ 364,458	$ 225,818	$ 166,908
	2013	2012	2011
Net income per share — basic	$ 4.32	$ 3.11	$ 3.30
Net income per share — diluted	$ 4.29	$ 3.09	$ 3.26

See Notes to Consolidated Financial Statements

EXHIBIT V – CONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2013

INTERNATIONAL FLAVORS & FRAGRANCES INC.

CONSOLIDATED BALANCE SHEET

(DOLLARS IN THOUSANDS)	December 31, 2013	December 31, 2012
ASSETS		
Current Assets:		
Cash and cash equivalents	$ 405,505	$ 324,422
Receivables:		
Trade	534,986	508,736
Allowance for doubtful accounts	(10,493)	(9,293)
Inventories	533,806	540,658
Deferred income taxes	40,189	65,763
Prepaid expenses and other current assets	148,910	142,401
Total Current Assets	1,652,903	1,572,687
Property, plant and equipment, net	687,215	654,641
Goodwill	665,582	665,582
Other intangible assets, net	30,615	36,688
Deferred income taxes	154,437	157,074
Other assets	140,979	159,520
Total Assets	$ 3,331,731	$ 3,246,192
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current Liabilities:		
Bank borrowings, overdrafts and current portion of long-term debt	$ 149	$ 150,071
Accounts payable	226,733	199,272
Dividends payable	31,740	—
Restructuring and other charges	2,116	3,149
Other current liabilities	299,628	277,386
Total Current Liabilities	560,366	629,878
Other Liabilities:		
Long-term debt	932,665	881,104
Deferred gains	41,339	44,674
Retirement liabilities	238,225	327,373
Other liabilities	92,085	110,608
Total Other Liabilities	1,304,314	1,363,759
Commitments and Contingencies (Note 17)		
Shareholders' Equity:		
Common stock 12 $^{1}/2$¢ par value; authorized 500,000,000 shares; issued 115,761,840 shares as of December 31, 2013 and 2012; and outstanding 81,384,246 and 81,626,874 shares as of December 31, 2013 and 2012	14,470	14,470
Capital in excess of par value	131,461	127,504
Retained earnings	3,075,657	2,841,166
Accumulated other comprehensive loss:		
Cumulative translation adjustments	(104,278)	(93,722)
Accumulated losses on derivatives qualifying as hedges	(4,012)	(218)
Pension and postretirement liability adjustment	(284,421)	(309,685)
Treasury stock, at cost — 34,377,594 and 34,134,966 shares as of December 31, 2013 and 2012	(1,365,805)	(1,330,707)
Total Shareholders' Equity	1,463,072	1,248,808
Noncontrolling interest	3,979	3,747
Total Shareholders' Equity including noncontrolling interest	1,467,051	1,252,555
Total Liabilities and Shareholders' Equity	$ 3,331,731	$ 3,246,192

See Notes to Consolidated Financial Statements

INTERNATIONAL FLAVORS & FRAGRANCES INC.

CONSOLIDATED STATEMENT OF CASH FLOWS

(DOLLARS IN THOUSANDS)	Year Ended December 31, 2013	2012	2011
Cash flows from operating activities:			
Net income	$ 353,544	$ 254,134	$ 266,866
Adjustments to reconcile to net cash provided by operating activities:			
Depreciation and amortization	83,227	76,667	75,327
Deferred income taxes	(484)	(15,878)	25,357
Gain on disposal of assets	(17,841)	(4,461)	(3,184)
Stock-based compensation	23,736	19,716	20,547
Pension settlement/curtailment	215	874	3,583
Spanish tax charges	—	72,362	—
Payments pursuant to Spanish tax settlement	—	(105,503)	—
Changes in assets and liabilities:			
Trade receivables	(53,156)	(33,056)	(35,697)
Inventories	4,822	4,571	(25,199)
Accounts payable	10,074	(740)	(5,859)
Accruals for incentive compensation	24,518	34,632	(49,964)
Other current payables and accrued expenses	9,995	29,203	(45,491)
Changes in other assets	11,973	(9,969)	(22,428)
Changes in other liabilities	(43,061)	1,244	(14,668)
Net cash provided by operating activities	407,562	323,796	189,190
Cash flows from investing activities:			
Additions to property, plant and equipment	(134,157)	(126,140)	(127,457)
Proceeds from disposal of assets	27,312	1,763	705
Maturity of net investment hedges	646	1,960	(2,475)
Purchase of life insurance contracts	—	(1,127)	(1,936)
Proceeds from termination of life insurance contracts	793	9,283	—
Net cash used in investing activities	(105,406)	(114,261)	(131,163)
Cash flows from financing activities:			
Cash dividends paid to shareholders	(87,347)	(130,943)	(90,250)
Net change in revolving credit facility borrowings and overdrafts	(283,225)	138,756	92,662
Deferred financing costs	(2,800)	—	—
Repayments of long-term debt	(100,000)	—	(123,708)
Proceeds from long-term debt	297,786	—	—
Proceeds from issuance of stock under stock plans	3,799	9,211	14,656
Excess tax benefits on stock-based payments	6,112	8,380	5,933
Purchase of treasury stock	(51,363)	—	—
Net cash (used in) provided by financing activities	(217,038)	25,404	(100,707)
Effect of exchange rate changes on cash and cash equivalents	(4,035)	1,204	(373)
Net change in cash and cash equivalents	81,083	236,143	(43,053)
Cash and cash equivalents at beginning of year	324,422	88,279	131,332
Cash and cash equivalents at end of year	$ 405,505	$ 324,422	$ 88,279
Cash paid for:			
Interest, net of amounts capitalized	$ 48,165	$ 41,315	$ 49,365
Income Taxes(1)	$ 138,940	$ 184,592	$ 87,785
Noncash investing activities:			
Accrued capital expenditures	$ 21,744	$ 26,565	$ 24,050

(1) The 2012 amount includes $105.5 million pursuant to the Spanish tax settlement (see Note 9).

See Notes to Consolidated Financial Statements

INTERNATIONAL FLAVORS & FRAGRANCES INC.

CONSOLIDATED STATEMENT OF SHAREHOLDERS' EQUITY

(DOLLARS IN THOUSANDS)	Common stock	Capital in excess of par value	Retained earnings	Accumulated other comprehensive (loss) income	Treasury stock Shares	Treasury stock Cost	Noncontrolling interest
Balance at December 31, 2010	$ 14,470	$ 123,809	$ 2,519,706	$ (275,351)	(35,551,475)	$ (1,383,212)	$ 3,733
Net income			266,866				(738)
Cumulative translation adjustment				(36,581)			
Gains on derivatives qualifying as hedges; net of tax $(3,504)				8,420			
Pension liability and postretirement adjustment; net of tax $33,171				(71,797)			
Cash dividends declared ($1.16 per share)			(93,679)				
Stock options		517			385,405	15,018	
Vested restricted stock units and awards		(16,284)			190,813	7,449	
Stock-based compensation		20,589			134,625	4,472	
Other							
Balance at December 31, 2011	$ 14,470	$ 128,631	$ 2,692,893	$ (375,309)	(34,840,632)	$ (1,356,273)	$ 2,995
Net income			254,134				752
Cumulative translation adjustment				17,687			
Losses on derivatives qualifying as hedges; net of tax $1,327				(4,455)			
Pension liability and postretirement adjustment; net of tax $11,696				(41,548)			
Cash dividends declared ($1.30 per share)			(105,861)				
Stock options/SSARs		4,248			336,296	13,144	
Vested restricted stock units and awards		(23,113)			263,645	10,298	
Stock-based compensation		17,738			105,725	2,124	
Balance at December 31, 2012	$ 14,470	$ 127,504	$ 2,841,166	$ (403,625)	(34,134,966)	$ (1,330,707)	$ 3,747
Net income			353,544				232
Cumulative translation adjustment				(10,556)			
Losses on derivatives qualifying as hedges; net of tax $429				(3,794)			
Pension liability and postretirement adjustment; net of tax $22,778				25,264			
Cash dividends declared ($1.46 per share)			(119,053)				
Stock options		10,395			157,403	6,196	
Treasury share repurchases					(655,907)	(51,363)	
Vested restricted stock units and awards		(26,735)			159,559	6,277	
Stock-based compensation		20,297			96,317	3,792	
Balance at December 31, 2013	$ 14,470	$ 131,461	$ 3,075,657	$ (392,711)	(34,377,594)	$ (1,365,805)	$ 3,979

See Notes to Consolidated Financial Statements

INTERNATIONAL FLAVORS & FRAGRANCES INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1. NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations International Flavors & Fragrances Inc. and its subsidiaries (the “Registrant,” “IFF,” “the Company,” “we,” “us” and “our”) is a leading creator and manufacturer of flavor and fragrance compounds used to impart or improve flavor or fragrance in a wide variety of consumer products. Our products are sold principally to manufacturers of perfumes and cosmetics, hair and other personal care products, soaps and detergents, cleaning products, dairy, meat and other processed foods, beverages, snacks and savory foods, sweet and baked goods, and pharmaceutical and oral care products.

Fiscal Year End The Company has historically operated on a 52/53 week fiscal year generally ending on the Friday closest to the last day of the year. For ease of presentation, December 31 is used consistently throughout the financial statements and notes to represent the period-end date. All periods presented were 52 week periods. For the 2013, 2012 and 2011 fiscal years, the actual closing dates were December 27, December 28 and December 30, respectively.

Use of Estimates 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 and accompanying disclosures. These estimates are based on management’s best knowledge of current events and actions the Company may undertake in the future. Actual results may ultimately differ from estimates.

Principles of Consolidation The consolidated financial statements include the accounts of International Flavors & Fragrances Inc. and those of its subsidiaries. Significant intercompany balances and transactions have been eliminated. To the extent a subsidiary is not wholly-owned, any related noncontrolling interest is included as a separate component of Shareholders’ Equity. Any applicable expense (income) attributable to the noncontrolling interest is included in Other expense, net in the accompanying Consolidated Statement of Income and Comprehensive Income due to its immateriality and, as such, is not presented separately.

Revenue Recognition The Company recognizes revenue when the earnings process is complete. This generally occurs when (i) title and risk of loss have been transferred to the customer in accordance with the terms of sale and (ii) collection is reasonably assured. Sales are reduced, at the time revenue is recognized, for applicable discounts, rebates and sales allowances based on historical experience. Related accruals are included in Other current liabilities in the accompanying Consolidated Balance Sheet.

Foreign Currency Translation The Company translates the assets and liabilities of non-U.S. subsidiaries into U.S. dollars at year-end exchange rates. Income and expense items are translated at average exchange rates during the year. Cumulative translation adjustments are shown as a separate component of Shareholders’ Equity.

Research and Development Research and development (“R&D”) expenses relate to the development of new and improved flavors or fragrances, technical product support and compliance with governmental regulation. All research and development costs are expensed as incurred.

Cash Equivalents Cash equivalents include highly liquid investments with maturities of three months or less at date of purchase.

Inventories Inventories are stated at the lower of cost (on a weighted average basis) or market. Our inventories consisted of the following:

	December 31,	
(DOLLARS IN THOUSANDS)	**2013**	**2012**
Raw materials	$ 252,457	$ 256,728
Work in process	6,658	7,804
Finished goods	274,691	276,126
Total	$ 533,806	$ 540,658

Property, Plant and Equipment Property, plant and equipment are recorded at cost. Depreciation is calculated on a straight-line basis, principally over the following estimated useful lives: buildings and improvements, 10 to 40 years; machinery and equipment, 3 to 10 years; information technology hardware and software, 3 to 7 years; and leasehold improvements which are included in buildings and improvements, the estimated life of the improvements or the remaining term of the lease, whichever is shorter.

The Company reviews long-lived assets for impairment when events or changes in business conditions indicate that their full carrying value may not be recovered. An estimate of undiscounted future cash flows produced by an asset or group of assets is compared to the carrying value to determine whether impairment exists. If assets are determined to be impaired, the loss is measured based on an estimate of fair value using various valuation techniques, including a discounted estimate of future cash flows.

Goodwill and Other Intangible Assets Goodwill represents the difference between the total purchase price and the fair value of identifiable assets and liabilities acquired in business acquisitions.

In assessing the potential for impairment of goodwill, management uses the most current actual and forecasted operating data available and current market based assumptions in accordance with the criteria in ASC 350. In 2012, the Company re-evaluated its reporting unit structure and identified three reporting units: (1) Flavors, (2) Fragrance Compounds and (3) Fragrance Ingredients. These reporting units were determined based on the level at which the performance is measured and reviewed by segment management. Prior to 2012, the Company had identified two reporting units, Flavors and Fragrances. As a result, in 2012 the Company reallocated the goodwill previously allocated to its Fragrances reporting unit to its Fragrance Compounds and Fragrance Ingredients reporting units.

The Company performed the annual goodwill impairment test, utilizing the two-step approach for the Flavors, Fragrance Compounds and Fragrance Ingredients reporting units, by assessing the fair value of our reporting units based on discounted cash flows. We completed our annual goodwill impairment test as of November 30, 2013, which indicated no impairment of goodwill, as the estimated fair values substantially exceeded the carrying values of each of these reporting units.

Other intangible assets include patents, trademarks and other intellectual property valued at acquisition, and amortized on a straight-line basis over periods ranging from 6 to 20 years.

Income Taxes The Company accounts for taxes under the asset and liability method. Under this method, deferred income taxes are recognized for temporary differences between the financial statement and tax return bases of assets and liabilities, based on enacted tax rates and other provisions of the tax law. The effect of a change in tax laws or rates on deferred tax assets and liabilities is recognized in income in the period in which such change is enacted. Future tax benefits are recognized to the extent that realization of such benefits is more likely than not, and a valuation allowance is established for any portion of a deferred tax asset that management believes may not be realized.

The Company recognizes uncertain tax positions that it has taken or expects to take on a tax return. Pursuant to accounting requirements, we first determine whether it is “more likely than not” our tax position will be sustained if the relevant tax authority were to audit the position with full knowledge of all the relevant facts and other information. For those tax positions that meet this threshold, we measure the amount of tax benefit based on the largest amount of tax benefit that we have a greater than 50% chance of realizing in a final settlement with the relevant authority. Those tax positions failing to qualify for initial recognition are recognized in the first interim period in which they meet the more likely than not standard. We maintain a cumulative risk portfolio relating to all of our uncertainties in income taxes in order to perform this analysis, but the evaluation of our tax positions requires significant judgment and estimation in part because, in certain cases, tax law is subject to varied interpretation, and whether a tax position will ultimately be sustained may be uncertain.

The Company regularly repatriates a portion of current year earnings from select non–U.S. subsidiaries. Except for a deferred tax on a portion of the earnings from one of our Chinese subsidiaries, no provision has been made for additional taxes on undistributed earnings of subsidiary companies that are intended and planned to be indefinitely invested in such subsidiaries. We intend to, and have plans to, reinvest these earnings indefinitely in our foreign subsidiaries to fund local operations and/or capital projects.

Interest and penalties related to unrecognized tax benefits are recognized as a component of income tax expense.

Retirement Benefits Current service costs of retirement plans and postretirement health care and life insurance benefits are accrued. Prior service costs resulting from plan improvements are amortized over periods ranging from 10 to 20 years.

Financial Instruments Derivative financial instruments are used to manage interest and foreign currency exposures. The gain or loss on the hedging instrument is recorded in earnings at the same time as the transaction being hedged is recorded in earnings. The associated asset or liability related to the open hedge instrument is recorded in Prepaid expenses and other current assets or Other current liabilities, as applicable.

The Company records all derivative financial instruments on the balance sheet at fair value. Changes in a derivative’s fair value are recognized in earnings unless specific hedge criteria are met. If the derivative is designated as a fair value hedge, the changes in the fair value of the derivative and of the hedged item attributable to the hedged risk are recognized in Net income. If the derivative is designated as a cash flow hedge, the effective portions of changes in the fair value of the derivative are recorded in Accumulated other comprehensive income ("AOCI") in the accompanying Consolidated Balance Sheet and are subsequently recognized in Net income when the hedged item affects earnings. Ineffective portions of changes in the fair value of cash flow hedges, if any, are recognized as a charge or credit to earnings.

Software Costs The Company capitalizes direct internal and external development costs for certain significant projects associated with internal-use software and amortizes these costs over 7 years. Neither preliminary evaluation costs nor costs associated with the software after implementation are capitalized. Costs related to projects that are not significant are expensed as incurred.

Shipping and Handling Costs Net sales include shipping and handling charges billed to customers. Cost of goods sold includes all costs incurred in connection with shipping and handling.

Net Income Per Share Net income per share is based on the weighted average number of shares outstanding. A reconciliation of shares used in the computations of basic and diluted net income per share is as follows:

	Number of Shares		
(SHARES IN THOUSANDS)	**2013**	**2012**	**2011**
Basic	81,322	81,108	80,456
Assumed dilution under stock plans	608	725	1,011
Diluted	81,930	81,833	81,467

Stock options and stock settled appreciation rights (“SSARs”) to purchase 132,000, and 78,000 shares in the aggregate were outstanding at December 31, 2012 and 2011, respectively, but are not included in the computation of diluted net income per share because to do so would have been anti-dilutive for the periods presented. There were no stock options or SSARs excluded from the computation of diluted net income per share at December 31, 2013.

The Company has issued shares of Purchased Restricted Stock (“PRS”) which contain nonforfeitable rights to dividends and thus are considered participating securities which are required to be included in the computation of basic and diluted earnings per share pursuant to the two-class method. The two-class method was not presented since the difference between basic and diluted net income per share for both common shareholders and PRS shareholders was approximately $0.01 per share for each year and the number of PRS outstanding as of December 31, 2013, 2012 and 2011 was immaterial (approximately 0.7% for 2013, and 0.6% for both 2012 and 2011, of the total number of common shares outstanding). Net income allocated to such PRS during 2013, 2012 and 2011 was approximately $2.3 million, $1.6 million and $1.7 million, respectively.

Stock-Based Compensation Compensation cost of all share-based awards is measured at fair value on the date of grant and recognized over the service period for which awards are expected to vest. The cost of such share-based awards is principally recognized on a straight-line attribution basis over their respective vesting periods, net of estimated forfeitures.

New Accounting Standards

In February 2013, the Financial Accounting Standards Board (“FASB”) issued authoritative guidance related to reclassifications out of AOCI. Under the amendments in this update, an entity is required to report, in one place, information about reclassifications out of AOCI and to report changes in its AOCI balances. For significant items reclassified out of AOCI to net income in their entirety in the same reporting period, reporting is required about the effect of the reclassifications on the respective line items in the statement where net income or loss is presented. For items that are not reclassified to net income or loss in their entirety in the same reporting period, a cross reference to other disclosures currently required under GAAP is required in the notes to the entity’s consolidated financial statements. This guidance is effective prospectively for reporting periods beginning after December 15, 2012. During the first quarter of 2013, the Company adopted this guidance as disclosed in Note 15.

In March 2013, the FASB issued authoritative guidance clarifying the accounting for the release of cumulative translation adjustment into net income when a parent either sells a part or all of its investment in a foreign entity or no longer holds a controlling financial interest in a subsidiary or group of assets that is a nonprofit activity or a business within a foreign entity. The guidance is effective prospectively for reporting periods beginning after December 15, 2013. We do not anticipate that this adoption will have a significant impact on our financial position, results of operations or cash flows.

In July, 2013 the FASB issued authoritative guidance related to the financial statement presentation of unrecognized tax benefits. This update clarifies that an unrecognized tax benefit, or a portion of an unrecognized tax benefit, should be presented in the financial statements as a reduction to a deferred tax asset for a net operating loss carryforward, a similar tax loss, or a tax credit carryforward, except to the extent a net operating loss carryforward, a similar tax loss, or a tax credit carryforward is not available at the reporting date under the tax law of the applicable jurisdiction to settle any additional income taxes that would result from the disallowance of a tax position or the tax law of the applicable jurisdiction does not require the entity to use, and the entity does not intend to use, the deferred tax asset for such purpose. In such situations, the unrecognized tax benefit should be presented in the financial statements as a liability and should not be combined with deferred tax assets. The guidance is effective prospectively for reporting periods beginning after December 15, 2013. This adoption did not have a significant impact on our financial position, results of operations or cash flows.

In July 2013, the FASB issued authoritative guidance that permits the Fed Funds Effective Swap Rate to be used as an additional U.S. benchmark interest rate for hedge accounting purposes under Topic 815 in addition to interest rates on direct Treasury obligations of the U.S. government ("UST") and the London InterBank Offered Rate ("LIBOR"). The update also allows the use of different benchmark rates for similar hedges. The guidance is effective prospectively for qualifying new or redesignated hedging relationships entered into on or after July 17, 2013. The initial adoption of this ASU did not impact to the Company's financial position, results of operations or cash flows.

Reclassifications and Revisions

The Consolidated Balance Sheet as of December 31, 2012, has been revised to properly reflect the funded status of one of our non-U.S. pension plans, and the related deferred tax asset, from non-current to current. Accordingly, Retirement liabilities and deferred income taxes (non-current) were decreased by $10.6 million and $3.5 million, respectively and Other current liabilities and deferred income taxes (current) were increased by $7.2 million and $0.1 million, respectively. In addition, the 2012 and 2011 Consolidated Statement of Cash Flows have been revised to properly eliminate capitalized interest of $6.8 million and $4.9 million, respectively, from Interest paid, net of capitalized amounts. Additionally, the 2012 segment depreciation and amortization disclosure included within Note 12 has been revised to properly allocate $8.7 million of depreciation expense from Flavors to Fragrances. In addition, the 2012 Property, Plant, and Equipment disclosure included in Note 3 has been revised to correct a $134.7 million adjustment to both fixed assets and accumulated depreciation. These revisions are not considered material to the previously issued financial statements.

NOTE 2. RESTRUCTURING AND OTHER CHARGES

Restructuring and other charges primarily consist of separation costs for employees including severance, outplacement and other benefit costs.

Fragrance Ingredients Rationalization

During the second quarter of 2013, the Company announced that it intends to close its fragrance ingredients manufacturing facility in Augusta, Georgia by July 2014 and plans to consolidate production into other Company facilities. In connection with this closure, the Company expects to incur charges of $16 - $21 million, consisting primarily of $10 - $12 million in accelerated depreciation of fixed assets, $3 - $4 million in personnel-related costs and $3 - $5 million in plant shutdown and other related costs. The Company recorded total charges of $7.4 million during 2013, consisting of $2.2 million of pre-tax charges related to severance included in Restructuring and other charges, net and $5.2 million of non-cash charges related to accelerated depreciation included in Cost of goods sold. The remainder of the estimated costs is expected to be recognized over the following two quarters. The Company expects that 43 positions will be eliminated as a result of these decisions. The Company estimates that approximately $6 - $9 million of the costs will result in future cash expenditures.

European Rationalization Plan

In 2009, as part of the rationalization of our European Fragrance manufacturing footprint, the Company decided to close its Fragrances compounding facility in Drogheda, Ireland as well as the partial closure of its Fragrance Ingredients plant in Haverhill, United Kingdom. The Company recorded $12.2 million of severance costs and $1.0 million of accelerated depreciation on certain related assets and other restructuring related costs. In addition, as part of the continued focus to optimize our European operations, the Flavors segment recorded a provision for severance costs of $1.0 million.

The Company completed its negotiations with the Drogheda, Ireland employee representatives regarding separation benefits related to the closure of the Company’s compounding facility at that location during the third quarter 2010. Based upon the period-end estimates regarding the separation agreements, the Company increased its provision for severance costs by $4.4 million in 2010. The remaining $5.7 million of the restructuring charges in 2010 was mainly due to accelerated depreciation and other restructuring related costs pertaining to the rationalization of our Fragrances and Ingredients operations in Europe. The Company ceased its operations at the Drogheda plant as of September 30, 2010.

During the second quarter 2011, the Company executed a partial settlement of its pension obligations with the former employees of the Drogheda facility. As a result, we recorded a charge of $3.9 million related to the European rationalization plan to cover settlements and special termination benefits. This settlement was funded primarily through pension plan investment trust assets.

The Company also reversed $1.2 million of employee-related liabilities in 2012 due to certain employees accepting other roles within the Company, offset by $0.6 million of additional costs incurred.

Strategic Initiative

In December 2011, the Company recorded a charge to cover a restructuring initiative which involved a reduction in workforce primarily related to a realignment of responsibilities in our Fragrances business unit. It entailed the redeployment of creative resources in emerging markets and resulted in the elimination of 72 positions, across Fragrances, Flavors and Corporate functions. As a result, the Company recorded a provision for severance costs of $9.8 million to Restructuring and other charges, net in our 2011 Consolidated Statement of Income and Comprehensive Income. The Company recorded an additional net charge of $1.7 million during the twelve months ended December 31, 2013, principally attributable to adjustments based on the final separation terms with affected employees.

In the aggregate for 2013, we have recorded expenses of $34.1 million relating to the European Rationalization Plan, $11.5 million for the Strategic Initiative and $7.4 million relating to the Fragrance Ingredients Rationalization, of which $41.5 million was recorded to Restructuring and other charges, net and $11.6 million recorded to Cost of goods sold, R&D expenses and Selling and administrative expenses. We do not anticipate any further expenses related to the European Rationalization Plan.

Reorganization Plan

Movements in related accruals during 2011, 2012 and 2013 are as follows:

(DOLLARS IN THOUSANDS)	Employee-Related	Pension	Asset -Related/and Other	Total
Balance at January 1, 2011	$ 3,977	$ —	$ —	$ 3,977
Additional charges (reversals), net	8,677	3,877	618	13,172
Non-cash charges	—	(3,139)	—	(3,139)
Payments and other costs	(1,880)	(738)	(618)	(3,236)
Balance at December 31, 2011	10,774	—	—	10,774
Additional charges (reversals), net	1,376	292	—	1,668
Non-cash charges	—	(292)	—	(292)
Payments and other costs	(9,001)	—	—	(9,001)
Balance at December 31, 2012(1)	3,149	—	—	3,149
Additional charges (reversals), net	2,151	—	5,250	7,401
Non-cash charges	—	—	(5,250)	(5,250)
Payments and other costs	(3,184)	—	—	(3,184)
Balance at December 31, 2013	$ 2,116	$ —	$ —	$ 2,116

(1) $0.6 million of the remaining employee-related liability is classified in Other liabilities as of December 31, 2012 in the Consolidated Balance Sheet.

NOTE 3. PROPERTY, PLANT AND EQUIPMENT, NET

Property, plant and equipment consists of the following amounts:

(DOLLARS IN THOUSANDS)	December 31, 2013	December 31, 2012
Asset Type		
Land	$ 20,723	$ 24,183
Buildings and improvements	432,978	376,656
Machinery and equipment	952,103	877,213
Information technology	254,961	247,298
Construction in process	97,218	141,667
	1,757,983	1,667,017
Accumulated depreciation	(1,070,768)	(1,012,376)
	$ 687,215	$ 654,641

NOTE 4. GOODWILL AND OTHER INTANGIBLE ASSETS, NET

Goodwill by segment is as follows:

(DOLLARS IN THOUSANDS)	December 31, 2013 and 2012
Flavors	$ 319,479
Fragrances	346,103
Total	$ 665,582

Trademark and other intangible assets consist of the following amounts:

(DOLLARS IN THOUSANDS)	December 31, 2013	December 31, 2012
Gross carrying value(1)	$ 165,406	$ 165,406
Accumulated amortization	(134,791)	(128,718)
Total	$ 30,615	$ 36,688

(1) Includes patents, trademarks and other intellectual property, valued at acquisition.

Amortization expense for the years ended December 31, 2013, 2012 and 2011 was $6.1 million. Estimated annual amortization is $4.7 million for years 2014 through 2017 and $4.6 million for 2018.

NOTE 5. OTHER ASSETS

Other assets consist of the following amounts:

(DOLLARS IN THOUSANDS)	December 31, 2013	December 31, 2012
Overfunded pension plans	$ 14,058	$ 33,345
Cash surrender value of life insurance contracts	56,292	51,391
Other	70,629	74,784
Total	$ 140,979	$ 159,520

NOTE 6. OTHER CURRENT LIABILITIES

Other current liabilities consist of the following amounts:

	December 31,	
(DOLLARS IN THOUSANDS)	2013	2012
Accrued payrolls and bonuses	$ 105,816	$ 80,027
VAT payable	23,448	30,129
Interest payable	12,709	14,788
Current pension and other postretirement benefit obligation	11,891	13,503
Accrued insurance (including workers' compensation)	9,777	11,016
Other	135,987	127,923
Total	$ 299,628	$ 277,386

NOTE 7. SALE AND LEASEBACK TRANSACTIONS

In connection with the disposition of certain real estate in prior years, we entered into long-term operating leases. The leases are classified as operating leases and the gains realized on these leases have been deferred and are being credited to income over the initial lease term. Such deferred gains totaled $45 million and $48 million at December 31, 2013 and 2012, respectively, of which $41 million and $45 million, respectively, are reflected in the accompanying Consolidated Balance Sheet under the caption Deferred gains, with the remainder included as a component of Other current liabilities.

NOTE 8. BORROWINGS

Debt consists of the following at December 31:

(DOLLARS IN THOUSANDS)	Rate	Maturities	2013	2012
Senior notes — 2007	6.40%	2017-27	$ 500,000	$ 500,000
Senior notes — 2006	6.14%	2016	125,000	225,000
Senior notes — 2013	3.20%	2023	299,736	—
Credit facilities	1.41%	2016	—	296,748
Bank overdrafts and other			984	399
Deferred realized gains on interest rate swaps			7,094	9,028
			932,814	1,031,175
Less: Current portion of long-term debt			(149)	(150,071)
			$ 932,665	$ 881,104

Commercial paper issued by the Company generally has terms of 30 days or less. There were no outstanding commercial paper borrowings at December 31, 2013 or 2012.

On April 4, 2013, the Company issued $300.0 million face amount of 3.20% Senior Notes ("Senior Notes - 2013") due 2023 at a discount of $0.3 million. The Company received proceeds related to the issuance of these Senior Notes - 2013 of $297.8 million which was net of the $0.3 million discount and a $1.9 million underwriting discount (recorded as deferred financing costs). In addition, the Company incurred $0.9 million of other deferred financing costs in connection with the debt issuance. The discount and deferred financing costs are being amortized as interest expense over the term of the Senior Notes - 2013. The Senior Notes - 2013 bear interest at a rate of 3.20% per year, with interest payable on May 1 and November 1 of each year, commencing on November 1, 2013. The Senior Notes - 2013 mature on May 1, 2023. Upon 30 days' notice to holders of the Senior Notes - 2013, the Company may redeem the Senior Notes - 2013 for cash in whole, at any time, or in part, from time to time, prior to maturity, at redemption prices that include accrued and unpaid interest and a make-whole premium. However, no make-whole premium will be paid for redemptions of the Senior Notes - 2013 on or after February 1, 2023. The Indenture provides for customary events of default and contains certain negative covenants that limit the ability of the Company and its subsidiaries to grant liens on assets, to enter into sale-leaseback transactions or to consolidate with or merge into any other entity or convey, transfer or lease all or substantially all of the Company's properties and assets. In addition, subject to certain limitations, in the event of the occurrence of both (1) a change of control of the Company and (2) a downgrade of the Senior Notes - 2013 below investment grade rating by both Moody's Investors Services, Inc. and Standard &

Poor's Ratings Services within a specified time period, the Company will be required to make an offer to repurchase the Senior Notes - 2013 at a price equal to 101% of the principal amount of the Senior Notes - 2013, plus accrued and unpaid interest to the date of repurchase.

On April 26, 2013, the Company repaid the full amount outstanding under the credit facility ($283.1 million).

On July 12, 2013, the Company made a payment of $100.0 million related to our Senior Unsecured Notes issued in 2006.

In 2005, IFF, including certain subsidiaries, entered into a revolving credit agreement (the "Facility") with certain banks. The Facility provided for a five-year U.S. $350 million ("Tranche A") and Euro 400 million ("Tranche B") multi-currency revolving credit facility. As permitted by the Facility, in 2007, the termination dates were extended until November 23, 2012. As the Facility was a multi-year revolving credit agreement, we classified the portion we expected to have outstanding longer than 12 months as long-term debt.

On November 9, 2011, IFF, including certain subsidiaries, entered into a revolving credit agreement with Citibank, N.A., as administrative agent and the other lenders, agents, arrangers and bookrunners to replace the Facility. The Credit Agreement which was amended and restated on March 9, 2012 provides for a revolving loan facility in an aggregate amount up to an equivalent of $942 million (the "New Facility"). There are three tranches under the New Facility. The Tranche A facility is available to all of the borrowers other than IFF Spain in U.S. dollars, euros, Swiss francs, Japanese yen and British sterling in an aggregate amount up to an equivalent of $458 million and contains sublimits of $50 million for swing line borrowings. The Tranche B facility is available to all of the borrowers in euros, Swiss francs, Japanese yen and British sterling in an aggregate amount up to an equivalent of $354 million and contains sublimits of €50 million for swing line borrowings. The Tranche C facility is available to all of the borrowers in euros only in an aggregate amount up to €100,505,400. The New Facility will be available for general corporate purposes of each borrower and its subsidiaries. The obligations under the New Facility are unsecured and the Company has guaranteed the obligations of each other borrower under the New Facility. The New Facility will mature on November 9, 2016, but may be extended for up to two additional one-year periods at the Company's request, subject to the agreement of the lenders having commitments representing more than 50% of the aggregate commitments of all lenders under the New Facility. Borrowings under the New Facility bear interest at an annual rate of LIBOR plus a margin, currently 125 bps, linked to our credit rating. We pay a commitment fee on the aggregate unused commitments; such fee is not material. The New Facility contains various affirmative and negative covenants, including the requirement for us to maintain, at the end of each fiscal quarter, a ratio of net debt for borrowed money to adjusted EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortization) in respect of the previous 12-month period of not more than 3.25 to 1. As of December 31, 2013, we were in compliance with all covenants under this New Facility. We had no borrowings outstanding under the New Facility as of December 31, 2013, with $949.5 million still available for additional borrowings. As the New Facility is a multi-year revolving credit agreement, we classify as long-term debt the portion that we have the intent and ability to maintain outstanding longer than 12 months.

Credit facility borrowings and bank overdrafts were outstanding in several countries and averaged $72.4 million in 2013 and $143 million in 2012. The highest levels were $296 million in 2013, $297 million in 2012, and $163 million in 2011. The 2013 weighted average interest rate of these borrowings, based on balances outstanding at the end of each month, was 0.35%. These rates compare with 1.5% and 0.8%, respectively, in 2012 and 2011.

On September 27, 2007, the Company issued $500 million of Senior Unsecured Notes ("Senior Notes — 2007") in four series under the Note Purchase Agreement ("NPA"): (i) $250 million in aggregate principal amount of 6.25% Series A Senior Notes due September 27, 2017, (ii) $100 million in aggregate principal amount of 6.35% Series B Notes due September 27, 2019, (iii) $50 million in aggregate principal amount of 6.50% Series C Notes due September 27, 2022, and (iv) $100 million in aggregate principal amount of 6.79% Series D Notes due September 27, 2027. Proceeds of the offering were used primarily to fund an accelerated repurchase of IFF stock.

In 2006, the Company issued $375 million of Senior Unsecured Notes ("Senior Notes — 2006") in four series under another NPA: (i) $50 million in aggregate principal amount of 5.89% Series A Senior Notes due July 12, 2009, (ii) $100 million in aggregate principal amount of 5.96% Series B Notes due July 12, 2011, (iii) $100 million in aggregate principal amount of 6.05% Series C Notes due July 12, 2013, and (iv) $125 million in aggregate principal amount of 6.14% Series D Notes due July 12, 2016. Proceeds of the offering were used primarily to repay commercial paper borrowings used to fund our maturing debt. In July 2009 we repaid $50 million in principal in the first series under the Senior Notes — 2006 that became due. On July 12, 2011, the Company made a $100 million debt repayment related to the maturity of our Senior Notes — 2006, which was funded primarily through existing cash balances with the remainder coming from our existing credit facility.

On November 21, 2011 the Company repaid the remaining balance of our ¥1.8 billion Japanese Yen Note for $23.7 million, financed primarily from the New Facility.

Maturities on our outstanding Senior Notes 2006, 2007 and 2013 at December 31, 2013 are: 2016, $125 million; 2017, $250 million and 2019 and thereafter, $550 million. There is no debt maturing in 2014, 2015 and 2018.

The estimated fair value at December 31, 2013 of our Senior Notes — 2007, Senior Notes — 2006 and Senior Notes — 2013 was approximately $590 million, $139 million and $279 million, respectively, and is discussed in further detail in Note 14.

During the third quarter of 2013, the Company entered into multiple interest rate swap agreements effectively converting the fixed rate on a portion of our long-term Senior note borrowings to a variable short-term rate based on the LIBOR plus an interest markup.

In March 2008, the Company realized an $18 million gain on the termination of an interest rate swap, which has been deferred and is being amortized as a reduction to interest expense over the remaining term of the related debt. The balance of this deferred gain was $7 million at December 31, 2013.

NOTE 9. INCOME TAXES

Earnings before income taxes consisted of the following:

(DOLLARS IN THOUSANDS)	December 31, 2013	2012	2011
U.S. loss before taxes	$ (20,727)	$ (21,308)	$ (5,854)
Foreign income before taxes	505,937	464,723	379,400
Total income before taxes	$ 485,210	$ 443,415	$ 373,546

The income tax provision consisted of the following:

(DOLLARS IN THOUSANDS)	December 31, 2013	2012	2011
Current			
Federal	$ 8,658	$ 8,280	$ 2,386
State and local	1,246	(456)	15
Foreign(1)	122,246	197,335	78,922
	132,150	205,159	81,323
Deferred			
Federal	(4,686)	(4,650)	11,088
State and local	262	(74)	5,996
Foreign(1)	3,940	(11,154)	8,273
	(484)	(15,878)	25,357
Total income taxes	$ 131,666	$ 189,281	$ 106,680

(1) For the year ended December 31, 2012, the foreign current income tax provision includes $72 million of Spanish tax charges and $12 million of charges related to the Spanish dividend withholding cases. The foreign deferred income tax provision includes a $11 million tax benefit from the corporate restructuring of certain foreign subsidiaries.

A reconciliation between the U.S. federal statutory income tax rate to our actual effective tax rate is as follows:

	December 31,		
	2013	2012	2011
Statutory tax rate	35.0%	35.0%	35.0%
Difference in effective tax rate on foreign earnings and remittances	(10.2)	(10.6)	(10.0)
Unrecognized tax benefit, net of reversals	1.0	0.9	1.8
Corporate restructuring of certain foreign subsidiaries	—	(2.4)	—
Spanish tax charges	1.3	16.3	—
Spanish dividend withholdings	—	2.6	—
State and local taxes	0.2	(0.1)	1.5
Other, net	(0.2)	1.0	0.3
Effective tax rate	27.1%	42.7%	28.6%

Our effective tax rate reflects the benefit from having significant operations outside the U.S. that are taxed at rates that are lower than the U.S. federal rate of 35%. Included in the 2013 effective tax rate is a $6.2 million tax charge related to the 2002-2003 Spanish income tax cases as discussed below. Included in the 2012 effective tax rate is $72.4 million of tax charges pursuant to the Spanish tax settlement. The 2013, 2012 and 2011 effective tax rates were also favorably impacted by the reversals of liabilities for uncertain tax positions of $5 million, $1 million and $5 million, respectively, principally due to statutory expiry and effective settlement.

The deferred tax assets consist of the following amounts:

	December 31,	
(DOLLARS IN THOUSANDS)	2013	2012
ASSETS		
Employee and retiree benefits	$ 136,370	$ 156,399
Credit and net operating loss carryforwards(1)	311,562	308,900
Property, plant and equipment, net	(699)	2,643
Trademarks and other(1)	189,536	141,248
Amortizable R&D expenses	42,303	30,590
Other, net	16,957	25,148
Gross deferred tax assets	696,029	664,928
Valuation allowance(1)	(503,990)	(450,733)
Total net deferred tax assets	$ 192,039	$ 214,195

(1) During 2013, the Company decreased its deferred tax assets by $30 million relating to a revision to the 2012 foreign net operating loss carryforwards. The entire decrease of $30 million was offset by a corresponding decrease in valuation allowances. During 2012, the Company increased its deferred tax assets by $129 million. The 2012 amount includes a revision to the 2011 foreign net operating loss carryforwards in the amount of $74 million and a $55 million increase related to current year internally generated intangible assets. This entire increase of $129 million was offset by a corresponding increase in valuation allowances. These revisions are not considered material to the previously issued financial statements.

Net operating loss carryforwards were $264 million and $273 million at December 31, 2013 and 2012, respectively. If unused, $5 million will expire between 2014 and 2033. The remainder, totaling $259 million, may be carried forward indefinitely. Tax credit carryforwards were $48 million and $36 million at December 31, 2013 and 2012, respectively. If unused, the credit carryforwards will expire between 2014 and 2033.

The U.S. consolidated group has historically generated taxable income after the inclusion of foreign dividends. As such, the Company is not in a federal net operating loss position. This allows IFF and its U.S. subsidiaries to realize tax benefits from the reversal of temporary differences and the utilization of its federal tax credits before the expiration of the applicable carryforward periods. The Company has not factored any future trends, other than inflation, in its U.S. taxable income projections. The corresponding U.S. federal taxable income is sufficient to realize $165.4 million in deferred tax assets as of December 31, 2013.

The majority of states in the U.S. where IFF and its subsidiaries file income tax returns allow a 100% foreign dividend exclusion, effectively converting the domestic companies' reversing temporary differences into net operating losses. As there is significant doubt with respect to realizability of these net operating losses, we have established a full valuation allowance against these deferred tax assets.

Of the $312 million deferred tax asset for net operating loss carryforwards and credits at December 31, 2013, we consider it unlikely that a portion of the tax benefit will be realized. Accordingly, a valuation allowance of $261 million of net operating loss carryforwards and $10 million of tax credits has been established against these deferred tax assets, respectively. In addition, due to realizability concerns, we established a valuation allowance against certain other net deferred tax assets of $233 million.

A reconciliation of the beginning and ending amount of unrecognized tax benefits is as follows:

	December 31,		
(DOLLARS IN THOUSANDS)	2013	2012	2011
Balance of unrecognized tax benefits at beginning of year	$ 41,153	$ 67,615	$ 63,928
Gross amount of increases in unrecognized tax benefits as a result of positions taken during a prior year	7,364	22,031	118
Gross amount of decreases in unrecognized tax benefits as a result of positions taken during a prior year	(993)	(1,853)	(50)
Gross amount of increases in unrecognized tax benefits as a result of positions taken during the current year	4,951	3,854	8,300
The amounts of decreases in unrecognized benefits relating to settlements with taxing authorities	(26,712)	(48,355)	(2,960)
Reduction in unrecognized tax benefits due to the lapse of applicable statute of limitation	(4,210)	(2,139)	(1,721)
Balance of unrecognized tax benefits at end of year	$ 21,553	$ 41,153	$ 67,615

At December 31, 2013, 2012 and 2011, there are $21.6 million, $36.4 million, and $65.9 million, respectively, of unrecognized tax benefits recorded to Other liabilities and $4.8 million in 2012 recorded to Other current liabilities. If these unrecognized tax benefits were recognized, all the benefits and related interest would be recorded as a benefit to income tax expense.

For the year ended December 31, 2013, the Company reduced its liabilities for interest and penalties by $5.2 million, net, and $5.3 million, net for the year ended December 31, 2012, principally due to payments made pursuant to the Spanish tax settlement, as discussed below. For the year ended December 31, 2011 the Company recognized $2.0 million in interest and penalties. At December 31, 2013, 2012 and 2011, we had accrued $2.3 million, $7.4 million and $12.8 million, respectively, of interest and penalties classified as Other liabilities.

Tax benefits credited to Shareholders' equity totaled $0.6 million, $0.4 million and $2.0 million for 2013, 2012 and 2011, respectively, associated with stock option exercises and PRS dividends.

U.S. income taxes and foreign withholding taxes associated with the repatriation of earnings of its foreign subsidiaries were not provided on a cumulative total of $1,452 million of undistributed earnings of foreign subsidiaries. We intend to, and have plans to, reinvest these earnings indefinitely in our foreign subsidiaries to fund local operations and/or capital projects. It is not practicable to estimate the unrecognized deferred tax liability on these undistributed earnings.

The Company has ongoing income tax audits and legal proceedings which are at various stages of administrative or judicial review, of which the material items are discussed below. In addition, the Company has other ongoing tax audits and legal proceedings that relate to indirect taxes, such as value-added taxes, capital tax, sales and use and property taxes, which are discussed in Note 17.

During the third quarter of 2012 the Company and the Spanish tax authorities entered into an overall settlement with respect to assessments imposed in connection with audits for the 2004-2010 fiscal years. In connection with this settlement, the Company paid Euro 84.0 million ($105.5 million based on exchange rates at the respective payment dates) during 2012 and paid the remainder of Euro 1.5 million ($1.9 million based on the exchange rate at the payment date) in the first quarter of 2013. This settlement did not address either the 2002-2003 fiscal years or the 2011 fiscal year. In connection with the overall settlement, the Company recorded after-tax charges of $72.4 million during the third quarter 2012, which included $56.0 million related to the tax settlement of the 2004-2010 period and the increased liabilities for uncertain tax positions of $16.4 million for years not settled. During the fourth quarter of 2012 the Company and the Spanish tax authorities also finalized a multi-year agreement that established the tax basis for the Company's activities in Spain for 2012 through 2014 consistent with the key principles preliminarily agreed upon as part of the overall settlement. During the fourth quarter of 2013, we reached a settlement with the Spanish tax authorities related to the 2011 fiscal year, on a basis consistent with the overall settlement reached for the 2004-2010 fiscal years as discussed above. Accordingly, during the fourth quarter we paid Euro 3.9 million ($5.2 million based on the exchange rate at the payment date) and have no remaining assessment related to the 2011 fiscal year.

As a result of the audits of 2002-2003 fiscal years, the Spanish tax authorities imposed assessments aggregating Euro 22.4 million ($28.6 million), including aggregate estimated interest. The Company had previously appealed these assessments with the Appellate Court. On February 7, 2013, the Appellate Court upheld the Central Economic-Administrative Tribunal's ("TEAC") ruling with respect to the 2003 tax assessment and the related tax avoidance claims. We decided not to pursue the appeal process. In light of the court's ruling, we also recorded a charge of $9.3 million in the first quarter associated with issues in the 2002-2003 income tax cases that were unrelated to the issues underlying the 2004-2010 settlement. This charge was partially offset by a $3.1 million adjustment to prior accruals for the 2003 case. Accordingly, during the second quarter of 2013, we paid Euro 17.7 million ($23.3 million based on the exchange rate at the payment date) and during the third quarter we paid the remaining balance of Euro 3.1 million ($4.0 million based on the exchange rate at the payment date) in connection with the 2003 tax assessment. As a result of these payments, the remaining aggregate assessment related to the 2002 fiscal year was Euro 1.8 million ($2.5 million) as of December 31, 2013. To proceed with its appeals of the tax assessments for the 2002-2003 fiscal years, the Company was required to post bank guarantees. As of December 31, 2013, the Company had remaining posted bank guarantees of Euro 1.8 million ($2.5 million) associated with the 2002 appeal. On June 17, 2013, the Appellate Court ruled against us on our appeal of the 2002 income tax assessment and related claims, which we have also decided not to appeal. However, this case did not have a related tax exposure associated with it.

In addition to the above, the Company has also been a party to four dividend withholding tax controversies in Spain in which the Spanish tax authorities alleged that the Company's Spanish subsidiaries underpaid withholding taxes during the 1995-2001 fiscal years. The Company had previously appealed each of these controversies. During 2012, the Company received unfavorable decisions on the first three cases. As a result of these rulings, the Company (i) recorded charges (including estimated interest) of approximately $12.0 million after-tax during 2012, and (ii) made payments of Euro 9.8 million ($12.8 million based on exchange rate at the respective payment dates) during 2012. At December 31, 2013, the Company had Euro 4.5 million ($6.1 million) reflected in income taxes payable in connection with these three cases. The fourth and final remaining appeal has not yet been heard by the Spanish Supreme Court. At December 31, 2013, the aggregate amount of the remaining dividend withholding controversy was Euro 3.2 million ($4.4 million), including estimated interest, which is fully reserved. As of December 31, 2013, the Company had posted bank guarantees of Euro 7.7 million ($10.5 million) in order to proceed with the appeal in this controversy.

As of December 31, 2013, the Company's aggregate provisions for uncertain tax positions, including interest and penalties, was $23.9 million, which includes $2.2 million associated with the tax positions taken by our Spanish subsidiaries for the 2002 fiscal year, $3.8 million associated with our Spanish dividend withholding tax controversies and the remainder associated with various other tax positions asserted in foreign jurisdictions, none of which is individually material.

In addition, the Company has several other tax audits in process and has open tax years with various taxing jurisdictions that range primarily from 2003 to 2012. Based on currently available information, we do not believe the ultimate outcome of any of these tax audits and other tax positions related to open tax years, when finalized, will have a material impact on our financial position.

NOTE 10. SHAREHOLDERS' EQUITY

Cash dividends declared per share were $1.46, $1.30 and $1.16 in 2013, 2012 and 2011, respectively. The Consolidated Balance Sheet reflects $31.7 million of dividends payable at December 31, 2013. This amount relates to a cash dividend of $0.39 per share declared in December 2013 and paid in January 2014. There were no dividends payable as of December 31, 2012. Dividends declared, but not paid at December 31, 2011 were $25.1 million ($0.31 per share). The decrease in the dividends paid in 2013 versus 2012 is a result of the accelerated payment in December 2012 of the 2012 fourth quarter dividend.

In December 2012, the Board of Directors authorized a $250 million share repurchase program, which commenced in the first quarter of 2013 and is expected to be completed by the end of 2014. Based on the total remaining amount of $198 million available under the repurchase program, approximately 2.3 million shares, or 2.8% of shares outstanding (based on the market price and shares outstanding as of December 31, 2013) could be repurchased under the program as of December 31, 2013. The purchases will be made from time to time on the open market or through private transactions as market and business conditions warrant. Repurchased shares will be placed into treasury stock. This plan expires on December 31, 2014.

NOTE 11. STOCK COMPENSATION PLANS

We have various equity plans under which our officers, senior management, other key employees and directors may be granted options to purchase IFF common stock or other forms of stock-based awards. Beginning in 2004, we granted Restricted Stock Units ("RSU's") as the principal element of our equity compensation for all eligible U.S. based employees and a majority of eligible overseas employees. Vesting of the RSU's is solely time based; the vesting period is primarily 3 years from date of grant. For a small group of employees, primarily overseas, we granted stock options prior to 2008.

The cost of all employee stock-based awards are principally recognized on a straight-line attribution basis over their respective vesting periods, net of estimated forfeitures. Total stock-based compensation expense included in our Consolidated Statement of Income and Comprehensive Income was as follows:

	December 31,		
(DOLLARS IN THOUSANDS)	**2013**	**2012**	**2011**
Equity-based awards	$ 23,736	$ 19,716	$ 20,547
Liability-based awards	4,042	3,294	3,044
Total stock-based compensation	27,778	23,010	23,591
Less tax benefit	(8,456)	(7,228)	(7,730)
Total stock-based compensation, net of tax	$ 19,322	$ 15,782	$ 15,861

The shareholders of the Company approved the Company's 2010 Stock Award and Incentive Plan (the "2010 Plan") at the Annual Meeting of Shareholders held on April 27, 2010. The 2010 Plan replaced the Company's 2000 Stock Award and Incentive Plan and the 2000 Supplemental Stock Award Plan (the "2000 Plans") and provides the source for future deferrals of cash into deferred stock under the Company's Deferred Compensation Plan (with the Deferred Compensation Plan being deemed a subplan under the 2010 Plan for the sole purpose of funding deferrals under the IFF Share Fund).

