

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-Q

QUARTERLY REPORT UNDER SECTION 13 OF

THE SECURITIES EXCHANGE ACT OF 1934

For Quarter Ended September 30, 1999 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)

(IRS 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 Sections 13 or 15 (d) of the Securities Exchange Act of 1934 during the preceding twelve months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes X

No

Number of shares outstanding as of November 5, 1999: 105,105,083

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PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

INTERNATIONAL FLAVORS & FRAGRANCES INC.

CONSOLIDATED BALANCE SHEET
(DOLLARS IN THOUSANDS)

	9/30/99	12/31/98
Assets		
Current Assets:		
Cash & Cash Equivalents	\$ 91,365	\$ 114,960
Short-term Investments	810	1,039
Trade Receivables	311,531	264,352
Allowance For Doubtful Accounts	(10,860)	(9,517)
Inventories:		
Raw Materials	235,647	235,552
Work in Process	8,173	8,251
Finished Goods	164,674	160,158

Total Inventories	408,494	403,961
Other Current Assets	68,849	73,233
Total Current Assets	870,189	848,028
Property, Plant & Equipment, At Cost	955,850	913,397
Accumulated Depreciation	(430,486)	(414,613)
Other Assets	525,364	498,784
	42,253	41,252
Total Assets	\$ 1,437,806	\$ 1,388,064
	=====	=====
Liabilities and Shareholders' Equity		
Current Liabilities:		
Bank Loans	\$ 55,485	\$ 29,072
Accounts Payable-Trade	80,193	60,331
Dividends Payable	40,333	40,301
Income Taxes	44,834	46,647
Other Current Liabilities	120,226	96,557
Total Current Liabilities	341,071	272,908
Other Liabilities:		
Deferred Income Taxes	31,301	30,730
Long-term Debt	3,921	4,341
Retirement and Other Liabilities	137,790	135,034
Total Other Liabilities	173,012	170,105
Shareholders' Equity:		
Common Stock (115,761,840 shares issued)	14,470	14,470
Capital in Excess of Par Value	135,425	136,443
Restricted Stock	(5,061)	(6,750)
Retained Earnings	1,215,041	1,210,620
Accumulated Other Comprehensive Income:		
Cumulative Translation Adjustment	(37,653)	(9,130)
Treasury Stock, at cost - 9,672,357 shares in '99 and 9,715,775 in '98	1,322,222	1,345,653
	(398,499)	(400,602)
Total Shareholders' Equity	923,723	945,051
Total Liabilities and Shareholders' Equity	\$ 1,437,806	\$ 1,388,064
	=====	=====

See Notes to Consolidated Financial Statements

INTERNATIONAL FLAVORS & FRAGRANCES INC.

CONSOLIDATED STATEMENT OF INCOME
(DOLLARS IN THOUSANDS EXCEPT PER SHARE AMOUNTS)

	3 Months Ended 9/30	
	1999	1998
Net Sales	\$ 364,674	\$ 349,846
Cost of Goods Sold	199,432	193,176
Research and Development Expenses	25,124	24,655
Selling and Administrative Expenses	61,764	58,256
Nonrecurring Charges	710	--
Interest Expense	1,362	477
Other (Income) Expense, Net	2,365	(1,447)
	290,757	275,117
Income Before Taxes on Income	73,917	74,729
Taxes on Income	24,762	24,480
Net Income	49,155	50,249
Other Comprehensive Income:		
Foreign Currency Translation Adjustments	19,478	38,661
Comprehensive Income	\$ 68,633	\$ 88,910
Net Income Per Share - Basic	\$ 0.46	\$ 0.47
Net Income Per Share - Diluted	\$ 0.46	\$ 0.47
Average Number of Shares Outstanding - Basic	106,003	106,872
Average Number of Shares Outstanding - Diluted	106,271	107,054
Dividends Paid Per Share	\$ 0.38	\$ 0.37