Under the 2010 Plan, a total of 2,749,669 shares are authorized for issuance, including 749,669 shares remaining available under a previous plan that were rolled into the 2010 Plan. At December 31, 2013, 1,518,791 shares were subject to outstanding awards and 1,725,735 shares remained available for future awards under all of the Company's equity award plans, including the 2010 Plan (excluding shares not yet issued under open cycles of the Company's Long-Term Incentive Plan).

The Company offers a Long-Term Incentive Plan ("LTIP") for senior management. The targeted payout is 50% cash and 50% IFF stock at the end of the three-year cycle and provides for segmentation in which one-fourth of the award vests during each twelve-month period, with the final one-fourth segment vesting over the full three-year period. The 2011 grant was earned based on the achievement of defined EPS targets and our performance ranking of total shareholder return as a percentile of the S&P 500. Commencing with the 2012-2014 LTIP cycle, the Company used Economic Profit ("EP"), rather than EPS, as one of the two financial metrics of Company performance. EP measures operating profitability after considering (i) all our operating costs, (ii) income taxes and (iii) a charge for the capital employed in the business. When the award is granted, 50% of the target dollar value of the award is converted to a number of "notional" shares based on the closing price at the beginning of the cycle. For those shares whose payout is based on shareholder return as a percentile of the S&P 500, compensation expense is recognized using a graded-vesting attribution method, while compensation expense for the remainder of the performance shares (e.g., EPS targets) is recognized on a straight-line basis over the vesting period based on the probable outcome of the performance condition.

The 2009-2011 cycle concluded at the end of 2011 and an aggregate 128,293 shares of our common stock were issued in March 2012. The 2010-2012 cycle concluded at the end of 2012 and an aggregate 119,561 shares of our common stock were issued in March 2013. The 2011-2013 cycle concluded at the end of 2013 and an aggregate 65,735 shares of our common stock will be issued in March 2014.

In 2006, our Board approved the Equity Choice Program (the "Program") for senior management. This program continues under the 2010 Plan. Eligible employees can choose from among three equity alternatives and will be granted such equity awards up to certain dollar awards depending on the participant's grade level. A participant may choose among (1) SSARs, (2) RSUs or (3) PRS.

SSARs

SSARs granted become exercisable on the third anniversary of the grant date and have a maximum term of 7 years. No SSARs were granted in 2013. We granted 54,307 and 77,864 SSARs during 2012 and 2011, respectively. No stock options were granted in 2013, 2012 or 2011.

We use the Binomial lattice-pricing model as our valuation model for estimating the fair value of SSARs granted. In applying the Binomial model, we utilize historical information to estimate expected term and post-vesting terminations within the model. The expected term of a SSAR is based on historical employee exercise behavior, vesting terms and a contractual life of primarily 7 years. The risk-free interest rate for periods within the expected term of the award is based on the U.S. Treasury yield curve in effect at the time of grant. Expected volatility is based on an average of implied and historical volatility of the price of our common stock over the calculated expected term. We anticipate paying cash dividends in the future and therefore use an expected dividend yield in the valuation model; the cash dividend in effect at the time of grant was employed in this calculation.

Principal assumptions used in applying the Binomial model in 2012 and 2011 were:

	2012	2011
Weighted average fair value of SSARs granted during the period	$ 10.39	$ 11.47
Assumptions:		
Risk-free interest rate	0.9%	1.7%
Expected volatility	22.5%	23.2%
Expected dividend yield	2.1%	2.1%
Expected life, in years	5	5
Termination rate	1.05%	0.99%
Exercise multiple	1.44	1.43

SSARs and options activity were as follows:

(SHARE AMOUNTS IN THOUSANDS)	Shares Subject to SSARs/Options	Weighted Average Exercise Price	SSARs/ Options Exercisable
Balance at December 31, 2012	606	$ 44.68	320
Exercised	(268)	$ 39.26	
Cancelled	(23)	$ 35.25	
Balance at December 31, 2013	315	$ 49.96	183

The weighted average exercise price of our SSARs and options exercisable at December 31, 2013, 2012 and 2011 were $41.70, $37.64 and $36.86, respectively. The following tables summarize information concerning currently outstanding and exercisable SSARs and options.

SSARs and options outstanding at December 31, 2013 were as follows:

Price Range	Number Outstanding (in thousands)	Weighted Average Remaining Contractual Life (in years)	Weighted Average Exercise Price	Aggregate Intrinsic Value (in thousands)
$26 – $30	15	4.8	$ 30.48	
$31 – $35	34	1.3	$ 35.01	
$36 – $40	23	1.3	$ 37.91	
$41 – $50	81	2.8	$ 44.05	
$51 – $60	84	4.6	$ 57.17	
$61 – $65	78	4.4	$ 62.13	
	315		$ 49.96	$ 11,350

SSARs and options exercisable as of December 31, 2013 were as follows:

Price Range	Number Exercisable (in thousands)	Weighted Average Remaining Contractual Life (in years)	Weighted Average Exercise Price	Aggregate Intrinsic Value (in thousands)
$26 – $30	15	4.8	$ 30.48	
$31 – $35	34	1.3	$ 35.01	
$36 – $40	23	1.3	$ 37.91	
$41 – $50	81	2.8	$ 44.05	
$51 – $55	30	3.1	$ 51.34	
	183		$ 41.70	$ 8,108

The total intrinsic value of options/SSARs exercised during 2013, 2012 and 2011 totaled $11 million, $11 million and $10 million, respectively.

As of December 31, 2013, there was $0.3 million of total unrecognized compensation cost related to non-vested SSARs granted; such cost is expected to be recognized over a weighted average period of 1.0 year.

Restricted Stock Units

We have granted RSUs to eligible employees and directors. Such RSUs are subject to forfeiture if certain employment conditions are not met. RSUs principally vest 100% at the end of 3 years and contain no performance criteria provisions. An RSU’s fair value is calculated based on the market price of our stock at date of grant, with an adjustment to reflect the fact that such awards do not participate in dividend rights. The aggregate fair value is amortized to expense ratably over the vesting period.

RSU activity was as follows:

(SHARE AMOUNTS IN THOUSANDS)	Number of Shares	Weighted Average Grant Date Fair Value Per Share
Balance at December 31, 2012	619	$ 54.09
Granted	188	$ 73.32
Vested	(248)	$ 44.94
Forfeited	(1)	$ 52.27
Balance at December 31, 2013	558	$ 64.86

The total fair value of RSUs which vested during the year ended December 31, 2013 was $19.0 million.

As of December 31, 2013, there was $14.1 million of total unrecognized compensation cost related to non-vested RSUs granted under the equity incentive plans; such cost is expected to be recognized over a weighted average period of 1.9 years.

Purchased Restricted Stock

For awards issued in 2012 and prior, PRS provides for eligible employees to purchase restricted shares of IFF stock at 50% of the fair market value on the grant date of the award. The shares generally vest on the third anniversary of the grant date, are subject to continued employment and other specified conditions and pay dividends if and when paid by us. Holders of PRS have, in most instances, all of the rights of stockholders, except that they may not sell, assign, pledge or otherwise encumber such shares. RSUs provide no such rights. In 2013, the terms of PRS were modified such that, for each share put in escrow by the eligible employee, the Company matches with a grant of a share of restricted stock or, for non-U.S. participants, a restricted stock unit. We issued 101,326 shares of PRS in 2013 for an aggregate purchase price of $7.8 million covering 50,633 purchased shares, 228,750 shares of PRS in 2012 for $6.9 million covering 114,375 purchased shares and 174,212 shares in 2011 for $5.4 million covering 87,106 purchased shares.

PRS activity was as follows:

(SHARE AMOUNTS IN THOUSANDS)	Number of Shares	Weighted Average Grant Date Fair Value Per Share
Balance at December 31, 2012	537	$ 28.30
Granted	101	$ 77.19
Vested	(149)	$ 22.46
Forfeited	(13)	$ 61.14
Balance at December 31, 2013	476	$ 60.58

The total fair value of PRS which vested during the year ended December 31, 2013 was $9.8 million.

As of December 31, 2013, there was $5.7 million of total unrecognized compensation cost related to non-vested PRS granted under the equity incentive plans; such cost is expected to be recognized over a weighted average period of 1.8 years.

Liability Awards

We have granted Cash RSUs to eligible employees that are paid out 100% in cash upon vesting. Such RSUs are subject to forfeiture if certain employment conditions are not met. Cash RSUs principally vest 100% at the end of three years and contain no performance criteria provisions. A Cash RSUs fair value is calculated based on the market price of our stock at date of our closing period and is accounted for as a liability award. The aggregate fair value is amortized to expense ratably over the vesting period.

Cash RSU activity was as follows:

(SHARE AMOUNTS IN THOUSANDS)	Cash RSUs	Weighted Average Fair Value Per Share
Balance at December 31, 2012	120	$ 65.96
Granted	37	$ 85.94
Vested	(44)	$ 76.49
Cancelled	(1)	$ 79.04
Balance at December 31, 2013	112	$ 85.94

The total fair value of Cash RSUs which vested during the year ended December 31, 2013 was $3.4 million.

As of December 31, 2013, there was $1.2 million of total unrecognized compensation cost related to non-vested Cash RSUs granted under the equity incentive plans; such cost is expected to be recognized over a weighted average period of 1.2 years. The aggregate compensation cost will be adjusted based on changes in the Company’s stock price.

NOTE 12. SEGMENT INFORMATION

We are organized into two operating segments, Flavors and Fragrances; these segments align with the internal structure used to manage these businesses. Flavor compounds are sold to the food and beverage industries for use in consumer products such as prepared foods, beverages, dairy, food and sweet products. Fragrances is comprised of Fragrance Compounds, which are ultimately used by our customers in two broad categories: functional fragrances, including fragrance compounds for personal care (e.g., soaps) and household products (e.g., detergents and cleaning agents) and fine fragrance and beauty care, including perfumes, colognes and toiletries; and Fragrance Ingredients, consisting of synthetic and natural ingredients that can be combined with other materials to create unique functional and fine fragrance compounds. Major fragrance customers include the cosmetics industry, including perfume and toiletries manufacturers, and the household products industry, including manufacturers of soaps, detergents, fabric care, household cleaners and air fresheners.

We evaluate the performance of these operating segments based on segment profit which is defined as operating profit before Restructuring and certain non-recurring items, Interest expense, Other expense, net and Taxes on income. The Global expenses caption represents corporate and headquarters-related expenses which include legal, finance, human resources and other administrative expenses that are not allocated to individual business units. Unallocated assets are principally cash and cash equivalents and other corporate and headquarters-related assets.

Our reportable segment information is as follows:

	December 31,		
(DOLLARS IN THOUSANDS)	2013	2012	2011
Net sales			
Flavors	$ 1,422,739	$ 1,378,377	$ 1,347,340
Fragrances	1,530,157	1,443,069	1,440,678
Consolidated	$ 2,952,896	$ 2,821,446	$ 2,788,018

	December 31,	
(DOLLARS IN THOUSANDS)	2013	2012
Segment assets		
Flavors	$ 1,573,737	$ 1,421,126
Fragrances	1,623,033	1,517,447
Global assets	134,961	307,619
Consolidated	$ 3,331,731	$ 3,246,192

	December 31,		
(DOLLARS IN THOUSANDS)	2013	2012	2011
Segment profit:			
Flavors	$ 323,562	$ 298,326	$ 284,246
Fragrances	283,651	238,379	226,560
Global expenses	(66,942)	(48,419)	(36,410)
Restructuring and other charges, net	(2,151)	(1,668)	(13,172)
Mane patent litigation settlement	—	—	(33,495)
Spanish capital tax charge (1)	(13,011)	—	—
Operational improvement initiative costs (2)	(8,770)	—	—
Operating Profit	516,339	486,618	427,729
Interest expense	(46,767)	(41,753)	(44,639)
Other income (expense), net (3)	15,638	(1,450)	(9,544)
Income before taxes	$ 485,210	$ 443,415	$ 373,546
Profit margin			
Flavors	22.7%	21.6%	21.1%
Fragrances	18.5%	16.5%	15.7%
Consolidated	17.5%	17.2%	15.3%

(1) The Spanish capital tax charge represents the charge recorded during the year ended December 31, 2013 as a result of the unfavorable ruling of the Spanish capital tax case from 2002.

(2) Operational improvement initiative costs relate to the closing of a smaller facility in Europe and certain manufacturing activities in Asia, while transferring production to larger facilities in each respective region.

(3) Other income (expense), net includes a $14.2 million gain on the sale of non-operating assets for the year ended December 31, 2013.

We have not disclosed revenues at a lower level than provided herein, such as revenues from external customers by product, as it is impracticable for us to do so.

We had one customer that accounted for more than 10% of our consolidated net sales in each year for all periods presented and related net sales were $355 million, $320 million and $297 million in 2013, 2012 and 2011, respectively. The majority of these sales were in the Fragrances operating segment.

Total long-lived assets consist of net property, plant and equipment and amounted to $687 million and $655 million at December 31, 2013 and 2012, respectively. Of this total $163 million and $162 million was located in the United States at December 31, 2013 and 2012, respectively, and $107 million and $97 million were located in the Netherlands at December 31, 2013 and 2012, respectively.

	Capital Expenditures			Depreciation and Amortization		
(DOLLARS IN THOUSANDS)	2013	2012	2011	2013	2012	2011
Flavors	$ 108,215	$ 90,309	$ 69,675	$ 33,662	$ 30,816	$ 31,140
Fragrances	17,616	26,069	50,454	39,716	42,987	41,941
Unallocated assets	8,326	9,762	7,328	9,849	2,864	2,246
Consolidated	$ 134,157	$ 126,140	$ 127,457	$ 83,227	$ 76,667	$ 75,327

	Net Sales by Geographic Area		
(DOLLARS IN THOUSANDS)	2013	2012	2011
Europe, Africa and Middle East	$ 971,921	$ 912,768	$ 956,977
Greater Asia	823,504	771,877	744,810
North America	680,840	694,430	678,763
Latin America	476,631	442,371	407,468
Consolidated	$ 2,952,896	$ 2,821,446	$ 2,788,018

Net sales are attributed to individual regions based upon the destination of product delivery. Net sales related to the U.S. for the years ended December 31, 2013, 2012 and 2011 were $653 million, $662 million and $644 million, respectively. Net sales attributed to all foreign countries in total for the years ended December 31, 2013, 2012 and 2011 were $2,327 million, $2,159 million and $2,144 million, respectively. No non-U.S. country had net sales in any period presented greater than 7.1% of total consolidated net sales.

NOTE 13. EMPLOYEE BENEFITS

We have pension and/or other retirement benefit plans covering approximately one-third of active employees. In 2007 the Company amended its U.S. qualified and non-qualified pension plans under which accrual of future benefits was suspended for all participants that did not meet the rule of 70 (age plus years of service equal to at least 70 at December 31, 2007). Pension benefits are generally based on years of service and on compensation during the final years of employment. Plan assets consist primarily of equity securities and corporate and government fixed income securities. Substantially all pension benefit costs are funded as accrued; such funding is limited, where applicable, to amounts deductible for income tax purposes. Certain other retirement benefits are provided by general corporate assets.

We sponsor a qualified defined contribution plan covering substantially all U.S. employees. Under this plan, we match 100% of participants’ contributions up to 4% of compensation and 75% of participants’ contributions from over 4% to 8%. Employees that are still eligible to accrue benefits under the defined benefit plan are limited to a 50% match up to 6% of the participants’ compensation.

In addition to pension benefits, certain health care and life insurance benefits are provided to qualifying United States employees upon retirement from IFF. Such coverage is provided through insurance plans with premiums based on benefits paid. We do not generally provide health care or life insurance coverage for retired employees of foreign subsidiaries; such benefits are provided in most foreign countries by government-sponsored plans, and the cost of these programs is not material to us.

We offer a non-qualified Deferred Compensation Plan (DCP) for certain key employees and non-employee directors. Eligible employees and non-employee directors may elect to defer receipt of salary, incentive payments and Board of Directors’ fees into participant directed investments, which are generally invested by the Company in individual variable life insurance contracts we own that are designed to informally fund savings plans of this nature. The cash surrender value of life insurance is based on the net asset values of the underlying funds available to plan participants. At December 31, 2013 and December 31, 2012, the Consolidated Balance Sheet reflects liabilities of $29.7 million and $27.0 million, respectively, related to the DCP in

Other liabilities and $15.1 million and $12.3 million, respectively, included in Capital in excess of par value related to the portion of the DCP that will be paid out in IFF shares.

The total cash surrender value of life insurance contracts the Company owns in relation to the DCP and post-retirement life insurance benefits amounted to $56.3 million and $51.4 million at December 31, 2013 and 2012, respectively, and are recorded in Other assets in the Consolidated Balance Sheet.

The plan assets and benefit obligations of our defined benefit pension plans are measured at December 31 of each year.

	U.S. Plans			Non-U.S. Plans		
(DOLLARS IN THOUSANDS)	2013	2012	2011	2013	2012	2011
Components of net periodic benefit cost						
Service cost for benefits earned	$ 3,644	$ 3,121	$ 3,602	$ 16,423	$ 12,585	$ 10,560
Interest cost on projected benefit obligation	23,284	24,314	24,373	31,103	30,944	34,033
Expected return on plan assets	(26,320)	(24,329)	(25,070)	(47,793)	(43,728)	(45,386)
Net amortization of deferrals	24,600	20,180	11,888	9,337	6,443	5,360
Settlements and curtailments	—	—	444	215	873	3,139
Special termination benefits	—	—	—	—	—	738
Net periodic benefit cost	25,208	23,286	15,237	9,285	7,117	8,444
Defined contribution and other retirement plans	7,326	7,039	6,550	4,094	4,837	4,113
Total expense	$ 32,534	$ 30,325	$ 21,787	$ 13,379	$ 11,954	$ 12,557
Changes in plan assets and benefit obligations recognized in OCI						
Net actuarial (gain) loss	$ (39,754)	$ 32,569		$ 36,134	$ 53,469	
Recognized actuarial loss	(24,296)	(19,810)		(9,536)	(7,181)	
Prior service cost	—	—		(873)	—	
Recognized prior service cost	(304)	(370)		(15)	(135)	
Currency translation adjustment	—	—		5,464	6,068	
Total recognized in OCI (before tax effects)	$ (64,354)	$ 12,389		$ 31,174	$ 52,221	

During the second quarter 2011, we settled a portion of the Ireland pension plan as discussed in Note 2. As a result, we recorded a settlement charge and a special termination benefit charge of $3.9 million to recognize a portion of the unrecognized loss related to those employees who have accepted the settlement and for additional benefits credited to those participants accepting a settlement. This settlement was funded primarily through pension plan investment trust assets.

In connection with negotiations completed during the second quarter 2011, we have amended the pension plan for one of our North American Ingredients plants. We recorded a curtailment charge of $0.4 million during the second quarter 2011 to recognize a portion of the unrecognized prior service costs associated with the years of service no longer expected to be rendered and credited as service under the plan.

(DOLLARS IN THOUSANDS)	Postretirement Benefits 2013	2012	2011
Components of net periodic benefit cost			
Service cost for benefits earned	$ 1,526	$ 1,357	$ 1,178
Interest cost on projected benefit obligation	4,503	5,656	5,861
Net amortization and deferrals	(3,040)	(1,770)	(2,552)
Expense	$ 2,989	$ 5,243	$ 4,487
Changes in plan assets and benefit obligations recognized in OCI			
Net actuarial (gain)	$ (15,524)	$ (10,921)	
Recognized actuarial loss	(1,672)	(2,951)	
Recognized prior service credit	4,712	4,721	
Total recognized in OCI (before tax effects)	$ (12,484)	$ (9,151)	

The amounts expected to be recognized in net periodic cost in 2014 are:

(DOLLARS IN THOUSANDS)	U.S. Plans	Non-U.S. Plans	Postretirement Benefits
Actuarial loss recognition	$ 16,726	$ 11,867	$ 734
Prior service cost (credit) recognition	292	(90)	4,649

Weighted-average actuarial assumption used to determine expense	U.S. Plans 2013	2012	2011	Non-U.S. Plans 2013	2012	2011
Discount rate	4.10%	4.70%	5.60%	4.14%	4.71%	5.37%
Expected return on plan assets	7.30%	7.30%	7.75%	6.26%	6.27%	6.55%
Rate of compensation increase	3.25%	3.25%	3.25%	2.73%	2.88%	2.66%

Changes in the postretirement benefit obligation and plan assets, as applicable, are detailed in the following table:

	U.S. Plans		Non-U.S. Plans		Postretirement Benefits	
(DOLLARS IN THOUSANDS)	2013	2012	2013	2012	2013	2012
Benefit obligation at beginning of year	$ 573,706	$ 523,298	$ 780,164	$ 670,231	$ 119,308	$ 128,719
Service cost for benefits earned	3,644	3,121	16,423	12,585	1,526	1,357
Interest cost on projected benefit obligation	23,284	24,314	31,103	30,944	4,503	5,656
Actuarial (gain) loss	(29,875)	47,547	2,655	76,786	(15,524)	(10,921)
Plan amendments	—	—	(873)	—	—	—
Adjustments for expense/tax contained in service cost	—	—	(2,343)	(2,282)	—	—
Plan participants' contributions	—	—	2,793	2,492	1,022	979
Benefits paid	(26,157)	(24,574)	(27,571)	(27,234)	(5,314)	(6,482)
Curtailments / settlements	—	—	(768)	(2,641)	—	—
Special termination benefits	—	—	—	—	—	—
Translation adjustments	—	—	16,995	19,283	—	—
Benefit obligation at end of year	$ 544,602	$ 573,706	$ 818,578	$ 780,164	$ 105,521	$ 119,308
Fair value of plan assets at beginning of year	$ 405,289	$ 372,142	$ 776,188	$ 702,366		
Actual return on plan assets	36,199	39,306	11,970	64,765		
Employer contributions	33,520	18,415	19,377	16,767		
Participants' contributions	—	—	2,793	2,492		
Benefits paid	(26,157)	(24,574)	(27,571)	(27,234)		
Settlements	—	—	(768)	(2,641)		
Translation adjustments	—	—	17,681	19,673		
Fair value of plan assets at end of year	$ 448,851	$ 405,289	$ 799,670	$ 776,188		
Funded status at end of year	$ (95,751)	$ (168,417)	$ (18,908)	$ (3,976)		

	U.S. Plans		Non-U.S. Plans	
(DOLLARS IN THOUSANDS)	2013	2012	2013	2012
Amounts recognized in the balance sheet:				
Other assets	$ —	$ —	$ 14,058	$ 33,345
Other current liabilities	(3,819)	(3,855)	(651)	(621)
Retirement liabilities	(91,930)	(164,562)	(32,315)	(36,700)
Net amount recognized	$ (95,749)	$ (168,417)	$ (18,908)	$ (3,976)

	U.S. Plans		Non-U.S. Plans		Postretirement Benefits	
(DOLLARS IN THOUSANDS)	2013	2012	2013	2012	2013	2012
Amounts recognized in AOCI consist of:						
Net actuarial loss	$ 145,105	$ 209,156	$ 263,930	$ 231,857	$ 13,891	$ 31,087
Prior service cost (credit)	482	786	(1,330)	(431)	(15,007)	(19,719)
Total AOCI (before tax effects)	$ 145,587	$ 209,942	$ 262,600	$ 231,426	$ (1,116)	$ 11,368

	U.S. Plans		Non-U.S. Plans	
(DOLLARS IN THOUSANDS)	2013	2012	2013	2012
Accumulated Benefit Obligation — end of year	$ 536,176	$ 570,655	$ 777,188	$ 745,828
Information for Pension Plans with an ABO in excess of Plan Assets:				
Projected benefit obligation	$ 544,602	$ 573,706	$ 43,778	$ 43,403
Accumulated benefit obligation	536,176	570,655	41,991	41,720
Fair value of plan assets	448,851	405,289	18,669	16,776
Weighted-average assumptions used to determine obligations at December 31				
Discount rate	4.70%	4.10%	4.18%	4.14%
Rate of compensation increase	3.25%	3.25%	2.66%	2.73%

(DOLLARS IN THOUSANDS)	U.S. Plans	Non-U.S. Plans	Postretirement Benefits
Estimated Future Benefit Payments			
2014	28,830	28,783	4,903
2015	30,264	29,184	5,162
2016	31,512	30,043	5,448
2017	32,993	31,559	5,786
2018	34,422	34,010	6,163
2019 - 2023	186,021	181,978	35,326
Contributions			
Required Company Contributions in the Following Year (2014)	$ 4,136	$ 20,451	$ 4,903

We consider a number of factors in determining and selecting assumptions for the overall expected long-term rate of return on plan assets. We consider the historical long-term return experience of our assets, the current and expected allocation of our plan assets and expected long-term rates of return. We derive these expected long-term rates of return with the assistance of our investment advisors. We base our expected allocation of plan assets on a diversified portfolio consisting of domestic and international equity securities, fixed income, real estate and alternative asset classes. The asset allocation is monitored on an ongoing basis.

We consider a variety of factors in determining and selecting our assumptions for the discount rate at December 31. For the U.S. plans, the discount rate was based on the internal rate of return for a portfolio of Moody's Aaa, Aa and Merrill Lynch AAA-AA high quality bonds with maturities that are consistent with the projected future benefit payment obligations of the plan. The rate of compensation increase for all plans and the medical cost trend rate for the applicable U.S. plans are based on plan experience.

	U.S. Plans		Non-U.S. Plans	
	2013	2012	2013	2012
Percentage of assets invested in:				
Cash and cash equivalents	1%	1%	2%	2%
Equities	48%	50%	25%	22%
Fixed income	51%	49%	59%	59%
Property	0%	0%	8%	9%
Alternative and other investments	0%	0%	6%	8%

With respect to the U.S. plans, the expected return on plan assets was determined based on an asset allocation model using the current target allocation, real rates of return by asset class and an anticipated inflation rate. The target investment allocation is 50% equity securities and 50% fixed income securities.

The expected annual rate of return for the non-U.S. plans employs a similar set of criteria adapted for local investments, inflation rates and in certain cases specific government requirements. The target asset allocation, for the non-U.S. plans, consists of approximately: 55% – 60% in fixed income securities; 20% – 25% in equity securities; 5% – 10% in real estate; and 5% – 10% in alternative investments.

The following tables present our plan assets for the U.S. and non-U.S. plans using the fair value hierarchy as of December 31, 2013 and 2012. Our plans' assets were accounted for at fair value and are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. Our assessment of the significance of a particular input to the fair value measurement requires judgment, and may affect the valuation of fair value assets and their placement within the fair value hierarchy levels. For more information on a description of the fair value hierarchy, see Note 14.

	U.S. Plans for the year ended December 31, 2013			
(DOLLARS IN THOUSANDS)	**Level 1**	**Level 2**	**Level 3**	**Total**
Cash Equivalents	$ —	$ 5,694	$ —	$ 5,694
Equity Securities				
U.S. Common Stock	38,993	—	—	38,993
Non-U.S. Common Stock	343	—	—	343
Balanced Funds	—	8,389	—	8,389
Pooled Funds	—	165,670	—	165,670
Fixed Income Securities				
Government & Government Agency Bonds	—	8,262	—	8,262
Mutual Funds	—	158,646	—	158,646
Corporate Bonds	—	54,699	—	54,699
Municipal Bonds	—	7,440	—	7,440
Total	$ 39,336	$ 408,800	$ —	$ 448,136
Receivables				$ 715
Total				$ 448,851

	U.S. Plans for the year ended December 31, 2012			
(DOLLARS IN THOUSANDS)	**Level 1**	**Level 2**	**Level 3**	**Total**
Cash Equivalents	$ —	$ 1,976	$ —	$ 1,976
Equity Securities				
U.S. Common Stock	43,338	—	—	43,338
Non-U.S. Common Stock	700	—	—	700
Balanced Funds	—	8,077	—	8,077
Pooled Funds	—	150,372	—	150,372
Fixed Income Securities				
Government & Government Agency Bonds	—	6,662	—	6,662
Mutual Funds	—	123,447	—	123,447
Corporate Bonds	—	61,382	—	61,382
Municipal Bonds	—	8,696	—	8,696
Asset Backed Securities	—	—	—	—
Total	$ 44,038	$ 360,612	$ —	$ 404,650
Receivables				$ 639
Total				$ 405,289

(DOLLARS IN THOUSANDS)	Non-U.S. Plans for the year ended December 31, 2013			
	Level 1	Level 2	Level 3	Total
Cash	$ 11,956	$ —	$ —	$ 11,956
Equity Securities				
U.S. Large Cap	40,274	—	—	40,274
Non-U.S. Large Cap	92,551	12,783	—	105,334
Non-U.S. Mid Cap	107	—	—	107
Non-U.S. Small Cap	29	—	—	29
Emerging Markets	57,689	—	—	57,689
Fixed Income Securities				
U.S. Treasuries/Government Bonds	328	—	—	328
U.S. Corporate Bonds	—	—	—	—
Non-U.S. Treasuries/Government Bonds	120,651	75,131	—	195,782
Non-U.S. Corporate Bonds	65,443	189,707	—	255,150
Non-U.S. Mortgage-Backed Securities	—	—	—	—
Non-U.S. Asset-Backed Securities	—	17,895	—	17,895
Non-U.S. Other Fixed Income	1,205	—	—	1,205
Alternative Types of Investments				
Insurance Contracts	334	—	—	334
Hedge Funds	—	—	15,280	15,280
Other	928	—	—	928
Absolute Return Funds	—	31,253	—	31,253
Private Equity Funds	—	—	7	7
Real Estate				
Non-U.S. Real Estate	—	64,898	1,221	66,119
Total	$ 391,495	$ 391,667	$ 16,508	$ 799,670

	Non-U.S. Plans for the year ended December 31, 2012			
(DOLLARS IN THOUSANDS)	Level 1	Level 2	Level 3	Total
Cash	$ 14,075	$ —	$ —	$ 14,075
Equity Securities				
U.S. Large Cap	28,009	—	—	28,009
Non-U.S. Large Cap	116,473	—	—	116,473
Non-U.S. Mid Cap	132	—	—	132
Non-U.S. Small Cap	35	—	—	35
Emerging Markets	25,876	—	—	25,876
Fixed Income Securities				
U.S. Treasuries/Government Bonds	52	—	—	52
U.S. Corporate Bonds	—	—	—	—
Non-U.S. Treasuries/Government Bonds	131,764	68,453	—	200,217
Non-U.S. Corporate Bonds	64,583	182,068	—	246,651
Non-U.S. Mortgage-Backed Securities	—	—	—	—
Non-U.S. Asset-Backed Securities	—	—	—	—
Non-U.S. Other Fixed Income	1,460	9,944	—	11,404
Alternative Types of Investments				
Insurance Contracts	945	—	—	945
Hedge Funds	—	—	14,436	14,436
Private Equity	—	—	7	7
Absolute Return Funds	—	51,156	—	51,156
Real Estate				
Non-U.S. Real Estate	—	65,468	1,252	66,720
Total	$ 383,404	$ 377,089	$ 15,695	$ 776,188

Cash and cash equivalents are primarily held in registered money market funds which are valued using a market approach based on the quoted market prices of identical instruments. Other cash and cash equivalents are valued daily by the fund using a market approach with inputs that include quoted market prices for similar instruments.

Equity securities are primarily valued using a market approach based on the quoted market prices of identical instruments. Pooled funds are typically common or collective trusts valued at their net asset values (NAVs).

Fixed income securities are primarily valued using a market approach with inputs that include broker quotes and benchmark yields.

Derivative instruments are valued by the custodian using closing market swap curves and market derived inputs.

Real estate values are primarily based on valuation of the underlying investments, which include inputs such as cost, discounted future cash flows, independent appraisals and market comparable data.

Hedge funds are valued based on valuation of the underlying securities and instruments within the funds. Quoted market prices are used when available and NAVs are used for unquoted securities within the funds.

Absolute return funds are actively managed funds mainly invested in debt and equity securities and are valued at their NAVs.

The following table presents a reconciliation of Level 3 non-U.S. plan assets held during the year ended December 31, 2013:

	Non-U.S. Plans			
(DOLLARS IN THOUSANDS)	Real Estate	Private Equity	Hedge Funds	Total
Ending balance as of December 31, 2012	$ 1,252	$ 7	$ 14,436	$ 15,695
Actual return on plan assets	(31)	—	844	813
Purchases, sales and settlements	—	—	—	—
Ending balance as of December 31, 2013	$ 1,221	$ 7	$ 15,280	$ 16,508

The following weighted average assumptions were used to determine our postretirement benefit expense and obligation for the years ended December 31:

	Expense		Liability	
	2013	2012	2013	2012
Discount rate	4.00%	4.60%	4.80%	4.00%
Current medical cost trend rate	6.75%	7.00%	6.50%	6.75%
Ultimate medical cost trend rate	4.75%	4.75%	4.75%	4.75%
Medical cost trend rate decreases to ultimate rate in year	2021	2021	2021	2021

	Sensitivity of Disclosures to Changes in Selected Assumptions			
	25 BP Decrease in Discount Rate		25 BP Decrease in Discount Rate	25 BP Decrease in Long-Term Rate of Return
(DOLLARS IN THOUSANDS)	Change in PBO	Change in ABO	Change in pension expense	Change in pension expense
U.S. Pension Plans	$ 15,781	$ 15,460	$ 1,085	$ 947
Non-U.S. Pension Plans	$ 36,246	$ 32,866	$ 2,932	$ 1,989
Postretirement Benefit Plan	N/A	$ 3,225	$ 190	N/A

The effect of a 1% increase in the medical cost trend rate would increase the accumulated postretirement benefit obligation and the annual postretirement expense by approximately $6.1 million and $0.3 million, respectively; a 1% decrease in the rate would decrease the obligation and expense by approximately $6.1 million and $0.3 million, respectively.

We contributed $30.0 million and $19.4 million to our qualified U.S. pension plans and non-U.S. pension plans in 2013. We made $3.5 million in benefit payments with respect to our non-qualified U.S. pension plan. In addition, $5.3 million of payments were made with respect to our other postretirement plans.

NOTE 14. FINANCIAL INSTRUMENTS

Fair Value

Accounting guidance on fair value measurements specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect our market assumptions. These two types of inputs create the following fair value hierarchy:

- Level 1 — Quoted prices for *identical* instruments in active markets.
- Level 2 — Quoted prices for *similar* instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations in which all significant inputs and significant value drivers are observable in active markets.
- Level 3 — Valuations derived from valuation techniques in which one or more significant inputs or significant value drivers are unobservable.

This hierarchy requires us to use observable market data, when available, and to minimize the use of unobservable inputs when determining fair value. We determine the fair value of structured liabilities (where performance is linked to structured interest rates, inflation or currency risks) using the London InterBank Offer Rate (“LIBOR”) swap curve and forward interest and exchange rates at period end. Such instruments are classified as Level 2 based on the observability of significant inputs to the model. We do not have any instruments classified as Level 1 or Level 3, other than those included in pension asset trusts included in Note 13.

These valuations take into consideration our credit risk and our counterparties’ credit risk. The estimated change in the fair value of these instruments due to such changes in our own credit risk (or instrument-specific credit risk) was immaterial as of December 31, 2013.

The amounts recorded in the balance sheet (carrying amount) and the estimated fair values of financial instruments at December 31 consisted of the following:

	2013		2012	
(DOLLARS IN THOUSANDS)	**Carrying Amount**	**Fair Value**	**Carrying Amount**	**Fair Value**
Cash and cash equivalents[1]	$ 405,505	$ 405,505	$ 324,422	$ 324,422
Credit facilities and bank overdrafts[2]	984	984	297,147	297,147
Long-term debt:[3]				
Senior notes — 2007	500,000	590,024	500,000	634,000
Senior notes — 2006	125,000	139,146	225,000	248,000
Senior notes — 2013	299,736	278,770	—	—

(1) The carrying amount of cash and cash equivalents approximates fair value due to the short maturity of those instruments.

(2) The carrying amount of our credit facilities and bank overdrafts approximates fair value as the interest rate is reset frequently based on current market rates as well as the short maturity of those instruments.

(3) The fair value of our long-term debt was calculated using discounted cash flows applying current interest rates and current credit spreads based on our own credit risk.

Derivatives

We periodically enter into foreign currency forward contracts with the objective of reducing exposure to cash flow volatility associated with our intercompany loans, foreign currency receivables and payables and anticipated purchases of certain raw materials used in operations. These contracts generally involve the exchange of one currency for a second currency at a future date, have maturities not exceeding twelve months and are with counterparties which are major international financial institutions.

In 2003, we executed a 10-year Yen — U.S. dollar currency swap related to the monthly sale and purchase of products between the U.S. and Japan which has been designated as a cash flow hedge. This swap matured in January 2013.

During the year ended December 31, 2013, we entered into multiple forward currency contracts which qualified as net investment hedges, in order to mitigate a portion of our net European investments from foreign currency risk. The effective portions of net investment hedges are recorded in other comprehensive income ("OCI") as a component of Foreign currency translation adjustments in the accompanying Consolidated Statement of Income and Comprehensive Income. Realized gains/(losses) are deferred in AOCI where they will remain until the net investments in our European subsidiaries are divested. Ten of these forward currency contracts matured during the year ended December 31, 2013. The outstanding forward currency contacts have remaining maturities of less than one year.

During the year ended December 31, 2013, we continued to enter into several forward currency contracts which qualified as cash flow hedges. The objective of these hedges is to protect against the currency risk associated with forecasted U.S. dollar (USD) denominated raw material purchases made by Euro (EUR) functional currency entities which result from changes in the EUR/USD exchange rate. The effective portions of cash flow hedges are recorded in OCI as a component of (Losses)/gains on derivatives qualifying as hedges in the accompanying Consolidated Statement of Income and Comprehensive Income. Realized gains/(losses) in AOCI related to cash flow hedges of raw material purchases are recognized as a component of Cost of goods sold in the accompanying Consolidated Statement of Income and Comprehensive Income in the same period as the related costs are recognized.

During Q1 2013, we entered into three interest rate swaps to hedge the anticipated issuance of fixed-rate debt, which are designated as cash flow hedges. The effective portions of cash flow hedges are recorded in OCI as a component of Losses/gains on derivatives qualifying as hedges in the accompanying Consolidated Statement of Income and Comprehensive Income. During the second quarter of 2013, we terminated these swaps and incurred a loss of $2.7 million, which we will amortize as Interest expense over the life of the Senior Notes - 2013 (discussed in Note 8).

During Q3 2013, we entered into multiple interest rate swap agreements effectively converting the fixed rate on a portion of our long-term borrowings to a variable short-term rate based on the LIBOR plus an interest markup. These swaps are designated as fair value hedges. Amounts recognized in Interest expense were immaterial for the year ended December 31, 2013. In addition, two interest rate swaps designated as fair value hedges matured in July 2013.

The following table shows the notional amount of the Company's derivative instruments outstanding as of December 31, 2013 and December 31, 2012:

(DOLLARS IN THOUSANDS)	December 31, 2013	December 31, 2012
Forward currency contracts	$ 255,500	$ 143,483
Interest rate swaps	$ 375,000	$ 100,000

The following tables show the Company's derivative instruments measured at fair value (Level 2 of the fair value hierarchy) as reflected in the Consolidated Balance Sheets as of December 31, 2013 and December 31, 2012 (in thousands):

	December 31, 2013		
	Fair Value of Derivatives Designated as Hedging Instruments	Fair Value of Derivatives Not Designated as Hedging Instruments	Total Fair Value
Derivative assets[(a)]			
Foreign currency contracts	$ 580	$ 8,896	$ 9,476
Interest rate swaps	670	—	670
	$ 1,250	$ 8,896	$ 10,146
Derivative liabilities[(b)]			
Foreign currency contracts	$ 6,024	$ 2,909	$ 8,933

	December 31, 2012		
	Fair Value of Derivatives Designated as Hedging Instruments	Fair Value of Derivatives Not Designated as Hedging Instruments	Total Fair Value
Derivative assets[(a)]			
Foreign currency contracts	$ 676	$ 2,535	$ 3,211
Interest rate swaps	328	—	328
	$ 1,004	$ 2,535	$ 3,539
Derivative liabilities[(b)]			
Foreign currency contracts	$ 5,251	$ 278	$ 5,529

(a) Derivative assets are recorded to Prepaid expenses and other current assets in the Consolidated Balance Sheet.
(b) Derivative liabilities are recorded as Other current liabilities in the Consolidated Balance Sheet.

The following table shows the effect of the Company's derivative instruments which were not designated as hedging instruments in the Consolidated Statement of Income and Comprehensive Income for the years ended December 31, 2013 and December 31, 2012 (in thousands):

Derivatives Not Designated as Hedging Instruments	Amount of Gain For the years ended December 31, 2013	2012	Location of Gain Recognized in Income on Derivative
Foreign currency contract	$ 16,479	$ 17,847	Other (income) expense, net

Most of these net gains (losses) offset any recognized gains (losses) arising from the revaluation of the related intercompany loans during the same respective periods.

The following table shows the effect of the Company's derivative instruments designated as cash flow and net investment hedging instruments in the Consolidated Statement of Income and Comprehensive Income for the years ended December 31, 2013 and December 31, 2012 (in thousands):

	Amount of Gain or (Loss) Recognized in OCI on Derivative (Effective Portion) For the years ended December 31,		Location of Gain or (Loss) Reclassified from Accumulated OCI into Income (Effective Portion)	Amount of Gain or (Loss) Reclassified from Accumulated OCI into Income (Effective Portion) For the years ended December 31,	
	2013	2012		2013	2012
Derivatives in Cash Flow Hedging Relationships:					
Cross currency swap[(1)]	$ —	$ 1,975	Other (income) expense, net	$ (333)	$ (2,787)
Forward currency contract	(1,308)	(6,523)	Cost of goods sold	(624)	4,206
Interest rate swaps [(2)]	(2,530)	—	Interest expense	(205)	—
Derivatives in Net Investment Hedging Relationships:					
Forward currency contract	(1,330)	(395)	N/A	—	—
Total	$ (5,168)	$ (4,943)		$ (1,162)	$ 1,419

(1) Ten year swap executed in 2003.
(2) Interest rate swaps were entered into as pre-issuance hedges for the $300 million bond offering.

The ineffective portion of the above noted cash flow hedges and net investment hedges was not material for the years ended December 31, 2013 and 2012.

The Company expects approximately $2.1 million (net of tax), of derivative losses included in AOCI at December 31, 2013, based on current market rates, will be reclassified into earnings within the next twelve months. The majority of this amount will vary due to fluctuations in foreign currency exchange rates.

NOTE 15. ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)

The following tables present changes in the accumulated balances for each component of other comprehensive income, including current period other comprehensive income and reclassifications out of accumulated other comprehensive income:

(DOLLARS IN THOUSANDS)	Foreign Currency Translation Adjustments	(Losses) Gains on Derivatives Qualifying as Hedges	Pension and Postretirement Liability Adjustment	Total
Accumulated other comprehensive loss, net of tax, as of December 31, 2012	$ (93,722)	$ (218)	$ (309,685)	$ (403,625)
OCI before reclassifications	(10,556)	(4,956)	4,339	(11,173)
Amounts reclassified from AOCI	—	1,162	20,925	22,087
Net current period other comprehensive income (loss)	(10,556)	(3,794)	25,264	10,914
Accumulated other comprehensive loss, net of tax, as of December 31, 2013	$ (104,278)	$ (4,012)	$ (284,421)	$ (392,711)

(DOLLARS IN THOUSANDS)	Foreign Currency Translation Adjustments	(Losses) Gains on Derivatives Qualifying as Hedges	Pension and Postretirement Liability Adjustment	Total
Accumulated other comprehensive (loss) income, net of tax, as of December 31, 2011	$ (111,409)	$ 4,237	$ (268,137)	$ (375,309)
OCI before reclassifications	17,687	(3,036)	(58,833)	(44,182)
Amounts reclassified from AOCI	—	(1,419)	17,285	15,866
Net current period other comprehensive income (loss)	17,687	(4,455)	(41,548)	(28,316)
Accumulated other comprehensive loss, net of tax, as of December 31, 2012	$ (93,722)	$ (218)	$ (309,685)	$ (403,625)

The following table provides details about reclassifications out of accumulated other comprehensive income to the Consolidated Statement of Comprehensive Income:

(DOLLARS IN THOUSANDS)	December 31, 2013	December 31, 2012	Affected Line Item in the Consolidated Statement of Comprehensive Income
(Losses) gains on derivatives qualifying as hedges			
Cross currency swap	$ (333)	$ (2,787)	Other (income) expense, net
Foreign currency contracts	(861)	5,802	Cost of goods sold
Interest rate swaps	(205)	—	Interest expense
	237	(1,596)	Provision for income taxes
	$ (1,162)	$ 1,419	Total, net of income taxes
(Losses) gains on pension and postretirement liability adjustments			
Settlements / Curtailments	$ (215)	$ (873)	[a]
Prior service cost	(319)	(505)	[a]
Actuarial losses	(33,618)	(26,118)	[a]
	13,227	10,211	Provision for income taxes
	$ (20,925)	$ (17,285)	Total, net of income t axes

(a) The amortization of prior service cost and actuarial loss is included in the computation of net periodic benefit cost. Refer to Note 13 to the Consolidated Financial Statements - Employee Benefits for additional information regarding net periodic benefit cost.

NOTE 16. CONCENTRATIONS OF CREDIT RISK

The Company does not have significant concentrations of risk in financial instruments. Temporary investments are made in a well-diversified portfolio of high-quality, liquid obligations of government, corporate and financial institutions. There are also limited concentrations of credit risk with respect to trade receivables because the Company has a large number of customers who are spread across many industries and geographic regions. The Company’s larger customers are each spread across many sub-categories of its segments and geographical regions. We had one customer that accounted for more than 10% of our consolidated net sales in each year for all periods presented.

NOTE 17. COMMITMENTS AND CONTINGENCIES

Lease Commitments

Minimum rental payments under non-cancelable operating leases are $29.8 million in 2014, $26.4 million in 2015, $23.5 million in 2016 and from 2017 and thereafter through 2031, the aggregate lease obligations are $188.0 million. The corresponding rental expense amounted to $42.5 million, $31.5 million and $30.8 million for the years ended December 31, 2013, 2012 and 2011, respectively. None of our leases contain escalation clauses and they do not require capital improvement funding.

Guarantees and Letters of Credit

The Company has various bank guarantees and letters of credit which are available for use regarding governmental requirements associated with pending litigation in various jurisdictions and to support its ongoing business operations.

At December 31, 2013, we had total bank guarantees and standby letters of credit of approximately $61.3 million with various financial institutions. Of this amount, Euro 9.5 million ($13.0 million) in bank guarantees are related to governmental requirements on income tax disputes in Spain, as discussed in further detail in Note 9. Also included in the above aggregate amount is a total of $13.0 million in bank guarantees which the Company has posted to appeal a Spanish capital tax assessment and $22.1 million for certain other assessments in Brazil for other diverse income tax and indirect tax disputes related to fiscal years 1998-2011. There were no material amounts utilized under the standby letters of credit as of December 31, 2013.

In order to challenge the assessments in these cases in Brazil, the Company has been required to and has separately pledged assets, principally property, plant and equipment to cover assessments in the amount of approximately $17.3 million as of December 31, 2013.

Lines of Credit

The Company has various lines of credit which are available to support its ongoing business operations. December 31, 2013, we had available lines of credit (in addition to the New Facility as discussed in Note 8) of approximately $84.6 million with various financial institutions. There were no material amounts drawn down pursuant to these lines of credit as of December 31, 2013.

Litigation

The Company assesses contingencies related to litigation and/or other matters to determine the degree of probability and range of possible loss. A loss contingency is accrued in the Company's consolidated financial statements if it is probable that a liability has been incurred and the amount of the loss can be reasonably estimated. Because litigation is inherently unpredictable and unfavorable resolutions could occur, assessing contingencies is highly sensitive and requires judgments about future events. On at least a quarterly basis, the Company reviews contingencies related to litigation to determine the adequacy of accruals. The amount of ultimate loss may differ from these estimates and further events may require the Company to increase or decrease the amounts it has accrued on any matter.

Periodically, we assess our insurance coverage for all known claims, where applicable, taking into account aggregate coverage by occurrence, limits of coverage, self-insured retentions and deductibles, historical claims experience and claims experience with our insurance carriers. The liabilities are recorded at management's best estimate of the probable outcome of the lawsuits and claims, taking into consideration the facts and circumstances of the individual matters as well as past experience on similar matters. At each balance sheet date, the key issues that management assesses are whether it is probable that a loss as to asserted or unasserted claims has been incurred and if so, whether the amount of loss can be reasonably estimated. We record the expected liability with respect to claims in Other liabilities and expected recoveries from our insurance carriers in Other assets. We recognize a receivable when we believe that realization of the insurance receivable is probable under the terms of the insurance policies and our payment experience to date.

Environmental

Over the past 20 years, various federal and state authorities and private parties have claimed that we are a Potentially Responsible Party ("PRP") as a generator of waste materials for alleged pollution at a number of waste sites operated by third parties located principally in New Jersey and have sought to recover costs incurred and to be incurred to clean up the sites.

We have been identified as a PRP at nine facilities operated by third parties at which investigation and/or remediation activities may be ongoing. We analyze our potential liability on at least a quarterly basis. We accrue for environmental liabilities when they are probable and estimable. We estimate our share of the total future cost for these sites to be less than $5 million.

While joint and several liability is authorized under federal and state environmental laws, we believe the amounts we have paid and anticipate paying in the future for clean-up costs and damages at all sites are not and will not have a material adverse effect on our financial condition, results of operations or liquidity. This assessment is based upon, among other things, the involvement of other PRPs at most of the sites, the status of the proceedings, including various settlement agreements and consent decrees and the extended time period over which payments will likely be made. There can be no assurance, however, that future events will not require us to materially increase the amounts we anticipate paying for clean-up costs and damages at these sites, and that such increased amounts will not have a material adverse effect on our financial condition, results of operations or cash flows.

Other Contingencies

The Company has contingencies involving third parties (such as labor, contract, technology or product-related claims or litigation) as well as government-related items in various jurisdictions in which we operate pertaining to such items as value-added taxes, other indirect taxes, customs and duties and sales and use taxes, the most significant government related contingencies exist in Brazil. It is possible that cash flows or results of operations, in any period, could be materially affected by the unfavorable resolution of one or more of these contingencies.

With regard to the Brazilian matters, we believe we have valid defenses for the underlying positions under dispute; however, in order to pursue these defenses, we are required to, and have provided, bank guarantees and pledged assets in the aggregate amount of $39.4 million. The Brazilian matters take an extended period of time to proceed through the judicial process and there are a limited number of rulings to date.

In March 2012, ZoomEssence, Inc. filed a complaint against the Company in the U.S. District Court of New Jersey alleging trade secret misappropriation, breach of contract and unjust enrichment in connection with certain spray dry technology disclosed to the Company. In connection with the claims, ZoomEssence is seeking an injunction and monetary damages. ZoomEssence initially sought a temporary restraining order and preliminary injunction, but the Court denied these applications in an order entered on September 27, 2013, finding that ZoomEssence had not demonstrated a likelihood of success on the merits of its claims. The Court subsequently referred the matter to mediation, however the private mediation session did not result in a resolution of the dispute. The case is currently proceeding through general discovery with a trial on the merits anticipated in early 2015. The Company denies the allegations and will vigorously defend its position in Court. At this preliminary stage of the litigation, based on the information currently available to the Company, management does not believe that this matter represents a material loss contingency.

Based on the information available as of December 31, 2013, we estimate a range of reasonably possible loss related to the matters above of $2-$20 million.

In addition, the Spanish tax authorities are alleging claims for a capital tax in a case arising from similar allegations as the income tax cases (discussed in further detail in Note 9). In connection with the 2002 income tax assessment ruling discussed in Note 9, the Appellate Court rejected one of the two bases upon which we based our capital tax position. During the fourth quarter, the Company was notified that the Spanish High Court of Justice ruled against us in regards to the 2002 capital tax case. As a result, the Company recorded a charge of Euro 9.6 million ($13.0 million or $9.1 million, after tax), included in selling and administrative expenses for the year ended December 31, 2013. On January 22, 2014, we filed an appeal and in order to avoid future interest costs in the event our appeal is unsuccessful, we paid $11.2 million (representing the principal amount) during the first quarter of 2014.

NOTE 18. SUBSEQUENT EVENTS

On January 16, 2014, the Company completed the acquisition of Aromor Flavors and Fragrances Ltd., a privately held manufacturer and marketer of complex specialty ingredients that are used in fragrances and flavors. IFF funded the transaction with cash. Aromor will become part of the IFF Fragrances Ingredients business.

EXHIBIT VI

DEFINITIVE PROXY STATEMENT ON SCHEDULE 14A, FILED BY IFF WITH THE SEC ON MARCH 18, 2015

EXHIBIT VI – DEFINITIVE PROXY STATEMENT

International Flavors & Fragrances Inc.
521 West 57th Street
New York, NY 10019

NOTICE OF 2015 ANNUAL MEETING OF SHAREHOLDERS

March 18, 2015

Dear Shareholder:

It is my pleasure to invite you to attend International Flavors & Fragrances Inc.'s 2015 Annual Meeting of Shareholders (the "2015 Annual Meeting"). The meeting will be held on Wednesday, May 6, 2015, at 10:00 a.m. Eastern Daylight Time, at our corporate office, located at 533 West 57th Street, 9th Floor, New York, NY 10019. At the meeting, you will be asked to:

1. Elect ten members of the Board of Directors for a one-year term expiring at the 2016 Annual Meeting of Shareholders.

2. Ratify the selection of PricewaterhouseCoopers LLP as our independent registered public accounting firm for the 2015 fiscal year.

3. Approve, on an advisory basis, the compensation of our named executive officers in 2014.

4. Approve the International Flavors & Fragrances Inc. 2015 Stock Award and Incentive Plan.

5. Transact such other business as may properly come before the 2015 Annual Meeting and any adjournment or postponement of the 2015 Annual Meeting.

Only shareholders of record as of the close of business on March 9, 2015 may vote at the 2015 Annual Meeting. A live audio webcast of our 2015 Annual Meeting will be available on our website, www.iff.com, starting at 10:00 a.m. and a replay will also be available on our website.

It is important that your shares be represented at the 2015 Annual Meeting, regardless of the number of shares you may hold. Whether or not you plan to attend, please vote using the Internet, by telephone or by mail, in each case by following the instructions in our proxy statement. Doing so will not prevent you from voting your shares in person if you are present.

I look forward to seeing you on May 6, 2015.

Sincerely,

Andreas Fibig
Chairman and Chief Executive Officer

We mailed a Notice of Internet Availability of Proxy Materials containing instructions on how to access our proxy statement and our 2014 Annual Report on or about March 18, 2015.

Our proxy statement and our 2014 Annual Report are available online at www.proxyvote.com.
Except as stated otherwise, information on our website is not part of this proxy statement.

PROXY SUMMARY

This proxy summary highlights information contained elsewhere in this proxy statement and does not contain all information that you should review and consider. Please read the entire proxy statement with care before voting.

ANNUAL MEETING

Date and Time: Wednesday, May 6, 2015 at 10:00 a.m. (Eastern Daylight Time)
Place: 533 West 57th Street, 9th Floor, New York, NY 10019
Record Date: March 9, 2015
Voting: Each share of our common stock outstanding at the close of business on March 9, 2015 has one vote on each matter that is properly submitted for a vote at the 2015 Annual Meeting.

VOTING MATTERS AND BOARD RECOMMENDATION

Matter	Board Recommendation	Page Reference (for more details)
Election of Directors	FOR each Director Nominee	5
Ratification of Independent Registered Public Accounting Firm	FOR	28
Advisory Vote on Executive Compensation	FOR	54
Approval of the 2015 Stock Award and Incentive Plan	FOR	76

2014 FINANCIAL HIGHLIGHTS

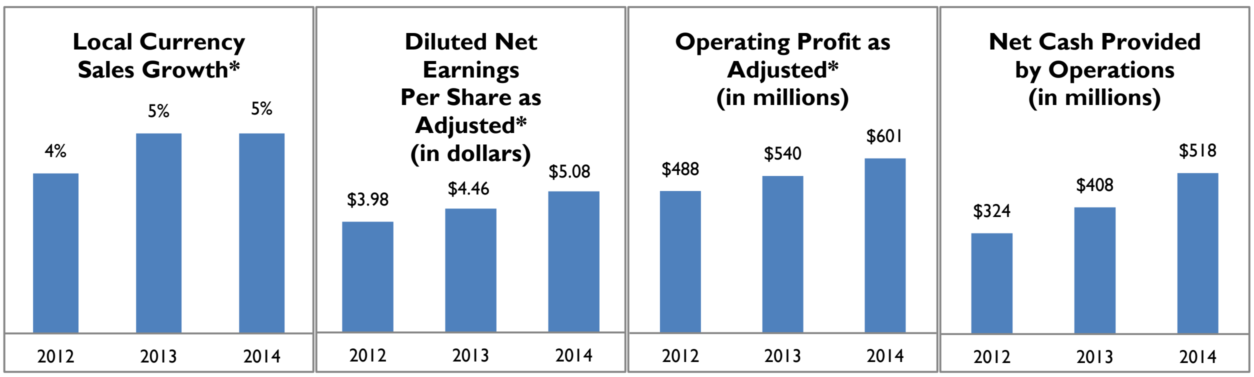
In 2014, we achieved our long-term financial targets and continued to execute key elements of our long-term growth strategy by:

- ***Leveraging our geographic footprint***. Of our total sales in 2014, 50% were derived from emerging markets. In 2014, we opened a new flavors creative facility at our existing facility in Jakarta, Indonesia and a sales office and laboratory in Santiago, Chile, and continued construction of a new flavors creative center and expansion of our manufacturing facility in Gebze, Turkey.
- ***Strengthening our innovation platform***. We continued to invest in research and development, and leveraged our knowledge of consumer trends to drive technological developments, such as our delivery systems, and to create a cost-efficient product portfolio. In 2014, we acquired Aromor Flavors & Fragrances Ltd., a manufacturer and marketer of complex specialty ingredients, to provide us with quality ingredients to use in our compounds.
- ***Maximizing our portfolio***. We continued to improve our performance through a disciplined approach to both investment and evaluation of our business progress, in part by looking for and identifying opportunities to grow our business through internal improvements, allocation of resources towards advantaged categories, customers and markets, and return-based capital investments.

EXHIBIT VI – DEFINITIVE PROXY STATEMENT

2014 was a solid year for the Company in financial and operating performance, delivering strong results for our shareholders.

(dollars in millions except earnings per share amounts)	2012	2013	2014
Net Sales	$2,821	$2,953	$3,089
Local Currency Sales Growth*	4%	5%	5%
Diluted Net Earnings Per Share - as Reported	$3.09	$4.29	$5.06
Diluted Net Earnings Per Share - as Adjusted*	$3.98	$4.46	$5.08
Operating Profit – as Reported	$487	$516	$592
Operating Profit – as Adjusted*	$488	$540	$601
Net Cash Provided by Operations	$324	$408	$518



* See reconciliation of GAAP to Non-GAAP financial measures in Exhibit A to this proxy statement.

For more information relating to the Company's financial performance, please review our 2014 Annual Report on Form 10-K filed with the Securities and Exchange Commission ("SEC") on March 2, 2015.

EXECUTIVE COMPENSATION HIGHLIGHTS

ALIGNING PAY WITH PERFORMANCE

Our compensation program for executive officers is designed to align the interests of our executives with those of our shareholders by linking their compensation to the achievement of financial and operational performance metrics that build shareholder value.

Our annual incentive plan ("AIP") provides awards based on local currency sales growth, operating profit, gross margin and working capital.

Our long-term incentive plan ("LTIP") aligns our executives' interests with those of our shareholders by paying 50% of the earned award in shares of our common stock.

In 2014, our financial performance exceeded all of the target levels for our performance metrics under our 2014 LTIP. For our 2014 AIP, we met two out of the four performance metrics at the corporate level, met or exceeded all of the four performance metrics for our Fragrances business unit, and one out of the four performance metrics for our Flavors business unit. We encourage you to read our Compensation Discussion & Analysis ("CD&A"), beginning on page 31 of this proxy statement, which describes our pay for performance philosophy.

CORPORATE GOVERNANCE HIGHLIGHTS

The following facts outline certain of our corporate governance policies. For a comprehensive discussion of our corporate governance policies, see "Corporate Governance," beginning on page 11 of this proxy statement.

- Our Board will have ten directors, nine of whom are independent directors.
- Our Board is elected via a majority voting standard.
- We have an independent Lead Director to facilitate and strengthen the Board's independent oversight.
- The clawback policies applicable to our executives have been expanded to allow us to recoup from employees in cases of financial misstatements without regard to fault, willful misconduct or violations of Company policy that are material and detrimental to the Company.
- We require our executives and directors to meet stock retention guidelines.
- Our 2015 SAIP, for which we are requesting shareholder approval, includes the following key features:
    - minimum vesting requirements;
    - significant limitations on reuse of shares;
    - double trigger vesting upon a change of control; and
    - clawback provisions that apply to all newly awarded equity and cash bonuses.

EXHIBIT VI – DEFINITIVE PROXY STATEMENT

PROXY STATEMENT
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EXHIBIT VI – DEFINITIVE PROXY STATEMENT

EXHIBIT VI – DEFINITIVE PROXY STATEMENT

PROXY STATEMENT

You are receiving this proxy statement because you own shares of IFF common stock that entitle you to vote at the 2015 Annual Meeting of Shareholders. Our Board of Directors is soliciting proxies from shareholders who wish to vote at the meeting. By using a proxy, you can vote even if you do not attend the meeting. This proxy statement describes the matters on which you are being asked to vote and provides information on those matters so that you can make an informed decision.

I. ANNUAL MEETING INFORMATION

Q: What am I voting on?

A: At the 2015 Annual Meeting you will be asked to vote on the following proposals. Our Board recommendation for each of these proposals is set forth below.

Proposal	Board Recommendation
1. To elect ten members of the Board of Directors, each to hold office for a one-year term expiring at the 2016 Annual Meeting of Shareholders.	**FOR each Director Nominee**
2. To ratify the selection of PricewaterhouseCoopers LLP ("PwC") as our independent registered public accounting firm for the 2015 fiscal year.	**FOR**
3. To approve, on an advisory basis, the compensation of our named executive officers in 2014, which we refer to as "Say on Pay."	**FOR**
4. To approve the International Flavors & Fragrances Inc. 2015 Stock Award and Incentive Plan ("2015 SAIP").	**FOR**

We will also consider other business that properly comes before the meeting in accordance with New York law and our By-laws.

Q: Who can vote?

A: Holders of our common stock at the close of business on March 9, 2015, are entitled to vote their shares at the 2015 Annual Meeting. As of March 9, 2015, there were 80,745,794 shares of common stock issued, outstanding and entitled to vote. Each share of common stock issued and outstanding is entitled to one vote.

Q: What constitutes a quorum, and why is a quorum required?

A: We are required to have a quorum of shareholders present to conduct business at the meeting. The presence at the meeting, in person or by proxy, of the holders of a majority of the shares entitled to vote on the record date (40,372,898 shares) will constitute a quorum, permitting us to conduct the business of the meeting. Abstentions and broker non-votes are counted as present for purposes of determining a quorum. Shares of common stock for which we have received executed proxies will be counted for purposes of establishing a quorum at the meeting, regardless of how or whether such shares are voted on any specific proposal.

Q: What is the difference between a "shareholder of record" and a "street name" holder?

A: If your shares are registered directly in your name with our transfer agent, American Stock Transfer & Trust Company, you are considered a "shareholder of record" or a "registered shareholder" of those shares. In this case, your Notice of Internet Availability of Proxy Materials ("Notice") has been sent to you directly by us.

If your shares are held in a stock brokerage account or by a bank, trust or other nominee or custodian (each, a "Broker"), including shares you may own as a participant in one of our 401(k) plans, you are considered the "beneficial owner" of those shares, which are held in "street name." A Notice has been forwarded to you by or on behalf of your Broker, who is considered the shareholder of record of those shares. As the beneficial owner, you have the right to direct your Broker how to vote your shares by following the Notice's instructions for voting.

Q: How do I vote?

A: If you are a shareholder of record, you may vote:

- via Internet;
- by telephone;
- by mail, if you received a paper copy of the proxy materials; or
- in person at the meeting.

Detailed instructions for Internet and telephone voting are set forth in the Notice, which contains instructions on how to access our proxy statement, annual report and shareholder notice online, and the printed proxy card.

If your shares are held in one of our 401(k) plans, your proxy will serve as a voting instruction for the trustee of the 401(k) plan, who will vote your shares as you instruct. To allow sufficient time for the trustee to vote, your voting instructions must be received by 11:59 pm Eastern Daylight Time on May 3, 2015. If the trustee does not receive your instructions by that date, the trustee will vote the shares you hold through the 401(k) plan in the same proportion as those shares in the 401(k) plan for which voting instructions were received.

If you are a beneficial owner, you must follow the voting procedures of your Broker.

Q: What are the requirements to elect the director nominees and to approve each of the proposals in this proxy statement?

A.

Proposal	Vote Required
1. Election of Directors	Majority of Votes Cast
2. Ratification of Independent Registered Public Accounting Firm	Majority of Votes Cast
3. Say on Pay	Majority of Votes Cast
4. Approval of the 2015 SAIP	Majority of Votes Cast

Under our By-laws, in an uncontested election of directors, as we have this year, a majority of votes cast is required in order for a director to be elected, which means that a nominee must receive a greater number of votes "FOR" his or her election than votes "AGAINST" in order to be elected. Abstentions are not counted as votes "FOR" or "AGAINST" a director nominee.

Under our By-laws, the votes cast "FOR" must exceed the votes cast "AGAINST" the ratification of PwC as our independent registered public accounting firm for the 2015 fiscal year. Abstentions are not counted as votes "FOR" or "AGAINST" this proposal.

Proposal 3 is an advisory vote. This means that while we ask shareholders to approve a resolution regarding Say on Pay, it is not an action that requires shareholder approval. If a majority of votes are cast "FOR" the Say on Pay proposal, we will consider the proposal to be approved. Abstentions are not counted as votes "FOR" or "AGAINST" this proposal.

Under our By-laws, the votes cast "FOR" must exceed the votes cast "AGAINST" to approve the 2015 SAIP. This proposal is also subject to New York Stock Exchange ("NYSE") shareholder approval rules. Under the NYSE rules, abstentions are counted as votes cast and therefore will have the effect of a vote "AGAINST" the proposal.

Q: What if I am a beneficial owner and I do not give the nominee voting instructions?

A: If you are a beneficial owner and your shares are held in "street name," the Broker is bound by NYSE rules regarding whether or not it can exercise discretionary voting power for any particular proposal if the Broker has not received voting instructions from you. Brokers have the authority to vote shares for which their customers do not provide voting instructions on certain routine matters. A broker non-vote occurs when a Broker returns a proxy but does not vote on a particular proposal because the Broker does not have discretionary authority to vote on the proposal and has not received specific voting instructions for the proposal from the beneficial owner of the shares. Broker non-votes are considered to be present at the meeting for purposes of determining the presence of a quorum but are not counted as votes cast.

The table below sets forth, for each proposal on the ballot, whether a Broker can exercise discretion and vote your shares absent your instructions and, if not, the impact of such broker non-vote on the approval of the proposal.

Proposal	Can Brokers Vote Absent Instructions?	Impact of Broker Non-Vote
1. Election of Directors	No	None
2. Ratification of Independent Registered Public Accounting Firm	Yes	Not Applicable
3. Say on Pay	No	None
4. Approval of the 2015 SAIP	No	None

Q: What if I sign and return my proxy without making any selections?

A: If you sign and return your proxy without making any selections, your shares will be voted "FOR" each of the director nominees, and "FOR" each of the three other proposals. If other matters properly come before the meeting, the proxy holders will have the authority to vote on those matters for you at their discretion. If your shares are held in "street name," see the question above on how to vote your shares.

Q: How do I change my vote?

A: A shareholder of record may revoke his or her proxy by giving written notice of revocation to our Corporate Secretary before the meeting, by delivering a later-dated proxy (either in writing, by telephone or over the Internet), or by voting in person at the 2015 Annual Meeting.

If your shares are held in "street name," you may change your vote by following your Broker's procedures for revoking or changing your proxy.

Q: What shares are covered by my proxy card?

A: Your proxy reflects all shares owned by you at the close of business on March 9, 2015. For participants in our 401(k) plans, shares held in your account as of that date are included in your proxy.

Q: What does it mean if I receive more than one proxy card?

A: If you receive more than one proxy card, it means that you hold shares in more than one account. To ensure that all of your shares are voted, you should sign and return each proxy card. Alternatively, if you vote by telephone or via the Internet, you will need to vote once for each proxy card and voting instruction card you receive.

Q: Who can attend the 2015 Annual Meeting?

A: Only shareholders and our invited guests are permitted to attend the 2015 Annual Meeting. To gain admittance, you must bring a form of personal identification to the meeting, where your name will be verified against our shareholder list. If a Broker holds your shares and you plan to attend the meeting, you should bring a brokerage statement showing your ownership of the shares as of the record date or a letter from the Broker confirming such ownership, and a form of personal identification. If you wish to vote your shares that are held by a Broker at the meeting, you must obtain a proxy from your Broker and bring such proxy to the meeting.

Q: If I plan to attend the 2015 Annual Meeting, should I still vote by proxy?

A: Yes. Casting your vote in advance does not affect your right to attend the 2015 Annual Meeting. If you send in your proxy card and also attend the meeting, you do not need to vote again at the meeting unless you want to change your vote. Written ballots will be available at the 2015 Annual Meeting for shareholders of record.

II. PROPOSAL I — ELECTION OF DIRECTORS

Our Board of Directors ("Board") currently has twelve members. Upon the recommendation of the Nominating and Governance Committee of our Board, our Board has nominated the following nine current directors and one director nominee for election at the 2015 Annual Meeting, each for a one-year term that expires at the 2016 Annual Meeting: (i) Marcello V. Bottoli, (ii) Dr. Linda Buck, (iii) Michael L. Ducker, (iv) Roger W. Ferguson, Jr., (v) John F. Ferraro (director nominee); (vi) Andreas Fibig, (vii) Christina Gold, (viii) Henry W. Howell, Jr., (ix) Katherine M. Hudson and (x) Dale F. Morrison. Each nominee has consented to serve if elected. Proxies cannot be voted for a greater number of persons than the number of nominees named. Pursuant to our term limit policy, J. Michael Cook, Alexandra A. Herzan and Arthur C. Martinez, each currently a director, will retire from the Board at the 2015 Annual Meeting. For more information about our term limit policy, see "Corporate Governance—Corporate Governance Guidelines."

We believe that each of our nominees possesses the experience, skills and qualities to fully perform his or her duties as a director and to contribute to our success. Each of our nominees is being nominated because he or she possesses the highest standards of personal integrity and interpersonal and communication skills, is highly accomplished in his or her field, has an understanding of the interests and issues that are important to our shareholders and is able to dedicate sufficient time to fulfilling his or her obligations as a director. Our nominees as a group complement each other and each other's respective experiences, skills and qualities.

The Nominating and Governance Committee retained an independent global search firm, which identified Mr. Ferraro as a potential nominee for director. Thereafter, the Nominating and Governance Committee evaluated Mr. Ferraro's qualifications in light of the Company's guidelines and initiated a process that resulted in his nomination as a director, including interviews with the Chair of the Nominating and Governance Committee, the Lead Director and the Chairman of the Board. The Nominating and Governance Committee recommended Mr. Ferraro as a nominee because of a number of valuable characteristics he would bring to the Board, including his extensive accounting and auditing experience and his experience working with large and global corporations.

Each nominee's principal occupation and other pertinent information about the particular experience, qualifications, attributes and skills that led the Board to conclude that such person should serve as a director appears on the following pages.

The Board recommends a vote FOR the election of each of the following director nominees.

NOMINEES FOR DIRECTOR

MARCELLO V. BOTTOLI, 52

An Italian national with extensive international experience, Mr. Bottoli has been an operating partner of Advent International, a global private equity firm, since 2010, and served as Interim Chief Executive Officer of Pandora A/S, a designer, manufacturer and marketer of hand-finished and modern jewelry, from August 2011 until March 2012. Mr. Bottoli served as President and Chief Executive Officer of Samsonite Inc., a luggage manufacturer and distributor, from March 2004 through January 2009, and President and Chief Executive Officer of Louis Vuitton Malletier, a manufacturer and retailer of luxury handbags and accessories, from 2001 through 2002. Previously, Mr. Bottoli held a number of roles with Benckiser N.V., and then Reckitt Benckiser plc, a home, health and personal care products company, following the merger of Benckiser with Reckitt & Colman Ltd. His experience as a chief executive and emphasis on consumer products, strategic insights and marketing has enabled Mr. Bottoli to provide many insights and contributions to our Board. Mr. Bottoli is Chairman of Pharmafortune S.A., a pharmaceuticals and biotechnology manufacturer, and is a member of the advisory board of Aldo Group, a Canadian footwear retailer, and serves on the board of directors of Desigual, an international fashion retailer based in Spain. Mr. Bottoli served on the board of True Religion Apparel, Inc., a California-based fashion jeans, sportswear and accessory manufacturer and retailer, from 2009 to 2013, on the board of Pandora A/S from 2010 to 2014, on the Board of Ratti Spa, an Italian manufacturer of high-end fabrics and textiles for the fashion industry from 2003 to 2010, and on the Board of Blushington LLC, a California-based makeup and beauty services retailer between 2011 and 2014. Mr. Bottoli has served on our Board since 2007.

Director Since: 2007

Board Committees:
Compensation

DR. LINDA BUCK, 68

Dr. Buck has been a Howard Hughes Medical Institute Investigator since 1994, a Member of the Fred Hutchinson Cancer Research Center, a biomedical research institute, since 2002, and Affiliate Professor of Physiology and Biophysics at the University of Washington since 2003. Dr. Buck's research has provided key insights into the mechanisms underlying the sense of smell. This experience is useful to our research and development efforts in both flavors and fragrances, as is Dr. Buck's technical background in evaluating a host of issues. Dr. Buck is the recipient of numerous awards, including The Nobel Prize in Physiology or Medicine in 2004. Dr. Buck served on the board of directors of DeCode Genetics Inc., a biotechnology company, from 2005 to 2009 and joined our Board in 2007.

Director Since: 2007

Board Committees:
Nominating and Governance

MICHAEL L. DUCKER, 61

Mr. Ducker has been President and Chief Executive Officer of FedEx Freight since January 2015. In that role, he provides strategic direction for the company's less-than-truckload companies throughout North America and for FedEx Custom Critical, a leading carrier of time sensitive, critical shipments. Mr. Ducker was formerly the Chief Operating Officer and President of International for FedEx Express, where he led all customer-facing aspects of the company's U.S. operations and its international business, spanning more than 220 countries and territories across the globe. Mr. Ducker also oversaw FedEx Trade Networks and FedEx Supply Chain. During his FedEx career, which began in 1975, Mr. Ducker has also served as president of FedEx Express Asia Pacific in Hong Kong and led the Southeast Asia and Middle East regions from Singapore, as well as Southern Europe from Milan, Italy. His significant experience at a global organization complements the strength of our Board. Mr. Ducker serves as Chairman of the International Policy Committee, Executive Board Member and Vice Chairman of the U.S. Chamber of Commerce, and as a board member of the Coalition of Service Industries and the U.S.-China Business Council. Mr. Ducker also serves on the board of directors of Amway Corporation, the National Advisory Board of the Salvation Army, the Executive Committee of the American Trucking Association and as a member of the American Transportation Research Institute Board of Directors. Mr. Ducker was appointed to our Board in October 2014.

Director Since: 2014

Board Committees:
Compensation
(beginning May 2015)

ROGER W. FERGUSON, JR., 63

Mr. Ferguson has been the President and Chief Executive Officer of TIAA-CREF, a major financial services company, since April 2008. Mr. Ferguson was an associate and partner at McKinsey & Company from 1984 to 1997 and also was an associate with a major law firm. Mr. Ferguson has served in various policy-making positions, including as Vice-Chairman of the Board of Governors of the U.S. Federal Reserve System from 1999 until 2006, and as Chairman of Swiss Re America Holding Corporation, a global reinsurance company, from 2006 until 2008. Mr. Ferguson currently serves on the Advisory Board of Brevan Howard Asset Management LLP, a global alternative asset manager, on the Congressional Budget Office's Panel of Economic Advisers, and as Chairman of the Business-Higher Education Forum. He was a director of Audax Health, an end-to-end digital health company, and a member of the President's Council on Jobs and Competitiveness. He serves on the boards of a number of charitable and non-governmental organizations, including The Conference Board, Memorial Sloan-Kettering Cancer Center and the American Council of Life Insurers. His background provides excellent experience for dealing with the varied financial and other issues which our Board deals with on a regular basis. Mr. Ferguson has been a member of our Board since 2010.

Director Since: 2010

Board Committees:
Compensation
(Chair beginning May 2015)

JOHN F. FERRARO, 59

Mr. Ferraro was the global chief operating officer of Ernst & Young, a leading professional services firm, from 2007 to January 2015. In that role, he was responsible for the overall operations and services of Ernst & Young worldwide. Prior to the COO role, Mr. Ferraro served in several leadership positions, including as Global Vice Chair of Audit and as the senior advisory partner on some of the firm's largest and global accounts. Mr. Ferraro began his career with Ernst & Young Milwaukee in 1976 and has served a variety of global companies. He has worked in Europe (London and Rome), throughout the Midwest (Chicago, Cleveland and Kansas City) and New York. Mr. Ferraro has served on the board of Advance Auto Parts, an automotive aftermarket parts provider, since February 2015. He founded the Audit Committee Leadership Network in 2003, is a member of the Boston College High School board of trustees, and sits on the board of the Business Council for International Understanding. He is a CPA and a member of the American Institute of Certified Public Accountants. Mr. Ferraro was elected to the Marquette University Board of Trustees in 2006, served as vice chair from 2011 to 2014, and was elected chair in 2014. Mr. Ferraro would bring to our Board his extensive accounting, auditing and executive experience working with large and global corporations. Mr. Ferraro is a nominee for election as a new director at the 2015 Annual Meeting.

Director Nominee

Board Committees:
Audit (beginning May 2015)

ANDREAS FIBIG, 53

Mr. Fibig has been our Chairman since December 2014 and Chief Executive Officer since September 2014. Previously, he served as President and Chairman of the Board of Management of Bayer HealthCare Pharmaceuticals, the pharmaceutical division of Bayer AG, since September 2008. Prior to that position, Mr. Fibig held a number of positions of increasing responsibility at Pfizer Inc., a research-based pharmaceutical company, including as Senior Vice President of the US Pharmaceutical Operations group from 2007 through 2008 and as President, Latin America, Africa and Middle East from 2006 through 2007. Mr. Fibig's prior work experience with pharmaceutical companies Pharmacia GmbH and Boehringer Ingelheim GmbH, have provided him with extensive experience in international business, product development and strategic planning, which are directly translatable to his work as our Chairman and CEO. Mr. Fibig is a board member of EFPIA, the European Federation of Pharmaceutical Industries and Associations, Council of the Americas and vfa, the German Association of Research-Based Pharmaceutical Companies. He chairs the Board of Trustees of the Max Planck Institute for Infection Biology. He joined our Board in 2011.

Director Since: 2011

Chairman of the Board

CHRISTINA GOLD, 67

From September 2006 until September 2010, Ms. Gold was Chief Executive Officer, President and a director of The Western Union Company, a leader in global money movement and payment services. She was President of Western Union Financial Services, Inc. and Senior Executive Vice President of First Data Corporation, former parent company of The Western Union Company and provider of electronic commerce and payment solutions, from May 2002 to September 2006. Prior to that, Ms. Gold served as Vice Chairman and Chief Executive Officer of Excel Communications, Inc., a former telecommunications and e-commerce services provider, from October 1999 to May 2002. From 1998 to 1999, Ms. Gold served as President and CEO of Beaconsfield Group, Inc., a direct selling advisory firm that she founded. Prior to founding Beaconsfield Group, Ms. Gold spent 28 years (from 1970 to 1998) with Avon Products, Inc., a leading global beauty company, in a variety of positions, including as Executive Vice President, Global Direct Selling Development, Senior Vice President and President of Avon North America, and Senior Vice President & CEO of Avon Canada. Ms. Gold brings a number of valuable characteristics to our Board, including her extensive international and domestic business experience, her familiarity with the Company's customer base, her financial expertise and her prior experience as a chief executive officer. Ms. Gold is currently a director of ITT Corporation, a manufacturer of highly engineered components and technology solutions for industrial markets (since 1997), New York Life Insurance, a private mutual life insurance company, and Korn/Ferry International, a leadership and talent management organization. From October 2011 to May 2013, Ms. Gold was a director of Exelis, Inc., a diversified, global aerospace, defense and information solutions company. She also sits on the board of Safe Water Network, a non-profit organization working to develop locally owned, sustainable solutions to provide safe drinking water. Ms. Gold joined our Board in 2013.

Director Since: 2013

Board Committees:
Compensation
Nominating and Governance (beginning May 2015)

HENRY W. HOWELL, JR., 73

Until 2000, Mr. Howell served in various positions during his 34 years with J.P. Morgan, a financial services firm. At J.P. Morgan, Mr. Howell secured extensive business development, finance and international management experience which enables him to provide both a public and a private sector perspective on corporate finance, corporate governance and mergers and acquisitions. This experience also serves us well in conjunction with his service on our Nominating and Governance and Audit Committees. While at J.P. Morgan, Mr. Howell held several overseas positions including head of banking operations in Germany and Chief Executive Officer of J.P. Morgan's Australian merchant banking affiliate, which was publicly listed. Both of these assignments enhanced his ability to analyze complex international business and financial matters. He is currently Chairman of the board of the Norton Art Museum and is a life trustee of the Chicago History Museum. Mr. Howell joined our Board in 2004.

Director Since: 2004

Board Committees:
Audit
Nominating and Governance (Chair)

KATHERINE M. HUDSON, 68

As Chairperson, President and Chief Executive Officer of Brady Corporation, a global manufacturer of identification solutions and specialty industrial products, from 1994 until 2004, Ms. Hudson oversaw a doubling of annual revenues. Her prior experience during 24 years with Eastman Kodak, an imaging technology products provider, covered various areas of responsibility, including systems analysis, supply chain, finance and information technology. Her general management experience spans both commercial and consumer product lines. Ms. Hudson served as a director of Apple Computer Corporation, a designer and manufacturer of consumer electronics and software products, CNH Global NV, a manufacturer of agricultural and construction equipment where she was as a member of the audit committee, and, between 2000 and 2012, Charming Shoppes, Inc., a woman's specialty retailer, where she served as chair of the audit committee. Ms. Hudson's executive experience and her governance leadership on other boards has translated to sound guidance to our Board and as Chair of our Audit Committee. Ms. Hudson has served on our Board since 2008.

Director Since: 2008

Board Committees:
Audit (Chair)

DALE F. MORRISON, 66

Mr. Morrison has been a founding partner of TriPointe Capital Partners, a private equity firm, since 2011. Prior to TriPointe, he served from 2004 until 2011 as the President and Chief Executive Officer of McCain Foods Limited, an international leader in the frozen food industry. A food industry veteran, his experience includes service as Chief Executive Officer and President of Campbell Soup Company, various roles at General Foods and PepsiCo and as an operating partner of Fenway Partners, a private equity firm. Mr. Morrison is a seasoned executive with strong consumer marketing and international credentials and his knowledge of our customer base is very valuable to our Board. Mr. Morrison is currently Non-Executive Chairman of the Center of Innovation at the University of North Dakota, the Non-Executive Chairman of Findus Group, a frozen foods company, and a director of Hale and Hearty, a restaurant business, and InterContinental Hotels Group, an international hotel company, and he previously served as a director of Trane, Inc. He joined our Board in 2011.

Director Since: 2011

Board Committees:
Audit
Nominating and Governance
Lead Director
(beginning May 2015)

III. CORPORATE GOVERNANCE

Corporate Governance Guidelines

Our Board of Directors is responsible for overseeing the management of our Company. The Board has adopted Corporate Governance Guidelines which set forth our governance principles relating to, among other things:

- director independence;
- director qualifications and responsibilities;
- board structure and meetings;
- management succession; and
- the performance evaluation of our Board and Chief Executive Officer ("CEO").

Pursuant to our Corporate Governance Guidelines, a person that has served for twelve consecutive, full annual terms on our Board cannot continue to serve as a director following the twelfth year of service, unless (i) such person is a "Grandfathered" person or one of our officers or (ii) our Board has made a determination that the nomination of such person would be in the best interests of our Company and our shareholders. "Grandfathered" persons are eligible to serve as directors until the annual meeting of shareholders which occurs after the date that the director has turned the age of 72. Pursuant to this policy, J. Michael Cook, Alexandra A. Herzan and Arthur C. Martinez will each retire from our Board at the 2015 Annual Meeting.

The Nominating and Governance Committee reviews our Corporate Governance Guidelines annually, and recommends changes to the Board as appropriate. A copy of our Corporate Governance Guidelines is available through the Investors—Corporate Governance link on our website, www.iff.com.

Independence of Directors

The Board has affirmatively determined that our new director nominee, Mr. Ferraro, and each of our current directors (other than Mr. Fibig, our CEO) meets our independence requirements and those of the NYSE's corporate governance listing standards. Pursuant to our Corporate Governance Guidelines, the Board undertakes an annual review of director independence, which includes a review of each director's responses to questionnaires asking about any relationships with us. This review is designed to identify and evaluate any transactions or relationships between a director or any member of his or her immediate family and us or members of our senior management. In the ordinary course of business, transactions may occur between us and entities with which some of our directors are or have been affiliated. During 2014, in connection with its evaluation of director independence, our Board reviewed transactions between us and any company that has any of our directors or family members of our directors serving as executive officers. Specifically, Mr. Ducker serves as President and Chief Executive Officer of FedEx Freight, a shipping company that provides services to us. We reviewed this commercial relationship and found that all the transactions between us and FedEx were made in the ordinary course of business and were negotiated at arm's length. Mr. Ferraro is former COO of and consultant to Ernst & Young ("E&Y"). E&Y provides tax consulting services to our Company. We reviewed this commercial relationship and found that the transactions were not material to us or E&Y, and were made in the ordinary course of business and were negotiated at arm's length. As a result, our Board determined that these commercial relationships did not impair Messrs. Ducker or Ferraro's independence.

Other Information

On August 5, 2008, the SEC approved a settlement with Ernst & Young LLP and two of its partners, including Mr. Ferraro, relating to auditor independence issues arising out of business relationships between Ernst & Young LLP and an individual who was also a member of the board of directors of three of its audit clients. The matter arose out of actions taken by Mr. Ferraro in 2002 in his role as Vice Chairman of Ernst & Young LLP. Ernst & Young LLP and Mr. Ferraro resolved that matter by way of a negotiated settlement in which the respondents neither admitted nor denied the underlying allegations and accepted an administrative cease and desist order. The negotiated resolution did not involve any suspension, fines or other sanctions against Mr. Ferraro. Mr. Ferraro thereafter remained a partner in good standing at Ernst & Young through January 2015. Our Board of Directors took into consideration all factors regarding Mr. Ferraro's character and experience and believes that he would be a significant asset to the Board.

Board Leadership Structure

As stated in our Corporate Governance Guidelines, the Board does not have a policy that requires a separation of the Chairman of the Board ("Chairman") and CEO positions. The Board believes that it is important to have the flexibility to make this determination from time to time based on the particular facts and circumstances then affecting our business.

Currently, we combine the positions of Chairman and CEO. We believe that the CEO, as the Company's chief executive, is in the best position to fulfill the Chairman's responsibilities, including those related to identifying emerging issues facing our Company, and communicating essential information to the Board about our performance and strategies. We also believe that the combined role of Chairman and CEO provides us with a distinct leader and allows us to present a single, uniform voice to our customers, business partners, shareholders and employees. If at any point in time the Board feels that its current leadership structure may be better served by separating the roles of Chairman and CEO, it may then determine to separate these positions.

In order to mitigate potential disadvantages of a combined Chairman and CEO, the Board has created the position of Lead Director to facilitate and strengthen the Board's independent oversight of our performance, strategy and succession planning and to promote effective governance standards. The independent directors of the Board elect a Lead Director from among the independent directors. Our current Lead Director is Mr. Martinez. Following Mr. Martinez' retirement as of the 2015 Annual Meeting, Mr. Morrison will become Lead Director.

The duties of our Lead Director include:

- presiding at all meetings of the Board at which the Chairman is not present, including executive sessions of the independent directors, and providing prompt feedback regarding those meetings to the Chairman and CEO;
- approving, and providing suggestions for, Board meeting agendas, with the involvement of the Chairman and CEO and input from other directors;
- serving as the liaison between the Chairman and the independent directors;
- monitoring significant issues occurring between Board meetings and assuring Board involvement when appropriate; and
- ensuring, in consultation with the Chairman and CEO, the adequate and timely exchange of information between our management and the Board.

Board Committees

Our Board has an Audit Committee, a Compensation Committee and a Nominating and Governance Committee, each of which operates under a written charter adopted by the Board. Each Committee reviews its charter at least annually and recommends charter changes to the Board as appropriate. In December 2014, each of the Audit Committee, the Compensation Committee and the Nominating and Governance Committee reviewed its charter, and amended it where appropriate. Each Committee charter provides that the Committee will annually review its performance. A current copy of each of the Audit Committee, Compensation Committee and Nominating and Governance Committee charters is available through the Investors — Corporate Governance link on our website, www.iff.com.

The table below provides the current membership and chairperson for each of our Committees and identifies our current Lead Director, and anticipated changes following the 2015 Annual Meeting.

Name	Audit	Compensation	Nominating and Governance	Lead Director
Marcello V. Bottoli		X		
Dr. Linda Buck			X	
J. Michael Cook		X (Chair)[1]		
Michael L. Ducker		X[2]		
Roger W. Ferguson, Jr.		X (Chair elect)[2]		
John F. Ferraro	X[2]			
Andreas Fibig				
Christina Gold		X	X[2]	
Alexander A. Herzan		X[1]		
Henry W. Howell, Jr.	X		X (Chair)	
Katherine M. Hudson	X (Chair)			
Arthur C. Martinez	X[1]		X[1]	X[1]
Dale F. Morrison	X		X	X[2]

X = Committee member

1 = Effective immediately following the 2015 Annual Meeting, each of Ms. Herzan and Messrs. Cook and Martinez will retire as a director and member of the Board Committee noted.

2 = Effective immediately following the 2015 Annual Meeting, if elected to our Board of Directors (i) Mr. Ducker will become a member of the Compensation Committee and Mr. Ferguson will become Chair of that committee, (ii) Ms. Gold will become a member of the Nominating and Governance Committee, (iii) Mr. Ferraro will become a member of the Audit Committee and (iv) Mr. Morrison will become our Lead Director.

Board and Committee Meetings

Our Board held six meetings during 2014. The Audit Committee held eight meetings, the Compensation Committee held five meetings and the Nominating and Governance Committee held six meetings during 2014. Each of our directors attended at least 75% of the total meetings of the Board and Committees on which he or she served during 2014. All of our directors who were serving on the day of last year's annual meeting of shareholders attended that meeting in person. Under our Corporate Governance Guidelines, unless there are mitigating circumstances, such as medical, family or business emergencies, Board members endeavor to participate (either in person or by telephone) in all Board meetings and all Committee meetings of which the director is a member and to attend our annual meeting of shareholders. Our non-employee directors, all of whom are currently independent, meet in executive session, without the presence of any corporate officer or member of management, in conjunction with regular meetings of the Board and Committees. During 2014, our non-employee directors met in executive session as part of every regularly scheduled Board and Committee meeting.

Audit Committee

Responsibilities

The Audit Committee's responsibilities include overseeing and reviewing:

- the financial reporting process and the integrity of our financial statements, capital structure and related financial information;

- our internal control environment, systems and performance;
- the audit process followed by our independent accountant and our internal auditors;
- the appointment, qualifications, independence, performance and compensation of our independent accountant and our internal auditors; and
- the procedures for monitoring compliance with laws and regulations and with our Code of Business Conduct and Ethics.

Additional responsibilities include assisting the Board in overseeing and reviewing enterprise-wide risks and the policies and practices established to manage such risks, in particular as they relate to financial risk assessment and management.

Under procedures adopted by the Audit Committee, the Audit Committee reviews and pre-approves all audit and non-audit services performed by our independent accountant. The Audit Committee may, when it deems appropriate, delegate certain of its responsibilities to one or more Audit Committee members or subcommittees.

Independence and Financial Expertise

The Board reviewed the background, experience and independence of the current Audit Committee members and prospective member, Mr. Ferraro. Based on this review, the Board determined that each current and prospective member of the Audit Committee:

- meets the independence requirements of the NYSE's corporate governance listing standards;
- meets the enhanced independence standards for audit committee members required by the SEC;
- qualifies as an "audit committee financial expert" under SEC rules; and
- is financially literate, knowledgeable and qualified to review financial statements.

Compensation Committee

Responsibilities

The Compensation Committee's responsibilities include:

- determining, subject to approval by the independent directors of the Board, the CEO's compensation;
- reviewing and making determinations regarding compensation of executive officers (other than the CEO) and other members of senior management;
- reviewing, adopting and recommending to the Board, or shareholders as required, general compensation and benefits policies, plans and programs, and overseeing the administration of such policies, plans and programs;
- reviewing and discussing with management each year the Compensation Discussion and Analysis included in our annual proxy statement or annual report on Form 10-K;
- recommending to the Board any changes to the compensation and benefits of non-employee directors; and
- conducting a risk assessment of our overall compensation policies and practices.

Under its charter, the Compensation Committee is responsible for assisting the Board in ensuring that long-term and short-term compensation provide performance incentives to management, and that compensation plans are appropriate and competitive and reflect the goals and performance of management and our Company. As discussed in more detail in this proxy statement under the heading "Compensation Discussion and Analysis," the Compensation Committee considers Company-wide performance against applicable annual and long-term performance goals pre-established by the Compensation Committee, taking into account economic and business conditions, and comparative compensation and benefit performance levels.

If the Compensation Committee deems it appropriate, it may delegate certain of its responsibilities to one or more Compensation Committee members or subcommittees.

Independence

The Board reviewed the background, experience and independence of the Compensation Committee members and prospective member, Mr. Ducker, and based on this review, the Board determined that each current and prospective member of the Compensation Committee:

- meets the independence requirements of the NYSE's corporate governance listing standards;
- is an "outside director" pursuant to the criteria established by the Internal Revenue Service; and
- is a "non-employee" director within the meaning of Rule 16b-3 of the Securities Exchange Act of 1934, as amended (the "Exchange Act").

Role of Compensation Consultant

The Compensation Committee has the sole authority to retain compensation consultants or advisors to assist it in evaluating CEO, senior executive and non-employee director compensation. From time to time, management also retains its own outside compensation consultants. In 2014, the Compensation Committee directly engaged W.T. Haigh & Company ("Haigh & Company") as its independent compensation consultant. Haigh & Company's work with the Committee in 2014 included analyses, advice, guidance and recommendations on executive compensation levels versus peers, market trends and incentive plan designs, the design of the 2015 SAIP, and an assessment of the risk and reward structure of executive compensation plans, policies and practices. In addition, Haigh & Company provided the Committee with advice and recommendations regarding compensation provided to Mr. Tough in connection with his retirement, retention grants for Messrs. Berryman and Mirzayantz, and the compensation packages provided to Messrs. Fibig and Haeni in connection with their new positions and Mr. O'Leary in connection with his interim position. Haigh & Company does not provide any non-executive, compensation-related services to us. The Compensation Committee considered the independence of Haigh & Company and determined that no conflicts of interest were raised.

Role of Management

Our Compensation Committee relies on management for legal, tax, compliance, finance and human resource recommendations, and data and analysis for the design and administration of the compensation, benefits and perquisite programs for our senior executives. The Compensation Committee combines this information with the recommendations and information from its independent compensation consultant.

Our CEO, our Senior Vice President, Human Resources ("SVP HR") and our Senior Vice President, General Counsel and Corporate Secretary ("General Counsel") generally attend Compensation Committee meetings. CEO performance and compensation are discussed by the Compensation Committee in executive session, with advice and participation from the Compensation Committee's independent compensation consultant as requested by the Compensation Committee. Our CEO and SVP HR, without the presence of any other members of senior management, actively participate in the compensation discussions of our senior executives, including making recommendations to the Compensation Committee as to the amount and form of compensation (other than their own).

Compensation Committee Interlocks and Insider Participation

None of the members of the Compensation Committee was at any time during 2014 or at any other time an officer or employee of our Company. None of our executive officers serves as a member of the board of directors or compensation committee of any other entity that has one or more executive officers serving as a member of our Board or Compensation Committee.

Nominating and Governance Committee

Responsibilities

The Nominating and Governance Committee's responsibilities include:

- developing and reviewing criteria for the selection of directors, and making recommendations to the Board with respect thereto;
- identifying qualified individuals to serve on the Board and reviewing the qualifications of director candidates;
- reviewing director candidates recommended by shareholders for election;
- recommending to the Board the nominees to be proposed by the Board for election as directors at the annual meeting of shareholders;
- establishing and reviewing policies pertaining to roles, responsibilities, tenure and removal of directors;
- overseeing CEO and senior management succession plans and monitoring corporate governance issues;
- developing and reviewing the Board and Board committee evaluation process and overseeing the annual CEO evaluation process;
- reviewing and recommending changes to our Corporate Governance Guidelines; and
- reviewing and, if appropriate, approving transactions with related parties.

The Nominating and Governance Committee may, when it deems appropriate, delegate certain of its responsibilities to one or more Nominating and Governance Committee members or subcommittees.

Independence

The Board reviewed the background, experience and independence of the Nominating and Governance Committee members and prospective member, Ms. Gold, and based on this review, the Board determined that each current and prospective member of the Nominating and Governance Committee meets the independence requirements of the NYSE's corporate governance listing standards.

Director Candidates

Our Nominating and Governance Committee has established a policy regarding the consideration of director candidates, including candidates recommended by shareholders. The Nominating and Governance Committee, together with other Board members, from time to time, as appropriate, identifies the need for new Board members. Proposed director candidates who satisfy the criteria described below and who otherwise qualify for membership on the Board are identified by the Nominating and Governance Committee. In identifying candidates, the Nominating and Governance Committee seeks input and participation from other Board members and other appropriate sources so that all points of view are considered and the best possible candidates identified. The Nominating and Governance Committee may also engage a search firm to assist it in identifying potential candidates. Members of the Nominating and Governance Committee and other Board members, as appropriate, interview selected director candidates, evaluate the director candidates and determine which candidates are to be recommended by the Nominating and Governance Committee to the Board. Our Nominating and Governance Committee evaluates the suitability of potential candidates nominated by shareholders in the same manner as other candidates recommended to the Nominating and Governance Committee.

Under our By-laws, if a shareholder wishes to submit a director candidate for consideration by the Nominating and Governance Committee, the shareholder must submit that recommendation to the Nominating and Governance Committee, c/o the Corporate Secretary of International Flavors & Fragrances Inc., in writing, not less than 90 days nor more than 120 days prior to the anniversary date of the prior year's annual meeting of shareholders, except if the annual meeting is not within 30 days of the anniversary date of the prior year's annual meeting, then any recommendation to the Nominating and Governance Committee must be received no later than 10 days following the mailing of notice of the annual meeting or public disclosure of the annual meeting date, whichever occurs first. The request must be accompanied by the information concerning the director candidate and nominating shareholder described in Article I, Section 3(d)(2) of our By-laws. The Nominating and Governance Committee may also request any additional background or other information from any director candidate or recommending shareholder as it may deem appropriate.

Board candidates are considered based on various criteria which may change over time and as the composition of the Board changes. At a minimum, our Nominating and Governance Committee considers the following factors as part of its review of all director candidates and in recommending potential director candidates to the Board:

- judgment, character, expertise, skills and knowledge useful to the oversight of our business;
- diversity of viewpoints, backgrounds, experiences and other demographics;
- business or other relevant experience; and
- the extent to which the interplay of the candidate's expertise, skills, knowledge and experience with that of other Board members will build a Board that is effective, collegial and responsive to our needs and to the requirements and standards of the NYSE and the SEC.

Our Certificate of Incorporation provides that we have at least six but not more than fifteen directors. To ensure independence and to provide the breadth of needed expertise and diversity of our Board, the Board periodically reviews its size and makes appropriate adjustments pursuant to our By-laws. While the Nominating and Governance Committee has not adopted a formal diversity policy with regard to the selection of director nominees, diversity is one of the factors that the Nominating and Governance Committee considers in identifying director nominees. As part of this process, the Nominating and Governance Committee evaluates how a particular candidate would strengthen and increase the diversity of the Board in terms of how that candidate may contribute to the Board's overall balance of perspectives, backgrounds, knowledge, experience, skill sets and expertise in substantive matters pertaining to our business. The Nominating and Governance Committee also annually reviews each current Board member's suitability for continued service as a member of our Board. In addition, each director is required to notify the Chairman of the Nominating and Governance Committee of his or her intention to join or leave the board of another company or of any significant change in status, including changes in employment, so that the Nominating and Governance Committee can review the change and make a recommendation to the full Board regarding the director's continued service.

Risk Management Oversight

Board Role in Overseeing Risk

Our Board is actively involved in the oversight of risks that could affect our Company. This oversight is conducted primarily through the Audit and Compensation Committees of the Board, but the full Board has retained responsibility for the general oversight of risks. The Board is responsible for overseeing and reviewing with management the Company's enterprise-wide risks and the policies and practices established to manage such risks. It is the responsibility of the CEO and other senior management to manage the Company's day-to-day business risks and its risk management process. We believe this division of responsibility is the most effective approach for addressing risk management.