	9 Months Ended 9/30	
	1999	1998
Net Sales	\$1,103,518	\$1,088,510
Cost of Goods Sold	611,111	586,653
Research and Development Expenses	76,992	72,950
Selling and Administrative Expenses	189,558	176,149
Nonrecurring Charges	29,468	--
Interest Expense	3,561	1,395
Other (Income) Expense, Net	4,410	(6,303)
	915,100	830,844
Income Before Taxes on Income	188,418	257,666
Taxes on Income	63,049	88,884
Net Income	125,369	168,782
Other Comprehensive Income:		
Foreign Currency Translation Adjustments	(28,523)	23,383
Comprehensive Income	\$ 96,846	\$ 192,165
Net Income Per Share - Basic	\$ 1.18	\$ 1.57
Net Income Per Share - Diluted	\$ 1.18	\$ 1.57
Average Number of Shares Outstanding - Basic	105,946	107,507
Average Number of Shares Outstanding - Diluted	106,175	107,845
Dividends Paid Per Share	\$ 1.14	\$ 1.11

See Notes to Consolidated Financial Statements

INTERNATIONAL FLAVORS & FRAGRANCES INC.

CONSOLIDATED STATEMENT OF CASH FLOWS
(DOLLARS IN THOUSANDS)

	9 Months Ended 9/30	
	1999	1998
Cash Flows From Operating Activities:		
Net Income	\$ 125,369	\$ 168,782
Adjustments to Reconcile to Net Cash Provided by Operations:		
One-time Charges	37,485	--
Depreciation	39,830	36,291
Deferred Income Taxes	4,189	5,350
Changes in Assets and Liabilities:		
Current Receivables	(52,117)	(39,841)
Inventories	(16,925)	(29,178)
Current Payables	20,427	13,616
Other, Net	(2,050)	3,260
Net Cash Provided by Operations	156,208	158,280
Cash Flows From Investing Activities:		
Proceeds From Sales/Maturities of Short-term Investments	971	41,896
Purchases of Short-term Investments	(828)	--
Additions to Property, Plant & Equipment, Net of Minor Disposals	(81,089)	(56,651)
Net Cash Used in Investing Activities	(80,946)	(14,755)
Cash Flows From Financing Activities:		
Cash Dividends Paid to Shareholders	(120,915)	(120,171)
Increase in Bank Loans	27,036	17,038
Decrease in Long-term Debt	(628)	(1,888)
Proceeds From Issuance of Stock Under Stock Option Plans	3,643	3,899
Purchase of Treasury Stock	(2,574)	(121,022)
Net Cash Used in Financing Activities	(93,438)	(222,144)
Effect of Exchange Rate Changes on Cash and Cash Equivalents	(5,419)	3,763
Net Change in Cash and Cash Equivalents	(23,595)	(74,856)
Cash and Cash Equivalents at Beginning of Year	114,960	216,994
Cash and Cash Equivalents at End of Period	\$ 91,365	\$ 142,138
Interest Paid	\$ 3,558	\$ 1,284
Income Taxes Paid	\$ 53,586	\$ 75,243

See Notes to Consolidated Financial Statements

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

These interim statements and management's related discussion and analysis should be read in conjunction with the consolidated financial statements and their related notes, and management's discussion and analysis of results of operations and financial condition included in the Company's 1998 Annual Report to Shareholders. In the opinion of the Company's management, all normal recurring adjustments necessary for a fair statement of the results for the interim periods have been made.

In June 1999, Statement of Financial Accounting Standards No. 137 (FAS 137) was issued amending Statement of Accounting Standards No. 133 (FAS 133), Accounting for Derivative Instruments and Hedging Activities. FAS 137 defers the effective date of FAS 133 to fiscal years beginning after June 15, 2000. The Company is currently evaluating FAS 133, and the accounting and reporting implications thereof.

Effective January 1, 1999, the Company adopted Statement of Position 98-5 (SOP 98-5), Reporting on the Costs of Start-Up Activities, which is effective for fiscal years beginning after December 15, 1998. SOP 98-5 requires that costs of start-up activities, including organization costs, be expensed as incurred. The effect of adopting this Standard was not material.