Management maintains an enterprise risk management ("ERM") process which is designed to identify and assess our global risks and to develop steps to mitigate and manage risks. The Board receives regular reports on the ERM process. The Board and the Audit Committee focus on the most significant risks facing us, including operational risk, financial risk, regulatory risk, litigation risk, tax risk, credit risk and liquidity risk, as well as our general risk management strategy, and how these risks are being managed. The Audit Committee is primarily responsible for assisting the Board in its responsibility to oversee and review with management our enterprise-wide risks and the policies and practices established to manage such risks, in particular as they relate to financial risk assessment and management. The Compensation Committee is primarily responsible for overseeing the management of risks associated with compensation policies and practice, our compensation plans (including equity compensation plans and programs), severance, change in control and other employment-related matters.

Compensation Risks

In the fourth quarter of 2014, the Compensation Committee, working with its independent compensation consultant, conducted a risk assessment of our executive compensation programs. The goal of this assessment was to determine whether the general structure of our executive compensation policies and programs, annual and long-term performance goals or the administration of the programs posed any material risks to our Company. In addition, with the input of our SVP HR, the Compensation Committee reviewed compensation programs and policies below the executive level in a Company-wide risk assessment. The Compensation Committee shared the results of this review with our full Board.

The Compensation Committee determined, based on the reviews of its independent compensation consultant and management's input and other factors, that the compensation policies and practices for the Company's employees in 2014, including the established performance goals and incentive plan structures, did not result in excessive risk taking or the implementation of inappropriate business decisions or strategies by the Company's senior executives or employees generally, and that there are no risks arising from our compensation policies and practices for our employees that are reasonably likely to have a material adverse effect on the Company.

Related Person Transactions

Transactions with Related Persons

In 2014, there were no transactions and there are no currently proposed transactions in excess of $120,000 in which the Company was or will be a participant and in which any director, director nominee or executive officer of the Company, any known 5% or greater shareholder of the Company or any immediate family member of any of the foregoing persons had or will have a direct or indirect material interest as defined in Item 404(a) of Regulation S-K.

Related Person Transactions Policy

In accordance with SEC rules, our Board has adopted a written policy for the review and the approval or ratification of any related person transaction. This policy is available through the Investors - Corporate Governance link on our website, www.iff.com. Under the policy, a "related person" is specifically defined as an executive officer, a director, a director nominee, a beneficial owner of more than 5% of any class of voting securities, an immediate family member of any of the foregoing, or a controlled entity, which is defined as an entity owned or controlled by any of the foregoing or in which any such person serves as an officer or partner, or together with all of the foregoing persons, owns 5% or more equity interests. The policy defines a "related person transaction" as a transaction or series of transactions involving a related person and the Company, excluding employment arrangements involving an executive officer or other senior officer or employee of the Company and director compensation arrangements. The policy requires that any such transaction be approved or ratified by the

Nominating and Governance Committee. If accounting issues are involved in the transaction, the Nominating and Governance Committee will consult with the Audit Committee if deemed appropriate.

Pursuant to the policy, a related person transaction will be approved or ratified only if the Nominating and Governance Committee determines that it is being entered into in good faith and on fair and reasonable terms which are in the best interest of our Company and our shareholders. In determining whether to approve or ratify a transaction, the Nominating and Governance Committee considers the following factors, to the extent relevant:

- the related person's relationship to the Company and interest in the transaction;
- the material facts of the transaction;
- the benefits to the Company;
- the availability of alternate sources of comparable products or services and the terms of such alternative; and
- an assessment as to whether the transaction is on terms comparable to the terms available to an unrelated third party or to employees generally.

No related person may participate in the review of a transaction in which he or she may have an interest. In addition, except for non-discretionary contributions made pursuant to our matching contributions program, a charitable contribution by our Company to an organization in which a related person is known to be an officer, director or trustee, is subject to approval or ratification by the Nominating and Governance Committee.

Code of Business Conduct and Ethics

We have adopted a Code of Business Conduct and Ethics (the "Code of Ethics") that applies to all of our employees, including our CEO and our interim Chief Financial Officer ("CFO") (who is also our principal accounting officer). We also have adopted a Code of Conduct for Directors and a Code of Conduct for Executive Officers (together with the Code of Ethics, the "Codes"). The Codes are available through the Investors — Corporate Governance link on our website, www.iff.com.

Only the Board or the Audit Committee may grant a waiver from any provision of our Codes in favor of a director or executive officer, and any such waiver and any amendments to the Codes will be publicly disclosed on our website, www.iff.com.

Share Retention Policy

We encourage our executives and directors to own our common stock so that they share the same long-term investment risk as our shareholders.

Under our Share Retention Policy, each executive and director must retain shares of Company common stock based on a targeted ownership level. There is no deadline by which an executive or director must meet his or her targeted ownership level. The targeted ownership level for directors is five times the cash portion of the annual retainer (not including any retainer for service as a committee chairperson or lead director). The targeted ownership levels for executives are (1) the lesser of shares equal in value to five times base salary or 120,000 shares for our CEO, (2) the lesser of shares equal in value to three times base salary or 35,000 shares for our CFO and Group Presidents, and (3) the lesser of shares equal in value to two times base salary or 20,000 shares for our General Counsel.

If an executive or director does not meet the targeted ownership level, the executive or director may not sell or transfer any shares held in an equity, deferred compensation or retirement plan account managed by us, and the executive or director must retain such shares in such accounts until the targeted ownership level is met. For executives, until the retention requirement is met, the executive must also retain a portion (50%, in the case of our named executive officers) of any shares of common stock acquired from the exercise of a stock option or stock settled appreciation right ("SSAR") or the vesting of restricted stock or a restricted stock unit ("RSU") (after payment of any exercise price and taxes).

Our Share Retention Policy provides executives and directors flexibility in personal financial planning, yet requires them to maintain ongoing and substantial investment in our common stock. As of March 9, 2015, all of our named executive officers and directors were in compliance with their individual retention requirements. Additional detail regarding ownership of our common stock by our executives and directors is included in this proxy statement under the heading "Securities Ownership of Management, Directors and Certain Other Persons."

Equity Grant Policy

The Compensation Committee has adopted an equity grant policy with respect to the issuance of equity awards under our equity plans. Under the equity grant policy, the Compensation Committee approves all equity awards except awards to our CEO and to our non-employee directors, which are approved by our Board. The grant date for annual awards to all employees and for annual awards to our non-employee directors is the date of the Company's annual meeting of shareholders. The grant date for LTIP is the date that the Compensation Committee (or Board in the case of our CEO) approves the applicable LTIP metrics. In addition to the annual grants, equity awards may be granted "off-cycle" at other times during the year to new hires, employees receiving promotions, director appointments and in other special circumstances. The grant price of equity awards (other than LTIP awards) will be the closing price of our common stock on the NYSE on the date of the grant or, if the grant date is not a business day, the closing price on the NYSE on the following business day. The grant price for LTIP awards will be the 20-day trailing average price of our common stock on the NYSE as of the first trading day of the applicable LTIP performance cycle.

Policy Regarding Derivatives, Short Sales, Hedging and Pledges

Under our insider trading policy, directors and executive officers, including our named executive officers, are prohibited from entering into transactions designed to hedge against economic risks associated with an investment in our common stock. These individuals may not trade in derivatives in our securities (such as put and call options), effect "short sales" of our common stock, or enter into monetization transactions or similar arrangements (such as prepaid variable forwards, equity swaps, collars or exchange funds) relating to our securities. These individuals are also prohibited from holding shares of our common stock in margin accounts or pledging shares of our common stock as collateral for a loan.

IV. DIRECTORS' COMPENSATION

Annual Director Cash and Equity Compensation

In 2014, each non-employee director received an annual retainer of $225,000 (or a prorated portion for a partial year of service) relating to the service year from the 2014 Annual Meeting of Shareholders (the "2014 Annual Meeting") to the 2015 Annual Meeting. Of this amount, $112,500 was paid in cash in November 2014, and $112,500 was paid in RSUs issued under our 2010 Stock Award and Incentive Plan ("2010 SAIP") on the date of the 2014 Annual Meeting. These RSUs vest one year from the grant date and are subject to accelerated vesting upon a change in control. The 1,145 RSUs granted to each director on the date of the 2014 Annual Meeting was calculated using the closing market price of our common stock on the grant date. Any director who is an employee of our Company does not receive any additional compensation for his or her service as a director.

Annual Committee Chair and Lead Director Compensation

During 2014, the Lead Director received an additional annual cash retainer of $20,000, the Chair of each of the Audit Committee and Compensation Committee received an additional annual cash retainer of $15,000 and the Chair of the Nominating and Governance Committee received an additional annual cash retainer of $10,000.

Participation in our Deferred Compensation Plan

Non-employee directors are eligible to participate in our Deferred Compensation Plan ("DCP"). A non-employee director may defer all or a portion of his or her cash compensation as well as any RSUs granted to him or her, subject to tax law requirements. Additional details regarding our DCP may be found in this proxy statement under the heading "Executive Compensation—Non-Qualified Deferred Compensation." Non-employee directors are not entitled to matching contributions or the 25% premium on deferrals into our common stock fund that are applicable to employees under the DCP.

Other

We reimburse our non-employee directors for travel and lodging expenses incurred in connection with their attendance at Board and Committee meetings, our shareholder meetings and other Company-related activities.

In addition, each current and former director who began service as a director before May 14, 2003 is eligible to participate in our Director Charitable Contribution Program ("DCCP"). Under the DCCP, directors were paired together and our Company purchased joint life insurance policies on the lives of each paired set of participating directors. We are the owner and sole beneficiary of the policies and are responsible for payment of any premiums. In 2009, the insurance policies were restructured so that no further premiums are required. Assuming no changes to the current Federal tax laws relating to charitable contributions, and if certain other assumptions are met, we expect to recover all of the premium costs that have been paid by us and the after-tax cost of our anticipated charitable contributions pursuant to this program. After a covered director dies, we will donate $500,000 to one or more qualifying charitable organizations previously designated by the deceased director.

Directors first elected on or after May 14, 2003 do not participate in the DCCP. However, all current directors, including those who participate in our DCCP, are eligible to participate in our Matching Gift Program. Under this program, we match, on a dollar for dollar basis, contributions made by directors to qualifying charitable organizations up to a maximum of $10,000 per person per year.

The following table details the compensation paid to or earned by our non-employee directors for the year ended December 31, 2014.

2014 Directors' Compensation

Name	Fees Earned or Paid in Cash($)(1)	Stock Awards ($)(2)(3)(4)	All Other Compensation ($)(5)	Total ($)
Marcello V. Bottoli	112,561	107,092	—	219,653
Dr. Linda Buck	112,561	107,092	—	219,653
J. Michael Cook	127,500	107,092	10,000	244,592
Michael L. Ducker	60,411	59,796	—	120,207
Roger W. Ferguson, Jr.	112,500	107,092	—	219,592
Andreas Fibig (6)	61	107,092	—	107,153
Christina Gold	112,561	107,092	10,000	229,653
Alexandra A. Herzan	112,500	107,092	5,000	224,592
Henry W. Howell, Jr.	122,500	107,092	10,000	239,592
Katherine M. Hudson	127,500	107,092	10,000	244,592
Arthur C. Martinez	132,561	107,092	10,000	249,653
Dale F. Morrison	112,500	107,092	10,000	229,592

(1) The amounts in this column include (i) the annual cash retainer for service as a non-employee director, (ii) for certain directors, the annual cash retainer for service as Lead Director or as chairperson of a Board committee during 2014, and (iii) nominal amounts of cash paid in lieu of fractional shares of common stock. Of the amounts in this column, the following amounts were deferred in 2014 under our DCP: Mr. Cook — $127,500; Mr. Ducker - $60,411; Mr. Ferguson — $112,500; Ms. Herzan - $112,500; Mr. Howell — $122,500; Ms. Hudson — $127,500; and Mr. Morrison — $112,500. Earnings in our DCP were not above-market or preferential and thus are not reported in this table.

(2) The amounts in the Stock Awards and Option Awards columns represent the aggregate grant date fair value of equity awards granted during the fiscal year ended December 31, 2014, computed in accordance with FASB ASC Topic 718. Details on and assumptions used in calculating the grant date fair value of RSUs and options may be found in Note 11 to our audited financial statements for the year ended December 31, 2014 included in our Annual Report on Form 10-K filed with the SEC on March 2, 2015.

(3) Each director received a grant on May 13, 2014 of 1,145 RSUs under our 2010 SAIP. Mr. Ducker received a grant of 615 RSUs in connection with his appointment to the Board of Directors in October 2014. None of our directors forfeited any RSUs or shares of deferred stock during 2014.

(4) As of December 31, 2014, our directors held the following number of unvested RSUs, shares of deferred common stock and, in the case of Mr. Fibig, PRS. The amounts shown below for Mr. Fibig includes 4,095 RSUs received as a non-employee director prior to his appointment as CEO and 7,967 RSUs received upon his appointment as CEO.

Director	RSUs	Deferred Stock	PRS
Marcello V. Bottoli	4,095	11,087	--
Dr. Linda Buck	4,095	11,087	--
J. Michael Cook	4,095	21,727	--

Director	RSUs	Deferred Stock	PRS
Michael L. Ducker	615	612	--
Roger L. Ferguson, Jr.	4,095	3,639	--
Andreas Fibig	12,062	2,310	6,373
Christina Gold	2,440	--	--
Alexandra A. Herzan	4,095	16,432	--
Henry W. Howell, Jr.	4,095	35,357	--
Katherine M. Hudson	4,095	11,165	--
Arthur C. Martinez	4,095	33,323	--
Dale F. Morrison	4,095	5,038	--

The deferred shares, which are held under the DCP, result from deferral of vested equity grants, voluntary deferral of retainer fees or the crediting of additional share units as a result of reinvestment of dividend equivalents. Deferred shares will be settled by delivery of common stock upon the director's separation from service on the Board, or as otherwise elected by the director. All of the deferred shares are included for each director in the Beneficial Ownership Table.

(5) The amounts in this column are contributions made by us under our Matching Gift Program to eligible charitable organizations matching contributions of the director to those charitable organizations during 2014.

(6) Mr. Fibig did not receive the November 2014 cash retainer. The amount in this column represents nominal amounts of cash paid in lieu of fractional shares of common stock.

V. SECURITIES OWNERSHIP OF MANAGEMENT, DIRECTORS AND CERTAIN OTHER PERSONS

Beneficial Ownership Table

Directors and Executive Officers

The following table sets forth certain information regarding the beneficial ownership of our common stock as of March 9, 2015, by each current director, each director nominee, the persons named in the Summary Compensation Table in this proxy statement and all current directors and executive officers as a group. To our knowledge, except as otherwise indicated, beneficial ownership includes sole voting and dispositive power with respect to all shares.

Name and Address of Beneficial Owner (1)	Shares of Common Stock Beneficially Owned (2)(3)	Percent of Class**
Kevin C. Berryman	65,036 (4)	*
Marcello V. Bottoli	13,842 (5)	*
Dr. Linda Buck	12,742 (6)	*
Anne Chwat	55,954 (7)	*
J. Michael Cook	27,844 (8)	*
Michael L. Ducker	1,227 (9)	*
Roger W. Ferguson, Jr.	5,294(10)	*
John F. Ferraro	-	-
Andreas Fibig	18,193(11)	*
Christina Gold	-	-
Matthias Haeni	18,224 (12)	*
Alexandra A. Herzan	800,344(13)	1.0%
Henry W. Howell, Jr.	37,012(14)	*
Katherine M. Hudson	15,320(15)	*
Arthur C. Martinez	35,728(16)	*
Nicolas Mirzayantz	76,769(17)	*
Dale F. Morrison	6,693(18)	*
Richard O' Leary	22,980(19)	*
Douglas D. Tough	259,826(20)	*
All Directors and Executive Officers as a Group (19 persons)	1,572,077(21)	1.9%

* Less than 1%.

** Based on 80,745,794 shares of common stock outstanding.

(1) Except as otherwise indicated, the address of each person named in the table is c/o International Flavors & Fragrances Inc., 521 West 57th Street, New York, New York 10019.

(2) This column includes (i) shares held by our executive officers in our 401(k) Retirement Investment Fund Plan and (ii) shares of Purchased Restricted Stock ("PRS") held by our executive officers. Shares of PRS are subject to vesting and may be forfeited if the executive's employment is terminated.

(3) In determining the number and percentage of shares beneficially owned by each person, shares that may be acquired by such person within 60 days after March 9, 2015 are deemed outstanding for purposes of determining the total number of outstanding shares for such person and are not deemed outstanding for such purpose for all other shareholders. Certain stock equivalent units held in the IFF Stock Fund under our DCP are premium stock equivalent units paid to executives that are subject to vesting and may be forfeited if the executive's employment is terminated. To our knowledge, except as otherwise indicated, beneficial ownership includes sole voting and dispositive power with respect to all shares.

(4) Includes 45,277 stock equivalent units held in the IFF Stock Fund under our DCP. Mr. Berryman resigned from our Company effective December 18, 2014. Mr. Berryman's address is c/o Jacobs Engineering Group, 155 North Lake Avenue, Pasadena, CA 91101.

(5) Represents (i) 1,100 shares held indirectly by a trust for which Mr. Bottoli is the settlor/grantor and Mr. Bottoli and two immediate family members are the beneficiaries, (ii) 11,087 stock equivalent units held in the IFF Stock Fund under our DCP and (iii) 1,655 shares issuable pursuant to RSUs that vest within 60 days after March 9, 2015 that will be automatically deferred to our DCP.

(6) Represents (i) 11,087 stock equivalent units held in the IFF Stock Fund under our DCP and (ii) 1,655 shares issuable pursuant to RSUs that vest within 60 days after March 9, 2015 that will be automatically deferred to our DCP.

(7) Includes (i) 6,642 stock equivalent units held in the IFF Stock Fund under our DCP, (ii) 3,171 shares issuable pursuant to RSUs that vest within 60 days after March 9, 2015 and (iii) 3,739 shares earned under the completed 2012-2014 LTIP cycle that have not yet been issued.

(8) Includes (i) 4,362 shares held by The 2012 Cook Grandchildren's Trust, of which Mr. Cook's spouse is trustee. Mr. Cook disclaims beneficial ownership of these shares, and the inclusion in this table of the shares held by the trust shall not be deemed an admission by Mr. Cook of beneficial ownership of the shares, (ii) 21,727 stock equivalent units held in the IFF Stock Fund under our DCP, and (iii) 1,655 shares issuable pursuant to RSUs that vest within 60 days after March 9, 2015 that will be automatically deferred to our DCP.

(9) Represents (i) 612 stock equivalent units held in the IFF Stock Fund under our DCP and (ii) 615 shares pursuant to RSUs that will vest within 60 days after March 9, 2015.

(10) Represents (i) 3,639 stock equivalent units held in the IFF Stock Fund under our DCP and (ii) 1,655 shares issuable pursuant to RSUs that vest within 60 days after March 9, 2015 that will be automatically deferred to our DCP.

(11) Includes (i) 2,310 shares issuable pursuant to RSUs that vest within 60 days after March 9, 2015 that will be automatically deferred to our DCP, (ii) 1,655 shares pursuant to RSUs that will vest within 60 days after March 9, 2015 that will be automatically deferred to our DCP and (iii) 1,482 shares earned under the completed 2012-2014 LTIP cycle that have not yet been issued.

(12) Includes 2,208 shares earned under the completed 2012-2014 LTIP cycle that have not yet been issued.

(13) Includes (i) 16,432 stock equivalent units held in the IFF Stock Fund under our DCP and (ii) 1,655 shares issuable pursuant to RSUs that vest within 60 days after March 9, 2015 that will be automatically deferred to our DCP. In addition, Ms. Herzan is a director of the van Ameringen Foundation, Inc., which owns 247,673 shares; President, Treasurer and a director of the Lily Auchincloss Foundation, which owns 11,000 shares; a trustee and a beneficiary of a trust which holds 519,581 shares; and a trustee and a beneficiary of a trust which owns 567 shares, all of which shares are included in Ms. Herzan's ownership. Ms. Herzan disclaims beneficial ownership of the shares owned by the van Ameringen Foundation, Inc. and the Lily Auchincloss Foundation and the inclusion in this table of these shares shall not be deemed an admission by Ms. Herzan of beneficial ownership of these shares.

(14) Represents (i) 35,357 stock equivalent units held in the IFF Stock Fund under our DCP and (ii) 1,655 shares issuable pursuant to RSUs that vest within 60 days after March 9, 2015 that will be automatically deferred to our DCP.

(15) Includes (i) 11,165 stock equivalent units held in the IFF Stock Fund under our DCP and (ii) 1,655 shares issuable pursuant to RSUs that vest within 60 days after March 9, 2015 that will be automatically deferred to our DCP.

(16) Includes (i) 33,323 stock equivalent units held in the IFF Stock Fund under our DCP and (ii) 1,655 shares issuable pursuant to RSUs that vest within 60 days after March 9, 2015 that will be automatically deferred to our DCP.

(17) Includes (i) 933 stock equivalent units held in the IFF Stock Fund under our DCP, (ii) 1,883 shares issuable pursuant to RSUs that vest within 60 days after March 9, 2015 and (iii) 6,231 shares earned under the completed 2012-2014 LTIP cycle that have not yet been issued.

(18) Represents (i) 5,038 stock equivalent units held in the IFF Stock Fund under our DCP and (ii) 1,655 shares issuable pursuant to RSUs that vest within 60 days after March 9, 2015 that will be automatically deferred to our DCP.

(19) Includes (i) 1,043 stock equivalent units held in the IFF Stock Fund under our DCP and (ii) 1,904 shares earned under the completed 2012-2014 LTIP cycle that have not yet been issued.

(20) Includes (i) 10,041 stock equivalent units held in the IFF Stock Fund under our DCP and (iii) 27,000 shares earned under the completed 2012-2014 LTIP cycle that have not yet been issued. Mr. Tough retired from our Company in December 2014.

(21) Includes an aggregate of (i) 215,902 stock equivalent units held in the IFF Stock Fund under our DCP, (ii) 17,165 shares issuable pursuant to restricted stock units that vest within 60 days after March 9, 2015, and (iii) 49,353 shares earned under the completed 2012-2014 LTIP cycle that have not yet been issued.

Certain Other Owners

The following table sets forth information regarding each person known by us to be the beneficial owner of more than 5% of our outstanding common stock, as of March 9, 2015, based on a review of filings with the SEC. Unless otherwise indicated, beneficial ownership is direct.

Name and Address of Beneficial Owner	Number of Shares and Nature of Beneficial Ownership	Percent of Class*
BlackRock, Inc. 40 East 52nd Street New York, NY 10022	4,547,484 (1)	5.6%
Capital Research Global Investors 333 South Hope Street Los Angeles, CA 90071	5,190,034 (2)	6.4%
Massachusetts Financial Services Company 111 Huntington Avenue Boston, MA 02199	4,072,758 (3)	5.0%
The Vanguard Group, Inc. 100 Vanguard Blvd. Malvern, PA 19355	6,879,440 (4)	8.5%

* Based on 80,745,794 shares of common stock outstanding.

(1) This amount is based solely on Amendment No. 5 to Schedule 13G filed with the SEC on February 2, 2015 by BlackRock, Inc. to report that it was the beneficial owner of an aggregate of 4,547,484 shares of our common stock as of December 31, 2014. BlackRock has the sole power to vote or direct the vote with respect to 3,822,725 of these shares and sole power to dispose of or direct the disposition of 4,547,484 of these shares.

(2) This amount is based solely on Amendment No. 2 to Schedule 13G filed with the SEC on February 13, 2015 by Capital Research Global Investors, a division of Capital Research and Management Company to report that it is deemed to be the beneficial owner of an aggregate of 5,190,034 shares of our common stock as of December 31, 2014. Capital Research Global Investors has the sole power to vote or direct the vote with respect to these shares.

(3) This amount is based solely on Amendment No. 2 to Schedule 13G filed with the SEC on February 6, 2015 by Massachusetts Financial Services Company ("MFS") to report that MFS and/or certain other non- reporting entities were the beneficial owner of an aggregate of 4,072,758 shares of our common stock as of December 31, 2014. MFS has the sole power to vote or direct the vote with respect to 3,470,340 of these shares and sole power to dispose of or direct the disposition of 4,072,758 of these shares

(4) This amount is based solely on Amendment No. 4 to Schedule 13G filed with the SEC on February 10, 2015 by The Vanguard Group, Inc. to report that it was the beneficial owner of an aggregate of 6,879,440 shares of our common stock as of December 31, 2014. The Vanguard Group has the sole power to vote or direct the vote with respect to 144,303 of these shares, the sole power to dispose of or direct the disposition of 6,746,573 of these shares, and shared power to dispose of or direct the disposition of 132,867 of these shares.

VI. PROPOSAL II — RATIFICATION OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Audit Committee of our Board has selected PricewaterhouseCoopers LLP ("PwC") as our independent registered public accounting firm for 2015, and our Board has directed that our management submit that selection for ratification by our shareholders at the 2015 Annual Meeting. Although ratification is not required by our By-laws or otherwise, we are submitting the selection of PwC to our shareholders for ratification as a matter of good corporate governance. The Audit Committee will consider the outcome of our shareholders' vote in connection with the Audit Committee's selection of our independent registered public accounting firm in the next fiscal year, but is not bound by the shareholders' vote. Even if the selection is ratified, the Audit Committee may, in its discretion, direct the appointment of a different independent registered public accounting firm at any time if it determines that a change would be in the best interests of our Company and our shareholders.

Representatives of PwC are expected to attend the 2015 Annual Meeting, where they will be available to respond to questions and, if they desire, to make a statement.

Our Board recommends a vote FOR the ratification of the Audit Committee's selection of PwC as our Independent Registered Public Accounting Firm for 2015.

Principal Accountant Fees and Services

The following table provides detail about fees for professional services rendered by PwC for the years ended December 31, 2014 and December 31, 2013.

	2014	2013
Audit Fees (1)	$4,733,219	$4,717,290
Audit-Related Fees (2)	$ 610,004	$ 650,056
Tax Fees (3)		
Tax Compliance	$1,148,853	$1,193,386
Other Tax Services	$82,127	$ 426,491
All Other Fees (4)	$63,799	$ 75,066
Total	**$6,638,002**	**$7,062,289**

(1) Audit Fees were for professional services rendered for audits of our consolidated financial statements and statutory and subsidiary audits, consents and review of reports filed with the SEC and consultations concerning financial accounting and reporting standards. Audit Fees also included the fees associated with an annual audit of our internal control over financial reporting, as required by Section 404 of the Sarbanes-Oxley Act of 2002, integrated with the audit of our annual financial statements.

(2) Audit-Related Fees were for due diligence.

(3) Tax Compliance services consisted of fees related to the preparation of tax returns, assistance with tax audits and appeals, indirect taxes, expatriate tax compliance services and transfer pricing services. Other Tax Services consisted of tax planning and tax advisory services.

(4) All Other Fees were for software licenses and other professional services.

Pre-Approval Policies and Procedures for Audit and Permitted Non-Audit Services

The Audit Committee has established policies and procedures to pre-approve all audit and non-audit services to be provided by the independent registered public accounting firm to our Company by category, including audit-related services, tax services and other permitted non-audit services. Under the policy, the Audit Committee pre-approves all services obtained from our independent registered public accounting firm by category of service, including a review of specific services to be performed, fees expected to be incurred within each category of service and the potential impact of such services on auditor independence. The term of any pre-approval is for the financial year, unless the Audit Committee specifically provides for a different period in the pre-approval. If it becomes necessary to engage the independent registered public accounting firm for additional services not contemplated in the original pre-approval, the Audit Committee requires separate pre- approval before engaging the independent registered public accounting firm. To facilitate the process, the policy delegates pre-approval authority to the Audit Committee chairperson to pre-approve services up to $20,000, and the Audit Committee may also delegate authority to one or more of its members to pre-approve services. The Audit Committee member to whom such authority is delegated must report, for informational purposes only, any pre-approval decisions to the Audit Committee at its next scheduled meeting.

All services rendered by PwC to our Company are permissible under applicable laws and regulations. During 2014, all services performed by PwC which were subject to the SEC's pre-approval requirements were approved by the Audit Committee in accordance with the Audit Committee's pre-approval policy in effect during 2014.

AUDIT COMMITTEE REPORT

The Audit Committee ("we," "us" or the "Committee") operates in accordance with a written charter, which was adopted by the Board of Directors. A copy of that charter is available through the Investors – Corporate Governance link on the Company's website at www.iff.com. The Committee comprises four directors whom the Board has determined are "independent," as required by the applicable listing standards of the NYSE and the rules of the SEC, and each of whom qualify as an "audit committee financial expert" as defined by the rules of the SEC.

Management has the primary responsibility for the financial statements and the reporting process, including internal control over financial reporting and disclosure controls and procedures designed to ensure compliance with accounting standards and applicable laws and regulations. The Company's independent registered public accounting firm, PricewaterhouseCoopers LLP ("PwC"), is responsible for performing an integrated audit of the Company's financial statements and internal control over financial reporting in accordance with the auditing standards of the Public Company Accounting Oversight Board ("PCAOB").

The Committee oversees the Company's financial reporting process and internal control structure on behalf of the Board of Directors. We met eight times during 2014, including meeting regularly with PwC and the Company's internal auditor, both privately and with management present. For 2014, we have reviewed and discussed the Company's audited financial statements with management. We have reviewed and discussed with management its process for preparing its report on its assessment of the Company's internal control over financial reporting, and at regular intervals we received updates on the status of this process and actions taken by management to respond to issues and deficiencies identified. We discussed with PwC its audit of the financial statements and of the Company's internal control over financial reporting. We discussed with PwC and the Company's internal auditors the overall scope and plans for their respective audits.

We have discussed with PwC the matters required to be discussed by PCAOB Auditing Standard No. 16, Communications with Audit Committees. We also received the written disclosures and the letter from PwC as required by applicable requirements of the PCAOB regarding the independent accountant's communications with the Audit Committee concerning independence, and discussed with PwC its independence. We concluded that PwC's independence was not adversely affected by the non-audit services provided by PwC, the majority of which consisted of audit-related and tax compliance services.

Based on the reviews and discussions referred to above, we recommended to the Board (and the Board subsequently approved our recommendation) that the audited financial statements be included in the Annual Report on Form 10-K for the fiscal year ended December 31, 2014 for filing with the SEC.

In determining whether to retain PwC as the Company's independent registered public accounting firm for the 2015 fiscal year, we took into consideration a number of factors, including:

- the quality and effectiveness of PwC's historical and recent performance on the Company's audit;
- the length of PwC's tenure as the Company's independent registered public accounting firm, and its familiarity with our business, accounting policies and practices, and internal control over financial reporting;
- PwC's capability, understanding and expertise in handling the breadth and complexity of our global operations;
- the appropriateness of PwC's fees; and
- PwC's independence.

Based on this evaluation, we believe that it is in the best interests of the Company and its shareholders to retain PwC as the Company's independent registered public accounting firm for 2015, which the shareholders will be asked to ratify at the 2015 Annual Meeting of Shareholders.

Audit Committee

Katherine M. Hudson (Chair)

Henry W. Howell, Jr.
Arthur C. Martinez
Dale F. Morrison

VII. COMPENSATION DISCUSSION AND ANALYSIS

Executive Summary

This Compensation Discussion and Analysis is designed to provide our shareholders with a clear understanding of our compensation philosophy and objectives, compensation-setting process and the 2014 compensation of our named executive officers, or NEOs. As discussed in Proposal III, we are conducting our annual Say on Pay vote that requests your approval of the compensation of our NEOs as described in this section and in the tables and accompanying narrative contained below under "Executive Compensation." To assist you with this vote, please review our compensation philosophies, the design of our executive compensation programs and how, we believe, these programs have contributed to our financial performance.

Leadership Transition

Effective September 1, 2014, our Board elected Andreas Fibig as CEO. Mr. Fibig succeeded Douglas D. Tough, who had served as our CEO since 2010. Effective December 1, 2014, Mr. Tough also retired as our Chairman of the Board and Mr. Fibig succeeded Mr. Tough as Chairman on that date. Mr. Tough participated in our executive compensation programs until December 1, 2014. In addition, Hernan Vaisman, our former Group President, Flavors, retired as of April 1, 2014 and was succeeded by Matthias Haeni. In December 2014, Kevin C. Berryman, our former CFO, resigned to take on a new role and rejoin his family in California and Richard O'Leary was named our interim CFO. As a result of these management changes, we have seven NEOs being reported in this Proxy Statement.

Our 2014 NEOs were:

Andreas Fibig	CEO
Douglas D. Tough	Former CEO
Richard O'Leary	Interim CFO
Kevin C. Berryman	Former Executive Vice President and former CFO
Nicolas Mirzayantz	Group President, Fragrances
Matthias Haeni	Group President, Flavors
Anne Chwat	General Counsel

Compensation Philosophy

The core of our executive compensation philosophy is that our executives' pay should be linked to achievement of financial and operating performance metrics that build shareholder value. Consequently, we designed our compensation program to motivate and reward our executives for the achievement of both annual and long-term business goals that are challenging yet attainable. A significant portion of compensation is variable and tied directly to Company and individual performance. We believe that executive compensation should (i) be tied to overall Company performance, (ii) reflect each executive's level of responsibility, (iii) reflect individual performance and contributions and (iv) include a significant equity component. We believe that by keeping the majority of executive pay variable and equity-based we can best ensure alignment with shareholder value and Company growth.

Our 2014 NEO Pay Was Tied to Our Overall 2014 Performance

In 2014, we achieved 5% local currency sales growth, 11% adjusted operating profit growth and 14% adjusted earnings per share growth, all within or above our long-term growth targets of 4% to 6% local currency sales growth, 7% to 9% adjusted operating profit growth and double digit adjusted EPS growth. We continued to execute on our three strategic pillars during the year, as follows:

- leveraging our geographic footprint – we opened a new flavors creative facility at our existing facility in Jakarta, Indonesia, a sales office and laboratory in Santiago, Chile, and continued construction of a new flavors creative center and expansion of our manufacturing facility in Gebze, Turkey;

- strengthening our innovation platform – we continued to invest in research and development and leveraged our knowledge of consumer trends to drive technological developments, such as our delivery systems, and to create a cost-efficient product portfolio. In 2014, we acquired Aromor Flavors & Fragrances Ltd., a manufacturer and marketer of complex specialty ingredients, to provide us with quality ingredients to use in our compounds; and

- maximizing our portfolio – we continued to improve our performance through a disciplined approach to both investment and evaluation of our business progress, in part by looking for and identifying opportunities to grow our business through internal improvements, allocation of resources towards advantaged categories, customers and markets, and return-based capital investments.

As a result, we exceeded all of the target levels for our performance metrics under our Long-Term Incentive Plan ("LTIP"). For our Annual Incentive Plan ("AIP"), we met or exceeded all of the four performance metrics for our Fragrances business unit, two out of the four performance metrics at the corporate level and one out of the four performance metrics for our Flavors business unit. The 2014 annual compensation of our NEOs reflected these results.

2014 Annual Incentive Plan Targets and Payout. Our AIP continues to be based on the achievement of four financial performance metrics that management and the Board believe are significant indicators of our financial performance: (1) local currency sales growth, (2) operating profit, (3) gross margin and (4) working capital. These performance metrics are measured (A) at the consolidated corporate level for our CEO, former CFO, interim CFO and General Counsel and (B) at both the consolidated corporate level and the business unit level for the Group Presidents of Fragrances and Flavors.

For 2014, at the corporate level, we met or exceeded our targets in two of the four performance metrics. As a result, the overall corporate AIP payout was approximately 84.7% of the target award for our CEO, former CFO, interim CFO and General Counsel, whom are evaluated solely on corporate performance for purposes of our AIP. Our Fragrance business unit exceeded its targets in all of the four performance metrics, resulting in an AIP payout, when combined with the corporate level performance, of approximately 111.0% of the target award for our Group President, Fragrances. Our Flavors business unit performance met our target in one of the four performance metrics, was between threshold and target for two of the four performance metrics, and did not meet the threshold for one of the four performance metrics. This resulted in an AIP payout, when combined with the corporate level performance, of approximately 56.2% of the target award for our current Group President, Flavors.

Long-Term Incentive Plan Results for 2014. Our LTIP is structured in three-year cycles, which are administered in four equally-weighted performance segments: Year 1, Year 2, Year 3 (each an "annual performance segment") and cumulative performance over the three-year period (the "cumulative performance segment"). During the three annual performance segments, Company performance is measured against two equally-weighted financial metrics, Economic Profit ("EP") and relative Total Shareholder Return ("TSR"). Relative TSR is the sole financial metric for the cumulative performance segment for all of the current LTIP cycles.

For 2014, our EP was $274 million, as adjusted for 2014 non-core items. As a result, our NEOs earned approximately 133.3% of the EP goal for the 2014 segment of its current LTIP cycles. Our TSR for 2014 was at the 57th percentile and generated a payout of approximately 111.5%. Our cumulative TSR for the 2012-2014 LTIP cycle was at the 68th percentile, and resulted in a 166.0% payout.

For additional details regarding the AIP and LTIP, including the threshold, target and maximum levels for each performance metric, please see the sections below titled "Direct Compensation Components and 2014 Compensation Decisions "—Annual Incentive Plan" and "—Long Term Incentive Plan."

Compensation-Related Corporate Governance

To ensure continued alignment of compensation with Company performance and the creation of shareholder value, we maintain strong compensation-related corporate governance policies, including the following:

- In early 2014, we expanded the scope of our clawback policies by amending the triggers for recovery of compensation from executives to include financial misstatements, without regard to fault, and an employee's willful misconduct or violation of a Company policy that is materially detrimental to the Company in addition to the prior triggers of accounting restatements, and an employee's violation of non-competition, non-solicitation, confidentiality and similar covenants;

- We require our executives, including our NEOs, to meet share ownership guidelines;

- Our Executive Severance Policy ("ESP") provides that all equity awards are subject to a "double trigger" and only accelerate in connection with a change in control if an ESP participant is terminated without cause or terminates for "good reason" within two years following a change in control;

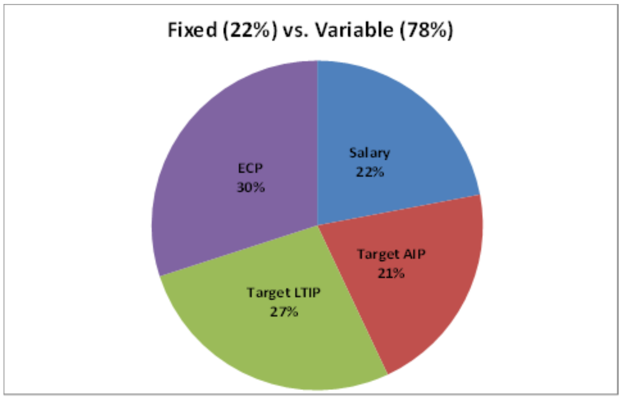
- In 2014, we amended the ESP to eliminate the legacy tax gross-up. As a result, none of our NEOs are entitled to a tax gross-up for severance payments; and

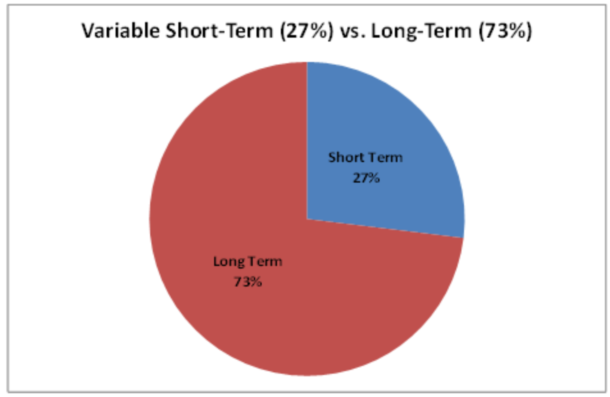
- In 2014, the ESP was also amended to reduce the amount of severance payable to our employees, resulting in a reduction in payments to our Tier I executive officers (other than our CEO) prior to or more than two years after a change in control or within two years of a change in control from 24 to 18 months and 36 to 24 months, respectively.

Our Executive Compensation Program

We pay for performance. Our target total direct compensation for 2014 reflects our commitment that a significant portion of our executive compensation should be variable and tied directly to achievement of our short-term and long-term financial and operational objectives.

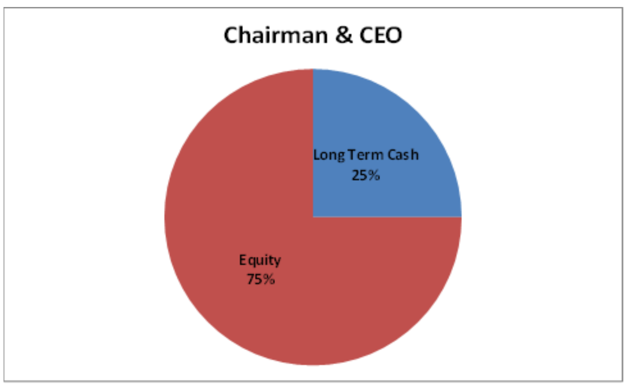
During 2014, as in prior years, our executive officers' direct compensation elements primarily consisted of (1) base salary, (2) AIP awards, (3) LTIP awards and (4) Equity Choice Program ("ECP") awards. As described further below, in 2014, we experienced leadership changes with our CEO and Group President, Flavors, retiring during the year, and our former CFO resigning to take on a new role and rejoin his family in California. In connection with those transitions, compensation decisions made with respect to our new CEO, new Group President, Flavors, and interim CFO took into account additional factors. As a result, the charts below only reflect compensation for Messrs. Tough, Berryman and Mirzayantz and Ms. Chwat. For 2014, 78% on average of the target total direct compensation payable to Messrs. Tough, Berryman and Mirzayantz and Ms. Chwat was variable, and the value of such variable compensation was tied directly to stock price performance or performance versus pre-defined annual and long-term performance metrics, with 73% of this performance-based compensation tied to long-term performance metrics.

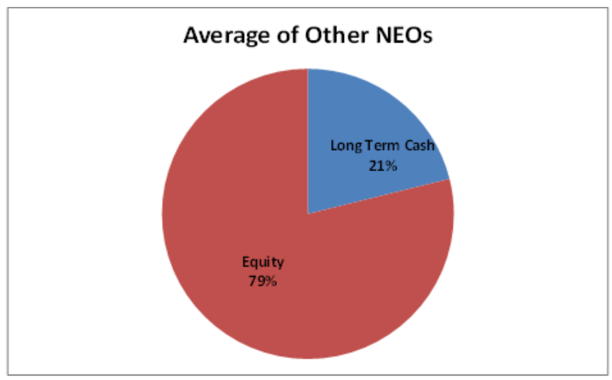




We align the interests of our executives with those of our shareholders. We have designed our executive compensation program to provide a significant portion of our executives' total direct compensation in the form of equity and to encourage their direct investment in the Company as well as long-term ownership. For 2014, approximately 56% of the variable target compensation payable to Messrs. Tough, Berryman and Mirzayantz and Ms. Chwat was payable in equity. The proportion of long-term incentive compensation opportunity provided in the form of equity versus cash under our LTIP and ECP for (i) Mr. Tough and (ii) Messrs. Berryman and Mirzayantz and Ms. Chwat, on average, for 2014, was as follows:

Target Long-Term Incentive Compensation





We require our executives to meet certain share retention guidelines. Our executives, including our NEOs, are required to meet certain share retention guidelines to align our executives' interests with those of our shareholders under our Share Retention Policy. Additional information about our Share Retention Policy is set forth above under "Corporate Governance – Share Retention Policy."

Compensation Setting Process

Annual Review

Our Compensation Committee (the "Committee") is responsible for overseeing the design, implementation and administration of long-term and short-term compensation (including equity awards, benefits and perquisites) for all executive officers and other members of senior management. The Committee recommends CEO compensation to the full Board for its approval. During 2014, as in prior years, the Committee engaged W.T. Haigh & Company ("Haigh & Company") as its independent compensation consultant to assist the Committee in fulfilling its responsibilities. During fiscal year 2014, Haigh & Company's work with the Committee included analyses, advice, guidance and recommendations on executive compensation levels versus peers, market trends and incentive plan designs, and the design of our 2015 SAIP. In addition, Haigh & Company provided the Committee with advice and recommendations regarding compensation provided to Mr. Tough in connection with his retirement, retention grants for Messrs. Berryman and Mirzayantz, and the compensation packages provided to Messrs. Fibig and Haeni in connection with their new positions and Mr. O'Leary in connection with his interim position. Haigh & Company is engaged exclusively by the Committee on executive and director compensation matters and does not have other consulting arrangements with the Company.

Our CEO and SVP HR evaluate the performance and, with input from Haigh & Company, the competitive pay positioning for senior management members that report directly to the CEO, including our NEOs, and make recommendations to the Committee concerning each such executive's target annual compensation. Our CEO follows the same process with regard to the target compensation for our SVP HR, without her input, and the Committee follows the same process with regard to the target compensation for our CEO, without his input.

As part of its compensation setting process, the Committee also considers the results of the prior year's shareholder advisory vote on our executive compensation. It believes these voting results provide useful insight as to whether shareholders agree that the Committee is achieving its goal of designing an executive compensation program that promotes the best interests of the Company and its shareholders by providing its executives with appropriate compensation and meaningful incentives. As part of its 2014 compensation setting process, the Committee reviewed the results of the 2013 shareholder advisory vote, in which 96.9% of the votes cast were voted in favor of our executive compensation program.

New Executive Officer Compensation

In February 2014, Mr. Vaisman, our Group President, Flavors, announced his intention to retire effective April 1, 2014. The Board appointed Matthias Haeni, who was our Regional General Manager for Flavors Europe, Africa, and the Middle East, to succeed Mr. Vaisman based upon his prior contributions to our Flavors business unit and understanding of the developing markets. In connection with his promotion and his transfer to the United States, the Committee approved Mr. Haeni's compensation package after consultation with the Company's compensation consultant. In establishing Mr. Haeni's compensation, the Committee also took into consideration the compensation packages being provided to each of our Group Presidents in 2014 and the package previously provided to Mr. Haeni in his role as Regional General Manager. Based on such considerations, the Committee approved offering Mr. Haeni a salary slightly below the salary of our other Group President, the same AIP target that was provided to Messrs. Mirzayantz and Vaisman in 2013, and LTIP and ECP awards that were slightly below those awarded to Mr. Mirzayantz in 2014. Mr. Haeni had previously been granted awards in the 2012-2014 LTIP Cycle and the 2013-2015 LTIP Cycle as part of his prior compensation package. Consequently, the Committee did not award him additional participation in these LTIP cycles. Furthermore, Mr. Haeni had previously been a participant in the ECP program. In recognition that the new position would require Mr. Haeni to relocate to the United States, the Committee approved transitional assistance associated with Mr. Haeni's tax, housing and retirement savings for a limited period with such benefits declining annually.

In May 2014, Mr. Tough, our CEO, announced his intention to retire as CEO effective September 1, 2014. Upon Mr. Tough's decision to retire, the Committee and Board determined that it was important that the Company appoint an executive who had in-depth knowledge of the Company's strategy and initiatives and who would be able to immediately step into the role of CEO. Based on such determination, the Board offered Mr. Fibig, a director of the Company, the position of CEO. In connection with Mr. Tough's retirement, our Board determined that he would continue as our employee during the period that he continued to act as Chairman of the Board and granted him other benefits as set forth in the Summary Compensation Table below.

In connection with his appointment, the Committee and the Board approved Mr. Fibig's compensation package after consultation with the Committee's compensation consultant. As part of establishing Mr. Fibig's compensation package, the Board and the Committee reviewed the compensation package being provided to Mr. Tough and the Committee recommended, and the Board approved, offering Mr. Fibig the same salary and AIP target as those provided to Mr. Tough for 2014 and a pro-rated ECP award of $750,000. Consistent with the treatment of previous newly-hired senior executives, Mr. Fibig was also granted pro-rata participation in each of the current LTIP cycles at the same LTIP level as Mr. Tough. The Committee also recommended, and the Board approved, a one-time ECP award of $500,000 and a one-time cash bonus of $1,000,000. The Committee believed that the $1,000,000 cash bonus would facilitate Mr. Fibig selecting PRS for his one-time ECP award of $500,000 (which requires a co-investment) and therefore further align his interests with those of the shareholders. In October 2014, Mr. Fibig used the cash bonus to elect PRS for his ECP award, which vests in April 2015.

For additional disclosure regarding compensation for Mr. Fibig, please refer to the discussion of these benefits below under "Executive Compensation – Employment Agreements or Arrangements."

In June 2014, the Committee granted each of Messrs. Berryman and Mirzayantz a special retention award with an award value of $2,000,000. These awards were granted in the form of restricted stock units and were designed to promote Messrs. Berryman's and Mirzayantz's retention through the CEO transition. Mr. Berryman's award was subsequently forfeited in connection with his resignation on December 18, 2014.

In November 2014, Mr. Berryman, our former CFO, announced his resignation, effective December 18, 2014. The Committee and the Board determined that it was important that the Company appoint an interim CFO who had in-depth knowledge of the Company and who would be able to immediately step into the role of CFO. As a result, the Board requested that Mr. O'Leary, then Vice President and Controller, assume the responsibilities of interim CFO as the Company conducted a search for a new CFO. Mr. O'Leary previously served as interim CFO in 2008-2009. As interim CFO, Mr. O'Leary will receive an additional $15,000 per month, of which $7,500 will be paid each month and $7,500 will accrue and be deferred until three months following the appointment of a permanent CFO. In addition, Mr. O'Leary received a one-time RSU award equal in value to $150,000, vesting two years from the date of grant. Mr. O'Leary continued to be eligible for an annual bonus target of 50% of his base salary, as adjusted for the increase during his tenure as interim CFO. All other terms of Mr. O'Leary's compensation remain unchanged.

Principles for Setting Compensation Targets

On an annual basis, the Committee reviews and approves the compensation of our NEOs. We use a global grading structure for our NEOs, with compensation ranges for each grade. Our NEOs are placed in a particular grade based on internal factors (including scope of responsibilities and job complexity) and an external market evaluation. The external market evaluation is based on published third party general survey information and a review of similar positions within our selected peer groups described below. This process is referred to as "market benchmarking."

Market Benchmarking

The Committee reviews its external market benchmarking and peer group data annually. The Committee's goals are to position (i) target total cash compensation at median or slightly above and (ii) target total direct compensation (salary, annual incentive compensation and long-term incentive compensation) between the median to 75th percentile of relevant market benchmarks. In July 2013, the Committee reviewed peer group data with our independent compensation consultant for purposes of determining the appropriate peer group for 2014 compensation decisions.

2014 Benchmarking for the former and current CEO, former CFO and Group Presidents. For 2014 compensation decisions regarding (i) the former and current CEO, (ii) the former CFO and (iii) each of the Group Presidents, the Committee, based on recommendations from Haigh & Company, decided to benchmark compensation against the average of (1) its Select Peer Group and (2) the General Industry Cut of the Towers Watson General Industry Index Survey.

The Select Peer Group was evaluated versus the criteria set forth below:

1. U.S. publicly traded companies of comparable size with manufacturing operations (generally based on revenue of $1B — $7B and market capitalization of $1B — $14B);

2. Strong in-house R&D activities;

3. Global scope with significant international presence (international operations generally accounting for at least 25% of total revenues);

4. Growth orientation, with positive sales and earnings growth over the three years prior to the review and selection of the peer groups;

5. Companies with which we compete for executive talent; and

6. Progressive companies with positive reputations.

For 2014, the Select Peer Group consisted of the following companies:

Church & Dwight Co., Inc.	Hormel Foods Corporation
The Clorox Company	Jarden Corporation
Coty, Inc.	McCormick & Company, Incorporated
Elizabeth Arden, Inc.	Newell Rubbermaid Inc.
Energizer Holdings, Inc.	Nu Skin Enterprises, Inc.
The Estee Lauder Companies Inc.	Revlon, Inc.
Herbalife Ltd.	Sensient Technologies Corporation
The Hershey Company	Tupperware Brands Corporation

There were four companies considered that did not meet all of the desired criteria - Hershey, Hormel, Estee Lauder and Church & Dwight. The Committee ultimately decided to include these four companies in the Select Peer Group. Each of Hershey, Hormel and Estee Lauder were slightly above either the revenue or market capitalization criteria, and all four companies were slightly below the international revenues contribution percentage. The Committee decided to keep these companies in the Select Peer Group (i) based on the significant comparability of these businesses to one of our two business units and (ii) to allow for year-over-year consistency in the peer group.

At the time of the Committee's determination of the Select Peer Group, we were positioned at approximately the 31st percentile of the Select Peer Group in terms of revenue, the primary scope comparison measure, for the respective fiscal year. Our current relative revenue is positioned at approximately the 31st percentile of the Select Peer Group.

The 2014 Select Peer Group was modified from the prior year's group by (i) removing one company that had been acquired (Ralcorp Foods) and (ii) adding one company with similar business lines that had recently become publicly-traded (Coty, Inc.). In addition, the Committee revised the selection criteria described above to remove the requirement that R&D expense be generally over 1% of total revenue and modified the size of comparable U.S. publicly-traded companies to be generally based on revenue of $1 billion to $7 billion and market capitalization of $1 billion to $14 billion. As discussed above, the Committee weighted the compensation data derived from the General Industry Cut of the Towers Watson Survey equally with the Select Peer Group data. The General Industry Cut comprises 205 companies having $1 billion to $6 billion in reported revenues, with median revenues of $2.7 billion. Energy and financial companies were excluded from this selection as the Committee believed that the industry business models and the pay practices of these two industries are less comparable to ours, particularly in a volatile economic climate.

In July 2014, the Committee reviewed its Select Peer Group with Haigh & Company for purposes of its upcoming 2015 compensation setting process and determined that no changes to the peer group were necessary for 2015.

2014 Benchmarking for Other Executive Officers. Based on recommendations by its compensation consultant, the Committee determined that the Select Peer Group did not provide sufficient comparative data for the other executive officer positions that were reviewed by the Committee. Consequently, for all other executive officer positions, including the General Counsel, instead of using the Select Peer Group, the Committee used the aggregate data available from a select cut of the Towers Watson General Industry Index that (i) identified themselves as belonging to the consumer products or the food and beverage industry and (ii) had revenues between $1 billion and $7 billion (the "Consumer Products Select Cut"). The Committee averaged (1) the Consumer Products Select Cut with (2) the Towers Watson General Industry Index to determine median and 75th percentile target compensation.

For 2014, the Towers Watson General Industry Index was modified to remove Chiquita Brands, Brunswick, Nu Skin Enterprises and Ralcorp Holdings and add Beam, Dr. Pepper Snapple Group. Inc., Flowers Foods and Hormel. In addition, consistent with the revisions made to the Select Peer Group, the range of revenues that was used increased to those with reported revenues of between $1 billion and $7 billion. Therefore, for 2014, the Consumer Products Select Cut comprised 22 companies, (including six companies that are also part of the Select Peer Group) with median revenue of $4.1 billion. The companies included in the Consumer Products Select Cut were as follows:

Armstrong World Industries, Inc.	Jack In The Box Inc.
Beam	The J.M. Smucker Company
Dr. Pepper Snapple Group, Inc.	Lorillard, Inc.
The Estee Lauder Companies Inc.	Mattel, Inc.
Flower Foods	Molson Coors Brewing Company
Hanesbrands Inc.	Newell Rubbermaid Inc.
Harman International Industries, Incorporated	Owens Corning
Hasbro, Inc.	Polaris Industries Inc.
The Hershey Company	Revlon, Inc.
HNI	Steelcase Inc.
Hormel	Tupperware Brands Corporation

Use of Market Reference Ranges. The Committee's independent compensation consultant derives the median and 75th percentile "market reference" values for each executive position based on the average of the two relevant compensation indexes and uses these values to analyze each NEO's actual pay from the prior fiscal year and base salary, target total cash compensation and target total direct compensation for the current year. This analysis is reviewed with the Committee and, in the case of the compensation of NEOs other than the CEO, with the CEO. In determining target total direct compensation for each executive in 2014, the Committee considered the consultant's market reference analysis. In addition, the Committee considered a number of other important factors, including each executive's:

- individual performance;
- scope of responsibilities;
- relative responsibilities compared with other senior Company executives;
- contribution relative to overall Company performance;
- compensation relative to his or her peers within the organization;
- long-term potential; and
- competitiveness of compensation as compared to peer companies.

The Committee uses the market reference range in order to establish a starting point for the compensation levels that the Committee believes would provide our NEOs with competitive compensation. However, the actual target total direct compensation approved by the Committee may be above or below the market reference range based on the Committee's review of market compensation levels, its desire to create internal pay equity among our executives and the individual factors set forth above.

For 2014, the target total direct compensation awarded by the Committee to Mr. Tough and to each of Messrs. Berryman and Mirzayantz and Ms. Chwat was between or slightly below the targeted 50th to 75th percentile range. The target total direct compensation awarded by the Committee to Mr. Fibig, excluding a one-time sign on bonus and ECP award, was also between the 50th and the 75th percentile of the relevant market reference range, while Mr. Haeni's target total direct compensation was below the 50th percentile for all compensation elements other than his AIP target, which was at the 75th percentile. Mr. O'Leary's target total direct compensation as Controller approximated the 75th percentile. The total actual compensation paid for the year, as compared to target compensation approved at the beginning of the year, may differ depending on Company and individual performance. Consequently, the actual pay received by a NEO may be higher or lower than his or her market reference range.

Compensation Elements and Targeted Mix

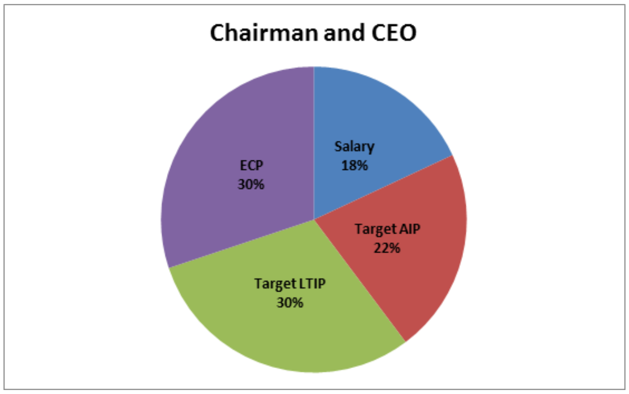
Our executive compensation program includes direct and indirect compensation elements. Our indirect compensation elements consist of (i) our Deferred Compensation Program, (ii) a limited perquisite program, (iii) severance and other benefits under our Executive Severance Policy, (iv) benefits under an Executive Death Benefit Plan and (v) long-term disability coverage. The Committee regularly reviews the costs and benefits of these programs.

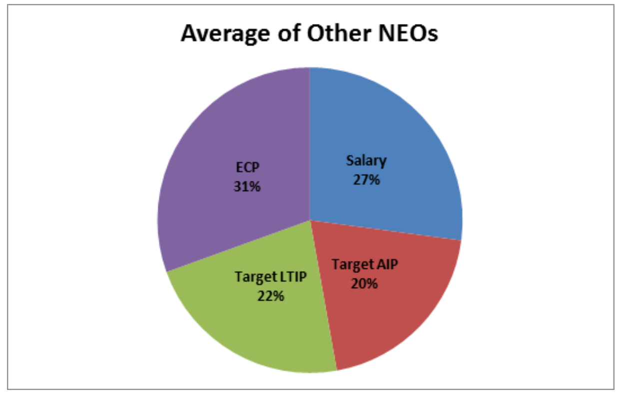
We believe that direct compensation should be the principal form of compensation. The table below provides a brief description of the principal elements of direct compensation, whether such compensation is fixed or variable, and the compensation program objectives served by each pay element. From time to time, the Committee may also approve discretionary bonuses to officers in connection with their initial employment, for extraordinary individual performance or a significant contribution to Company strategic objectives, or for retention purposes.

Element	Fixed or Variable	Primary Objective
Base Salary	Fixed	• To attract and retain executives by offering salary that is competitive with market opportunities and that recognizes each executive's position, role, responsibility and experience.
AIP award	Variable	• To motivate and reward the achievement of our annual performance objectives including local currency sales growth, operating profit, gross margin and working capital.
LTIP award	Variable	• To motivate and reward the annual profitability performance and the annual and cumulative relative TSR performance over rolling three-year periods. • To align executives' interests with those of shareholders by paying 50% of the earned award in shares of our common stock (with the remaining 50% being payable in cash) and including TSR as a key measure of long-term performance.
ECP award	Variable	• To align executives' interests with the interests of shareholders through equity-based compensation. • To encourage direct investment in the Company. • To serve as an important retention tool.

The payouts under our AIP and LTIP plans are based on our achievement of performance metrics set at the beginning of the relevant measurement period. Our ECP awards are used as a retention tool and the amounts are determined at the beginning of each year and reflect the executive's performance in the prior year. These payouts vary from year to year and thus compensation of our NEOs can vary with performance.

For 2014, based on target AIP and LTIP achievement levels and actual ECP awards, the components of total direct compensation for Mr. Tough and the average of the total direct compensation components for Messrs. Berryman and Mirzayantz and Ms. Chwat, as a group, were as follows:





We believe that the significant portion of direct compensation that is variable; i.e., 82% in the case of Mr. Tough and 73% in the case of Messrs. Berryman and Mirzayantz and Ms. Chwat, as a group, closely aligns our executives' compensation opportunity with our performance by enabling our executives to earn more than target compensation if we achieve superior performance, or causing them to earn less than target compensation if we do not meet our performance goals or if the value of our common stock does not increase over time. The proportionately greater variable portion of direct compensation targeted for our CEO reflects his role and responsibility as our executive most accountable to our shareholders for company-wide performance.

Long-term compensation to our NEOs includes LTIP awards and ECP awards. LTIP awards, if earned, are paid 50% in common stock and 50% in cash. Equity makes up a larger portion of total long-term compensation than cash. This approach, combined with our Share Retention Policy discussed above, is intended to promote significant long-term share ownership by each of our executives and to align their interests, and their at-risk longer term compensation, with those of our shareholders.

The Committee periodically reviews the mix between short-term and long-term incentive compensation opportunities and between cash and non-cash opportunities based on (1) benchmarking and other external data, (2) recommendations from our independent compensation consultant and (3) recommendations from our CEO and SVP HR.

Direct Compensation Components and 2014 Compensation Decisions

Salaries

The Committee reviews the salaries of our NEOs annually. In February 2014, the Committee reviewed the base salaries of its NEOs and approved base salary increases for Messrs. Berryman and Mirzayantz in the amounts of $25,000 and $30,000, respectively. Base salaries for Mr. Tough and Ms. Chwat, who received an increase to her base salary of $15,000 in April 2013, were not increased as part of this review. As discussed above, the base salaries of each of Messrs. Fibig, Haeni and O'Leary were set in connection with their appointments as CEO, Group President, Flavors and interim CFO, respectively.

Annual Incentive Plan

The Committee maintains the AIP for our NEOs and other employees. Overall, the Committee seeks to establish corporate performance goals that are challenging yet attainable. For our NEOs, 2014 AIP payouts depended on the achievement of specific Company-wide quantitative performance goals and, in the case of the Group Presidents, business unit goals as well. Each year the Committee sets an AIP target (stated as a percentage of base salary) for each NEO. For 2014, the Committee decided to maintain the AIP percentage targets at the same level as 2013.

	2014 Salary	Target AIP as % Base Salary	AIP Target
Andreas Fibig[1]	$1,200,000	120%	$1,440,000
Douglas D. Tough	$1,200,000	120%	$1,440,000
Richard O'Leary[2]	$300,790	50%	$150,395
Kevin C. Berryman	$550,000	80%	$440,000
Nicolas Mirzayantz	$540,000	80%	$432,000
Matthias Haeni[3]	$460,000	80%	$368,000
Anne Chwat	$465,000	60%	$279,000

(1) Reflects Mr. Fibig's salary and AIP target on an annualized basis. The actual 2014 AIP payout was calculated on a pro rata basis to reflect his appointment as CEO effective as of September 1, 2014.
(2) Reflects Mr. O'Leary's salary and AIP target prior to his appointment as interim CFO in December 2014.
(3) Reflects Mr. Haeni's salary and AIP target as Group President, Flavors, on an annualized basis. His actual 2014 AIP payout was calculated based on his prior AIP target as Regional General Manager for Flavors EMEA from January 1, 2014 through March 31, 2014 and the above AIP target from April 1, 2014 through December 31, 2014.

Performance Metrics and Capped AIP Payouts: Based on a review of the annual and long-term financial goals, operational plans, strategic initiatives and the prior year's actual results, the Committee annually sets the financial performance metrics for the Company and the respective business units that it will use to measure performance as well as the relative weighting that will be assigned to each metric. The Committee then approves threshold, target and maximum performance levels for each performance metric. Upon achievement of the relative performance level, an executive has the opportunity to earn up to the following AIP target award for such metric:

Threshold	—	25%
Target	—	100%
Maximum	—	200%

2014 AIP Performance Metrics: As discussed above, for 2014 AIP awards, the Committee approved four financial performance metrics: (1) local currency sales growth, (2) operating profit, (3) gross margin percentage and (4) working capital percentage. These performance metrics were selected for the following reasons:

- Local currency sales growth reflects both increases in market share and sales expansion, which drives increases in gross profit. By measuring achievement exclusive of currency fluctuations, this goal helps to ensure that we are rewarding real incremental growth.

- An increase in operating profit (in dollar terms) encourages the management of gross profit dollars against operating expenses. Achieving this goal helps provide the Company with the funding to reinvest in the business to drive future growth.

- Improvement in gross margin percentage is an important measure for analyzing our ability to effectively recover increases in the cost of raw materials, cost discipline and operating efficiencies.

- Improvements in working capital drive better operating cash flow generation. For this purpose, we define working capital as inventories and trade accounts receivable less trade accounts payable.

For 2014, the weighting assigned to each of the financial performance metrics was as follows:

	Corporate Participants (1)		Business Unit Participants (2)		
Performance Metric	**Corporate Weighting**	**Bus. Unit Weighting**	**Corporate Weighting**	**Bus. Unit Weighting**	**Total Weighting**
Local Currency Sales Growth	40%	0%	20%	20%	40%
Operating Profit	30%	0%	15%	15%	30%
Gross Margin Percentage	15%	0%	0%	15%	15%
Working Capital Percentage	15%	0%	15%	0%	15%
Total	100%	0%	50%	50%	100%

(1) CEO, former and interim CFO and General Counsel.
(2) Our Group Presidents. Prior to his promotion, Mr. Haeni's weighting was 30% Corporate performance and 70% Business Unit performance.

The 2014 weightings for corporate and business unit participants remained unchanged, and continue to assign greater weight to local currency sales growth and operating profit goals because the Committee believes that these two performance metrics are the most relevant measures of overall annual Company performance and are key to driving sustained long-term growth.

Determination of 2014 Performance Levels: In determining our 2014 AIP performance threshold, target and maximum levels, the Committee considered our annual targets for 2014, our 2013 actual results, payout trends over the prior three-year and five-year periods and the pro forma impact of the Aromor acquisition. The performance target level was set in line with our 2014 budget and above our 2013 actual results, and the threshold performance target level was set above the low end of our Company's long-term strategic growth targets.

2014 Corporate and Business Unit AIP Performance: Our actual performance against our 2014 AIP corporate financial metrics is set forth in the tables below. In establishing AIP financial performance metrics and in determining actual achievement against performance metrics, we eliminated the net impact of certain non-core expenses and non-core gains in order to reflect our fundamental operating results. For 2014, the AIP target performance levels and actual achievement against the target performance levels excluded costs or income associated with (i) the closing of our Fragrance ingredients plant in Augusta, Georgia, (ii) plant closings, partial closings and relocations in Asia, (iii) unbudgeted mark-to-market adjustments related to our Deferred Compensation Plan, (iv) compensation costs incurred in connection with the CEO transition and other senior management changes, (v) unbudgeted expenses in connection with litigation matters, (vi) the impact of the Aromor acquisition, and (vii) certain tax-related items (together, the "2014 non-core items"). Similarly, we excluded the effects of incentive compensation provisions in calculating gross margin performance in order to better focus on the underlying operating performance of our product portfolio. The Committee believes that the necessary self-funding of incentive compensation payments is covered in the operating profit component of the AIP program.

Corporate Performance

The table below reflects the 2014 AIP financial metrics, their respective targets and the payouts earned for each metric and overall by each of Messrs. Fibig, Tough, Berryman and O'Leary and Ms. Chwat, who were all evaluated solely on corporate performance.

Performance Metric	**Threshold**	**Target**	**Maximum**	**Actual**	**Award Payout (as % of Target)**	**Corporate Weighting**	**Total Weighted Award**
Local Currency Sales Growth	4.0%	6.8%	9.6%	5.2%	57.1%	40%	22.9%
Operating Profit	$583M	$613M	$643M	$612M	98.3%	30%	29.5%
Gross Margin	43.1%	44.6%	46.1 %	44.6%	100.0%	15%	15.0%

Performance Metric	Threshold	Target	Maximum	Actual	Award Payout (as % of Target)	Corporate Weighting	Total Weighted Award
Working Capital	30.8%	29.3%	27.8%	29.1%	116.0%	15%	17.4%
Total Award (as % Target)	25%	100%	200%	—	—	100%	84.7%

During 2014, our corporate performance was between target and maximum for two of the performance metrics, gross margin and working capital, and was between target and threshold for the remaining two performance metrics, local currency sales growth and operating profit. The actual dollar amount earned by each NEO is set forth below under "2014 Individual AIP Payouts."

Fragrance Business Unit Performance

The table below reflects the 2014 AIP financial metrics, their respective targets and the payouts earned for each metric and overall by our Group President, Fragrance.

Performance Metric	Threshold	Target	Max.	Award Payout (as % of Target)	Bus. Unit Weight	Bus. Unit Weighted Award	Corp. %	Corp. Weighted Award	Total Weighted Award
Local Currency Sales Growth	3.9%	6.7%	9.5%	103.6%	20%	20.7%	20%	11.4%	32.1%
Operating Profit	$308M	$322M	$345M	158.5%	20%	31.7%	10%	9.8%	41.5%
Gross Margin	43.3%	44.8%	46.3%	113.3%	15%	17.0%	0%	0%	17.0%
Working Capital	34.6%	32.9%	31.2%	135.6%	15%	20.3%	0%	0%	20.3%
Total Award (as % Target)	25%	100%	200%	—	50%	—	50%	—	110.9%

During 2014, our Fragrance business unit performance was between target and maximum for each business unit performance metric. The actual dollar amount earned by our Group President, Fragrance is set forth below under "2014 Individual AIP Payouts."

Flavors Business Unit Performance

The table below reflects the 2014 AIP financial metrics, their respective targets and the payouts earned for each metric and overall by our Group President, Flavors.

Performance Metric	Threshold	Target	Max.	Award Payout (as % of Target)	Bus. Unit Weight	Bus. Unit Weighted Award	Corp. %	Corp Weighted Award	Total Weighted Award
Local Currency Sales Growth	4.4%	7.2%	10.0%	0.0%	20%	0.0%	20%	11.4%	11.4%
Operating Profit	$335M	$351M	$376M	39.8%	20%	8.0%	10%	9.8%	17.8%
Gross Margin	43.1%	44.6%	46.1%	80.0%	15%	12.0%	0%	0%	12.0%
Working Capital	26.8%	25.5%	24.2%	100.0%	15%	15.0%	0%	0%	15.0%
Total Award (as % Target)	25%	100%	200%	—	50%	—	50%	—	56.2%

During 2014, our Flavors business unit performance was at target for working capital, between target and threshold for operating profit and gross margin, and was below threshold for local currency sales growth. The actual dollar amount earned by our Group President, Flavors is set forth below under "2014 Individual AIP Payouts."

2014 Individual AIP Payouts

The AIP payout for 2014 for the NEOs, based on the actual achievement of each of the financial performance metrics, is included under the heading "Grants of Plan-Based Awards" in this proxy statement. Based on the Corporate and Business Unit performance outlined in the tables above, 2014 AIP payouts were as follows:

		2014 Payout	
Executive	**2014 AIP Target ($)**	**As % of Target**	**Award ($)**
Andreas Fibig[(1)]	$1,440,000	85%	$407,673
Douglas D. Tough[(2)]	$1,440,000	85%	$1,119,432
Richard O'Leary[(3)]	$150,395	85%	$130,296
Kevin C. Berryman[(4)]	$440,000	0%	$0
Nicolas Mirzayantz	$432,000	105%	$454,464
Matthias Haeni[(5)]	$368,000	68%	$247,998
Anne Chwat	$279,000	85%	$236,313

(1) Reflects Mr. Fibig's AIP target on an annualized basis. The actual 2014 AIP payout was calculated on a pro rata basis to reflect his appointment as CEO effective as of September 1, 2014.
(2) Mr. Tough's actual 2014 AIP payout was pro-rated to reflect his termination of employment effective as of December 1, 2014.
(3) Mr. O'Leary's actual 2014 AIP payment was calculated based on his actual salary received in 2014.
(4) Mr. Berryman was not eligible to receive any 2014 AIP payout as a result of his resignation.
(5) Reflects Mr. Haeni's AIP target as Group President, Flavors, on an annualized basis. His actual 2014 AIP payout was calculated based on his prior AIP target as Regional General Manager for Flavors EMEA from January 1, 2014 through March 31, 2014 and the above AIP target from April 1, 2014 through December 31, 2014.

Long-Term Incentive Plan

We believe that LTIP awards reward our executive officers, including our NEOs, for financial results and align their interests with the interests of our shareholders. Annually, the Committee reviews the LTIP to determine (1) the metrics that should be used to encourage long-term success, (2) the weightings that should be applied to such metrics and (3) the annual and cumulative targets for such metrics. The Committee believes that commencing a new three-year LTIP cycle each year helps to (i) provide a regular opportunity to re-evaluate long-term metrics, (ii) align goals with the ongoing strategic planning process and (iii) reflect changes in our business priorities and market factors. The Committee also annually sets a total LTIP target award for each NEO, which reflects the total LTIP value a NEO has the opportunity to receive at the end of the three-year cycle if we meet all our targets. To the extent that we meet the minimum target financial goals or the maximum financial goals, the actual payout to the NEO could be significantly less or more than the total LTIP target award.

Performance Segments. Given the difficulty in setting long-term goals in current volatile global economic environments, the Committee believes that the LTIP should continue to comprise four performance segments, consisting of three annual performance segments (Year 1, Year 2 and Year 3) and a cumulative segment covering the three-year period. In each performance segment, 25% of the total LTIP target award is earned.

Performance Metrics. During the three annual performance segments, Company performance is measured against two equally-weighted financial metrics, TSR and EP. We believe that evaluating EP helps us identify the sources and drivers of value across our businesses and that EP growth is closely linked to the creation of long-term shareholder value. EP measures operating profitability after considering (i) all our revenues and operating costs, (ii) income taxes and (iii) a charge for the capital employed in the business. Capital employed primarily consists of working capital, property, plant and equipment, and intangible assets. The capital charge is determined by applying the estimated weighted average cost of capital ("WACC") to the adjusted average invested capital employed (including changes and/or loss provisions associated with non-operating events such as restructurings and tax or litigation settlements) during the relevant period. The estimated WACC rate is the blended average cost of our debt and equity capital. In determining the EP target for the 2014 LTIP, the Committee considered our annual targets for 2014, our 2013 actual results, payout trends over the prior three-year and five-year periods and the pro forma impact of the Aromor acquisition.

For the cumulative performance segment, Company performance continues to be measured by TSR. The Committee believes that TSR, as compared to other public companies in which shareholders may choose to invest, is a good indicator of our overall long-term performance, and directly ties our executives' compensation opportunity to our share price appreciation and dividend payments relative to a major large-cap index.

TSR is calculated by measuring the change in the market price of stock plus dividends paid (assuming the dividends are reinvested) for the Company and the S&P 500 companies over the performance period. The market price for purposes of calculating the TSR of the Company and the S&P 500 on each year-end or cycle-end date is determined based on the average closing price per share of each company's common stock over the period of 20 consecutive trading days preceding that date, as reported by S&P Capital IQ.

For each of the three annual performance segments, each of the goals for EP and TSR is set at the beginning of each annual performance segment and is equally weighted. For the cumulative segment, the TSR goal is set at the beginning of the three-year cycle.

The table below sets forth the relative weightings of each metric for each of our current LTIP cycles:

Segment	Economic Profit (EP) Growth	Total Shareholder Return (TSR) relative to the S&P 500	Total Weighting of Segment
Year 1	12.5%	12.5%	25%
Year 2	12.5%	12.5%	25%
Year 3	12.5%	12.5%	25%
Cumulative Segment (Year 1-Year 3)	0%	25%	25%
Total LTIP Cycle	**37.5%**	**62.5%**	**100%**

At the end of each year, the Committee reviews our annual performance and cumulative performance for the newly completed three-year cycle. To the extent that our annual performance has met or exceeded the threshold annual EP goal and the threshold annual TSR goal, the Committee approves "banking" the credit that will be applied to the payout at the end of the three-year cycle. For the completed three-year cycle, the Committee approves the total payout, taking into consideration the performance for each of the prior annual performance segments.

2014-2016 LTIP Target Awards

In early 2014, the Committee approved the following total LTIP target awards to each of our NEOs (other than Mr. Fibig's LTIP target award which was approved in May 2014 as part of his employment agreement) for the 2014-2016 performance cycle:

NEO	Total LTIP Target Award
Andreas Fibig*	$2,000,000
Douglas D. Tough*	$2,000,000
Richard O'Leary	$150,395
Kevin C. Berryman	$500,000
Nicolas Mirzayantz	$500,000
Matthias Haeni	$500,000
Anne Chwat	$279,000

* Messrs. Fibig's and Tough's actual LTIP awards were pro-rated to reflect their partial year of employment.

The Committee set the cumulative three-year TSR goal for the 2014-2016 LTIP cycle at the same level that had been set for the prior year's LTIP cycle, as follows:

Criteria	Threshold (25%)	Target (100%)	Maximum (200%)
Cumulative TSR vs. S&P 500	35th percentile	55th percentile	75th percentile

For the 2014-2016 LTIP cycle, the Committee determined that 50% of the value of any payouts would be paid in cash and 50% would be paid in shares, consistent with the 2012-2014 and 2013-2015 LTIP cycles. The Committee believes that paying 50% of the LTIP value in shares creates a stronger alignment between executives and shareholders, and provides additional incentive for executives to achieve superior Company performance and to produce share price appreciation over the three-year performance cycle. The number of shares of our common stock for the 50% portion that would be paid in stock is determined based on the market price of the common stock at the beginning of the cycle. For the 2014 cycle, it was based on $85.51 per share, the average closing market price for the twenty trading days prior to January 2, 2014, the first stock trading day of the cycle. At the conclusion of each of the first two annual performance segments, the dollar value and number of shares will be "banked" based on the performance of each such segment. When the final performance segment and the three-year cycle are concluded and the LTIP payouts are approved by the Committee, the cumulative dollar value and cumulative number of shares will be paid to the executive.

Annual LTIP Goals and 2014 LTIP Performance

In early 2014, the Committee also set the threshold, target and maximum 2014 annual EP goal and maximum annual TSR goal which applies to each of the three current LTIP performance cycles, as follows:

Criteria	Threshold (25%)	Target (100%)	Maximum (200%)
EP	$244M	$266M	$289M
Annual TSR vs S&P 500	35th percentile	55th percentile	75th percentile

LTIP Cycle Performance

For the 2014 segment of each of the 2012-2014, 2013-2015 and 2014-2016 LTIP cycles, our EP of $274 million, as adjusted for 2014 non-core items, was between the target and maximum performance level. As a result, our NEOs earned approximately 133.3% of the EP goal for the year. Our TSR for 2014 was at the 57th percentile, and as a result, our NEOs earned approximately 111.5% of the TSR goal for the 2014 segment. The LTIP award earned and "banked" for the 2014 segment of the 2013-2015 and 2014-2016 LTIP cycles was therefore equal to approximately 122.4% of target.

2012-2014 LTIP Payout

As noted above, our NEOs earned approximately 133.3% of the EP goal for 2014, and our TSR for 2014 was at the 57th percentile, resulting in our NEOs earning approximately 111.5% of the TSR goal for the 2014 segment. Our cumulative TSR was positioned at approximately the 68th percentile versus the S&P 500, which equates to a payout of 166.0% of target.

The overall payout for the 2012-2014 LTIP cycle was approximately 146.4% of target, based on the following EP and TSR results against objectives, as determined by the Committee.

Segment	Segment Weighted EP Result	Segment Weighted TSR Result	Combined Segment Weighted Result	Segment Weighting	Overall Result
2012	129%	198%	163.5%	25.00	40.9%
2013	191%	77%	133.8%	25.00	33.4%
2014	133%	112%	122.4%	25.00	30.6%
Cumulative	—	166%	166.0%	25.00	41.5%
Total				**100.00**	**146.4%**

The LTIP payout for the 2012-2014 performance cycle for the NEOs, based on the actual achievement of quantitative objectives, is discussed in greater detail following the Grants of Plan-Based Awards Table.

During the 2014 segment of the 2012-2014 LTIP performance cycle, EP grew approximately 13%. For the LTIP performance cycles that concluded in 2010 through and including 2014, the actual overall corporate percentage payout under the LTIP against those long-term cycle performance goals ranged from approximately 105% to 150%, with an average payout of 130% over the five LTIP performance cycles.

Equity Choice Program

We believe that equity is a key component of our long-term incentive compensation as it (1) provides participants with a meaningful stake in the Company, thereby aligning their interests more closely with shareholders, (2) encourages participants to focus on long-term success and (3) helps to attract and retain top talent. We believe that our ECP is an effective vehicle to encourage ownership as it provides participants the flexibility to allocate their award among three types of equity.

Annually our Committee determines the dollar range of ECP awards for each level of participating executive based on peer group and long-term incentive practices survey data, a review of the competitiveness of the combined value of the ECP awards and LTIP awards with market practices and other factors that it deems appropriate. For 2014, these ranges were as follows:

	Lower Limit	Midpoint	Upper Limit
CEO	$750,000	$1,500,000	$2,250,000
Group Presidents and former CFO	$250,000	$500,000	$750,000
General Counsel	$175,000	$350,000	$525,000

The Committee then approves the actual dollar award to be granted to each NEO other than the CEO, and recommends to the independent members of the Board for approval the actual dollar award for the CEO. All ECP awards are generally subject to a vesting period of approximately three years. The Committee believes this vesting period is an attractive tool for recruiting, motivating and retaining executive talent and encourages alignment with shareholders by reinforcing investment and ownership in our Company by our executives.

ECP participants, including all of our NEOs, may choose from three types of equity award grants (1) Purchased Restricted Stock ("PRS"), (2) stock settled appreciation rights ("SSARs"), and (3) Restricted Stock Units ("RSUs"). PRS is assigned an adjustment factor of 120% to provide incentive to participants to invest in and accumulate shares to promote retention and increase alignment of participants' interests with those of our shareholders. Elections are made in 5% increments. Based on the participant's election, a participant's dollar award value is converted into PRS, SSARs or RSUs on the grant date based on the market price of our common stock on such date.

The table below sets forth each of the three types of equity awards offered and their adjustment factor. During 2014, ECP participants, including all of our NEOs, made choices based on the differences among the equity award types described below.

Types of Equity	Description of Equity Type	Adjustment Factor
PRS	PRS are restricted shares of our stock (or restricted stock units for non-U.S. participants) which the Company grants as a match against shares of our stock purchased at full value by an ECP participant on the grant date. As an incentive to promote share accumulation and direct investment in our stock, there is a 20% adjustment upward of the award value if PRS is elected. If an ECP participant chooses PRS, then he or she must write a check (or deliver shares with an equivalent value) for the dollar amount of the ECP award (including the 20% adjustment) that he or she is electing to receive in PRS. Upon receipt of the funds by the Company, the ECP participant receives a matching number of PRS shares or RSUs from the Company. During the restricted period, a PRS holder has the same rights as an ordinary shareholder including the right to vote and dividend rights (or dividend equivalents in the case of non-U.S. participants). On the vesting date, which is approximately three years from the date of grant, PRS shares become unrestricted. PRS shares are the most rapid way for participants to accumulate and build share ownership based on the participant's direct investment in our stock.	120%
SSARs	SSARs are a contractual right to receive the value, in shares of Company stock, of the appreciation in our stock price from the SSAR grant date to the date the SSAR is exercised by the participant. As an approximation of binomial stock option valuation methods used under ASC Topic 718 (as used for financial reporting purposes), participants receive a number of SSARs equivalent to 4.5 times the elected SSAR award value divided by the grant price. SSARs provide upside potential for share accumulation and alignment with shareholders because SSARS only have value if the stock price increases after the grant date. The adjustment factor for SSARs is 1.0. SSARs become exercisable on a stated vesting date, which is approximately three years from the grant date, and expire on the seventh anniversary of the grant date. SSARs do not require a financial investment by the SSAR grantee.	100%
RSUs	RSUs are our promise to issue unrestricted shares of our stock on the stated vesting date, which is approximately three years from the grant date. The adjustment factor for RSUs is 1.0. RSUs do not require a financial investment by the RSU grantee.	100%

As an example of how the ECP offers the participant a range of outcomes, the following table shows the different number of shares and values to the participant at vesting for an ECP award of $500,000. For all three choices, vesting occurs approximately three years from the grant date:

Assumes a Common Share Value of $100.00 at Award (1)

	PRS (2)	SSARs (3)	RSUs
Award Value	**$500,000**	**$500,000**	**$500,000**
Adjustment Factor	1.2	1.0	1.0
Post-Factor Value	$600,000	$500,000	$500,000
Participant Required Investment	$600,000	—	—
Award Shares/SSARs At Grant Date	**6,000 Shares**	**22,500 SSARs**	**5,000 Shares**
Dollar Value of Award At Vesting/Exercise (Assuming 8% Compounded Annual Stock Price Increase) (2)	$755,827	$584,352	$629,856
Dollar Value of Award At Vesting/Exercise (Assuming 8% Compounded Annual Stock Price Decrease)	$476,299	$0	$396,916

(1) Share values and share value increase/decrease are used in this table are for illustrative purposes only and are not intended as forecasts of future stock price performance.
(2) PRS values at grant and vesting include the participant's appreciation or loss on the required investment in addition to the value of the granted restricted stock. The values exclude dividends.
(3) The examples above illustrate value delivered for each ECP grant form over the approximate three-year vesting period. However, SSARs are only taxable when the SSAR is exercised. Participants may choose to hold their SSARs longer than the three-year vesting period (up to the full seven-year contractual term) and continue to participate in future stock price appreciation, if any.

2014 Equity Choice Program Awards

In January 2014, the Committee approved the 2014 ECP values awarded to each executive, including our NEOs, with an effective grant date of May 13, 2014. The period of time between approval of ECP values and the actual grant date gives ECP participants time to make their irrevocable ECP elections and to arrange finances for the purchase of PRS if so elected. The Committee determined that the 2014 ECP grants would vest on April 13, 2017, which is slightly less than three years from the grant date, to enable participants to use vested PRS shares to acquire new PRS shares in 2017, to the extent granted.

For 2014, similar to prior years, the actual amount of each ECP awarded to Messrs. Tough, Berryman and Mirzayantz and Ms. Chwat was based on an evaluation of the NEO's individual performance, long-term potential and market factors, including retention considerations. The ECP awards granted in 2014 to each of our NEOs were at or above the awards received in 2013. For 2014, the Committee increased the ECP Award of Messrs. Berryman and Mirzayantz and Ms. Chwat, reflecting their high level of performance and to provide a total 2014 long-term award opportunity (ECP award plus 2014 LTIP target award) that was fully competitive with market benchmarks. As part of his compensation package, Mr. Fibig received a pro-rated ECP award of $750,000, which will vest in 2017, and a one-time ECP award of $500,000, which will vest in 2015. The actual value of these awards will depend on future stock price performance.

The following table shows the ECP dollar award value approved by the Committee for each NEO during 2014 and the percentage and adjusted dollar value after application of the adjustment factor of each type of award elected by each NEO:

		PRS Election		RSU Election	
	2014 Unadjusted ECP Award	**Percent Election**	**Adjusted Value**	**Percent Election**	**Adjusted Value**
Adjustment Factor			**120%**		**100%**
Andreas Fibig(1)	$750,000	0%	$0	100%	$750,000
Douglas D. Tough	$2,000,000	100%	$2,400,000	0%	$0
Richard O'Leary(2)	$225,000	100%	$270,000	0%	$0
Kevin C. Berryman	$650,000	100%	$780,000	0%	$0
Nicolas Mirzayantz	$650,000	100%	$780,000	0%	$0
Matthias Haeni(2)	$300,000	100%	$360,000	0%	$0
Anne Chwat	$450,000	100%	$540,000	0%	$0

(1) Mr. Fibig also received a one-time ECP award of $500,000 that is not reflected in the above table. Mr. Fibig elected PRS for this one-time ECP award.

(2) Mr. O'Leary's and Mr. Haeni's ECP awards were made in connection with their prior roles as Vice President and Controller, and Regional General Manager for Flavors Europe, Africa and the Middle East, respectively.

The actual equity award grants to each NEO, based on the above elections, are identified in the Grants of Plan-Based Awards Table. Information on prior ECP awards that vested in 2014 can be found in the Options Exercised and Stock Vested Table.

Indirect Compensation

Deferred Compensation Plan

As part of our compensation program, we offer U.S.-based executives and other senior employees an opportunity to participate in our DCP. Pursuant to the terms of the DCP, we provide the same level of matching contributions to our executive officers that are available to other employees under our 401(k) savings plan. We also use the DCP to encourage executives to acquire deferred shares of our common stock that are economically equivalent to ownership of our common stock but on a tax-deferred basis. We do this to encourage executives to be long-term owners of a significant equity stake in the Company and to enhance the alignment between the interests of executives and those of our shareholders.

Our costs in offering the DCP consist of the time-value of money costs, the cost of the matching contribution that supplements the 401(k) savings plan, administrative costs and a 25% premium for cash deferred in an executive's DCP account contingent on the executive remaining employed by the Company (other than for retirement) for the full calendar year following the year when such deferral is made. If notional investments within the DCP increase in value, the amount of our payment obligation will increase. The time-value of money cost results from the delay in the time at which we can take tax deductions for compensation payable to a participating executive.

Additional information about the DCP and supplemental matching contributions and premiums on cash deferrals under the DCP made for NEOs may be found below under "2014 Non-Qualified Deferred Compensation."

Perquisite Program

Our NEO perquisites program offers non-monetary benefits that are competitive and consistent with the marketplace as determined through a market study conducted by our independent compensation consultant. Under the perquisites program, executives are eligible to receive certain benefits including:

- Company car or car allowance;
- Annual physical exam;
- Financial planning (up to approximately $10,000 per year);
- Tax preparation and estate planning (up to $4,000 over a three-year period); and
- Health club membership (up to $3,000 annually).

As discussed above, as part of the terms of his employment, Mr. Haeni is also entitled to certain transitional assistance associated with his tax, housing and retirement savings for a limited period with such benefits declining annually.

The Committee believes that the total value of our perquisites program is reasonable. Additional details concerning perquisites are included in the footnotes to the All Other Compensation Table.

Executive Severance Policy

In 2014, the Committee and the Board engaged in an extensive review of our ESP and our outside consultants performed peer benchmarking. As a result of this review, in late 2014, the Committee and the Board amended the ESP to further align it with current market and corporate governance best practices.

The ESP provides severance and other benefits to executives whose employment is terminated not for cause or in the event of a termination by the executive for good reason in connection with a change in control of the Company and, in the case of the NEOs (other than Mr. O'Leary), for good reason not in connection with a change in control. This policy helps us in competing with other companies in recruiting and retaining qualified executives. When recruiting an executive from another company, the executive in most cases will seek contract terms that provide compensation if his or her employment is terminated by us in cases in which the executive has not engaged in misconduct. The level of severance pay under the ESP is based on a tier system and each executive's assigned tier is based on the executive's grade level. All our NEOs are in Tier I other than Mr. O'Leary, who is in Tier II. The specific severance pay by tier was developed with the assistance of our independent compensation consultant and determined by the Committee. Our CEO receives severance of 24 months in the event he is terminated without cause or for good reason prior to or more than two years after a change in control and 36 months in the event he is terminated without cause or good reason within two years after a change in control. Our other NEOs receive severance of 18 months for Tier I, or 12 months for Tier II, in the event he or she is terminated without cause or for good reason prior to or more than two years after a change in control and 24 months for Tier I, or 18 months for Tier II, in the event he or she is terminated without cause or good reason within two years after a change in control. We believe that the ESP provides a level of severance pay and benefits that is within a range of competitive practice of our peer group companies.

A discussion of our ESP and the payments that each of our NEOs would have been eligible to receive had a covered termination occurred as of December 31, 2014 is set forth below under "Potential Payments upon Termination or Change in Control."

Executive Death Benefit Plan

Our Executive Death Benefit Plan provides participants, including each of the NEOs (other than Mr. O'Leary), with a pre-retirement death benefit equal to twice the participant's annual base salary less $50,000 (the death benefit provided by our basic group term life insurance plan for employees and retirees). The plan also provides a death benefit post-retirement, or pre-retirement after attaining age 70, equal to the participant's base salary for the year in which the participant retires or reaches the age of 70, assuming the participant was an executive officer, less $12,500 of group coverage for retired participants and less $50,000 for senior participants (those who have attained the age of 70 and remain employed with the Company).

Supplemental Long Term Disability

We offer our U.S.-based employees Long Term Disability ("LTD") coverage at Company expense, which provides a benefit, calculated as a percentage of base salary, in the case of full disability. Under our group plan, the maximum base salary is $300,000, and the maximum monthly benefit is $15,000. We also offer Supplemental LTD insurance to provide a maximum monthly benefit of $25,000 for U.S.-based employees, including our NEOs, who earn a base salary plus bonus in excess of the maximum base salary of $300,000 under our group plan. The Supplemental LTD insurance premium, like our basic group LTD policy, is fully paid by the Company and is taxable income to employees upon receipt of the benefit.

Clawback Policy

In early 2014, the Committee and Board expanded the scope of our compensation recoupment, or clawback, policies. The triggers for recovery of compensation were amended to include financial misstatements, without regard to fault, and an employee's willful misconduct or violation of a Company policy that is materially detrimental to the Company. All compensation under our 2010 Stock Award and Incentive Plan and the proposed 2015 Stock Award and Incentive Plan, including AIP, LTIP, ECP and other cash and equity awards is subject to clawback, as well as payments made under our ESP.

Tax Deductibility

We generally attempt to structure executive compensation to be tax deductible. However, the Committee also believes that under some circumstances, such as to attract or to retain key executives, to recognize outstanding performance or to take into account the external business environment, it may be important to compensate one or more key executives above tax deductible limits.

2015 Compensation Actions

In February 2015, the Committee approved changes to our 2015 AIP. A fifth performance metric, individual performance, was added and the weightings among these five metrics were modified. For our 2015 AIP, (i) the performance metrics for corporate participants will be weighted as follows (1) local currency sales growth – 40%, (2) operating profit – 25%, (3) gross margin – 15%, (4) working capital - 10% and (5) individual performance - 10% and (ii) the performance metrics for business unit participants will be weighted as follows: local currency sales growth – 40% (30% on business unit basis, 10% on consolidated basis), (2) operating profit – 25% (15% on business unit basis. 10% on consolidated basis), (3) gross margin – 15%, (4) working capital - 10% and (5) individual performance - 10%.

Non-GAAP Reconciliation

This Compensation Discussion and Analysis includes the following non-GAAP financial measures: local currency sales, adjusted operating profit and adjusted earnings per share. Please see Exhibit A of this proxy statement for a reconciliation of such metrics.

COMPENSATION COMMITTEE REPORT

The Compensation Committee has reviewed and discussed with management the Compensation Discussion and Analysis included in this proxy statement. Based on those reviews and discussions, the Compensation Committee has recommended to the Board that the Compensation Discussion and Analysis be included in this proxy statement for filing with the Securities and Exchange Commission and incorporated by reference into the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2014.

Compensation Committee

J. Michael Cook (Chair)

Marcello V. Bottoli
Roger W. Ferguson, Jr.
Christina Gold
Alexandra A. Herzan

VIII. PROPOSAL III — ADVISORY VOTE ON EXECUTIVE COMPENSATION

The Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (known as the "Dodd- Frank Act") requires us to provide our shareholders with the opportunity to approve, on a nonbinding, advisory basis, the compensation of our NEOs as disclosed in this proxy statement in accordance with the compensation disclosure rules of the SEC, often referred to as "Say on Pay."

As discussed in detail in the Compensation Discussion and Analysis and the compensation tables and narratives that follow, the compensation program for our NEOs is designed (i) to attract, retain and motivate our executives who are critical to our success, (ii) to reward achievement of both annual and long-term performance goals and (iii) to align the interests of our executives with those of our shareholders. Pursuant to our compensation program, an average of 78% of our NEOs' 2014 target total direct compensation is considered "variable" and tied to our Company's performance based on a number of financial goals and Company stock price performance and dividend return (TSR).

We believe that our executive compensation program strikes the appropriate balance between utilizing responsible, measured pay practices and rewarding the achievement of financial and operational performance metrics that build shareholder value. This balance is evidenced by the following:

- Our AIP rewards the achievement of our annual performance objectives by providing awards based on the attainment of four financial performance metrics: (1) local currency sales growth, (2) operating profit, (3) gross margin and (4) working capital.
- Our LTIP rewards solid Company performance by providing awards based on (i) EP and (ii) our annual and cumulative TSR performance relative to the S&P 500. In addition, the LTIP aligns our executives' interests with those of our shareholders by paying 50% of the earned award in shares of our common stock.
- Our ECP incentivizes our executives to create value for our shareholders by providing equity-based compensation and encouraging direct investment by our executives.
- We require our NEOs to meet certain stock ownership guidelines under our Share Retention Policy to promote alignment of our executives' interests with those of our shareholders and to discourage excessive risk taking for short-term gains.

For additional information on the compensation program for our NEOs, including specific information about compensation in 2014, please see the information in this proxy statement under the heading "Compensation Discussion and Analysis," along with the compensation tables and narrative descriptions that follow.

We provide our shareholders with the opportunity to cast the Say on Pay vote on an annual basis. In accordance with the Dodd-Frank Act, the Say on Pay vote will be an advisory vote regarding our Company's NEO compensation program generally and does not examine any particular compensation element individually. Because the Say on Pay vote is advisory, it is not binding on our Company, our Compensation Committee or our Board. However, the Compensation Committee intends to review the results of the advisory vote and will be cognizant of the feedback received from the voting results as it completes its annual review and engages in the compensation planning process.

Accordingly, we will ask our shareholders to vote on the following resolution at the 2015 Annual Meeting:

"RESOLVED, that, the compensation paid to the Company's NEOs, as disclosed in this proxy statement for our 2015 Annual Meeting of Shareholders pursuant to the compensation disclosure rules of the Securities and Exchange Commission, including the Compensation Discussion and Analysis, the compensation tables and related narrative disclosure, is hereby approved."

The Board of Directors believes the compensation of our NEOs is appropriate and promotes the best interests of our shareholders and therefore recommends that shareholders vote FOR approval of this resolution.

IX. EXECUTIVE COMPENSATION

Summary Compensation Table

The following table sets forth the compensation for:

- our current and former CEO;
- our interim and former CFO; and
- our three other most highly compensated executive officers who were serving as executive officers as of December 31, 2014.

We refer to the executive officers included in the Summary Compensation Table as our NEOs. A detailed description of the plans and programs under which our NEOs received the following compensation can be found in this proxy statement under the heading "Compensation Discussion and Analysis."

Name and Principal Position	Year	Salary ($) (5)	Bonus ($)	Stock Awards ($) (6)(7)	Option Awards ($) (6)	Non-Equity Incentive Plan Compensation ($) (8)(9)	Change in Pension Value and Nonqualified Deferred Compensation Earnings ($) (10)	All Other Compensation ($) (11)	Total ($)
Andreas Fibig(1) Chairman and CEO	2014	400,000	1,000,000	2,244,414	—	760,534	—	134,027	4,538,975
Douglas D. Tough(2)	2014	1,223,940	—	3,459,650	—	2,365,602	—	384,409	7,433,601
Former Chairman and CEO	2013	1,200,000	—	3,406,991	—	3,487,602	—	307,631	8,402,224
	2012	1,200,000	—	3,158,257	—	3,451,664	—	387,697	8,197,618
Richard O'Leary Interim CFO	2014	302,872	—	349,635	—	225,148	—	86,897	964,552
Kevin C. Berryman(3)	2014	547,198	—	2,998,513	—	—	—	301,139	3,846,850
Former Executive Vice President	2013	525,000	—	946,526	—	936,467	—	141,005	2,548,998
and CFO	2012	512,500	—	800,623	82,580	896,236	—	180,255	2,472,194
Nicolas Mirzayantz	2014	532,500	—	2,998,513	—	762,039	303,665	163,172	4,759,889
Group President, Fragrances	2013	510,000	—	946,526	—	1,000,974	(96,591)	122,110	2,483,019
	2012	505,000	—	824,602	—	873,518	201,264	161,201	2,565,585
Matthias Haeni(4) Group President, Flavors	2014	445,653	—	624,912	—	407,888	—	485,920	1,964,373
Anne Chwat	2014	465,000	—	708,594	—	419,022	—	562,425	2,155,041
General Counsel	2013	461,250	—	650,471	—	606,067	—	144,650	1,862,438
	2012	450,000	22,500	554,769	—	540,003	—	200,243	1,767,515

(1) Mr. Fibig was appointed CEO effective September 1, 2014. The amounts in the Salary and Non-Equity Incentive Plan Compensation columns represent prorated amounts based on his partial year of service. The amount in the Bonus column represents the cash bonus paid to Mr. Fibig in connection with his hiring, as further described above in "Compensation Discussion and Analysis – Compensation Setting Process – New Executive Officer Compensation."

(2) Mr. Tough retired as our CEO in 2014. The 2014 amount in the Salary column includes a lump sum payment equal to his salary for the month of December and accrued vacation paid to Mr. Tough upon his retirement.

(3) Mr. Berryman resigned effective December 18, 2014. As a result of his resignation, Mr. Berryman forfeited a special retention grant of 20,000 RSUs with a grant date fair market value of $1,953,600.

(4) Mr. Haeni was appointed our Group President, Flavors effective April 1, 2014. Prior to his appointment, Mr. Haeni served as Regional General Manager for Flavors EAME. The amounts reflected include amounts earned by Mr. Haeni in 2014 in both positions. Compensation amounts for Mr. Haeni that were earned prior to his relocation to the U.S. were calculated at a rate of 1 SGD=$0.77 USD, which was the effective year-end rate.