In June 1999, the Company announced details of its program to streamline the Company's operations worldwide. The program will include the closure of selected manufacturing, distribution and sales facilities in all geographic areas in which the Company operates. In addition, the Company will further consolidate and align production in its remaining manufacturing locations. The actions will result in a reduction in the Company's global workforce of nearly 5%, or approximately 200 employees.

The program will result in one-time pretax charges of approximately \$46 million (\$31 million after tax, or approximately \$.29 per share). Cost savings from this program have been specifically identified and are expected to increase pretax earnings by \$15 million annually, beginning in 2000. The Company began to realize savings from the actions taken during the third quarter and expects to realize approximately \$4-5 million of pretax savings from the program in the second half of 1999.

Of the total anticipated \$46 million in one-time charges, the Company recorded \$2.6 million (\$1.7 million after tax, or approximately \$.02 per share) in the third quarter, and \$37.5 million (\$25 million after tax, or approximately \$.24 per share) for the year to date. The balance of the total charges is expected to be recorded in the fourth quarter of 1999, as the remaining aspects of the program are fully implemented. As a result of the one-time charges, the status of the related reserves established, and the utilization thereof, is as follows:

	ORIGINAL RESERVE	UTILIZATION	BALANCE AT 9/30/99
Employee Separation Costs	\$23,885,000	\$ 9,015,000	\$14,870,000
Facility/Asset Related	13,600,000	7,537,000	6,063,000
Total	\$37,485,000	\$16,552,000	\$20,933,000

Elements of the one-time charges, relating primarily to accelerated depreciation on assets to be disposed of, have been recorded in cost of goods sold (\$665,000 in the third quarter and \$1,331,000 year to date) and selling and administrative expenses (\$1,253,000 in the third quarter and \$2,206,000 year to date). In addition, \$4,480,000 associated with facility closure was recorded in Other Expense in the second quarter of 1999. The remaining one-time charges are recognized as Nonrecurring Charges.

Charges for the third quarter and first nine months totaled approximately \$2.2 million and \$27.6 million, respectively, in EAME (Europe, Africa, Middle East), and relate principally to employee separation costs associated with the rationalization and closure of certain operations and facilities.

For North America and Latin America, charges for the third quarter totaled \$0.3 million and \$0.1 million, respectively. For the nine months, charges for North America, Latin America and the Far East totaled \$3.5 million, \$3.4 million and \$3.0 million, respectively. Charges for North America, Latin America and the Far East relate to employee separations and closure of operations.

The asset writedowns and other non-cash related elements of the pretax charges recorded to date, and anticipated to be recorded as part of the total program, approximate \$9 million and \$12 million, respectively.

As described in Note 2 of the Notes to the Consolidated Financial Statements included in the Company's 1998 Annual Report to Shareholders, the Company undertook a program to phase out and close certain of its aroma chemical production facilities during 1996. The status of the reserve is as follows:

	BALANCE AT 12/31/98	UTILIZED IN 1999	BALANCE AT 9/30/99
Employee Related	\$ 521,000	\$ 366,000	\$155,000
Facility Related	2,200,000	1,672,000	528,000
Total	\$2,721,000	\$2,038,000	\$683,000

The Company's reportable segment information, based on geographic area, for the first nine months 1999 and 1998 follows:

1999 (Dollars in thousands)	North America	EAME	Latin America	Far East	Eliminations	Consolidated
Sales to unaffiliated customers	\$ 369,965	\$ 446,098	\$ 154,014	\$133,441	\$ --	\$1,103,518
Transfers between areas	44,925	95,752	498	10,379	(151,554)	--
Total sales	\$ 414,890	\$ 541,850	\$ 154,512	\$143,820	\$(151,554)	\$1,103,518
Operating profit	\$ 40,666	\$ 138,776	\$ 26,907	\$ 24,420	\$ 804	\$ 231,573
Unallocated expenses						(5,716)
Nonrecurring charges						(29,468)
Interest expense						(3,561)
Other income (expense), net						(4,410)
Income before taxes on income						\$ 188,418