(5) The 2014 amounts in this column include (i) the following amounts deferred under the DCP: Mr. Fibig — $32,000; Mr. O'Leary — $18,129; Mr. Berryman — $42,174; Mr. Mirzayantz — $53,250; and Ms. Chwat — $139,500, and (ii) the following amounts deferred under the Retirement Investment Fund Plan (401(k)): Mr. Fibig — $23,000; Mr. Tough — $23,000; Mr. O'Leary — $23,000; Mr. Berryman — $23,000; Mr. Mirzayantz — $23,000; and Ms. Chwat — $23,000.

(6) The amounts in the Stock Awards and Option Awards columns represent the aggregate grant date fair value of equity awards granted during each respective fiscal year, calculated in accordance with FASB ASC Topic 718. Details on and assumptions used in calculating the grant date fair value of RSUs, PRS, SSARs, options and LTIP equity incentive compensation may be found in Note 11 to our audited financial statements for the fiscal year ended December 31, 2014 included in our Annual Report on Form 10-K for the fiscal year ended December 31, 2014. The grant date fair value attributable to the 2014-2016 LTIP cycle awards included in the Stock Awards column pertains to the 50% portion of those awards that will be payable in our common stock if the performance conditions are satisfied and is based on the probable outcome of such conditions. The value of these awards at the grant date if the maximum level of performance conditions were to be achieved is as follows: Mr. Fibig — $1,649,439; Mr. Tough — $2,119,284; Mr. O'Leary — $159,366; Mr. Berryman — $529,821; Mr. Mirzayantz — $529,821; Mr. Haeni — $529,821; and Ms. Chwat — $295,640. The actual number of shares earned by the NEOs for the completed 2012-2014 LTIP cycle, for the 2014 segment of the 2013-2015 LTIP cycle, and for the 2014 segment of the 2014-2016 LTIP cycle can be found in the narrative following the Grants of Plan-Based Awards Table under the heading "Long-Term Incentive Plan."

(7) The grant date fair value attributable to PRS awards included in the Stock Awards column pertains to the value of the matching portion of the award. Not reflected in this column is the value of shares delivered or cash paid by NEOs to purchase shares in fiscal year 2014 for the participant's portion of the PRS award. The following NEOs purchased the number of shares of PRS indicated in fiscal year 2014, in each case at a price per share equal to the closing stock price on the date of grant: Mr. Fibig — $599,954 for 6,373 shares; Mr. Tough — $2,400,008 for 24,440 shares; Mr. O'Leary — $269,952 for 2,749 shares; Mr. Berryman — $780,003 for 7,943 shares; Mirzayantz — $780,003 for 7,943 shares; Mr. Haeni — $360,001 for 3,666 shares; and Ms. Chwat — $540,002 for 5,499 shares. As discussed in the Compensation Discussion and Analysis, participants in our ECP are permitted to satisfy the purchase price of PRS shares by tendering shares of our common stock or paying cash. Of the NEOs, all but Mr. Fibig tendered shares to satisfy the purchase price for the 2014 PRS shares.

(8) The 2014 amounts in this column include the following amounts earned under the 2014 AIP: Mr. Fibig - $407,674; Mr. Tough — $1,119,432; Mr. O'Leary - $130,296; Mr. Mirzayantz — $454,464; Mr. Haeni - $247,998; and Ms. Chwat — $236,313. Mr. Berryman's AIP payout was forfeited upon his resignation.

(9) LTIP cycles have four performance segments related to each year in the three-year LTIP cycle and the cumulative results for the full three-year cycle. Any amounts earned under a performance segment are credited on behalf of the executive at the end of the relevant segment, but such credited amounts are not paid until the completion of the three-year LTIP cycle. Upon completion, one-half of any award earned for a completed LTIP cycle is paid in cash and the remaining half is paid in shares of our common stock. The cash portion of the NEOs' credited awards is reported in this column for the year in which such amount was earned, rather than in the year in which such award is actually paid. The amounts in this column related to 2014 include the amounts earned and credited for the 2014 segment of the 2013-2015 and 2014-2016 LTIP cycles and the following amounts earned for the 2014 and cumulative segments under the completed 2012-2014 LTIP cycle: Mr. Fibig - $148,330; Mr. Tough — $684,476; Mr. O'Leary - $49,567; Mr. Mirzayantz — $162,225; Mr. Haeni — $57,541; and Ms. Chwat — $97,335. Mr. Berryman's LTIP banked under all outstanding cycles was forfeited upon his resignation.

(10) The amounts in this column represent the aggregate change in the actuarial present value of the NEO's accumulated benefit under our U.S. Pension Plan (our qualified defined benefit plan) and our Supplemental Retirement Plan (our non-qualified defined benefit plan). Earnings in the interest bearing account in the DCP were not above-market, and earnings in other investment choices under the DCP were not preferential, and therefore are not included.

(11) Details of the 2014 amounts set forth in this column are included in the All Other Compensation Table.

2014 All Other Compensation

	Dividends on Stock Awards ($)(1)	Company Contributions to Savings and Defined Contribution Plans ($)(2)	Auto ($)(3)	Club Memberships ($)	Financial/ Estate Planning, Tax Preparation and Legal Services($)	Executive Death Benefit Program ($)(4)	Supplemental Long-Term Disability Plan ($)	Annual Physical Examination ($)	Matching Charitable Contributions ($)	Relocation Expenses ($)(5)	Tax Equalization / Assistance ($)(6)	Total ($)
Andreas Fibig	—	31,150	15,517	—	8,313	—	—	—	—	59,889	19,158	134,027
Douglas D. Tough	220,963	18,200	23,711	—	25,000	78,000	4,035	4,500	10,000	—	—	384,409
Richard O'Leary	26,523	25,906	12,887	1,165	7,500	7,000	1,916	—	4,000	—	—	86,897
Kevin C. Berryman	57,328	178,110	10,726	2,409	9,850	24,000	4,216	4,500	10,000	—	—	301,139
Nicolas Mirzayantz	68,423	41,588	8,174	3,000	9,850	21,000	3,637	4,500	3,000	—	—	163,172
Matthias Haeni	9,030	65,963(7)	1,619	—	—	—	1,460	—	—	105,597(7)	302,251(7)	485,920
Anne Chwat	64,448	55,523	16,637	2,699	9,262	17,000	4,216	4,500	10,000	188,400	196,342	562,425

(1) The amounts in this column represent dividends paid during 2014 on shares of PRS.

(2) The amounts in this column represent: (i) matching amounts paid under our Retirement Investment Fund Plan (401(k)); (ii) amounts matched or set aside under our DCP (which are matching contributions that would otherwise be made under our 401(k) plan but for limitations under U.S. tax law); (iii) the dollar value of premium shares credited to the accounts of participants in the DCP who elect to defer their cash compensation into the IFF Stock Fund; and (iv) for Mr. Haeni, $29,643 contributed to his European retirement plan in lieu of participation in the Company's savings plans and an additional savings allowance of $36,320. The premium shares may be forfeited if the executive does not remain employed by our Company for the full calendar year following the year during which such shares are credited. Dividend equivalents are credited on shares (including premium shares) held in accounts of participants who defer into the IFF Stock Fund. Dividend equivalents are included in the Aggregate Earnings in Last Fiscal Year column of the Non-Qualified Deferred Compensation Table and are not included in the amounts represented in this column.

(3) The amounts in this column represent the personal use of automobiles provided by our Company. The value of such use was determined by using standard IRS vehicle value tables and multiplying that value by the percent of personal use. The value of fuel was determined by multiplying the overall fuel cost by the percent of personal use. In both cases personal use percentages were determined on a mileage basis. The amounts in this column also include the cost paid by us for a parking garage and for use of our Company driver.

(4) The amounts in this column represent costs for the corporate-owned life insurance coverage we have purchased to offset liabilities that may be incurred under our Executive Death Benefit Program. No participant in this program has or will have any direct interest in the cash surrender value of the underlying insurance policy.

(5) The amounts in this column represent, (i) for Ms. Chwat, expenses incurred in connection with the sale of her home as part of her relocation, (ii) for Mr. Fibig, relocation expenses paid in connection with his relocation, and (iii) for Mr. Haeni, $15,597 of relocation expenses and an additional $90,000 of living allowance.

(6) The amounts in this column represent (i) for Mr. Fibig, the tax gross up on his relocation expenses, (ii) for Mr. Haeni, a tax gross up of $15,499 on his relocation expenses, a tax equalization payment of $163,624, and a tax gross up of $123,127 on the tax equalization payment, and (iii) for Ms. Chwat, the tax gross up is on relocation expenses associated with the sale of her home.

(7) In connection with his relocation to the United States, we agreed to provide Mr. Haeni an alternate savings program and certain transitional assistance for the four years following his relocation. In lieu of his participation in our 401(k) plan and DCP, the Company will provide Mr. Haeni an annual savings allowance equal to 11% of his annual base salary as an employer contribution to the Swiss pension plan of his choosing. In addition, the Company will provide (i) a monthly living allowance during 2014 of $15,000, decreasing by $3,000 per month for each subsequent year through 2017, (ii) tax equalization payments (which will be subject to gross-up) during 2014 equal to 100% of the difference in income taxation between Singapore and New York City, decreasing by 25% for each subsequent year through 2017, and (iii) an additional savings allowance during 2014 equal to 100% of the difference between the annual savings allowance and his previous pension payments, decreasing by 25% for each subsequent year through 2017.

Employment Agreements or Arrangements

Mr. Fibig

Pursuant to the terms of a letter agreement dated May 26, 2014 between our Company and Mr. Fibig, he became our CEO effective September 1, 2014 and Chairman of the Board as of December 1, 2014.

Under this agreement, Mr. Fibig's employment is on an at-will basis until terminated by either party. Mr. Fibig is entitled to the following compensation under the agreement:

- Minimum annual base salary of $1,200,000, which will increase to $1,300,000 in 2016;
- A target AIP bonus of 120% of his base salary and a potential maximum annual bonus of 240% of his base salary (pro-rated for 2014);
- An LTIP target of $2,000,000 and a maximum of up to 200% of the LTIP target (pro-rated for 2014); and
- Participation in the ECP program.

In addition, Mr. Fibig received (i) a one-time ECP award of $500,000, vesting on April 1, 2015 and (ii) a sign on cash bonus of $1,000,000. The letter agreement provides for non-competition, non-solicitation, non-disclosure, cooperation and non-disparagement covenants.

Mr. Fibig's letter agreement grants him certain rights upon termination of his employment. These rights are described in this proxy statement under the heading "Termination of Employment and Change in Control Arrangements—Other Separation Arrangements."

Mr. Tough

Mr. Tough served as our CEO from March 1, 2010 until his retirement effective September 1, 2014, and as an employee and Chairman of the Board through December 1, 2014. Under his letter agreement with our Company, Mr. Tough's employment was on an at-will basis and he was entitled to the following compensation under the agreement:

- Minimum annual base salary of $1,200,000;
- A target AIP bonus of 120% of his base salary and a potential maximum annual bonus of 240% of his base salary;
- An LTIP target of $2,000,000 and a maximum of up to 200% of the LTIP target; and
- Participation in the ECP program.

The letter agreement provided for non-competition, non-solicitation, non-disclosure, cooperation and non-disparagement covenants. Mr. Tough's letter agreement granted him certain rights upon termination of his employment. Details of the amounts received by Mr. Tough upon his retirement are set forth below under the heading "Termination of Employment and Change in Control Arrangements."

Other NEOs

None of our other NEOs is a party to a written employment agreement. Their compensation is approved by the Compensation Committee and is generally determined by the terms of the various compensation plans in which they are participants and which are described in this proxy statement more fully above in the Compensation Discussion and Analysis, in the narrative following the Grants of Plan-Based Awards Table and under the heading "Termination of Employment and Change in Control Arrangements." In addition, their salary is reviewed, determined and approved on an annual basis by our Compensation Committee. Executives also may be entitled to certain compensation arrangements provided or negotiated in connection with their commencement of employment with our Company.

Grants of Plan-Based Awards

The following table provides information regarding grants of plan-based awards to our NEOs during 2014. The amounts reported in the table under "Estimated Future Payouts under Non-Equity Incentive Plan Awards" and "Estimated Future Payouts under Equity Incentive Plan Awards" represent the threshold, target and maximum awards under our AIP and LTIP programs. The performance conditions applicable to the AIP and LTIP are described in the Compensation Discussion and Analysis.

With regard to the AIP, the percentage of each NEO's target award that was actually achieved for 2014 based on satisfaction of the AIP performance conditions is discussed in the Compensation Discussion and Analysis. The amount actually paid to each NEO in 2015 based on 2014 performance under the AIP is included in the Non-Equity Incentive Plan Compensation column of the Summary Compensation Table.

With regard to the LTIP, the amounts of each NEO's award that were actually achieved for 2012-2014 based on satisfaction of the performance conditions for the 2012-2014 LTIP and the 2014 segment of each of the 2013-2015 LTIP and 2014-2016 LTIP cycles are set forth following the Grants of Plan-Based Awards Table. In addition, cash amounts earned by each NEO for the cumulative and 2014 segment of the 2012-2014 LTIP cycle and the 2014 segments of the 2013-2015 LTIP and 2014-2016 LTIP cycles are also included in the Non-Equity Incentive Plan Compensation column of the Summary Compensation Table. However, any cash or shares credited to a NEO based on achievement of performance conditions during a segment will not be paid until completion of the full LTIP cycle.

2014 Grants of Plan-Based Awards

Name	Type of Award (1)	Grant Date (2)	Date of Compensation Committee Approval	Estimated Future Payouts Under Non-Equity Incentive Plan Awards (3)			Estimated Future Payouts Under Equity Incentive Plan Awards (4)			All Other Stock Awards: Number of Shares of Stock or Units (#)(5)	Grant Date Fair Value of Stock Awards ($)(6)
				Threshold ($)	Target ($)	Maximum ($)	Threshold ($)	Target ($)	Maximum ($)		
Andreas Fibig	AIP	9/1/2014	3/11/2014	120,329	481,315	962,630					
	2014 LTIP	9/1/2014	3/11/2014	194,575	778,300	1,556,600	194,575	778,300	1,556,600		824,719
	RSU	5/13/2014	5/13/2014							1,145 (7)	107,092
	PRS	10/15/2014	3/11/2014							6,373 (8)	599,954
	RSU	10/15/2014	3/11/2014							7,967 (9)	712,648
Douglas D. Tough	AIP	2/5/2014	2/5/2014	360,000	1,440,000	2,880,000					
	2014 LTIP	2/5/2014	2/5/2014	250,000	1,000,000	2,000,000	250,000	1,000,000	2,000,000		1,059,642
	PRS	5/13/2014	2/5/2014							24,440	2,400,008
Richard O'Leary	AIP	2/5/2014	2/5/2014	38,458	153,832	307,664					
	2014 LTIP	2/5/2014	2/5/2014	18,800	75,198	150,396	18,800	75,198	150,396		79,683
	PRS	5/13/2014	2/5/2014							2,749	269,952
Kevin C. Berryman	AIP	2/5/2014	2/5/2014	110,000	440,000	880,000					
	2014 LTIP	2/5/2014	2/5/2014	62,500	250,000	500,000	62,500	250,000	500,000		264,911
	PRS	5/13/2014	2/5/2014							7,943	780,003
	RSU	6/13/2014	6/13/2014							20,000 (10)	1,953,600
Nicolas Mirzayantz	AIP	2/5/2014	2/5/2014	108,000	432,000	864,000					
	2014 LTIP	2/5/2014	2/5/2014	62,500	250,000	500,000	62,500	250,000	500,000		264,911
	PRS	5/13/2014	2/5/2014							7,943	780,003
	RSU	6/13/2014	6/13/2014							20,000 (11)	1,953,600

Matthias Haeni	AIP	2/5/2014	2/5/2014	91,159	364,636	729,272					
	2014 LTIP	2/5/2014	2/5/2014	62,500	250,000	500,000	62,500	250,000	500,000		264,911
	PRS	5/13/2014	2/5/2014							3,666	360,001
Anne Chwat	AIP	2/5/2014	2/5/2014	69,750	279,000	558,000					
	2014 LTIP	2/5/2014	2/5/2014	34,875	139,500	279,000	34,875	139,500	279,000		147,820
	PRS	5/13/2014	2/5/2014							5,499	540,002
	RSU	2/5/2014	2/5/2014							250 (12)	20,773

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(1) AIP = 2014 AIP
2014 LTIP = 2014-2016 Long-Term Incentive Plan Cycle
RSU = Restricted Stock Unit
PRS = Purchased Restricted Stock

(2) All equity, AIP and LTIP grants were made under our 2010 SAIP. The material terms of these awards are described in this proxy statement under the heading "Compensation Discussion and Analysis."

(3) AIP amounts in this column are the threshold, target and maximum dollar values under our 2014 AIP. 2014 LTIP amounts in this column are the threshold, target and maximum dollar values of the 50% portion of our 2014-2016 LTIP cycle that would be payable in cash if the performance conditions are satisfied.

(4) 2014 LTIP amounts in this column are the threshold, target and maximum dollar values of the 50% portion of our 2014-2016 LTIP cycle that would be payable in stock if the performance conditions are satisfied. The number of shares of our common stock for the 50% portion payable in stock was determined at the beginning of the 2014 LTIP cycle, based on $85.51 per share, the average closing market price of a share of our common stock for the 20 trading days preceding January 2, 2014, the first trading day of the 2014-2016 LTIP cycle (except for Mr. Fibig's stock portion which was based on $100.12 per share, the average closing market price for the 20 trading days preceding September 1, 2014). However, the actual value to be realized may vary depending on the closing market price of a share of our common stock on the payout date of 2014 LTIP awards.

(5) The amounts in this column include the number of PRS shares granted under the ECP in 2014 on the grant date. Dividends are paid on PRS shares. Footnote 4 to the Summary Compensation Table states the dollar amount delivered by our NEOs (in tendered shares or cash) for these PRS awards. The material terms of the ECP awards are described in this proxy statement under the heading "Compensation Discussion and Analysis." The amounts in this column also include RSU grants to certain NEOs as explained in Footnotes 7 through 12 below.

(6) The amounts in this column represent the aggregate grant date fair value of equity awards granted to our NEOs during the fiscal year ended December 31, 2014, calculated in accordance with FASB ASC Topic 718. The grant date fair value of LTIP awards pertains to the 50% portion of those awards that will be payable in shares of our common stock if the performance conditions are satisfied, and is based on the probable outcome of such conditions.

(7) This amount represents a grant of RSUs to Mr. Fibig when he was still a director. The award vests on May 13, 2015.

(8) This amount represents the number of PRS shares received by Mr. Fibig on the grant date as a sign on award under the ECP. The award vests on April 1, 2015.

(9) This amount represents a grant of RSUs to Mr. Fibig upon his appointment as Chairman and CEO. The award vests on April 13, 2017.

(10) This amount represents a special retention grant of RSUs to Mr. Berryman that would have vested on June 13, 2016. This award was forfeited upon Mr. Berryman's resignation.

(11) This amount represents a special retention grant of RSUs to Mr. Mirzayantz that vests on June 13, 2016.

(12) This amount represents a special recognition award of RSUs to Ms. Chwat in connection with the Aromor acquisition. The award vested on February 5, 2015.

Long-Term Incentive Plan

2012-2014 LTIP Payout

The following table sets forth the total amount earned by each NEO based on achievement of the corporate performance goals for each segment under the 2012-2014 LTIP cycle and based on each executive's target amount (or reduced target amount for each NEO who was not employed in his current role for the entire three-year cycle). The amount reported in the "Total" column is the amount being paid out to the NEOs in 2015 following completion of the 2012-2014 LTIP cycle.

	Segment 1 (2012)		Segment 2 (2013)		Segment 3 (2014)		Cumulative (2012-2014)		Total	
	Cash ($)	Shares (#)	Cash ($)	Shares (#)	Cash ($)	Shares (#)	Cash ($)	Shares (#)	Cash ($)	Shares (#)
Andreas Fibig	—	—	—	—	102,265	1,021	46,065	461	148,330	1,482
Douglas D. Tough	408,750	7,730	334,500	6,326	280,847	5,311	403,629	7,633	1,427,726	27,000
Richard O'Leary	28,102	531	22,998	435	21,038	398	28,529	540	100,667	1,904
Kevin C. Berryman (1)	—	—	—	—	—	—	—	—	—	—
Nicolas Mirzayantz	91,969	1,740	75,263	1,424	68,850	1,302	93,375	1,765	329,457	6,231
Matthias Haeni	32,622	616	26,696	504	24,421	461	33,120	627	116,859	2,208
Anne Chwat	55,181	1,043	45,158	854	41,310	781	56,025	1,061	197,674	3,739

(1) Mr. Berryman's award was forfeited upon his resignation.

2013-2015 LTIP Credit

Based on our achievement of the corporate performance goals for the 2014 segment (the second segment) of the 2013-2015 LTIP cycle and the executive's target amount, the following cash amounts and number of shares of our stock have been credited on behalf of the executive:

	Segment 2 (2014)	
	Cash ($)	Shares (#)
Andreas Fibig	102,265	1,021
Douglas D. Tough	280,847	4,258
Richard O'Leary	22,276	338
Kevin C. Berryman	—	—
Nicolas Mirzayantz	68,850	1,044
Matthias Haeni	25,848	392
Anne Chwat	42,687	647

2014-2016 LTIP Credit

Based on our achievement of the corporate performance goals for the 2014 segment (the first segment) of the 2014-2016 LTIP cycle and the executive's target amount, the following cash amounts and number of shares of our stock have been credited on behalf of the executive:

	Segment 1 (2014)	
	Cash ($)	Shares (#)
Andreas Fibig	102,265	1,021
Douglas D. Tough	280,847	3,284

Richard O'Leary	23,010	269
Kevin C. Berryman	—	—
Nicolas Mirzayantz	76,500	895
Matthias Haeni	76,500	895
Anne Chwat	42,687	499

Outstanding Equity Awards at Fiscal Year-End

The following table provides information regarding outstanding equity awards held by our NEOs at December 31, 2014.

2014 Outstanding Equity Awards at Fiscal Year-End

Name	Grant Date	Grant Type (1)	Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) Unexercisable	Option Exercise Price ($)	Option Expiration Date	Number of Shares or Units of Stock That Have Not Vested (#)	Market Value of Shares or Units of Stock That Have Not Vested ($)(2)	Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights That Have Not Vested (#)	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested ($)(2)
Andreas Fibig	5/1/2012	RSU					1,655 (3)	167,751		
	9/1/2014	2013 LTIP					1,021 (4)	103,489	7,216 (5)	731,414
	4/30/2013	RSU					1,295 (6)	131,261		
	9/1/2014	2014 LTIP					1,021 (7)	103,489	13,880 (8)	1,406,877
	5/13/2014	RSU					1,145 (9)	116,057		
	10/15/2014	RSU					7,967 (10)	807,535		
	10/15/2014	PRS					6,373 (11)	645,967		
Douglas D. Tough	6/2/2010	SSAR	26,714 (12)	—	44.92	6/2/2017				
	5/1/2012	PRS					71,535 (13)	7,250,788		
	1/28/2013	2013 LTIP					9,330 (4)	945,689	4,848 (5)	1,536,820
	4/30/2013	PRS					31,092 (14)	3,151,485		
	2/5/2014	2014 LTIP					3,284 (7)	332,866	1,784 (8)	180,826
	5/13/2014	PRS					24,440 (15)	2,477,238		
Richard O'Leary	5/1/2012	PRS					7,948 (13)	805,609		
	1/28/2013	2013 LTIP					707 (4)	71,662	1,104 (5)	111,901
	4/30/2013	PRS					3,109(14)	315,128		
	2/5/2014	2014 LTIP					269 (7)	27,266	1,318 (8)	133,592
	5/13/2014	PRS					2,749 (15)	278,639		
Kevin C. Berryman	6/2/2011	SSAR	12,554 (16)		62.13	3/19/2015				
Nicolas Mirzayantz	5/1/2012	PRS					19,870 (13)	2,014,023		
	1/28/2013	2013 LTIP					2,185 (4)	221,472	3,412 (5)	345,840
	4/30/2013	PRS					9,327(14)	945,385		
	2/5/2014	2014 LTIP					895 (7)	90,717	4,386 (8)	444,565
	5/13/2014	PRS					7,943 (15)	805,102		
	6/13/2014	RSU					20,000 (17)	2,027,200		
Matthias Haeni	5/1/2012	PRS					4,912 (13)	497,880		
	1/28/2013	2013 LTIP					820 (4)	83,115	1,282 (5)	129,944
	4/30/2013	PRS					1,922 (14)	194,814		
	2/5/2014	2014 LTIP					895 (7)	90,717	4,386 (8)	444,565
	5/13/2014	PRS					3,666 (15)	371,586		
Anne Chwat	5/1/2012	PRS					13,909 (13)	1,409,816		
	1/28/2013	2013 LTIP					1,355 (4)	137,343	2,114 (5)	214,275
	4/30/2013	PRS					6,607 (14)	669,686		
	2/5/2014	2014 LTIP					499 (7)	50,579	2,446 (8)	247,927
	5/13/2014	PRS					5,499 (15)	557,379		
	2/5/2014	RSU					250 (18)	25,340		

(1) 2013LTIP = 2013-2015 Long-Term Incentive Plan Cycle
2014 LTIP = 2014-2016 Long-Term Incentive Plan Cycle
PRS = Purchased Restricted Stock

RSU = Restricted Stock Unit

SSAR = Stock-Settled Appreciation Right

(2) The market value was determined based on the closing price of our common stock on December 31, 2014. For PRS awards, the amounts in this column do not reflect the purchase price paid by the NEO for PRS shares under the ECP as described in the Compensation Discussion and Analysis.

(3) This award was granted to Mr. Fibig as a non-employee director and vests on May 1, 2015.

(4) This amount represents the number of shares of stock that have been credited for the 2013 and 2014 segments of the 2013-2015 LTIP cycle. These shares will remain unvested until the completion of the full three-year LTIP cycle.

(5) This amount represents the maximum number of shares of stock that remain subject to the achievement of specified performance objectives over the remaining two open segments of the 2013-2015 LTIP cycle. Shares earned during any segment of the 2013-2015 LTIP cycle will remain unvested until the completion of the full three-year cycle.

(6) This award was granted to Mr. Fibig as a non-employee director and vests on April 30, 2016.

(7) This amount represents the number of shares of stock that have been credited for the 2014 segment of the 2014-2016 LTIP cycle. These shares will remain unvested until the completion of the full three-year LTIP cycle.

(8) This amount represents the maximum number of shares of stock that remain subject to the achievement of specified performance objectives over the remaining three open segments of the 2014-2016 LTIP cycle. Shares earned during any segment of the 2014-2016 LTIP cycle will remain unvested until the completion of the full three-year cycle.

(9) This award was granted to Mr. Fibig as a non-employee director and vests on May 13, 2015.

(10) This award vests on April 13, 2017.

(11) This award vests on April 1, 2015.

(12) This award vested on April 2, 2013. This represents the amount of unexercised SSARs.

(13) This award vests on April 1, 2015.

(14) This award vests on March 31, 2016.

(15) This award vests on April 13, 2017.

(16) This award vested on April 2, 2014. This represents the amount of unexercised SSARs.

(17) This award vests on June 13, 2016.

(18) This award vested on February 5, 2015.

Option Exercises and Stock Vested

The following table provides information regarding exercises of options and SSARs and stock vested during 2014 for each of our NEOs.

2014 Option Exercises and Stock Vested

	Option Awards			Stock Awards		
Name	Type of Award (1)	Number of Shares Acquired on Exercise (#)	Value Realized on Exercise ($)	Type of Award(1)	Number of Shares Acquired on Vesting (#)	Value Realized on Vesting ($)
Andreas Fibig				RSU (2)	264	25,159
				RSU (3)	1,585	154,807
				2012 LTIP (4)	1,482	150,216
Douglas D. Tough				RSU (5)	4,345	418,988
				PRS (5)(6)	40,560	2,651,204
				2012 LTIP (4)	27,000	2,736,720
Richard O'Leary	SSAR	3,219 (7)	121,904	PRS (5)(6)	7,725	504,945
				2012 LTIP (4)	1,904	192,989
Kevin C. Berryman	SSAR	8,028 (8)	367,201	RSU (9)	3,281	323,605
				RSU (5)	3,138	302,597
				PRS (5)(6)	5,021	328,198
Nicolas Mirzayantz				RSU (5)	1,883	181,578
				PRS (5)(6)	17,576	1,148,855
				2012 LTIP (4)	6,231	631,574
Matthias Haeni				PRS (5)(6)	4,711	307,935
				2012 LTIP (4)	2,208	223,803
Anne Chwat				RSU (10)	3,171	309,712
				PRS (5)(6)	13,520	883,735
				2012 LTIP (4)	3,739	378,985

(1) RSU = Restricted Stock Unit
PRS = Purchased Restricted Stock
2012 LTIP = 2012-2014 Long-Term Incentive Plan Cycle
SSAR = Stock-Settled Appreciation Right

(2) The award represented in this row was granted in 2011 to Mr. Fibig while he was a member of the Board of Directors and vested on March 8, 2014. The value realized is based on the closing price of our common stock on the vesting date ($95.30).

(3) The award represented in this row was granted in 2011 to Mr. Fibig while he was a member of the Board of Directors and vested on May 2, 2014. The value realized is based on the closing price of our common stock on the vesting date ($97.67).

(4) The award represented in this row is the equity portion of the 2012-2014 LTIP award, for which performance was completed on December 31, 2014. The number of shares represents the actual number of shares that will be issued to the participant in March 2015, as determined by the Board of Directors in February 2015. The value realized is based on the number of shares and the closing market price of a share of our common stock on December 31, 2014 ($101.36); however, the actual value realized may vary depending on the closing market price of a share of our common stock on the payout date.

(5) The award represented in this row was granted in 2011 under the ECP and vested on April 2, 2014. The value realized is based on the closing price of our common stock on the vesting date ($96.43).

(6) The amounts set forth in this table as the value realized attributable to vested PRS is the product of (a) the number of vested shares of PRS and (b) the closing price of our common stock on the vesting date, less the aggregate amount paid by the executive to purchase the PRS. Without taking into account the amount paid by the respective executive for his or her PRS shares, the value realized on vesting in the Value Realized on Vesting column attributable to PRS for this executive would be: Mr. Tough — $3,911,201; Mr. O'Leary - $744,922; Mr. Berryman — $484,175; Mr. Mirzayantz — $1,694,854; Mr. Haeni — $454,282; and Ms. Chwat — $1,303,734.

(7) The award represented in this row was granted in 2011 under the ECP and vested on April 2, 2014. The value realized is based on the difference between the exercise price ($62.13) and the closing price of our common stock ($100.00) on the exercise date of May 30, 2014.

(8) The award represented in this row was granted in 2010 under the ECP and vested on April 2, 2013. The value realized is based on the difference between the exercise price of $44.92 and the price of our common stock on the exercise date of February 13, 2014 ($90.66).

(9) A grant of 16,404 RSUs was made in connection with Mr. Berryman's commencement of employment in 2009. 20% of this grant vested on each of the first, second, third, fourth and fifth anniversaries of the grant date. The portion of the award that vested in 2014 is represented in this row. The value is based on the closing stock price ($98.63) on the vesting date. Mr. Berryman deferred these shares under our DCP described in this proxy statement under the heading "Non-Qualified Deferred Compensation." Dividend equivalents are credited on vested deferred RSU shares.

(10) This award was approved by our Compensation Committee in connection with Ms. Chwat's commencement of employment, and vested on May 3, 2014. The value realized is based on the closing price of our common stock on the vesting date ($97.67).

Pension Benefits

We provide a defined benefit pension plan (the "U.S. Pension Plan") to eligible United States-based employees hired before January 1, 2006. Of our NEOs, only Mr. Mirzayantz currently participates in the U.S. Pension Plan. U.S. employees hired on or after January 1, 2006, including all of our other NEOs, are not eligible to participate in the U.S. Pension Plan. We pay the full cost of providing benefits under the U.S. Pension Plan.

Compensation and service earned after December 31, 2007 are not taken into account in determining an employee's benefit under the U.S. Pension Plan except for employees whose combined age and years of service equaled or exceeded 70 as of December 31, 2007. As Mr. Mirzayantz did not satisfy this requirement, Mr. Mirzayantz had his benefit frozen as of December 31, 2007.

The monthly pension benefit is equal to the number of years of credited service as of December 31, 2014 times the difference between (a) 1.7% times final average compensation, and (b) 1.25% times the social security amount. Final average compensation for purposes of the U.S. Pension Plan is the average of the five consecutive years of compensation during the last ten years before December 31, 2007 that produce the highest average. The term "compensation" means the basic rate of monthly salary (as of April 1 each year) plus 1/12 of any AIP cash award received for the preceding year, reduced by any compensation deferred under our DCP. The normal retirement age under the U.S. Pension Plan is age 65.

Various provisions of the Internal Revenue Code of 1986, as amended ("IRC") limit the amount of compensation used in determining benefits payable under our U.S. Pension Plan. We established a non-qualified Supplemental Retirement Plan to pay that part of the pension benefit that, because of these IRC limitations, cannot be paid under the U.S. Pension Plan to our U.S. senior executives. For purposes of the Supplemental Retirement Plan, "compensation" includes any salary and AIP amounts, including amounts deferred under our DCP.

Employees with at least 10 years of service are eligible for early retirement under the U.S. Pension Plan and the Supplemental Retirement Plan beginning at age 55. The benefit at early retirement is an unreduced benefit payable at age 62 or a reduced benefit (4% per year) if paid prior to age 62.

The following table provides information for Mr. Mirzayantz regarding our U.S. Pension Plan and Supplemental Retirement Plan. The present value of accumulated benefits payable under each of our retirement plans was determined using the following assumptions: an interest rate of 4.1%; the RP-2000 Healthy Participant Male/Female Mortality with projections of mortality improvements; 80% of participants are married with a spouse four years younger and are receiving a 50% joint and survivor annuity and 20% of participants are unmarried and are receiving a straight life annuity with a five-year guarantee. Additional information regarding the valuation method and material assumptions used to determine the accumulated benefits reported in the table is presented in Note 13 to our consolidated financial statements included in our 2014 Annual Report. The information provided in the columns other than the Payments During Last Fiscal Year column is presented as of December 31, 2014, the measurement date used for financial statement reporting purposes with respect to our audited financial statements for the fiscal year ended December 31, 2014.

Pension Benefits

Name	Plan Name	Number of Years Credited Service (#)	Present Value of Accumulated Benefits Assuming Retirement Age of 62 ($)(1)	Present Value of Accumulated Benefits Assuming Retirement Age of 65 ($)(2)	Payments During Last Fiscal Year ($)
Nicolas Mirzayantz (3)	U.S. Pension Plan	16.23	547,630	454,334	
	Supplemental Retirement Plan	16.23	872,597	723,939	
			1,420,227	1,178,273	

(1) The amounts in this column assume benefit commencement at unreduced early retirement at age 62 (with at least 10 years of credited service) and otherwise were determined using interest rate, mortality and payment distribution assumptions consistent with those used in our financial statements.

(2) The amounts in this column assume benefit commencement at normal retirement at age 65 and otherwise were determined using interest rate, mortality and payment distribution assumptions consistent with those used in our financial statements.

(3) Benefits for Mr. Mirzayantz under the U.S. Pension Plan and Supplemental Retirement Plan were frozen as of December 31, 2007 because his age and service as of December 31, 2007 did not equal or exceed 70.

Non-Qualified Deferred Compensation

We offer our executive officers and other senior employees based in the United States an opportunity to defer compensation under our non-qualified deferred compensation plan, or DCP. The DCP allows these employees to defer salary, annual and long-term incentive awards and receipt of stock under some equity awards. There is no limit on the amount of compensation that a participant may elect to defer. Subject to certain limitations on the number of installments and periods over which installments will be paid, participants in the DCP elect the timing and number of installments as to which the participant's DCP account will be settled. Deferred cash compensation may be treated at the election of the participant as invested in (i) a variety of equity and debt mutual funds offered by The Vanguard Group, which administers the DCP, or (ii) a fund valued by reference to the value of our common stock with dividends reinvested (the "IFF Stock Fund"), or (iii) an interest-bearing account. Except for deferrals into the IFF Stock Fund, the participant may generally change his or her choice of funds at any time. For the interest-bearing account, our Compensation Committee establishes an interest rate each year which we intend to be equal to 120% of the applicable federal long-term interest rate. For 2014 this interest rate was 3.93% and for 2015 this interest rate is 3.25%.

We make matching contributions under the DCP to make up for tax limitations on our matching contributions under our Retirement Investment Fund Plan, a 401(k) plan. The 401(k) plan provides for matching contributions at a rate of $1.00 for each dollar of contribution up to 4% of a participant's salary plus $0.75 for each dollar of contribution above 4% up to 8% of a participant's salary.

Tax rules limit the amount of the Company match under the 401(k) plan for our senior executives. The DCP matching contribution reflects the amount of the matching contribution which is limited by the tax laws. The same requirements under the 401(k) plan for matching, including vesting, apply to matching contributions under the DCP. These matching contributions automatically vest once a participant completes three years of service with our Company.

The DCP gives participants an incentive to defer compensation into the IFF Stock Fund by granting a 25% premium, credited in additional deferred stock, on all cash compensation deferred into the stock fund contingent upon the participant remaining employed by the Company (other than for retirement) for the full calendar year following the year when such credit was made. If the participant withdraws any deferred stock within one year of a deferral, any premium shares credited will be forfeited. Vesting of the premium deferred stock accelerates upon a change in control. RSUs granted under our equity compensation plans may also be deferred upon vesting, but no premium is added.

The following table provides information for our NEOs regarding participation in our DCP.

2014 Non-Qualified Deferred Compensation

Name	Executive Contributions in Last FY ($)	Registrant Contributions in Last FY ($)(1)	Aggregate Earnings in Last FY ($)	Aggregate Withdrawals/ Distributions ($)	Aggregate Balance at Last FYE ($)(2)
Andreas Fibig	211,961 (3)	12,950	15,058	—	508,099
Douglas D. Tough	—	—	94,864	—	2,447,868
Richard O'Leary	18,129 (4)	7,706	14,572	—	105,709
Kevin C. Berryman	996,400 (5)	159,910	694,482	—	4,730,156
Nicolas Mirzayantz	53,250 (4)	23,388	83,696	—	1,368,655
Matthias Haeni	—	—	—	—	—
Anne Chwat	249,761 (6)	46,248	23,428	—	1,274,038

(1) The amounts in this column are included in the All Other Compensation column for 2014 in the Summary Compensation Table, and represent employer contributions credited to the participant's account during 2014, as well as certain contributions credited in the first quarter of 2015 related to compensation earned in 2014.

(2) If a person was a NEO in previous years' proxy statements, this amount includes amounts that were included as compensation previously reported for that person in the Summary Compensation Table for those previous years. Of the totals in this column, the following amounts were reported as compensation in the Summary Compensation Table for 2006: Mr. Mirzayantz — $87,985; for 2007: Mr. Mirzayantz — $160,010; for 2008: Mr. Mirzayantz — $63,269; for 2009: Mr. Berryman — $52,186; Mr. Mirzayantz — $31,228; for 2010: Mr. Tough — $774,993; Mr. Berryman — $98,501; Mr. Mirzayantz — $243,228; for 2011: Mr. Tough — $559,028; Mr. Berryman — $91,063; Mr. Mirzayantz — $45,600; Ms. Chwat — $316,928; for 2012: Mr. Tough — $1,924,788; Mr. Berryman — $575,586; Mr. Mirzayantz — $516,144; Ms. Chwat — $398,970; and for 2013: Mr. Tough — $2,299,352; Mr. Berryman — $1,654,231; Mr. Mirzayantz — $751,443; Ms. Chwat — $509,236.

(3) Of this amount, $32,000 is included in the Salary column for 2014 in the Summary Compensation Table. The remaining $179,961 represents the value of director compensation M. Fibig received and deferred while a non-executive director of the Company.

(4) This amount is included in the Salary column for 2014 in the Summary Compensation Table.

(5) Of this amount, $42,174 is included in the Salary column for 2014 in the Summary Compensation Table. Of this amount, $323,605 is the value of Mr. Berryman's deferred RSUs granted in 2009, based on the market price of a share of our common stock on the date the shares were deposited into his deferral account in 2014. These deferred RSUs are included in the 2014 Option Exercises and Stock Vested Table with a value of $323,605 based on the closing market price of a share of our common stock on the vesting date. In addition, of this amount: (i) $394,145 is the value of deferred shares issued in 2014 upon the completion of the 2011-2013 LTIP cycle, based on the closing market price of a share of our common stock on the date the shares were deposited into his deferral account, which shares were previously reported in the 2013 Option Exercises and Stock Vested Table with a value of $430,780, based on the year-end closing market price of a share of our common stock; and (ii) $236,476 is the value of deferred cash paid in 2014 upon the completion of the 2011-2013 LTIP cycle, which amount was previously reported as earned in each year of the LTIP cycle in the Non-Equity Incentive Plan Compensation column of the Summary Compensation Table.

(6) Of this amount, $139,500 is included in the Salary column for 2014 in the Summary Compensation Table. Ms. Chwat also deferred $100,261 which is a portion of her AIP and was included in the Non-Equity Incentive Plan Compensation column for 2013 in the Summary Compensation Table.

Potential Payments upon Termination and Change in Control

Executive Severance Policy

We provide severance payments and benefits to our NEOs and other senior officers of our Company based on their level under our ESP, last amended in March 2015. The Compensation Committee may also agree to vary or provide enhanced benefits to specific executives.

The ESP provides for acceleration of equity, severance payments and benefits in connection with a termination of the executive in certain circumstances, with the value of such benefits varying depending on the nature of the termination and whether the termination occurs prior to or more than two years after a Change in Control (as defined below) or within two years of a Change in Control. The level of severance pay under the ESP is based on a tier system. Each of our NEOs other than Mr. O'Leary are in Tier I. Mr. O'Leary is in Tier II.

Generally, under the ESP an executive is eligible to receive payments if his or her employment is terminated by us without Cause (as defined below) or, in the case of Tier I NEOs, for Good Reason (as defined below) prior to or more than two years after a Change in Control or, in the case of a Change in Control, the NEO's employment is terminated for Cause or for Good Reason by the NEO.

- "Cause" means (i) failure of the executive to perform his or her material duties in any material respect, which if reasonably susceptible to cure, has continued after written notice of such failure has been provided and the executive has not cured such failure within 10 days of receipt of such written notice; (ii) willful misconduct or gross negligence by the executive that has caused or is reasonably expected to result in material injury to our business, reputation, or prospects; (iii) the engagement by the executive in illegal conduct or any act of serious dishonesty which could reasonably be expected to result in material injury to our business or reputation or which adversely affects the executive's ability to perform his or her duties; (iv) the executive being indicted or convicted of (or having pled guilty or nolo contendere to) a felony or any crime involving moral turpitude, dishonesty, fraud, theft or financial impropriety; or (v) a material and willful violation by the executive of our rules, policies or procedures.

- A "Change in Control" (or "CiC") will be deemed to have occurred when (i) a person or group becomes the beneficial owner of 40% or more of the combined voting power of our then outstanding securities, other than beneficial ownership by us, any of our employee benefit plans or any person organized, appointed or established pursuant to the terms of any such benefit plan; (ii) individuals who at March 9, 2015 constituted a majority of the Board (the "Incumbent Directors") cease to constitute a majority of the Board for any reason; provided, however, that any individual becoming a director subsequent to March 9, 2015 whose election or nomination for election to the

Board was approved by a vote of at least two-thirds of the Incumbent Directors then on the Board shall be an Incumbent Director; (iii) the consummation of (A) a merger, consolidation, reorganization or similar transaction with or into us or in which our securities are issued, as a result of which the holders of our outstanding voting securities immediately before such event own, directly or indirectly, immediately after such event less than 60% of the combined voting power of the outstanding voting securities of the parent entity resulting from, or issuing its voting securities as part of, such event; (B) our complete liquidation or dissolution; or (C) a sale or other disposition of all or substantially all of our assets to any person.

- "Good Reason" means any of the following: (i) a material decrease in the executive's base salary, target bonus under an AIP, LTIP or Equity Choice Award, other than as part of an across-the-board reduction applicable to all similarly situated employees; (ii) a material diminution in the executive's authority, duties or responsibilities; (iii) relocation of executives primary work location more than 50 miles from executive's primary work location at the time of such requested relocation; or (iv) our failure to obtain the binding agreement of any successor expressly to assume and agree to fully perform our obligations under the ESP. However, "good reason" will only exist if the executive gives us notice within 90 days after the initial occurrence of any of the foregoing events and we fail to correct the matter within 30 days following receipt of such notice.

Severance Benefits Other than in Connection with a Change in Control

Severance payment. If a NEO is terminated by us without Cause or by a Tier 1 NEO for Good Reason, prior to or more than two years after a CiC, the NEO is entitled to receive a severance payment equal to two times in the case of our CEO, 1.5 times in the case of our other Tier I NEOs, and one times in the case of Mr. O'Leary, the sum of (1) the NEO's base salary at the date of termination plus (2) the NEO's target AIP bonus, paid in regular installments for 24 months in the case of our CEO, 18 months in the case of our other Tier I NEOs and 12 months in the case of Mr. O'Leary following the termination.

AIP. A NEO must generally continue to be employed at the time of payment of an AIP award, except that a NEO who is terminated (other than in connection with a CiC or for Cause) is entitled to receive a lump-sum payment of the pro-rated portion of the NEO's AIP award that would have become payable for performance in the year of termination, based on actual performance and paid when such AIP amounts otherwise become payable.

Prorated LTIP and Equity. A NEO receiving benefits under the ESP must generally continue to be employed at the time of payment of an LTIP award or vesting of an equity award, except that a NEO who is terminated (other than in connection with a CiC or for Cause) during a three-year LTIP cycle receives a lump-sum payment of the pro-rated payout for service during each segment in that cycle and continued vesting of a pro-rata portion of unvested equity award(s).

Benefit continuation. If a NEO is terminated without Cause prior to or more than two years after a CiC, the NEO will be entitled to the continuation of medical, dental and insurance benefits for such NEO and his or her dependents for a period terminating on the earlier of 24 months for our CEO, 18 months for our other Tier I NEOS and 12 months for Mr. O'Leary, following termination of employment, the commencement of eligibility for benefits under a new employer's welfare benefits plan, or the executive's attaining age 65.

Severance Benefits in Connection with a Change in Control

Upon the occurrence of a termination by us without Cause or by any NEO for Good Reason within two years following a CiC, the executive would be entitled to the following:

- In lieu of the severance payment described above, the executive would receive a severance payment equal to three times in the case of our CEO, two times in the case of our other Tier I NEOs, or 1.5 times for Mr. O'Leary, the sum of (i) the NEO's salary at the time of termination and (ii) the higher of his or her average AIP bonus for the three most recent years or his or her target AIP bonus for the year of termination, payable in a lump-sum;

- In addition to the LTIP amount described above, a prorated portion of the target LTIP for the cycles then in progress, payable in a lump sum;
- In lieu of the AIP amount described above, a lump sum payment equal to the prorated portion of the target AIP bonus for the year of termination;
- Vesting of any equity awards not already vested upon the CiC and, unless deferred by the executive, settlement of such equity awards; and
- Continuation of medical, dental, disability and life insurance coverage for three years in the case of our CEO, two years for our other Tier I NEOs, and 18 months for Mr. O'Leary, or until the executive obtains new employment providing similar benefits.

Tax Gross-Up. Executives are not entitled to receive a tax "gross-up" payment. Instead their severance payments would be subject to a "modified cut-back" provision, where severance or other payments to that executive would be reduced if this reduction would produce a better after-tax result for the executive. There would be no reduction, however, if the executive (who would be responsible for any excise tax) would have a better after-tax result without the reduction.

Participant Obligations for the Protection of Our Business and Clawback. As a condition of the executive's right to receive severance payments and benefits, the ESP requires that he or she (i) not compete with us, (ii) not solicit, induce, divert, employ or interfere with or attempt to influence our relationship with any employees or person providing services to the Company and (iii) not interfere with or attempt to influence our relationship with any supplier, customer or other person with whom we do business. In addition, executives must not disclose confidential information or engage in willful misconduct or a violation of a Company policy that is materially detrimental to us. These restrictions apply while an executive is employed and following a termination of employment during any period in which the executive is receiving severance benefits. The ESP also conditions severance payments and benefits on the executive signing a release and termination agreement, and meeting commitments relating to confidentiality, cooperation in litigation and return of our property.

As discussed above in "Compensation Discussion and Analysis - Clawback Policy," compensation received under our ESP is subject to our clawback policy if the executive breaches the obligations noted above or any of the other events triggering a clawback, such as a financial misstatement or restatement, occur.

Effect of IRC Section 409A. The timing of some payments and benefits may be restricted under IRC Section 409A, which regulates deferred compensation. Some amounts payable to our NEOs or other participants under the ESP upon termination may be delayed until six months after termination.

Other Separation Arrangements

Mr. Fibig

Details regarding Mr. Fibig's letter agreement dated May 26, 2014 are included in this proxy statement under the heading "Employment Agreements or Arrangements" following the Summary Compensation Table. In addition, under the terms of his letter agreement, Mr. Fibig is a participant in our ESP and is entitled to certain payments upon termination as set forth in his letter agreement and in the ESP, as modified by his letter agreement.

Any termination by us without cause (as described below) or by Mr. Fibig for any reason requires prior written notice of (i) at least nine months, if the termination occurs before the first anniversary of his date of employment, (ii) at least six months, if the termination occurs after the first anniversary but before the second anniversary of his date of employment, and (iii) 90 days, if the termination occurs after the second anniversary of his date of employment.

If Mr. Fibig's employment is terminated by us without cause or by Mr. Fibig for good reason (as described below), the severance payment due to Mr. Fibig under the ESP will be (1) a lump-sum cash payment of a pro-rated portion of any LTIP award that is in progress on the date of termination, based on target, plus (2) two times the sum of Mr. Fibig's annual base salary and average AIP amount paid to him in the three years preceding termination, payable for 24 months following the termination. Mr. Fibig is also entitled to continued participation in our welfare benefit plans for 24 months at active employee rates. Under Mr. Fibig's letter agreement, "cause" means (i) his indictment for or conviction of a felony or any crime involving moral turpitude, dishonesty, fraud, theft or financial impropriety; (ii) willful engagement in conduct that is not authorized by the Board or within the normal course of our business decisions and is known by Mr. Fibig to be materially detrimental to our interests, including any misconduct that results in material noncompliance with any financial reporting requirement under the Federal Securities laws if such noncompliance results in an accounting restatement; (iii) willful and continued failure to perform his duties; and (iv) willful engagement in illegal conduct or any act of serious dishonesty which adversely affects or in the reasonable estimation of the Board, could in the future adversely affect his value, reliability or performance in a material manner. "Good reason" means any of the following (1) any adverse change in his status or position as CEO, (2) any reduction in base salary or AIP target bonus, (3) a requirement to relocate outside the New York City metropolitan area, or (4) any failure of our Company to obtain an agreement from any successor company to our Company's assets or business to assume and perform the letter agreement.

If such termination occurs in contemplation of or within two years after a CiC (as defined above), the above separation benefits are modified under the ESP to provide a lump-sum severance payment of 3 times the sum of Mr. Fibig's annual base salary and target AIP amount.

If Mr. Fibig's employment terminates on account of death, disability or retirement, he (or his beneficiary or estate) is entitled to any unpaid base salary through the date of termination, any unpaid bonus earned with respect to any fiscal year ending on or preceding the date of termination, payable when bonuses are paid to other senior executives, a pro-rata AIP bonus for the fiscal year in which the termination occurs, based on actual performance and payable when bonuses are paid to other senior executives, and all other payments, benefits or perquisites to which he may be entitled under the terms of the Company's programs. Mr. Fibig will not be entitled to any payment (including any tax gross-up) respecting taxes he may owe under IRC Section 4999 (so-called "golden parachute taxes"). The separation benefits payments are subject to Mr. Fibig's delivery to us of an executed general release, resignation from all offices, directorships and fiduciary positions with us and continued compliance with restrictive covenants regarding non-competition, non-solicitation, confidentiality, cooperation and non-disparagement. Upon a termination of Mr. Fibig's employment for any reason, the non-competition and non-solicitation covenants continue to apply for one year. If Mr. Fibig's employment terminates prior to a CiC and he fails to comply with the restrictive covenants, the clawback provisions in the ESP apply.

Payments in connection with death, disability or retirement

Our NEOs may also receive payment if their employment terminates as a result of death, disability or retirement as set forth in the terms and conditions of their award agreements with the Company. Our NEOs are also entitled to payments under our Executive Death Benefit Plan as described in this proxy statement under the heading "Compensation Discussion and Analysis—Executive Death Benefit Plan." In the event of disability, our NEOs would be entitled to payments under our Disability Insurance Program that applies to salaried employees generally (60% of monthly salary up to a maximum of $15,000 per month).

Payments and Benefits Upon a Change in Control and Various Types of Terminations

The following table shows the estimated payments and value of benefits that we would provide to each of our NEOs if the triggering events described in the heading of the table had occurred on December 31, 2014, other than for Messrs. Berryman and Tough.

Mr. Berryman is not included in the following table as he voluntarily resigned from our Company effective December 18, 2014. Mr. Tough retired from our Company in 2014. In connection with his retirement, Mr. Tough received a lump sum payment of $100,000. He also received in 2015 a prorated payout of $1,119,432 for the 2014 AIP and a prorated payout of $1,427,726 and 27,000 shares for the 2012-2014 LTIP cycle. With respect to the 2013-2015 and 2014-2016 LTIP cycles, Mr. Tough will be eligible to receive a prorated payment for those cycles following the completion of each three-year cycle. His outstanding ECP awards will also continue to vest according to their terms.

We do not provide any additional benefits to our NEOs upon a voluntary resignation or termination for Cause. Certain assumptions made for purposes of presenting this information and certain amounts not reflected in the table are explained below or in the footnotes to the table.

For all cases, the per share market price of our common stock is assumed to be $101.36, the actual closing price per share on the last trading day of the year, December 31, 2014. In preparing the estimates in this table, we have assumed that any CiC would also constitute a "change in ownership and control" for purposes of the golden parachute excise tax rules. All amounts included in the table are stated in the aggregate, even if the payments will be made on a monthly basis. Except as noted in footnote (7) of the table, these amounts do not include payments and benefits to the extent that they are provided on a non-discriminatory basis to salaried employees generally upon termination of employment. The salary, AIP award and LTIP award otherwise payable to each NEO through December 31, 2014 is included in the Summary Compensation Table. In addition to the amounts set forth in the table below, in the event of a CiC, the aggregate balance held in our DCP for each of our NEOs who participate in that plan will be automatically accelerated and settled within five business days of the CiC, as opposed to the participant's original deferral election. The amounts that would have been accelerated in the event of a CiC as well as, in all other cases, the amounts each of our NEOs who participate in that plan would have received according to the participant's original deferral election, are shown in the Aggregate Balance at Fiscal Year-End column of the Non-Qualified Deferred Compensation Table.

Potential Payments upon Termination or Change in Control

	Involuntary Termination Not for Cause Prior to or More Than 2 Years After a CiC	Termination due to Death (1)	Separation Due to Retirement or Disability Prior to or More Than 2 Years After a CiC (2)	Involuntary or Good Reason Termination Within 2 Years After a CiC	Separation Due to Retirement or Disability Within 2 Years After a CiC (2)
Andreas Fibig					
Salary	$ 2,400,000	$ --	$ --	$ 3,600,000 (3)	$ --
AIP	2,880,000 (4)	--	--	4,320,000 (5)	--
LTIP (6)	445,459	445,459	445,459	445,459	445,459
ECP Acceleration (7)	--	1,868,572	--	1,868,572	1,868,572
Medical Benefits (8)	54,862	--	--	82,293	--
Executive Death Benefit (9)	--	2,400,000	--	--	--
Executive Death Benefit Cost (10)	--	--	--	--	--
Disability Insurance (11)	--	--	180,000	--	180,000
Total	$ 5,780,321	$ 4,714,030	$ 625,459	$ 10,316,323	$ 2,494,030
Richard O'Leary					
Salary	$ 390,790	$ --	$ --	$ 586,185	$ --
AIP	240,395 (4)	--	--	360,593 (5)	--
LTIP (6)	150,349	150,349	150,349	150,349	150,349
ECP Acceleration (7)	--	1,159,386	--	1,159,386	1,159,386
Medical Benefits (8)	27,431	--	--	41,146	--
Executive Death Benefit (9)	--	781,580	--	--	--
Executive Death Benefit Cost (10)	7,066	--	--	10,599	--
Disability Insurance (11)	--	--	180,000	--	180,000
Total	816,031	$ 2,091,316	$ 330,349	$ 2,308,258	$ 1,489,736
Nicolas Mirzayantz					
Salary	$ 810,000	$ --	$ --	$ 1,080,000	$ --
AIP	648,000 (4)	--	--	864,000 (5)	--
LTIP (6)	466,515	466,515	466,515	466,515	466,515
ECP Acceleration (7)	--	5,191,736	--	5,191,736	5,191,736
Medical Benefits (8)	41,146	--	--	54,862	--
Executive Death Benefit (9)	--	1,080,000	--	--	--
Executive Death Benefit Cost (10)	31,599	--	--	42,132	--
Disability Insurance (11)	--	--	180,000	-	180,000
Total	$ 1,997,260	$ 6,738,250	$ 646,515	$ 7,699,244	$ 5,838,250

	Involuntary Termination Not for Cause Prior to or More Than 2 Years After a CiC		Termination due to Death (1)	Separation Due to Retirement or Disability Prior to or More Than 2 Years After a CiC (2)	Involuntary or Good Reason Termination Within 2 Years After a CiC		Separation Due to Retirement or Disability Within 2 Years After a CiC (2)
Matthias Haeni							
Salary	$ 690,000		$ --	$ --	$ 920,000		$ --
AIP	552,000	(4)	--	--	736,000	(5)	--
LTIP (6)	279,142		279,142	279,142	279,142		279,142
ECP Acceleration (7)	--		915,962	--	915,962		915,962
Medical Benefits (8)	18,418		--	--	24,557		--
Executive Death Benefit (9)	--		920,000	--	--		--
Executive Death Benefit Cost (10)	--		--	--	--		--
Disability Insurance (11)	--		--	180,000	--		180,000
Total	$ 1,539,560		$ 2,115,104	$ 459,142	$ 2,875,661		$ 1,375,104
Anne Chwat							
Salary	$ 697,500		$ --	$ --	$ 463,983	(12)	$ --
AIP	422,500	(4)	--	--	563,333	(5)	--
LTIP (6)	278,915		278,915	278,915	278,915		278,915
ECP Acceleration (7)	--		2,242,238	--	2,242,238		2,242,238
Medical Benefits (8)	41,146		--	--	54,862		--
Executive Death Benefit (9)	--		930,000	--	--		--
Executive Death Benefit Cost (10)	25,599		--	--	34,132		--
Disability Insurance (11)	--		--	180,000	--		180,000
Total	$ 1,465,660		$ 3,451,153	$ 459,142	$ 3,637,463		$ 2,701,153

(1) The amounts in this column represent payments made in the event of the death of the executive either prior to, within two years or more than two years after a CiC, assuming a termination date of December 31, 2014. With respect to amounts shown in the AIP row, if the death of an executive occurred within two years of a CiC, this amount may change as it is the prorated amount of the executive's target bonus in the year of termination.

(2) Pursuant to the terms of the ESP, an executive who elects to retire after attaining age 62 is entitled to the benefits in this column (less any disability insurance proceeds).

(3) Pursuant to the terms of our ESP, if severance payments are deemed to trigger the excise tax imposed by IRC Section 4999, the executive would receive the greater net after tax benefit of either (1) payment of the excise tax or (2) a reduction to cash severance to the "safe harbor" level so as not to trigger the excise tax. In Mr. Fibig's case, payment of the excise tax results in the greater net after tax benefit to him.

(4) This amount represents (i) for Ms. Chwat and Messrs. Haeni and Mirzayantz, 1.5x and (ii) for Mr. Fibig, 2.0x, the average AIP award paid for performance in the three years preceding the year of the presumed December 31, 2014 termination (i.e., the three years ending December 31, 2013) (or averaged over the lesser number of years during which the executive was eligible for AIP awards) or, if not eligible for an AIP award before 2014 (the presumed year of termination), the executive's target annual incentive under the AIP for 2014. For Mr. O'Leary, this amount represents 1.0x target AIP bonus in the year of termination. This amount does not take into account any actual AIP amounts paid for 2014, which are set forth in the Non-Equity Incentive Plan Compensation column of the Summary Compensation Table.

(5) For Ms. Chwat and Messrs. Haeni and Mirzayantz, this amount represents 2.0x, and for Mr. Fibig, 3.0x, the greater of: (i) the executive's average annual incentive award paid for performance in the three years preceding the year of the presumed December 31, 2014 termination (i.e., the three years ending December 31, 2013) under the AIP (or averaged over the lesser number of years during which the executive was eligible for AIP awards); or (ii) the executive's target annual incentive for the presumed year of termination (2014). For Mr. O'Leary, this amount represents 1.5x his target AIP bonus in the year of termination. This amount does not take into account any actual AIP amounts paid for 2014, which are set forth in the Non-Equity Incentive Plan Compensation column of the Summary Compensation Table.

(6) The amounts in this row are the additional LTIP amounts that would be payable as severance with respect to the 2013-2015 and 2014-2016 LTIP cycles that would be paid in cash, based on prorated target LTIP for

the relevant LTIP cycles in progress. Prorated amounts are based on the number of days worked in each performance period divided by the total number of days in each performance period for each relevant LTIP cycle. This amount does not take into account the actual amounts paid out under the completed 2012-2014 LTIP cycle, which are discussed in the narrative following the Grants of Plan-Based Award Table under the heading "Long-Term Incentive Plan."

(7) For termination due to death or disability more than two years prior to a CiC, the amounts in this row represent the aggregate value of RSU and PRS awards which would immediately vest upon occurrence of the termination event. For termination events within two years after a CiC, the amounts in this row represent the aggregate in-the-money value of the options, SSARs, RSUs, PRS and other equity awards which would become vested as a direct result of the CiC before the stated vesting date specified in the applicable equity award document. The calculation of these amounts does not attribute any additional value to options based on their remaining exercise term and does not discount the value of awards based on the portion of the vesting period elapsed at the date of the CiC. These amounts also do not include any value for equity awards that, by their terms, are not accelerated and continue to vest.

(8) Amounts in this row are the COBRA costs of medical and dental benefits for the covered period based on assumptions used for financial reporting purposes. Although our medical and dental insurance is generally available to our employees, only participants in our ESP, including our NEOs, would be entitled to have the benefits paid for by our Company.

(9) The amounts in this row are the amounts that would be payable under our Executive Death Benefit Plan upon the death of the NEO.

(10) The amounts in this row are the costs that we would incur to continue the Executive Death Benefit Plan for the NEO.

(11) The amounts in this row are the amounts that would be payable under our disability insurance program upon the NEO's separation from employment due to long-term disability. This program is generally available to salaried employees.

(12) Pursuant to the terms of our ESP, if severance payments are deemed to trigger the excise tax imposed by IRC Section 4999, the executive would receive the greater net after tax benefit of either (1) payment of the excise tax or (2) a reduction to cash severance to the "safe harbor" level so as not to trigger the excise tax. In Ms. Chwat's case, a reduction in cash severance below the safe harbor results in the greater net after tax benefit to her.

X. PROPOSAL IV - APPROVAL OF THE INTERNATIONAL FLAVORS & FRAGRANCES INC. 2015 STOCK AWARD AND INCENTIVE PLAN

Attracting, retaining and motivating specialized talent is critical to achieving our strategic and operating goals, including our goal to increase shareholder value. Equity-based and performance-based compensation are key components of our total compensation package. We believe that the ability to grant these types of awards allows us to remain competitive in the marketplace and enables us to link executive compensation to performance, and to attract, retain and motivate high-caliber talent dedicated to our long-term growth and success.

We are seeking shareholder approval of the International Flavors & Fragrances Inc. 2015 Stock Award and Incentive Plan (the "2015 SAIP") in order to (i) comply with NYSE rules requiring shareholder approval of equity compensation plans, (ii) satisfy the shareholder approval requirement under Section 162(m) of the IRC and the rules and regulations thereunder (collectively, "Section 162(m)") so that the Compensation Committee may grant awards that are intended to meet the requirements of the performance-based compensation exception under Section 162(m), and (iii) allow us to continue to utilize cash and equity-based awards, including performance-based awards, to attract, retain and motivate employees and to further align the interests of our employees with those of our shareholders.

On March 11, 2015, upon the recommendation of the Compensation Committee, the Board approved the 2015 SAIP, subject to shareholder approval at the 2015 Annual Meeting. If the 2015 is approved by our shareholders, the 2015 SAIP will become effective on May 6, 2015 and will supersede the 2010 SAIP. If the 2015 SAIP is approved, no new grants of awards will be made under the 2010 SAIP. However, any awards previously granted under the 2010 SAIP will remain outstanding subject to the terms and conditions of the 2010 SAIP. If the 2015 SAIP is not approved by our shareholders, the 2010 SAIP will continue in full force and effect.

2015 SAIP Shares. If the 2015 SAIP proposal is approved, the maximum number of shares reserved for issuance under the 2015 SAIP will be 1,500,000 plus (i) the number of shares that remain available for issuance as of May 6, 2015 under the 2010 SAIP, and (ii) the number of shares that are subject to outstanding awards under the 2010 SAIP as of May 6, 2015 that become available in the future due to cancellation, forfeiture or expiration of such outstanding awards (collectively, the "2015 SAIP Shares").

Tax Deductibility of Performance-Based Compensation. By seeking shareholder approval of the 2015 SAIP, we are also seeking approval of the performance measures and other material terms and conditions of the 2015 SAIP for purposes of Section 162(m). Shareholder approval of such terms allows us to grant awards to our executive officers that are tax deductible. Section 162(m) limits the deductions a publicly-held company can claim for certain executive compensation paid in a given year to its chief executive officer and its three other most highly-compensated executive officers (other than its chief financial officer). An exemption from this limitation applies to "performance-based compensation" as defined in Section 162(m) rules and regulations. The 2015 SAIP gives the Compensation Committee the ability to set performance goals and grant awards based on achievement of those goals that are intended to qualify for the performance-based compensation exception under Section 162(m). Nothing in the 2015 SAIP or this proxy statement is intended to guarantee that we will always seek to ensure that our compensation qualifies as performance-based compensation under Section 162(m).

Outstanding Awards. As of the end of 2014, we had 1.16 million shares subject to outstanding equity awards and approximately 1.3 million shares available for future equity awards under the 2010 SAIP, which represented approximately 2.88% of our fully diluted common shares outstanding (or, the "overhang percentage"). The 1.5 million new shares proposed to be included in the 2015 SAIP share reserve would increase the overhang percentage by an additional 1.76% to approximately 4.64%.

Share Usage. The annual average share usage under our equity compensation program for the last three fiscal years was as follows:

	3-Year Average	Fiscal Year 2014	Fiscal Year 2013	Fiscal Year 2012
A. SSARs & Stock Options	18,000	0	0	54,000
B. RSUs & Equivalents	239,669	241,006	225,000	253,000
C. Purchased Restricted Stock	143,056	99,091	101,326	228,750
D. LTIP Shares Issued	91,786	90,062	65,735	119,561
E. Actual Total	492,510	430,159	392,061	655,311
F. Weighted Average Common Stock Outstanding	81,579,333	81,583,000	81,322,000	81,833,000
G. Actual Annual Share Usage (E÷F)	0.60%	0.53%	0.48%	0.80%

Although our annual share usage (sometimes referred to as run rate or burn rate) will depend upon and be influenced by a number of factors, such as the number of plan participants, the price per share of our common stock and the methodology used to establish the equity award mix, we believe the 2015 SAIP Shares will enable us to continue to utilize equity-based awards as a significant component of our compensation program and help meet our objectives to attract, retain and motivate talented employees. The calculation of the share reserve took into account, among other things, our stock price and volatility, our share burn rate and overhang and how they compare with our industry peers, the existing terms of our outstanding awards and the effect of our share repurchase program. The results of this analysis were presented to our Compensation Committee for its consideration.

Key Features of the 2015 SAIP

We believe the 2015 SAIP and our other related governance practices and policies contain provisions that are consistent with the interests of our shareholders and with our corporate governance practices.

No "evergreen" provision; ten-year term. The 2015 SAIP does not contain an "evergreen" or similar provision. The 2015 SAIP fixes the number of shares available for future grants and does not provide for any increase based on increases in the number of outstanding shares of common stock. The 2015 SAIP has a ten-year term from the date of approval by the Board, subject to shareholder approval, unless terminated earlier by the Board, but awards granted under the 2015 SAIP may remain outstanding beyond the termination date of the 2015 SAIP.

No stock option/SAR repricing/exchange. The 2015 SAIP does not permit the repricing of options or stock-appreciation rights ("SARs"), the exchange of underwater options or SARs for cash, or the lowering of the exercise price of an option or SAR immediately following the date of grant without shareholder approval, except in the cases of certain corporate events described below.

Minimum vesting requirement. Equity-based awards are generally subject to a minimum of one year vesting period from the date of grant, unless (i) the award was granted through the assumption of, or in substitution for, outstanding awards previously granted to individuals who became employees of our Company as a result of a merger, consolidation, acquisition or other corporate transaction involving our Company, (ii) the award was granted as an inducement to become an employee of our Company, or (iii) there exist other extraordinary or special circumstances, as determined by the Compensation Committee. Typically, our annual equity grants vest over approximately three years.

No reuse of shares. The 2015 SAIP does not allow us to reuse for future awards, shares tendered or withheld to cover option exercise costs, settlement of an SAR or tax withholding obligations, or shares underlying an award that is ultimately cash-settled.

Clawback feature. The 2015 SAIP contains a clawback feature that authorizes cancellation of awards, forfeiture of shares received upon settlement or exercise of an award and repayment of cash received in connection with any awards if a participant engages in any of the conduct discussed above in the section entitled "Compensation Discussion and Analysis–Clawback Policy" of this proxy statement.

Dividend or dividend equivalents. Our historical practice has been to provide that dividend or dividend equivalents on awards are subject to the same vesting restrictions as the underlying awards.

Double trigger vesting on change in control. In the event of a change in control of our Company, outstanding awards under the 2015 SAIP that are assumed by the acquiror will only vest in full in connection with terminations of employment by the acquiror without cause or by the participant for good reason within two years following the change in control.

Additional Information about the 2015 SAIP

The following is a summary of the principal features of the 2015 SAIP. This summary is not a complete description of all of the provisions of the 2015 SAIP. The full text of the 2015 SAIP is attached as Annex 1 to this Proxy Statement, and the following description is qualified in its entirety by reference to that Annex.

General

The purpose of the 2015 SAIP is to aid us in attracting, retaining, motivating and rewarding employees, consultants, non-employee directors and other selected service providers of the Company who contribute to the success of our Company, and to strengthen the mutuality of interests between these persons and our Company. The 2015 SAIP is designed to enable us to grant cash and equity-based awards, including performance-based awards that are intended to qualify as "qualified performance-based compensation" under Section 162(m) ("Performance-Based Awards").

Administration

The 2015 SAIP will be administered by the Compensation Committee. As is currently the case with respect to the 2010 SAIP, the Compensation Committee will have the authority to determine the individuals who may participate in the 2015 SAIP and the terms and conditions of their awards, interpret the 2015 SAIP, establish and revise rules and regulations relating to the 2015 SAIP and make any other determinations it believes necessary or advisable for the administration of the 2015 SAIP. The Compensation Committee may delegate the administration of the 2015 SAIP to employees or officers of the Company as it deems appropriate, except that no delegation may be made in the case of awards (i) intended to be qualified under Section 162(m) or (ii) made to individuals who are subject to Section 16 of the Exchange Act.

Size of Share Pool; Shares Available

As of December 31, 2014, there were 1,296,852 shares remaining available for issuance under the 2010 SAIP and 1,158,298 shares were subject to outstanding awards under the 2010 SAIP. If our shareholders approve the 2015 SAIP, the total number of shares reserved for issuance thereunder will be 1.5 million shares plus (i) the number of shares that remain available for issuance as of May 6, 2015 under the 2010 SAIP, and (ii) the number of shares that are subject to outstanding awards under the 2010 SAIP as of May 6, 2015 that become available in the future due to the cancellation, forfeiture or expiration of such outstanding awards. The shares to be delivered under the 2015 SAIP may be authorized but unissued shares of our common stock, treasury shares and/or shares purchased in the open market. The maximum number of shares available for grants of incentive stock options is 1,500,000. The closing price of a share of our common stock on the NYSE on March 9, 2015 was $120.69.

Individual Limits under the 2015 SAIP

An executive officer who is subject to the deductibility limitations of Section 162(m) may not be (i) granted Performance-Based Awards covering more than 1,000,000 shares during any calendar year (the "Annual

Limit") plus the amount of such executive officer's unused Annual Limit as of the last day of the prior calendar year, and (ii) paid more than $5,000,000 for any Performance-Based Awards with respect to any one-year performance period relating to such award. The Compensation Committee may not grant to any executive officer subject to the deductibility limitations of Section 162(m) more than three cash Performance-Based Awards with performance periods that are scheduled to either start or end in the same calendar year.

The maximum number of shares that may be covered by equity-based awards granted to a non-employee director in any calendar year may not exceed 20,000 shares.

Shares Subject to Awards; Share Counting

Any shares underlying awards under the 2015 SAIP that are forfeited, canceled, returned to the Company or expire may not be used for the future grant of awards under the 2015 SAIP if such shares are (i) underlying an award that is ultimately settled in cash, (ii) withheld to settle a stock-settled SAR, (iii) tendered by the participant or withheld by the Company to pay the exercise price of an option, or (iv) tendered by the participant or withheld by the Company to pay the withholding taxes related to an award.

Eligibility

All employees of the Company and its affiliates, as well as the Company's non-employee Directors, consultants and selected service providers to the Company or its affiliates, as selected by the Compensation Committee, will be eligible to participate in the 2015 SAIP ("participants"). As of the date of this proxy statement, there are approximately 800 employees and service providers of the Company and its affiliates and 12 non-employee directors of the Company who are eligible to participate in the 2015 SAIP.

Prohibition on Repricing

The 2015 SAIP does not permit the repricing of options or SARs, the exchange of underwater options or SARs for cash, or the lowering of the exercise price of an option or SAR following the date of grant without shareholder approval, provided that adjustments to the exercise price of an option or SAR in connection with certain corporate events described below will not be considered a repricing for these purposes.

Transferability

Unless otherwise provided in an award agreement, awards granted under the 2015 SAIP may not be transferred except by will or the laws of descent and distribution. During the participant's lifetime, any options or awards may be exercised only by the participant or, if permissible under applicable law, by the participant's guardian or legal representative.

Certain Adjustments

In the event of any change in the number or kind of outstanding shares of common stock of the Company by reason of a recapitalization, merger, consolidation, spin-off, combination, liquidation, extraordinary stock dividend or split, dissolution, repurchase or exchange of shares or similar corporate change, the Compensation Committee may, to the extent it deems appropriate, adjust the maximum aggregate number and type of shares with respect to which awards may be granted under the 2015 SAIP and the individual and aggregate limits under the 2015 SAIP. In the event of an increase or decrease in the number of issued shares of our common stock without payment or receipt of consideration by us, the Compensation Committee may, to the extent it deems appropriate, adjust outstanding awards as to the type of shares, number of shares and exercise price per share. In addition, in the event of certain corporate transactions, such as a dissolution, sale or merger of our Company, the Compensation Committee has the discretion to provide for the cancellation and cash-out of outstanding awards under the 2015 SAIP, or to provide for the exchange of such outstanding awards and to make certain equitable adjustments.

Change in Control

In the event of a change in control (as defined in the 2015 SAIP), unless otherwise provided in the participant's award agreement or the ESP, if applicable, the Compensation Committee will determine the deemed level of achievement of the applicable performance goals with respect to any performance award as of the date of the change in control.

Generally, unless otherwise provided in the participant's award agreement, or the ESP, if applicable, (i) if the acquirer does not assume the outstanding awards under the 2015 SAIP or (ii) if the acquirer assumes the outstanding awards under the 2015 SAIP and a participant's employment is involuntarily terminated without cause (or for participants who participate in the ESP, the participant terminates employment for good reason), in either case, within the 24-month period following a change in control:

- any unvested options and SARs will immediately vest and remain exercisable for the period of time set forth in the applicable award agreement; and
- the restrictions, limitations and conditions on other awards (including AIP, LTIP, RSUs, and ECP awards) will lapse and such awards will become fully vested (with respect to any performance awards, subject to the Compensation Committee's determination with respect to performance as of the date of the change in control).

Additionally, the Compensation Committee or Board may provide for awards to be cancelled in exchange for a cash payment in connection with a change in control.

Term, Amendment and Termination

The 2015 SAIP has a ten-year term from the date of approval by the Board, subject to shareholder approval, unless terminated earlier by the Board. Awards granted under the 2015 SAIP prior to its termination may remain outstanding beyond the termination date of the 2015 SAIP.

The Board may amend, suspend, modify, discontinue or terminate the 2015 SAIP or revise, modify or amend any award at any time, but may not, without prior approval of our shareholders:

- increase the maximum number of shares that may be issued under the 2015 SAIP or the number of shares that may be issued to any one participant;
- extend the term of the 2015 SAIP or of options granted under the 2015 SAIP;
- materially modify the eligibility criteria; or
- take any other action that requires shareholder approval to comply with any applicable law, tax or regulatory requirement.

Types of Awards

The 2015 SAIP provides for the grant of cash and equity-based awards, including performance awards.

Cash and equity awards. The Compensation Committee may grant cash and equity-based or equity-related awards upon such terms and conditions as the Compensation Committee may impose. These awards may (i) involve the transfer of actual shares, either at the time of grant or after, or payment in cash or otherwise of amounts based on the value of our shares, (ii) be subject to performance and/or service-based conditions, (iii) be in the form of SARs, phantom stock, restricted stock, restricted stock units, performance shares, deferred share units or share-denominated performance units, (iv) be designed to comply with applicable laws of jurisdictions other than the United States and (v) be designed to qualify as performance-based compensation under Section 162(m).

Stock options. Options granted under the 2015 SAIP may be either non-qualified stock options or incentive stock options intended to qualify under Section 422 of the IRC. The exercise price of any option may not be less than the fair market value of our shares on the date the option is granted and may be paid in cash or in any other manner as may be determined by the Compensation Committee. The term of any options under the 2015 SAIP may not exceed 10 years from the date of grant. The Compensation Committee determines the terms and conditions of award of options.

Performance-based awards. The Compensation Committee may grant cash or equity-based awards to its executive officers that are intended to qualify as Performance-Based Awards. Performance-Based Awards vest or become exercisable upon the attainment of specific performance goals that are pre-established by the Compensation Committee and are related to one or more of the performance measures (described below) set forth in the 2015 SAIP. Within 90 days after the beginning of the performance period with respect to any Performance-Based Award, and in any case before 25% of the performance period has elapsed, the Compensation Committee will establish the performance goals for such performance period. Participants are only entitled to receive payment for a Performance-Based Award for any given performance period to the extent that such pre-established performance goals for such award are satisfied. In determining the amount payable with respect to any individual Performance-Based Award, the Compensation Committee may reduce or eliminate (but not increase) the amount payable to a participant with respect to such award. The 2015 SAIP also provides the Compensation Committee with the discretion to grant, modify and administer Performance-Based Awards that do not qualify as performance-based compensation under Section 162(m).

The pre-established performance goals on which the payment or vesting of Performance-Based Awards depends must relate to one or more of any combination of the following performance measures: (i) earnings per share, net earnings per share or growth in such measures; (ii) net sales, sales, net revenues or revenues or growth in sales or revenues; (iii) earnings measures (including earnings before or after any or all of interest, taxes, depreciation, and amortization or extraordinary or special items); (iv) income, net income, net income per share of common stock (basic or diluted) or growth in income; (v) cash flow (including, net cash provided by operations, cash flow in excess of cost of capital (discounted or otherwise), free cash flow, and cash flow return on capital) or growth in such measures; (vi) return measures, including return on assets (gross or net), return on investment, return on capital, return on equity, return on revenue or return on sales; (vii) economic profit or economic value created; (viii) gross profit or operating profit; (ix) gross margin, operating margin or profit margin or growth in such measures; (x) shareholder value creation measures, including price per share of common stock or total shareholder return; (xi) dividend payout levels, including as a percentage of net income; (xii) asset measures, including asset growth; (xiii) asset turnover, (xiv) sales measures; (xv) book value; (xvi) brand contribution; (xvii) market share or growth in market share; (xviii) unit volume, (xix) working capital amounts, including working capital as a percentage of customer sales; (xx) operational costs or cost controls and other expense targets, or a component thereof, or planning or forecasting accuracy; (xxi) supply chain achievements; (xxii) innovation as measured by a percentage of sales of new products; (xxiii) strategic plan development and implementation; or (xxiv) strategic business criteria, consisting of one or more objectives based on meeting specified market penetration, geographic business expansion goals, cost targets, total market capitalization, agency ratings, completion of capital and borrowing transactions, business retention, new product development, customer satisfaction and retention, employee development, satisfaction and retention, market penetration, management of employment practices and employee benefits, diversity, supervision of litigation, information technology, corporate social responsibility, customer growth, customer service, improvements in capital structure, debt leverage, expense management, operating efficiency, strategic planning, process reliability, product quality, regulatory compliance, risk mitigation, sustainability and environmental impact, and goals relating to acquisitions, divestitures or strategic partnerships or transactions.

The performance measures listed above may relate to the performance of the Company (or that of an affiliate, business group, business unit or division of the Company) and may be expressed as an amount, as an increase or decrease over a specified period, or as a relative comparison to the performance of other companies or a published or special index.

The measurement of the performance measures shall exclude the negative impact and include the positive impact of certain items that may occur during the performance period, including, without limitation, (i) unusual, non-recurring, or extraordinary items or expenses; (ii) charges for restructurings; (iii) discontinued operations; acquisitions or divestitures; (iv) the cumulative effect of changes in accounting treatment; (v) changes in tax laws, accounting standards or principles or other laws or regulatory rules affecting reporting results; (vi) any impact of impairment of tangible or intangible assets; (vii) any impact of the issuance or repurchase of equity securities and/or other changes in the number of outstanding shares of any class of the Company's equity securities; (viii) any gain, loss, income, or expense attributable to acquisitions or dispositions of stock or assets; (ix) stock-based compensation expense; (x) asset write-downs, in-process research and development expense; (xi) gain or loss from all or certain claims and/or litigation and insurance recoveries; (xii) foreign exchange gains and losses; (xiii) any impact of changes in foreign exchange rates and any changes in currency; (xiv) a change in the Company's fiscal year; (xv) litigation legal fees; (xvi) pension expenses and (xvii) any other items, each determined in accordance with United States generally accepted accounting principles and as identified in the Company's audited financial statements.

For all awards granted under the 2015 SAIP that are subject to performance conditions but are not intended to qualify as performance-based compensation under Section 162(m), performance goals may be based on one or more of the above performance measures or any other criteria that the Compensation Committee deems appropriate.

Federal Income Tax Consequences

The following is a summary of the effect of U.S. federal income taxation on the participants in the 2015 SAIP and the Company. This summary does not discuss the income tax laws of any other jurisdiction (including state or local jurisdictions) in which the participant may reside or be subject to tax.

Stock Appreciation Rights

Generally, the recipient of a stand-alone SAR will not recognize taxable income at the time the stand-alone SAR is granted. The value received by an employee (in cash or stock) from the exercise or settlement of a SAR will be taxed as ordinary income to the employee at the time it is received. In general, there will be no federal income tax deduction allowed to the Company upon the grant or termination of SARs. However, upon the exercise or settlement of a SAR, the Company will be entitled to a deduction equal to the amount of ordinary income the recipient is required to recognize as a result of the exercise or settlement.

Stock Awards/Performance Awards

No income will be recognized at the time of grant by the recipient of a stock award or performance award if such award is subject to contingencies or restrictions that qualify as substantial risks of forfeiture under the applicable provisions of the IRC. Generally, at the time the contingencies or restrictions are satisfied or terminate with respect to a stock award, the then fair market value of the stock or the amount of cash received will constitute ordinary income to the employee. Subject to the applicable provisions of the IRC, a deduction for federal income tax purposes will be allowable to the Company in an amount equal to the compensation realized by the employee.

Incentive Stock Options

An incentive stock option results in no taxable income to the optionee or a deduction to the Company at the time it is granted or exercised. However, upon exercise, the excess of the fair market value of the shares acquired over the option exercise price is an item of adjustment in computing the alternative minimum taxable income of the optionee, if applicable. If the optionee holds the stock received as a result of an exercise of an incentive stock option for the later of two years from the date of the grant or one year from the date of exercise, then the gain realized on disposition of the shares is treated as a long-term capital gain. If the shares are disposed of during this period, however (i.e., a "disqualifying disposition"), then the optionee will include into income, as compensation for the year of the disposition, an amount equal to the excess, if any, of the fair market value of the shares, upon exercise of the option over the option exercise price (or, if less, the excess of the amount realized upon disposition of the shares over the option exercise price). Any additional gain or loss recognized upon the disposition will be recognized as a capital gain or loss by the optionee. In the event of a disqualifying disposition, the Company will be entitled to a deduction, in the year of such a disposition, in an amount equal to the amount includible in the optionee's income as compensation. The optionee's tax basis in the shares acquired upon exercise of an incentive stock option is equal to the option price paid, plus any amount includible in his or her income as a result of a disqualifying disposition.

Non-Qualified Stock Options

A non-qualified stock option results in no taxable income to the optionee or deduction to the Company at the time it is granted. An optionee exercising a non-qualified stock option will, at that time, realize taxable compensation in the amount equal to the excess of the then fair market value of the shares over the option exercise price. Subject to the applicable provisions of the IRC, the Company will be entitled to a deduction for federal income tax purposes in the year of exercise in an amount equal to the taxable compensation realized by the optionee. The optionee's tax basis in shares received upon exercise is equal to the sum of the option exercise price plus the amount includible in his or her income as compensation upon exercise.

Any gain (or loss) upon subsequent disposition of the shares will be a long or short-term capital gain to the optionee (or loss), depending upon the holding period of the shares. If a non-qualified option is exercised by tendering previously owned shares in payment of the option price, then, instead of the treatment described above, the following will apply: a number of new shares equal to the number of previously owned shares tendered will be considered to have been received in a tax-free exchange; the optionee's basis and holding period for such number of new shares will be equal to the basis and holding period of the previously owned shares exchanged. The optionee will have compensation income equal to the fair market value on the date of exercise of the number of new shares received in excess of such number of exchanged shares; the optionee's basis in such excess shares will be equal to the amount of such compensation income, and the holding period in such shares will begin on the date of exercise.

Tax Treatment of Awards to Non-Employee Directors and to Employees Outside the United States

The grant and exercise or settlement of options and awards under the 2015 SAIP to non-employee Directors and to employees outside the United States may be taxed (including income and/or employment taxes) on a different basis.

New Plan Benefits

Subject to shareholder approval of the 2015 SAIP, the Compensation Committee set target AIP, LTIP and ECP awards for our current NEOs and other employees under the 2015 SAIP. All other future awards to directors, executive officers and employees under the 2015 SAIP are discretionary and cannot be determined at this time. As a result, all other benefits and amounts that will be received or allocated under the 2015 SAIP are not determinable at this time.

Name and Position	**Dollar Value (1)**
Andreas Fibig, Chairman and CEO	$ 5,440,000
Richard O'Leary, Interim CFO	$ 640,395
Nicolas Mirzayantz, Group President, Fragrances	$ 1,680,000
Matthias Haeni, Group President, Flavors	$ 1,300,000
Anne Chwat, General Counsel	$ 1,058,000
All current executive officers as a group	$ 12,878,395
All current non-executive directors as a group	--
Other company employees as a group	$ 62,827,837

(1) Indicates awards that could be paid under the 2015 SAIP, subject to shareholder approval of the 2015 SAIP, including (i) the dollar value for reaching target under our AIP and LTIP programs and (ii) the dollar value of grants to be made to our executive officers under our ECP immediately following the 2015 Annual Meeting. Our non-executive directors do not participate in these programs.

Equity Compensation Plan Information

The following table provides information regarding our common stock which may be issued under our equity compensation plans as of December 31, 2014.

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)	Weighted-average exercise price of outstanding options, warrants and rights (b)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c)
Equity compensation plans approved by security holders (1)	884,377(2)	51.13(3)	1,296,852
Equity compensation plans not approved by security holders (4)	322,003	51.13(3)	249,642(5)
Total	1,206,380	51.13(3)	1,546,494

(1) Represents the 2010 SAIP, the 2000 Stock Award and Incentive Plan (“2000 SAIP”) and the 2000 Stock Option Plan for Non-Employee Directors. The 2010 SAIP replaced the 2000 SAIP and provides for the award of stock options, RSUs and other equity-based awards.

(2) Includes options, RSUs, SSARs, the number of shares to be issued under the 2012-2014 LTIP cycle based on actual performance, and the maximum number of shares that may be issued under the 2013-2015 and 2014-2016 LTIP cycles if the performance conditions for each of those cycles are satisfied at the maximum level. The number of SSARs that may be issued upon exercise was calculated by dividing (i) the product of (a) the excess of the closing market price of our common stock on the last trading day of 2014 over the exercise price, and (b) the number of SSARs outstanding by (ii) the closing market price on the last trading day of 2014. Excludes outstanding shares of PRS under the 2010 SAIP and 2000 SAIP.

(3) Weighted average exercise price of outstanding options and SSARs. Excludes RSUs, shares credited to accounts of participants in the DCP and shares that may be issued under the 2013-2015 and 2014-2016 LTIP cycles.

(4) We currently have two equity compensation plans that have not been approved by our shareholders: (i) the DCP, which is described on page 66 and (ii) a pool of shares that may be used for annual awards of 1,000 shares to each non-employee director. Although we are no longer granting these annual 1,000 share stock awards to directors, the pool of shares remains authorized.

(5) Includes 205,892 shares remaining available for issuance under the DCP and 43,750 shares remaining available for issuance from a pool of shares that may be used for annual awards of 1,000 shares to each non-employee director.

APPROVAL OF THE 2015 SAIP

Our Board recommends a vote FOR the approval of the International Flavors & Fragrances Inc. 2015 Stock Award and Incentive Plan.

XI. OTHER MATTERS

Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Exchange Act requires our directors and executive officers, and persons who beneficially own more than 10% of a registered class of our equity securities, to file reports with the SEC relating to their common stock ownership and changes in such ownership, and to furnish us with copies of all Section 16(a) forms they file. Based on a review of our records and certain written representations received from our executive officers and directors, we believe that during the year ended December 31, 2014, all Section 16(a) filing requirements applicable to directors, executive officers and greater than 10% shareholders were complied with on a timely basis, except a Form 4 reporting a grant of RSUs to Anne Chwat was not timely filed due to an internal administrative oversight.

Proxy Solicitation Costs

We will pay the entire cost of soliciting proxies. In addition to solicitation by mail, proxies may be solicited on our behalf by directors, officers or employees in person, by telephone, by facsimile or by electronic mail. We have retained Georgeson Inc. to assist in proxy solicitation for a fee of $8,500 plus expenses. We will reimburse banks, brokers and other custodians, nominees and fiduciaries for their costs in sending proxy materials to the beneficial owners of our common stock.

Shareholder Proposals

In order for a shareholder proposal or proposed director nomination to be considered for inclusion in our proxy materials for next year's annual meeting of shareholders, the Secretary of our Company must receive the written proposal no later than November 19, 2015. Under Article I, Section 3 of our By-laws, in order for a shareholder to submit a proposal or to nominate any director at next year's annual meeting of shareholders, the shareholder must give written notice to the Secretary of our Company not less than 90 days nor more than 120 days prior to the anniversary date of this year's annual meeting of shareholders provided next year's annual meeting is called for on a date that is within 30 days before or after such anniversary date. Assuming that next year's annual meeting is held on schedule, we must receive written notice of an intention to introduce a nomination or other item of business at that meeting between January 7, 2016 and February 6, 2016. The notice must also meet all other requirements contained in our By-laws, including the requirement to contain specified information about the proposed business or the director nominee and the shareholder making the proposal.

As of the date of this proxy statement, we do not know of any matters to be presented at the 2015 Annual Meeting other than those described in this proxy statement. If any other matters should properly come before the meeting, proxies in the enclosed form will be voted on those matters in accordance with the judgment of the person or persons voting the proxies, unless otherwise specified.

Shareholder Communications

Shareholders and other parties interested in communicating directly with the Lead Director, the non-management directors as a group or all directors as a group may do so by writing to the Lead Director or the non-management directors or the Board of Directors, in each case, c/o Secretary, International Flavors & Fragrances Inc., 521 West 57th Street, New York, New York 10019. All communications should include the name, address, telephone number and email address (if any) of the person submitting the communication and indicate whether the person is a shareholder of our Company.

The Board has approved a process for handling correspondence received by our Company on behalf of the Lead Director, the non-management directors as a group or all directors as a group. Under that process, the General Counsel reviews all such correspondence and maintains a log of, and forwards to the appropriate Board member, correspondence that is relevant to (i) the functions of the Board or committees thereof or (ii) other significant matters involving our Company. The General Counsel may screen frivolous or unlawful communications and commercial advertisements. Directors may review the log maintained by the General Counsel at any time.

Concerns relating to accounting, internal controls or auditing matters are immediately brought to the attention of our internal auditor and handled in accordance with procedures established by the Audit Committee with respect to such matters.

Electronic Delivery

This year we again have elected to take advantage of the SEC's rule that allows us to furnish proxy materials to you online. We believe electronic delivery will expedite shareholders' receipt of materials, while lowering costs and reducing the environmental impact of our 2015 Annual Meeting by reducing printing and mailing of full sets of materials. We mailed the Notice containing instructions on how to access our proxy statement and annual report online on or about March 18, 2015. If you would like to receive a paper copy of the proxy materials, the Notice contains instructions on how to receive a paper copy.

Householding

We have adopted a procedure approved by the SEC called "householding." Under this procedure, shareholders of record who have the same address and last name will receive only one copy of our Notice, unless one or more of these shareholders notifies us that they wish to continue receiving individual copies. This procedure will reduce our printing costs and postage fees.

If you are eligible for householding, but you and other shareholders of record with whom you share an address currently receive multiple copies of the Notice, or if you hold stock in more than one account, and in either case you wish to receive only a single copy of the Notice for your household, please contact Broadridge Financial Solutions, by calling 1-800-542-1061, or by forwarding a written request addressed to Broadridge Financial Solutions, 51 Mercedes Way, Edgewood, New York 11717.

If you participate in householding and wish to receive a separate copy of the Notice, or if you do not wish to participate in householding and prefer to receive separate copies of the Notice in the future, please contact Broadridge Financial Solutions as indicated above. Beneficial shareholders can request information about householding from their nominee.

Available Information

We will furnish without charge to each person whose proxy is being solicited, upon request of any such person, a copy of the 2014 Annual Report as filed with the SEC, including the financial statements and schedules thereto, but not the exhibits. In addition, such report is available, free of charge, through the Investors — SEC Filings link on our website at, www.iff.com. A request for a copy of such report should be directed to International Flavors & Fragrances Inc., 521 West 57th Street, New York, NY 10019, Attention: Investor Relations. A copy of any exhibit to the Form 10-K for the year ended December 31, 2014 will be forwarded following receipt of a written request with respect thereto addressed to Investor Relations.

Exhibit A

International Flavors and Fragrances Inc.

GAAP to Non-GAAP Reconciliations

(Amounts in thousands except per share amounts)

OPERATING PROFIT

(IN THOUSANDS)	2012	2013	2014
As Reported Operating Profit	**486,618**	**516,339**	**592,321**
Restructuring and Other Charges	1,668	7,401	6,398
Operational Improvement Initiative Costs	-	3,672	2,541
Spanish Tax Charges	-	13,011	-
Adjusted Operating Profit	**488,286**	**540,423**	**601,260**
Sales	2,821,446	2,952,896	3,088,533
Adjusted Operating Profit Margin	**17.3%**	**18.3%**	**19.5%**

EARNINGS PER SHARE (EPS)

(PER SHARE DATA)	2012	2013	2014
As Reported EPS	**3.09**	4.29	5.06
Restructuring and Other Charges, After Tax	0.01	0.06	0.05
Operational Improvement Initiative costs	-	0.03	0.02
Spanish Tax Charges	-	0.19	(0.05)
Gain on Asset Sale	-	(0.10)	-
Spanish Tax Settlement	0.88	-	-
Adjusted Diluted EPS	**3.98**	**4.46** [1]	**5.08**
Adjusted Return on Average Invested Capital *	**16.4%**	**17.6%**	**19.7%**

[1] The sum of Reported EPS plus the per share effects of items added back to reconcile to Adjusted EPS may not equal the total Adjusted EPS due to rounding differences

Exhibit A (continued)

REVENUE GROWTH

	2012	2013	2014
Total Company			
Reported Sales Growth	**1%**	**5%**	**5%**
Currency Impact	3%	0%	0%
Local Currency Sales Growth	**4%**	**5%**	**5%**
Exit of Flavors Low Margin Sales Activities	1%	1%	0%
Like-For-Like Local Currency Sales Growth	**5%**	**6%**	**5%**

The Company uses non-GAAP financial operating measures which exclude restructuring charges (including costs associated with the Company's Fragrance Ingredients Rationalization in 2013 and costs associated with the 2011 Strategic Initiative), operational improvement initiative costs, Spanish tax charges, gain on the sale of non-operating assets in 2013 and 2014, and the Spanish tax settlement in 2012. The Company also measures sales performance on a non-GAAP basis which eliminates the effects that result from translating its international sales in U.S. dollars ("local currency") and eliminates the effect of local currency and the strategic decision to exit certain low margin sales ("like-for-like") in 2013 and 2012. Such information is supplemental to information presented in accordance with GAAP and is not intended to represent a presentation in accordance with GAAP. In discussing our historical and expected future results and financial condition, we believe it is meaningful for investors to be made aware of and to be assisted in a better understanding of, on a period-to-period comparative basis, of financial amounts both including and excluding these identified items, as well as the impact of exchange rate fluctuations on operating results and financial condition. We believe such additional non-GAAP information provides investors with an overall perspective of the period-to-period performance of our core business. In addition, management internally reviews each of these non-GAAP measures to evaluate performance on a comparative period-to-period basis in terms of absolute performance, trends and expected future performance with respect to our core continuing business. A material limitation of these non-GAAP measures is that such measures do not reflect actual GAAP amounts, restructuring charges, employee separation costs and the patent litigation settlement include actual cash outlays; and we compensate for such limitations by presenting the accompanying reconciliation to the most directly comparable GAAP measure. These non-GAAP measures may not be comparable to similarly titled measures used by other companies.

EXHIBIT VI – DEFINITIVE PROXY STATEMENT

Annex I

[RRD insert Annex I]

EXHIBIT VII

RESTATED CERTIFICATE OF INCORPORATION OF IFF

RESTATED CERTIFICATE OF INCORPORATION

OF

INTERNATIONAL FLAVORS & FRAGRANCES INC.

Pursuant to Section 807 of the Business Corporation Law
of the State of New York

WE, the undersigned, EUGENE P. GRISANTI, President, and STEPHEN A. BLOCK, Secretary, of INTERNATIONAL FLAVORS & FRAGRANCES INC., hereby certify that:

1. The name of the Corporation is INTERNATIONAL FLAVORS & FRAGRANCES INC. The name under which the Corporation was originally incorporated is COMPANY MORANA.

2. The Certificate of Incorporation of the Corporation was filed in the office of the Secretary of State, Albany, New York, on the 6th day of December, 1909.

3. The text of the Certificate of Incorporation of the Corporation, as now in force and effect, is hereby restated without amendment or change to read as follows:

4. The restatement of the Certificate of Incorporation herein certified was authorized by the Board of Directors of the Corporation.

CERTIFICATE OF INCORPORATION

OF

INTERNATIONAL FLAVORS & FRAGRANCES INC.

Pursuant to Section 807 of the Business Corporation Law

FIRST: The name of the Corporation is "INTERNATIONAL FLAVORS & FRAGRANCES INC."

SECOND: The purposes for which the Corporation is formed are:

1. To manufacture, import, export, process, produce, acquire, dispose of, purchase, sell and distribute, at wholesale, retail or otherwise, license others to produce or use, and generally deal in and with all kinds of essential oils, natural and artificial, flower oils, aromatic chemicals, fragrances, fruit and other plant extractives, perfumes and perfume materials, flavoring, odorizing and de-odorizing substances, pharmaceuticals, drugs, dye stuffs, cosmetics, toiletries, and any and all other kinds of chemicals and chemical compounds and intermediates;

2. To build, erect, construct, purchase, hold or otherwise acquire, own, provide, use, maintain, establish, lease, manage, operate, buy, sell, exchange or otherwise dispose of, mills, factories, laboratories, warehouses, agencies, buildings, structures, offices, works, plants, work shops, stores, shops and other establishments, with suitable plant, engines, boilers, machinery and equipment, of every kind, nature and description, used or useful in the conduct of the business of the Corporation, and all things of whatsoever kind and nature suitable, necessary, useful or advisable in connection with any or all of the objects herein set forth;

3. To manufacture, purchase, sell and generally to trade and deal in and with goods, wares, products and merchandise of every kind, nature and description, and to engage or participate in any mercantile, manufacturing or trading business of any kind or character whatsoever;

4. To enter into, make, carry out, perform, sign or otherwise dispose of contracts, agreements, and arrangements of a kind and character necessary or convenient to its purposes and powers, as principal or agent, attorney in fact, broker, or otherwise;

5. To borrow money for its corporate purposes, and to make, accept, endorse, execute and issue promissory notes, bills of exchange, bonds, debentures, or other obligations of the Corporation, from time to time, for moneys borrowed or the purchase of property or for any purpose in or about the business of the Corporation, and if deemed proper to secure the payment of any such obligations by mortgage, pledge, deed, indenture, agreement or other instrument of trust, or by other lien upon, assignment of, or agreement in regard to, all or any part of the

property, rights, privileges or franchises of the Corporation wheresoever situated, whether now owned or hereafter to be acquired;

6. To acquire by purchase or otherwise, to hold, and to sell, assign, transfer, pledge or otherwise dispose of, securities, including, without limitation, shares of stock, bonds, debentures or other evidences of indebtedness, or certificates of interest therein, or any instruments representing rights to receive, purchase or subscribe for the same, or representing any other rights or interests therein (hereinafter called "securities"), or in any property or assets created or issued by any persons, firms, associations, corporations, or governments or sub-divisions thereof, domestic or foreign; to issue in exchange therefor the stock, bonds or other obligations of the Corporation; and to possess and exercise, as owner or holder of any securities, any and all rights, powers and privileges of ownership in respect thereof; and also in the manner, and to the extent now or hereafter authorized or permitted by the laws of the State of New York, to purchase, acquire, own and hold and to dispose of the stocks, bonds, debentures or other evidences of indebtedness of the Corporation;

7. To guarantee the payment of dividends or interest upon or the principal of any securities issued by, or the performance of any other contract or obligation by, any other corporation, association, partnership, firm, syndicate, trust estate, individual, or governmental, municipal, or public authority, domestic or foreign, in which the Corporation shall have an interest; to aid in any manner any other corporation, association, firm or syndicate, any securities of which are held by or for the Corporation, or in which, or in the welfare of which, the Corporation shall have any interest, and to do any acts or things designed to protect, preserve, improve or enhance the value of any such securities or other property of the Corporation, but nothing contained herein shall be construed to authorize the Corporation to engage in the business of a guaranty or trust company;

8. To apply for, obtain, register, purchase, lease, or otherwise acquire, and to hold, use, own, exercise, develop, operate and introduce, and to sell, assign or otherwise dispose of, in whole or in part, or to grant licenses in respect of or otherwise turn to account in any manner, letters patent, applications for letters patent and patentable inventions and rights, interests and licenses therein or thereunder, trade marks, trade names and distinctive marks, inventions, improvements and processes, and any other rights, privileges, permits, copyrights, franchises or personal or real property suitable or convenient for any of the purposes of the business of the Corporation, whether acquired under the laws of the United States or any other country;

9. To acquire by purchase, lease or otherwise, upon such terms and conditions and in such manner as the Board of Directors shall determine or agree to, all or any part of the property, real and personal, tangible or intangible, of any nature whatsoever, including the good will, business and rights of all kinds, of any person, firm, association or corporation engaged in any business for which a corporation may now or hereafter be organized under the laws of the State of New York, to pay for the same in the securities of the Corporation, or partly in cash and partly in securities, or in such other manner as may be agreed, and to hold, possess and improve such properties, and to assume in connection with the acquisition of any such property any liabilities of any such person, firm, association or corporation, and to conduct in

any legal manner the whole or any part of any similar business so acquired and to pledge, mortgage, sell or otherwise dispose of the same;

10. To have one or more offices and to carry on its operations and transact its business within and without the State of New York and in other states of the United States, in the districts, territories or dependencies of the United States, and in any and all foreign countries, and, without restriction or limit as to the amount, to purchase or otherwise acquire, hold, own, mortgage, convey or otherwise dispose of real and personal property of every class and description in any of the states, districts, territories, or dependencies of the United States, and in any and all foreign countries, subject always to the laws of such state, district, territory, dependency or foreign country;

11. To do any or all of the things herein set forth to the same extent as natural persons might or could do, and in any part of the world, as principal, factor, agent, contractor or otherwise, either alone or in conjunction with any person, firm, association or corporation, or through a corporation or association in which the Corporation shall have an interest; and

12. To do all and everything necessary, suitable, convenient or proper for or in connection with, or incident to, the accomplishment of any of the purposes or the attainment of any of the objects or the furtherance of any of the powers herein set forth, or designed directly or indirectly to promote the interests of the Corporation or to enhance the value of its properties; and to do every other act or acts, thing or things, incidental or appurtenant to or growing out of or connected with the aforesaid business or powers or any part or parts thereof, provided the same be not inconsistent with the laws of the State of New York.

The foregoing provisions of this Article SECOND shall be construed both as purposes and powers and each as an independent purpose and power, and shall not be deemed to exclude by inference any powers which the Corporation is authorized to exercise, whether expressly by force of the laws of the State of New York now or hereafter in effect or impliedly by the reasonable construction of the said laws.

THIRD: The aggregate number of shares which the Corporation shall have authority to issue shall be Five Hundred Million (500,000,000) shares of common stock of the par value of $.12-1/2 per share (hereinafter called Common Stock).

FOURTH: The city and county within the State of New York in which the office of the Corporation is to be located is the City of New York, County of New York, and the address within the State of New York to which the Secretary of State of the State of New York shall mail a copy of process in any action or proceeding against the Corporation which may be served upon him is 521 West 57th Street, New York, N.Y.

FIFTH: Its duration is to be perpetual.

SIXTH: The number of directors of the Corporation shall be as fixed in its By-laws, and may be altered from time to time by amending the By-laws as therein provided, except that such number of directors shall be not less than six (6) nor more than fifteen (15).

SEVENTH: The names and post office addresses of its directors for the first year, and the subscribers of this certificate (i.e., the Certificate of Incorporation as originally filed on December 6, 1909) and the number of shares each agrees to take, are as follows:

Name	Address	No. of Shares
T. Dixon Mann	1280 Fulton Ave., Bronx	1
Charles Dorney	217 S. 9th St., Brooklyn, New York	1
Richard H. Sarver	117 West 96th St., New York	1

EIGHTH: The Secretary of State of the State of New York is designated as the agent of the Corporation upon whom process in any action or proceeding against it may be served.

NINTH: For the regulation of the business and the conduct of the affairs of the Corporation, and in further definition, limitation and regulation of the rights and powers of the Corporation, and of its stockholders and directors, it is further provided:

(1) The directors need not be stockholders, and the election of directors need not be by ballot unless the By-laws so require. The majority of the directors of the Corporation shall be citizens of the United States.

(2) In furtherance and not in limitation of the powers conferred by the laws of the State of New York, the Board of Directors is expressly authorized and empowered:

(a) to make, alter; amend or repeal the By-laws of the Corporation in any manner not inconsistent with the laws of the State of New York or this Certificate of Incorporation, subject always to the By-laws made by the stockholders;

(b) except as otherwise provided by the laws of the State of New York, without the assent or vote of the stockholders, to authorize and issue obligations of the Corporation and to include therein such provisions as to redeemability, convertibility or otherwise, as the Board of Directors, in its sole discretion, may determine;

(c) (i) to determine the amount of funds legally available for dividends under the laws of the State of New York, (ii) to determine whether any, and, if any, what part, of the funds legally available for dividends shall be declared and paid as dividends, and (iii) to direct and determine the use and disposition of funds not paid out in dividends;

(d) to designate one or more committees consisting of two or more of the directors of the Corporation, which, to the extent and in the manner provided in the resolution establishing the same, may exercise the powers of the Board of Directors in the management of the affairs of the Corporation, which may be delegated, and which may have power to authorize the seal of the Corporation to be affixed to all papers which may require it;

(e) to determine from time to time, subject to the provisions of the laws of the State of New York, whether and to what extent and at what times and places and under what conditions and regulations, the accounts and books of the Corporation (other than the stock book) shall be open to the inspection of the stockholders of the Corporation, and, except as conferred by the laws of the State of New York, no stockholder holding less than twenty per cent (20%) of the outstanding stock of the Corporation shall have any right to inspect any account, book or document of the Corporation unless and until authorized so to do by resolution of the Board of Directors or of the stockholders of the Corporation;

(f) to establish bonus, profit-sharing or other types of incentive or compensation plans for the officers and employees (including officers and employees who are also directors) of the Corporation and its subsidiaries and to determine the persons to participate in any such plans and the amount of their respective participations; and

(g) to hold its meetings within or without the State of New York or the United States at such place or places as from time to time may be designated by the By-laws of the Corporation or by resolution of the Board of Directors or as shall be specified in the respective notices thereof or waivers of the notice thereof signed by all the directors of the Corporation at the time in office.

In addition to the powers and authorities hereinbefore or by statute expressly conferred upon it, the Board of Directors may exercise all such powers and do all such acts and things as may be exercised or done by the Corporation, subject, nevertheless, to the provisions of the laws of the State of New York, of this Certificate of Incorporation and of the By-laws of the Corporation.

(3) Subject to any limitation in the By-laws of the Corporation, the members of the Board of Directors and committees thereof shall be entitled to reasonable fees, salaries, or other compensation for their services and to reimbursement for their expenses as such members, including travel expenses incurred on account of their attendance at meetings of the Board of Directors or committees thereof. Nothing contained herein shall preclude any director from serving the Corporation, or any subsidiary or affiliated corporation, in any other capacity and receiving proper compensation therefor.

(4) Any director may be removed with cause by the affirmative vote of at least two-thirds (2/3) of the whole Board of Directors of the Corporation or may be removed with or without cause by the stockholders as provided in the By-laws of the Corporation. Any vacancy in the Board of Directors of the Corporation arising from any cause shall be filled for the unexpired portion of the term by the affirmative vote of at least two-thirds (2/3) of the whole Board of Directors or by the stockholders as provided in the By-laws of the Corporation.

(5) No contract or other transaction between this Corporation and any person, firm, association or corporation and no other act of this Corporation shall, in the absence of fraud, be invalidated or in any way affected by the fact that any of the directors of the

Corporation are, directly or indirectly, pecuniarily or otherwise, interested in such contract, transaction or other act, or are related to or interested in (either as director, stockholder, officer, employee, member or otherwise) such person, firm, association or corporation. Any director of the Corporation individually, or any firm, association or corporation in which any director may be interested (either as a director, stockholder, officer, employee, member or otherwise), may be a party to, or may be pecuniarily or otherwise interested in, any contract or transaction of the Corporation, provided that the fact that such director individually or that such firm, association or corporation is so interested shall be disclosed or known to the Board of Directors or to such members thereof as shall be present at any meeting of the Board or Directors at which action upon any such contract, transaction or other act is taken. If such fact shall be so disclosed or known, such director so interested may be counted in determining the presence of a quorum at any meeting of the Board of Directors at which action upon any such contract, transaction or act shall be taken and may vote thereat with respect to such action with like force and effect as if he were not so interested. Any director of the Corporation may vote upon any contract or other transaction between the Corporation and any subsidiary or affiliated corporation without regard to the fact that he is also a director of such subsidiary or affiliated corporation.

(6) Whenever any shares of Common Stock of the Corporation shall have been purchased or otherwise reacquired by the Corporation, the Board of Directors of the Corporation shall have the power to eliminate such shares from the authorized capital stock of the Corporation or to restore such shares to the status of authorized but unissued shares, by filing an appropriate certificate pursuant to the requirements of the New York Stock Corporation Law.

TENTH: Each holder of any equity or voting shares, as such terms are defined in Section 39 of the New York Stock Corporation Law, of any class of the Corporation shall have the preemptive right to purchase equity or voting shares of the Corporation or any shares, notes, debentures, bonds or other securities convertible into or carrying options or warrants to purchase its equity or voting shares, in any and all cases, notwithstanding the provisions of Section 39(4) of the New York Stock Corporation Law, except as may otherwise be determined by the affirmative vote of at least two-thirds (2/3) of the whole Board of Directors, and except that such preemptive right shall not apply upon the issuance of equity or voting shares by the Corporation upon the exercise of stock options or upon the surrender of scrip certificates outstanding as of the date of this Restated Certificate of Incorporation.

ELEVENTH: No director of the Corporation shall be personally liable to the Corporation or its shareholders for damages for any breach of duty as a director, provided that nothing contained in this Article Eleventh shall eliminate or limit the liability of any director if a judgment or other final adjudication adverse to him establishes that his acts or omissions were in bad faith or involved intentional misconduct or a knowing violation of law or that he personally gained in fact a financial profit or other advantage to which he was not legally entitled or that his acts violated Section 719 of the New York Business Corporation Law. Notwithstanding the foregoing, nothing in this Article Eleventh shall eliminate or limit the liability of a director for any act or omission occurring prior to the date of filing (i.e., May 13, 1988) of the Certificate of Amendment to the Restated Certificate of Incorporation of the Corporation, as amended, that includes this Article Eleventh.

TWELFTH: The Corporation reserves the right to amend, alter, change, or repeal any provision contained in this Certificate of Incorporation in the manner now or hereafter prescribed by law. All rights and powers conferred herein on stockholders, directors and officers of the Corporation are subject to this reserved power.

IN WITNESS WHEREOF, we have hereunto set our hands and seals this 14th day of September, 1993.

/s/ Eugene P. Grisanti

Eugene P. Grisanti, President

/s/ Stephen A. Block

Stephen A. Block, Secretary

Verification of Secretary

STATE OF NEW YORK)
) SS:
COUNTY OF NEW YORK)

STEPHEN A. BLOCK, being duly sworn, deposes and says that he is one of the persons who signed the foregoing restated Certificate of Incorporation; that he signed said Certificate in the capacity set opposite or beneath his signature thereon; that he has read the foregoing Certificate and knows the contents thereof; and that the statements contained therein are true to his own knowledge.

/s/ Stephen A. Block

Stephen A. Block, Secretary

Subscribed and sworn to before
me on September 14, 1993.

/s/ Peter J. Serritella
- ---------------------------------------
Notary Public

Peter J. Serritella
Notary Public, State of New York
No. 31-3598465
Qualified in New York County
Commission Expires March 30, 1995

EXHIBIT VIII

BY-LAWS OF IFF

EXHIBIT VIII - BYLAWS

BY-LAWS

of

INTERNATIONAL FLAVORS & FRAGRANCES INC.

(a New York corporation)

(as adopted March 10, 1964, including all amendments adopted as of May 6, 2015)

ARTICLE I

Meetings of Shareholders

SECTION 1. **Annual Meeting**. The annual meeting of the shareholders of the Corporation for the election of directors and for the transaction of such other business as may properly come before the meeting shall be held at such place, on such date and at such time as shall be designated from time to time by the Board of Directors.

SECTION 2. **Special Meetings**. Special meetings of the shareholders, unless otherwise prescribed by the New York Business Corporation Law (the "Business Corporation Law"), may be called at any time by the Chairman of the Board, the Chief Executive Officer or by a majority of the Board of Directors.

SECTION 3. **Notice of Meetings; Business to be Presented at Meeting**.

(a) Notice of Meeting. Written notice of each meeting of shareholders stating the place, date and hour of the meeting shall be sent to each shareholder entitled to vote at the meeting not less than ten (10) nor more than sixty (60) days before the date of the meeting. To the extent that the meeting is a special meeting, such notice shall also indicate the person or persons calling the meeting, or the person(s) directing that the meeting be so called, and shall state the purpose or purposes for which the meeting has been called. Notice of any meeting of shareholders may be sent either in written or electronic form and shall comply with Section 505 of the Business Corporation Law. No business shall be conducted at a meeting of the shareholders except in accordance with the procedures set forth in this Section 3.

(b) Nature of Business at Annual Meetings of Shareholders. No business may be transacted at an annual meeting of shareholders, other than business that is either (i) specified in the notice of meeting (or any supplement thereto) given by or at the direction of the Board of Directors (or any duly authorized committee thereof), (ii) otherwise properly brought before an annual meeting, by or at the direction of the Board of Directors (or any duly authorized committee thereof) or (iii) otherwise properly brought before an annual meeting by any shareholder of the Corporation (A) who is a shareholder of record (x) on the date the shareholder provides the shareholder notice required by Section 3(d)(1), (y) on the record date for the determination of shareholders entitled to vote at such meeting and (z) on the date of such meeting and (B) who complies with the advance notice procedures set forth in Section 3(d).

Notwithstanding anything in these By-Laws to the contrary, no business shall be conducted at an annual meeting of shareholders except business brought before such meeting in accordance with the procedures set forth in this Section 3; provided, however, that, once business has been properly brought before the meeting in accordance with such procedures, nothing in this Section 3 shall be deemed to preclude discussion by any shareholder of any such business. If the chair of an annual meeting determines that business was not properly brought before such meeting in accordance with the foregoing procedures, the chair shall declare to the meeting that the business was not properly brought before the meeting and such business shall not be transacted.

(c) Director Nominations. Only persons who are nominated in accordance with the following procedures shall be eligible for election as directors of the Corporation. Nominations of persons for election to the Board of Directors may be made at any annual meeting of shareholders, or at any special meeting of shareholders called for the purpose of electing directors, (i) by or at the direction of the Board of Directors (or any duly authorized committee thereof) or (ii) by any shareholder of the Corporation (A) who is a shareholder of record (x) on the date the shareholder provides the shareholder notice required by Section 3(d)(1), (y) on the record date for the determination of shareholders entitled to vote at such meeting and (z) on the date of such meeting and (B) who complies with the advance notice procedures set forth in Section 3(d).

Notwithstanding anything in these By-Laws to the contrary, except as set forth in Article II, Section 6, no person shall be eligible for election as a director of the Corporation unless nominated in accordance with the procedures set forth in this Section 3. If the chair of the meeting determines that a nomination was not made in accordance with the procedures set forth in this Section 3, the chair shall declare to the meeting that the nomination was defective and such defective nomination shall be disregarded.

(d) Director Nomination or Other Proposal.

(1) Timely Notice. In addition to any other applicable requirements, in order for a shareholder to present any business to be transacted at an annual meeting of shareholders, including any nomination for director to be made by a shareholder, such shareholder must have given timely notice thereof in proper written form to the Secretary of the Corporation and the provisions of this Section 3 shall be the exclusive means for a shareholder to make nominations or submit other business (other than matters properly brought under Rule 14a-8 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”)). To be timely, a shareholder’s notice to the Secretary must be delivered to or mailed and received at the principal executive offices of the Corporation (i) in the case of an annual meeting, not less than ninety (90) days nor more than one-hundred and twenty (120) days prior to the anniversary date of the immediately preceding annual meeting of shareholders; provided, however, that in the event that the annual meeting is called for on a date that is not within thirty (30) days before or after such anniversary date, notice by the shareholder in order to be timely must be so received not later than the close of business on the tenth (10th) day following the day on which such notice of the date of the annual meeting was mailed or such public disclosure of the date of the annual meeting was made, whichever first occurs; and (ii) in the case of a special meeting of shareholders called for the purpose of electing directors, not later than the close of business on the tenth (10th) day following the day on which notice of the date of the special meeting was mailed or public disclosure of the date of the special meeting was made, whichever first occurs.

(2) Notice Requirements for Nomination of a Director. If the notice relates to the nomination of a director, to be in proper written form the shareholder's notice to the Secretary must set forth the following:

(i) as to each person whom the shareholder proposes to nominate for election as a director the following information:

(A) the name, age, business address and residence address of the person;

(B) a complete biography or statement of the person's qualifications, including principal occupation or employment of such person (present and for the past five (5) years), education, work experience, knowledge of the Corporation's industry, membership on the board of directors of any other corporation currently held or held within the past five (5) years and civic activity;

(C) the class or series and number of shares of capital stock of the Corporation which are "beneficially owned" (as such term is defined by Section 13(d) of the Exchange Act) or of record by the person and any other ownership interest in shares of the Corporation, whether economic or otherwise, including any option, warrant, convertible security, stock appreciation right, or similar right with an exercise or conversion privilege or a settlement payment or mechanism at a price related to any class or series of shares of the Corporation or with a value derived in whole or in part from the value of any class or series of shares of the Corporation, whether or not such instrument or right shall be subject to settlement in the underlying class or series of shares of the Corporation or otherwise directly or indirectly beneficially owned by such person and any other direct or indirect opportunity to profit or share in any profit derived from any increase or decrease in the value of the shares of the Corporation ("Derivative Interests") (which information shall be supplemented not later than ten (10) days after the record date for the meeting to disclose such ownership as of the record date);

(D) the date any shares or Derivative Interests were acquired and the investment intent of such acquisition;

(E) a description of all arrangements or understandings between the shareholder and the proposed nominee and/or any other person or persons pursuant to which the nomination is to be made by the shareholder;

(F) any other information relating to the person that would be required to be disclosed in a proxy statement or other filings required to be made in connection with solicitations of proxies for election of directors pursuant to Section 14 of the Exchange Act, and the rules and regulations promulgated thereunder; including information with respect to a proposed nominee's independence as defined under the rules and regulations promulgated by the Securities and Exchange Commission (the "SEC") and New York Stock Exchange and information regarding the proposed nominee's attributes that the Nominating and Governance Committee of the Board of Directors would need to consider in order to assess whether such proposed nominee would qualify as an "audit committee financial expert" as defined by the rules and regulations promulgated by the SEC;

(G) a written consent of each proposed nominee to being named as a nominee and to serve as a director if elected;

(H) a statement from the proposed nominee that he or she will, if elected, promptly following any subsequent re-election in which such proposed nominee does not receive the required vote, tender an irrevocable resignation in accordance with Article II, Section 5 of these By-Laws; and

(I) a copy of the completed and signed questionnaire, representation and agreement described in Section 3(e) below.

The Corporation may require any proposed nominee to furnish such other information as may reasonably be required by the Corporation to determine the eligibility of such proposed nominee to serve as director of the Corporation.

(ii) as to the shareholder giving the notice the following information:

(A) the name and address of such record shareholder and the beneficial owner, if any, on whose behalf the nomination is made;

(B) the class or series and number of shares of capital stock of the Corporation which are owned beneficially or of record by such shareholder and the beneficial owner, if any;

(C) the class or series and number of shares of capital stock of the Corporation which are owned beneficially or of record and any other Derivative Interests owned by the shareholder (which information shall be supplemented not later than ten (10) days after the record date for the meeting to disclose such ownership as of the record date);

(D) the date any shares or Derivative Interests were acquired and the investment intent of such acquisition;

(E) a description of all arrangements or understandings between such shareholder and each proposed nominee and any other person or persons (including their names) pursuant to which the nomination(s) are to be made by such shareholder;

(F) a representation that such shareholder intends to appear in person or by proxy at the meeting to nominate the persons named in such shareholder's notice;

(G) a representation as to whether the shareholder or the beneficial owner, if any, intends, or is part of a group which intends, to (a) deliver a proxy statement and/or form of proxy to holders of at least the percentage of the Corporation's outstanding stock required to approve or adopt the proposal or elect the nominee and/or (b) otherwise solicit proxies from shareholders in support of such proposal or nomination; and

(H) any other information relating to such shareholder or the beneficial owner, if any, that would be required to be disclosed in a proxy statement or other filings required to be made in connection with solicitations of proxies for election of directors pursuant to Section 14 of the Exchange Act and the rules and regulations promulgated thereunder.

(3) Notice Requirements for Other Shareholder Proposals. To the extent that the shareholder's notice relates to a matter other than the nomination of a director, to be in proper written form, a shareholder's notice to the Secretary must set forth as to each matter such shareholder proposes to bring before an annual meeting, the following:

(i) a brief description of the business desired to be brought before such meeting and the reasons for conducting such business at such meeting;

(ii) the name and address of such record shareholder and the beneficial owner, if any, on whose behalf the proposal is made;

(iii) the class or series and number of shares of capital stock of the Corporation which are owned beneficially or of record and any other Derivative Interests owned by the shareholder and the beneficial owner, if any (which information shall be supplemented not later than ten (10) days after the record date for the meeting to disclose such ownership as of the record date);

(iv) the date such shares or Derivative Interests were acquired and the investment intent of such acquisition;

(v) a description of all arrangements or understandings between such shareholder and any other person or persons (including their names) in connection with the proposal of such business by such shareholder and any material interest of such shareholder in such business;

(vi) a representation that such shareholder intends to appear in person or by proxy at the meeting to bring such business before such meeting; and

(vii) a representation as to whether the shareholder or the beneficial owner, if any, intends, or is part of a group which intends, to (a) deliver a proxy statement and/or form of proxy to holders of at least the percentage of the Corporation's outstanding stock required to approve or adopt the proposal or elect the nominee and/or (b) otherwise solicit proxies from shareholders in support of such proposal or nomination.

Notwithstanding the foregoing provisions of this Section 3, a shareholder seeking to have a proposal included in the Corporation's proxy statement shall comply with the requirements of Section 14 of the Exchange Act, including, but not limited to, Rule 14a-8 promulgated thereunder or its successor provision. The Corporation may require any shareholder to furnish such other information as may reasonably be required by the Corporation to determine if the business shall be properly brought before an annual meeting of the shareholders.

(e) Director Nominee Questionnaire; Representation and Agreement Requirement. To be eligible to be a nominee for election or reelection as a director of the Corporation, a proposed nominee must deliver (in accordance with the time periods prescribed in Section 3(d), to the extent applicable) to the Secretary at the principal executive offices of the Corporation a written questionnaire, representation and agreement with respect to the background and qualification of such person (which shall be provided by the Secretary upon written request) that such proposed nominee:

(i) is not and will not become a party to any agreement, arrangement or understanding with any person or entity that has not been disclosed to the Corporation (1) relating to how such proposed nominee will act or vote on any issue in his or her role as a director of the Corporation, (2) that could limit or interfere with such proposed nominee's ability to comply with his or her fiduciary duties as a director of the Corporation or (3) with respect to any direct or indirect compensation, reimbursement or indemnification in connection with service as a director; and

(ii) will be in compliance, and intends to comply in the future, with all applicable policies and guidelines of the Corporation, including, but not limited to, those relating to corporate governance, conflict of interest, confidentiality, stock ownership and trading policies.

SECTION 4. **Quorum**. At all meetings of the shareholders of the Corporation, the holders of a majority of the shares of capital stock of the Corporation entitled to vote at such meeting, present in person or by proxy, shall constitute a quorum for the transaction of any business except as otherwise provided by law.

SECTION 5. **Organization; Adjournment**. The Board of Directors may prescribe an order of business for meetings of shareholders. The Chairman of the Board, or in his absence, the Chief Executive Officer, if then a separate officer, shall preside at meetings of the shareholders; provided, however, that the Board of Directors may for any meeting of shareholders designate another officer or officers to preside. If a quorum, determined in accordance with Article I, Section 4 of these By-Laws, shall not be present or represented at any meeting of the shareholders, the chair of the meeting, or if so requested by the chair, the shareholders present in person or represented by proxy, shall have the power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present or represented. In addition, the chair of any meeting of shareholders shall have the power to adjourn the meeting at the request of the Board of Directors if the Board of Directors determines that adjournment is necessary or appropriate to enable shareholders to consider fully the information which the Board of Directors determines has not been made sufficiently or timely available to shareholders.

SECTION 6. **Voting**. At each meeting of the shareholders every shareholder of record of the Corporation entitled to vote at such meeting shall be entitled to one vote for each share of Common Stock standing in his or her name on the books of the Corporation; provided, however, that the Board of Directors may fix, in advance, a date not more than sixty (60) nor less than ten (10) days prior to the date of such meeting as the date as of which shareholders entitled to notice of, and to vote at, such meeting shall be determined, and in case the Board of Directors shall fix a date, only shareholders of record on such date shall be entitled to notice of, and to vote at, such meeting. At any meeting of shareholders each shareholder having the right to vote shall be entitled to vote in person or by proxy.

Except with respect to the election of directors, which shall be governed by Article II, Section 3 of these By-Laws, and except as otherwise provided by law, in the Certificate of Incorporation or these By-Laws, all matters will be determined by the vote of the holders of a majority of the votes cast in favor or against the matter. Abstentions and broker non-votes will not count as a vote cast.

SECTION 7. **Inspectors of Election**. At any meeting of the shareholders, an inspector or inspectors of election may be appointed as provided in the Business Corporation Law and shall have duties as provided in the Business Corporation Law. An inspector of election need not be a shareholder of the Corporation, and any officer of the Corporation may be an inspector of election on any question other than a vote for or against his or her election to any position with the Corporation or any other question in which he or she may be directly interested.

ARTICLE II

Board of Directors

SECTION 1. **General Powers**. Except as otherwise provided in these By-Laws or in the Certificate of Incorporation, the property, business and affairs of the Corporation shall be managed by the Board of Directors.

SECTION 2. **Number and Term**. The number of directors shall be ten (10) but the number thereof may, from time to time, be diminished to not less than six (6) by amendment of these By-Laws. As used in these By-Laws, the term "whole Board of Directors" shall mean the total number of directors which the Corporation would have at the time if there were no vacancies. Directors shall be elected to serve until the next annual meeting or until his or her successor shall be duly elected and qualified.

SECTION 3. **Election of Directors**.

At each meeting of the shareholders for the election of directors at which a quorum is present, the vote required for election of a director by the shareholders shall, except in a Contested Election, be the affirmative vote of a majority of the votes cast "for" the election of a nominee. For purposes of this Section 3, the affirmative vote of a majority of the votes cast shall mean that the number of votes cast "for" a nominee's election exceeds the number of votes cast "against" that nominee's election.

In a Contested Election, the persons receiving a plurality of the votes cast by the holders of shares of capital stock entitled to vote at such meeting shall be the directors. A "Contested Election" means an election where, as of the record date for such meeting in which the election will be held, there are more nominees for election than positions on the Board of Directors to be filled by election at the meeting; provided that with respect to any nominee proposed or nominated by a shareholder, the Secretary of the Corporation shall have received proper notice under Article I, Section 3 of these By-Laws. For purposes of this Section 3, if plurality voting is applicable to the election of directors at any meeting, the nominees who receive the highest number of votes cast "for," without regard to votes cast "against" or "withhold," shall be elected as directors up to the total number of directors to be elected at that meeting. Abstentions and broker non-votes will not count as a vote cast with respect to any election of directors.

SECTION 4. **Organization**. The Board of Directors may choose one of their number as Chairman of the Board. At each meeting of the Board of Directors, the Chairman of the Board, or, if there shall be no Chairman of the Board or if he or she shall be absent, the Chief Executive Officer of the Corporation, or in case of his or her absence, the Lead Director, or in case of his or her absence, a chair who shall be any director chosen by a majority of the directors present thereat, shall act as chair of such meeting and preside thereat. The Secretary of the Corporation, or in the case of his or her absence, any person whom the chair shall appoint secretary of such meeting, shall act as secretary of such meeting and keep the minutes thereof.

SECTION 5. **Resignations**.

(a) Any director of the Corporation may resign at any time by giving written notice of his or her resignation to the Board of Directors, the Chief Executive Officer or the Secretary of the Corporation. Subject to Section 5(b), any such resignation shall take effect at the time specified therein or, if the time when the resignation shall become effective is not specified therein, then it shall take effect immediately upon its receipt by such Board of Directors, Chief Executive Officer or Secretary; and, unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

(b) In an election of directors that is not contested, any incumbent director nominee who is not re-elected by the shareholders shall immediately tender his or her resignation to the Board of Directors, subject to acceptance or rejection by the Board of Directors as provided in this Section 5(b). The independent members of the Board of Directors, in accordance with the procedures established by the Board of Directors, shall decide whether to accept such resignation within ninety (90) days after the date the results of the election are certified and the Corporation shall promptly disclose and explain such decision in a document furnished or filed with the SEC. An incumbent director who tenders his or her resignation in accordance with this Section 5(b) will not participate in the deliberations by the Board of Directors with respect to such resignation. If the Board of Directors does not accept the incumbent director's resignation, he or she shall continue to serve until the next annual meeting of shareholders and until his or her successor is elected and qualified. If the Board of Directors accepts the resignation, or if the nominee who failed to receive the required vote is not an incumbent director, the Board of Directors may fill the resulting vacancy or decrease the size of the Board of Directors in accordance with these By-Laws.

SECTION 6. **Vacancies**. Vacancies occurring in the Board of Directors for any reason, except the removal of directors without cause by the shareholders, may be filled by the affirmative vote of at least two-thirds (2/3) of the whole Board of Directors. A director elected to fill a vacancy shall be elected to hold office for the unexpired term of his or her predecessor. Newly-created directorships resulting from an increase in the number of directors may be filled by the vote of a majority of the directors then in office, although less than a quorum exists.

SECTION 7. **Annual Organization Meeting**. After each annual election of directors, the Board of Directors may hold a regular meeting for the purpose of organization and the transaction of other business as soon as practicable on the same day, at the place where other regular meetings of the Board of Directors are held. Notice of such meeting need not be given. Such meeting may be held at any other time or place which shall be specified in a notice given as hereinafter provided for special meetings of the Board of Directors or in a consent and waiver of notice thereof signed by all the directors.

SECTION 8. **Regular Meetings**. Regular meetings of the Board of Directors shall be held at such times and at such places within or without the State of New York or the United States as the Board of Directors shall from time to time determine.

SECTION 9. **Special Meetings; Notice**. Special meetings of the Board of Directors shall be held whenever called by the Chairman of the Board, the Lead Director, the Chief Executive Officer of the Corporation, or by any two (2) of the directors at the time in office. A notice of each such special meeting stating the time and place thereof shall be given as provided in this Section 9. Except as otherwise provided by law, notice of each meeting shall be given by first class mail, telephone, overnight delivery, electronic mail, facsimile or hand delivery to each director, at his or her residence or usual place of business at least forty-eight (48) hours before the meeting is to be held. Notice of any meeting of the Board of Directors need not, however, be given to any director, if waived by him or her in writing before or after the meeting or if he or she shall attend the meeting without protesting, prior thereto or at its commencement, the lack of notice to him or her. Neither notices of a meeting nor a waiver of notice need specify the purpose of any regular or special meeting of the Board of Directors.

SECTION 10. **Quorum and Manner of Acting**.

(a) Quorum. A majority of the whole Board of Directors shall be present in person at any meeting of the Board of Directors in order to constitute a quorum for the transaction of business at such meeting and, except as otherwise specifically provided by the Certificate of Incorporation, these By-Laws or by law, the act of a majority of the directors present at any such meeting, at which a quorum is present, shall be the act of the Board of Directors. In the absence of a quorum for any meeting, a majority of the directors present thereat may adjourn such meeting from time to time until a quorum shall be present thereat. Notice of any adjourned meeting need not be given.

(b) Telephone Meetings. Unless otherwise restricted by the Certificate of Incorporation or these By-Laws, any one or more members of the Board of Directors or any committee thereof may participate in a meeting of the Board of Directors or committee by means of a conference telephone or similar communications equipment allowing all persons participating in the meeting to hear each other at the same time. Participation by such means shall constitute presence in person at a meeting.

(c) Action By Written Consent. Any action required or permitted to be taken by the Board of Directors may be taken without a meeting, provided that all Board members individually provide written consent to that action (which may include consent by electronic means); and provided further that if such consent is effected by electronic means, such consent shall include a description of the action being taken and the typed name of the director, which shall constitute the legally binding electronic signature of the director. Such action by written consent will have the same force and effect as a unanimous vote of the Board of Directors. Such written consent and any counterparts thereof will be filed with the minutes of the proceedings of the Board of Directors.

SECTION 11. **Committees**. By the affirmative vote of a majority of the entire Board of Directors, the Board of Directors may designate from among its members an Executive Committee, an Audit Committee, a Compensation Committee, a Nominating and Governance Committee and other committees, each consisting of one or more members. If an Executive Committee is created, the Chairman of the Board and the Lead Director, if any, shall be members. The Executive Committee will have all the authority of the Board of Directors except as otherwise provided by Section 712 of the Business Corporation Law or other applicable statutes. Any other committees will have such authority as the Board of Directors may provide. The Board of Directors may designate one or more directors as alternate members of any committee to replace absent members. The members of all committees shall be selected by and removed by the Board of Directors. Such committees may meet at stated times or, in accordance with their charters, upon notice to all the members of the committee by the Secretary. Each committee shall keep regular minutes of its proceedings and report the same to the Board of Directors when required.

SECTION 12. **Removal**. Any director may be removed with cause by the affirmative vote of at least two-thirds of the whole Board of Directors or with or without cause by vote of the shareholders at a regular or special meeting, subject to the provisions of the Business Corporation Law.

SECTION 13. **Compensation**. The directors and the members of any committee of the Board of Directors of the Corporation shall be entitled to be reimbursed for any expenses, including all travel expenses, incurred by them on account of their attendance at any regular or special meeting of the Board of Directors or of such committee, and the Board of Directors may at any time or from time to time by resolution provide that the Corporation shall pay each such director or member of such committee such compensation for his or her services as may be specified in such resolution. Nothing in this Section 13 shall be construed to preclude any director from serving the Corporation in any other capacity and receiving compensation therefore.

ARTICLE III

Officers

SECTION 1. **Officers; Term of Office**. The officers of the Corporation shall be a Chief Executive Officer, one or more Presidents, one or more Vice Presidents (which may include one of more executive vice presidents, senior vice presidents or vice presidents), a Secretary, a Treasurer and such other officers as the Board of Directors may deem necessary or desirable (including one or more assistant secretaries or assistant treasurers). The officers referred to in this paragraph (x) shall be elected annually by the Board of Directors at the regular meeting of the Board of Directors held immediately after the annual meeting of shareholders. Any two or more offices may be held by the same person. Each officer shall hold office until his or her successor shall have been duly chosen and shall qualify, or until his or her death or until he or she shall resign, or shall have been removed in the manner hereinafter provided.

SECTION 2. **Removal**. Any officer of the Corporation may be removed by the Board of Directors with or without cause at any time.

SECTION 3. **Resignations**. Any officer of the Corporation may resign at any time by giving written notice of his or her resignation to the Board of Directors or to the Chief Executive Officer or Secretary of the Corporation. Any such resignation shall take effect at the time specified therein, or, if the time when it shall become effective shall not be specified therein, then it shall take effect immediately upon its receipt by such Board of Directors, Chief Executive Officer or Secretary; and, unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

SECTION 4. **Vacancies**. A vacancy in any office due to death, resignation, removal, disqualification or any other cause shall be filled for the unexpired portion of the term in the manner prescribed in these By-Laws for regular appointments or elections to such office.

SECTION 5. **The Chief Executive Officer**. The Chief Executive Officer, who may also be the Chairman of the Board, shall be the chief executive officer of the Corporation and shall have general supervision of the business of the Corporation and over its several officers, subject, however, to the control of the Board of Directors. He or she shall, in the absence of the Chairman of the Board, preside at all meetings of the shareholders and at all meetings of the Board of Directors. He or she shall see that all orders and resolutions of the Board of Directors are carried into effect. He or she may sign, execute and deliver in the name and on behalf of the Corporation all deeds, mortgages, bonds, contracts or other instruments authorized by the Board of Directors except where the signing, execution or delivery thereof shall be expressly delegated to some other officer or agent of the Corporation or where any of them shall be required by law to be otherwise signed, executed or delivered, and he or she may affix the seal of the Corporation to any instrument which shall require it. He or she shall perform all duties incident to the office of Chief Executive Officer and such other duties as from time to time may be assigned to him or her by the Board of Directors.

SECTION 6. **The Presidents and any Vice Presidents**. The Presidents and any Vice Presidents shall assist the Chief Executive Officer and shall perform such duties as may be assigned to him or her by the Chief Executive Officer, the Board of Directors or as may be prescribed by these By-Laws.

SECTION 7. **The Treasurer**. The Treasurer shall have the care and custody of all funds, securities, evidences of indebtedness and other personal property of the Corporation and shall deposit the same in accordance with the instructions of the Board of Directors. If required by the Board of Directors, the Treasurer shall give a bond for the faithful discharge of his or her duties in such sum and with such surety or sureties as the Board of Directors shall determine. He or she shall perform all the duties incidental to the office of Treasurer and such other duties as may be assigned, from time to time, to him or her by the Chief Executive Officer or the Board of Directors. Upon request of the Board of Directors, he or she shall make such reports to it as may be required at any time.

SECTION 8. **The Secretary**. The Secretary shall (i) attend all meetings of the Board of Directors and of the shareholders and record all votes, (ii) keep the minutes of all proceedings of the Board of Directors and of the shareholders in a book to be kept for that purpose and for the standing committees when required and (iii) have charge of the stock certificate book and stock ledger and such other books and papers as the Board of Directors may direct. He or she shall give, or cause to be given, notice of all meetings of the shareholders and any meetings the Board of Directors for which notice is required, and shall perform all other duties incident to the office of Secretary and such other duties as may be assigned, from time to time, to him or her by the Chief Executive Officer or the Board of Directors. He or she shall keep in safe custody the seal of the Corporation and, when properly authorized, affix the same to any instrument requiring it and, when so affixed, it shall be attested by his or her signature or by the signature of the Treasurer or an Assistant Secretary.

ARTICLE IV

Contracts, Checks, Drafts, Bank Accounts, Etc.

SECTION 1. **Execution of Contracts, etc**. Except as otherwise required by law or by these By-Laws, any officer or officers, agent or agents, may be authorized by the Board of Directors, or in the case of an officer appointed by the Chief Executive Officer, by either the Board of Directors or the Chief Executive Officer to execute and deliver any contract or other instrument in the name of the Corporation and on its behalf.

SECTION 2. **Checks, Drafts, etc**. All checks, drafts and other orders for the payment of money, bills of lading, warehouse receipts, obligations, bills of exchange and insurance certificates shall be signed in the name and on behalf of the Corporation by such officer or officers, agent or agents of the Corporation and in such manner as shall from time to time be authorized by the Board of Directors or authorized by the Treasurer acting together with any Elected Officer of the Corporation, which authorization may be general or confined to specific instances.

SECTION 3. **Deposits**. All funds of the Corporation not otherwise employed shall be deposited from time to time to the credit of the Corporation or otherwise as the Board of Directors, or any officer of the Corporation to whom power in that respect shall have been delegated, shall direct in such banks, trust companies or other depositories as said Board of Directors may select or as may be selected by any officer or officers or agent or agents of the Corporation to whom power in that respect shall have been delegated. For the purpose of deposit and for the purpose of collection for the account of the Corporation, checks, drafts and other orders for the payment of money which are payable to the order of the Corporation may be endorsed, assigned and delivered by any officer or agent of the Corporation.

SECTION 4. **General and Special Bank Accounts**. The Board of Directors may from time to time authorize the opening and keeping of general and special bank accounts with such banks, trust companies or other depositaries as the Board of Directors may select, or as may be selected by any officer or officers, agent or agents of the Corporation to whom power in that respect shall have been delegated. The Board of Directors may make such special rules and regulations with respect to such bank accounts, not inconsistent with the provisions of these By-Laws, as it may deem expedient.

ARTICLE V

Shares and Their Transfer

SECTION 1. **Certificates for Stock**. The shares of stock of the Corporation will be represented by certificates, in such form as the Board of Directors may from time to time prescribe, except that the Board of Directors may provide that some or all of any class or series of shares will be uncertificated shares. No decision to have uncertificated shares will apply to shares represented by a certificate until that certificate has been surrendered to the Corporation.

The certificates representing such shares shall be numbered in the order in which they shall be issued and shall be signed in the name of the Corporation by the Chairman of the Board, a President or a Vice-President, and by the Treasurer or the Secretary or an Assistant Treasurer or Assistant Secretary of the Corporation and its seal shall be affixed thereto; provided, however, that where such certificate is signed by a transfer agent or registered by a registrar other than the Corporation itself or its employee, if the Board of Directors shall by resolution so authorize, the signatures of such Chairman of the Board, President, or Vice-President, Treasurer, Secretary, Assistant Treasurer or Assistant Secretary and the seal of the Corporation may be by facsimile. In case any officer or officers of the Corporation who shall have signed, or whose facsimile signature or signatures has been placed upon a certificate or certificates shall cease to be such officer or officers, whether by reason of death, resignation or otherwise, before such certificate or certificates shall have been delivered by the Corporation, such certificate or certificates may nevertheless be adopted by the Corporation and be issued and delivered as if the person or persons who signed such certificate or certificates had not ceased to be such officer or officers. A record shall be kept of the respective names of the persons, firms or corporations owning the shares represented by certificates for stock of the Corporation, the number of shares represented by such certificates, respectively, and the respective dates thereof, and in case of cancellation, the respective dates of cancellation. Every certificate surrendered to the Corporation for exchange or transfer shall be canceled and a new certificate or certificates shall not be issued in exchange for any existing certificate, until such existing certificate shall have been so canceled except in cases provided for in Article V, Section 4 of these By-Laws.

SECTION 2. **Stock Ledger; Transfers of Stock**. The Secretary shall keep or cause to be kept a stock-book, which may be in electronic form, containing the names, alphabetically arranged, of all persons who are shareholders of the Corporation, showing each shareholder's place of residence, the number of shares of capital stock owned by each shareholder, and the date when each shareholder became the owner of such shares. Transfers of shares of the capital stock of the Corporation shall be made on the books of the Corporation only by the registered holder thereof, or by his or her attorney thereunto authorized by power of attorney duly executed and filed with the Secretary of the Corporation or with a transfer clerk or transfer agent appointed as in Article V, Section 3 of these By-Laws, upon (1) surrender of the certificate or certificates for such shares properly endorsed, to the extent that the shares were issued in certificated form or a properly endorsed stock power authorizing the transfer of such shares, and (2) the payment of all taxes thereon. The person in whose name shares of capital stock stand on the books of the Corporation shall be deemed the owner thereof for all purposes with regard to the Corporation.

SECTION 3. **Regulations**. The Board of Directors may make such rules and regulations, as it may be deem expedient, not inconsistent with these By-Laws, concerning the issue, transfer and registration of shares of the capital stock of the Corporation. It may appoint, or authorize any elected officer or officers to appoint, one or more Transfer Clerks or one or more Transfer Agents or one or more Registrars, and may require all certificates of stock to bear the signature or signatures of any of them.

SECTION 4. **Lost, Destroyed and Mutilated Certificates**. The holder of any share of stock of the Corporation shall immediately notify the Corporation of any loss, destruction or mutilation of the certificate therefor, and the Corporation may issue a new certificate of stock in the place of any certificate theretofore issued by it, alleged to have been lost or destroyed, and the Board of Directors may, in its discretion, require the owner of the lost or destroyed certificate or his or her legal representatives to give the Corporation a bond in such sum, limited or unlimited, and in such form and with such surety or sureties, as the Board of Directors shall in its uncontrolled discretion determine, to indemnify the Corporation against any claim that may be made against it on account of the alleged loss or destruction of any such certificate, or the issuance of such new certificate. The Board of Directors, however, may in its discretion refuse to issue any such new certificate, except pursuant to legal proceedings under the laws of the State of New York in such case made and provided.

ARTICLE VI

Indemnification

SECTION 1. **Right To Indemnification**. The Corporation shall indemnify any person made, or threatened to be made, a party to an action or proceeding, whether civil or criminal, by reason of the fact that he or she, or a person of whom he or she is the legal representative, is or was a director or officer of the Corporation, or was serving, at the request of the Corporation, as a director, officer, employee, fiduciary or agent of any other affiliated corporation, partnership, joint venture, trust, employee benefit plan or other enterprise, against judgments, fines, amounts paid in settlement and reasonable expenses, including attorney's fees, incurred by such person as a result of such action or proceeding, or any appeal therein, unless a judgment or other final adjudication adverse to such person establishes that his or her acts, or the acts of the person of whom he or she is the legal representative, were committed in bad faith or were the result of active and deliberate dishonesty and were material to the cause of action so adjudicated, or that he or she, or the person of whom he or she is the legal representative, personally gained in fact a financial profit or other advantage to which he or she, or the other person of whom he or she is the legal representative, was not legally entitled. The Corporation shall advance to such person funds to pay for such expenses, including attorney's fees, incurred by such person in defending against any such action or proceeding, or any appeal therein, upon receipt of an undertaking by or on behalf of such person to repay such funds to the Corporation if a judgment or other final adjudication adverse to such person establishes that his or her acts, or the acts of the person of whom he or she is the legal representative, were committed in bad faith or were the result of active and deliberate dishonesty and were material to the cause of action so adjudicated, or that he or she, or the person of whom he or she is the legal representative, personally gained in fact a financial profit or other advantage to which he or she, or such person, was not legally entitled.

SECTION 2. **Right Of Claimant To Sue**. If a claim under Section 1 of this Article VI is not paid in full by the Corporation within thirty (30) days after a written claim has been received by the Corporation, the claimant may at any time thereafter bring suit against the Corporation to recover the unpaid amount of the claim and, if successful in whole or in part, the claimant shall be entitled to be paid also the expenses of prosecuting such claim. It shall be a defense to any such action (other than an action brought to enforce a claim for expenses incurred in defending any proceeding in advance of its final disposition where the required undertaking, if any is required, has been tendered to the Corporation) that the claimant, or the person of whom he or she is the legal representative, has not met the standard of conduct established in Article VI, Section 1 of these By-Laws, but the burden of proving such defense shall be on the Corporation. Neither the failure of the Corporation (including its Board of Directors, independent legal counsel, or its shareholders) to have made a determination prior to the commencement of such action that indemnification of the claimant is proper because the claimant or such person has met the said standard of conduct, nor an actual determination by the Corporation (including its Board of Directors, independent legal counsel, or its shareholders) that the claimant or such person has not met such applicable standard of conduct, shall be a defense to action or create a presumption that the claimant or such person has not met such standard of conduct.

SECTION 3. **Non-Exclusivity Of Rights**. Subject to the limitations contained in Section 1 of this Article VI, the right to indemnification and the payment of expenses conferred in this Article VI shall not be deemed exclusive of any other right to which any person seeking indemnification or advancement or payment of expenses may be entitled, whether under any statute, provision of the Certification of Incorporation, these By-Laws, agreement, vote of shareholders or disinterested directors or otherwise, and the Corporation is hereby authorized to provide further indemnification or advancement rights to any such person whether by separate agreement or by resolution of its directors or shareholders or otherwise.

SECTION 4. **Contract Rights; Savings Clause**.

(a) Contract Rights. The rights conferred by this Article VI shall be contract rights and shall vest at the time a person agrees to become a director or officer of the Corporation. Such rights shall continue as to a person who has ceased to be a director or officer of the Corporation and shall extend to the heirs and legal representatives of such person. Any repeal or modification of the Business Corporation Law or the provisions of this Article VI shall not affect any right or obligation then existing with respect to any state of facts then or previously existing or any action or proceeding previously or thereafter brought or threatened based in whole or in part upon any such state of facts. Such a contract right may not be modified retroactively without the consent of such person, except as provided by law.

(b) Savings Clause. Any repeal or modification of the provisions of this Article VI shall not adversely affect any right or protection hereunder of any director or officer in respect of any act or omission occurring prior to the time of such repeal or modification. If any provision of this Article VI is held to be invalid, illegal or unenforceable for any reason whatsoever (i) the validity, legality and enforceability of the remaining provisions of this Article VI (including without limitation, all portions of any paragraphs of this Article VI containing any such provision held to be invalid, illegal or unenforceable, that are not by themselves invalid, illegal or unenforceable) shall not in any way be affected or impaired thereby and (ii) to the fullest extent possible, the provisions of this Article VI (including, without limitation, all portions of any paragraph of this Article VI containing any such provision held to be invalid, illegal or unenforceable, that are not themselves invalid, illegal or unenforceable) shall be construed so as to give effect to the intent manifested by the provision held invalid, illegal or unenforceable.

SECTION 5. **Business Corporation Law**. All references to the Business Corporation Law in this Article VI shall mean such Law as it may from time to time be amended.

SECTION 6. **Insurance**. The Corporation may purchase and maintain insurance to indemnify officers, directors and others against costs or liabilities incurred by them in connection with the performance of their duties and any activities undertaken by them for, or at the request of, the Corporation, to the fullest extent permitted by the Business Corporation Law.

ARTICLE VII

Seal

The seal of the Corporation shall be in the form of a circle, and shall bear the full name of the Corporation and the year of its incorporation.

ARTICLE VIII

Fiscal Year

The fiscal year of the Corporation shall end with the thirty-first day of December in each year or such other date as the Board shall determine.

ARTICLE IX

Amendments

The Board of Directors shall have the power to amend, repeal or adopt the By-Laws of the Corporation, and the By-Laws may be amended, repealed or adopted by the shareholders entitled at the time to vote in the election of directors.