1998 (Dollars in thousands)	North America	EAME	Latin America	Far East	Eliminations	Consolidated
Sales to unaffiliated customers	\$ 372,985	\$ 443,454	\$ 154,950	\$117,121	\$ --	\$1,088,510
Transfers between areas	47,860	85,883	728	11,409	(145,880)	--
Total sales	\$ 420,845	\$ 529,337	\$ 155,678	\$128,530	\$(145,880)	\$1,088,510
Operating profit	\$ 62,540	\$ 139,721	\$ 34,094	\$ 21,240	\$ 149	\$ 257,744
Unallocated expenses						(4,986)
Interest expense						(1,395)
Other income (expense), net						6,303
Income before taxes on income						\$ 257,666

Included in the 1999 operating profit for EAME are one-time charges totaling

\$3,237,000 for accelerated depreciation on assets to be disposed.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL CONDITION

OPERATIONS

Worldwide net sales for the third quarter of 1999 were \$364,674,000, compared to \$349,846,000 in the 1998 third quarter, an increase of 4%. Local currency sales for the 1999 third quarter increased approximately 6% over the 1998 third quarter. On a country of destination basis, third quarter local currency sales were strongest in EAME fragrances, which increased 10%, and in the Far East where flavor and fragrance sales increased by 16% and 14%, respectively. North America fragrance sales were also strong, reporting a 7% increase compared to the prior year comparable quarter. Flavor sales in North America declined 5% compared to the comparable 1998 quarter, mainly due to continued weakness in many of the North American food companies. Total Latin America sales declined 2% compared to the 1998 third quarter as a result of economic conditions there.

For the first nine months of 1999, worldwide net sales totaled \$1,103,518,000, compared to \$1,088,510,000 for the comparable 1998 period. On a country of destination basis, local currency sales for the nine months ended September 30, 1999 were strongest in the Far East, where total sales increased 11% over 1998. Local currency sales in EAME were up 2% in comparison to the prior year period. Sales in North America were flat in comparison to 1998, while sales in Latin America were down 4% from the prior year, again mainly as a result of economic conditions there. Sales in the first nine months of 1999 were not significantly affected by translation.

The percentage relationship of cost of goods sold and other operating expenses to sales for the first nine months 1999 and 1998 are detailed below.

	FIRST NINE MONTHS	
	1999	1998
Cost of Goods Sold	55.4%	53.9%
Research and Development Expenses	7.0%	6.7%
Selling and Administrative Expenses	17.2%	16.2%

Cost of goods sold, as a percentage of net sales, increased from the prior year primarily due to weakness in demand for and pricing pressures on aroma chemicals.

Selling and administrative expenses increased as a percentage of sales primarily due to costs of the Company's Y2K program. In 1999 and 1998, the costs for this program amounted to approximately \$11.7 and \$9.0 million, respectively, for the nine month period.

Net income for the third quarter of 1999, including the one-time charges discussed below, totaled \$49,155,000 compared to \$50,249,000 in the prior year third quarter. On the same basis, net income for the first nine months of 1999 totaled \$125,369,000, compared to \$168,782,000 for the comparable 1998 period. Net income for the third quarter and nine month period ended September 30, 1999, excluding the one-time charges, was \$50,902,000 and \$150,262,000, respectively. For the nine month period, the decline in net income from the prior year was primarily attributable to the increase in cost of goods sold as a percentage of sales and the higher cost of the Company's Y2K program in 1999.

In June 1999, the Company announced details of its program to streamline the Company's operations worldwide. The Company expects that these steps will result in improved operating efficiencies and asset utilization, and enable significant cost savings and enhanced profitability. The program will include the closure of selected manufacturing, distribution and sales facilities in all geographic areas in which the Company operates. In addition, the Company will further consolidate and align production in its remaining

manufacturing locations. The actions will result in a reduction in the Company's global workforce of nearly 5%, or approximately 200 employees.

The program will result in one-time pretax charges of approximately \$46 million (\$31 million after tax, or approximately \$.29 per share). Cost savings from this program have been specifically identified and are expected to increase pretax earnings by \$15 million annually, beginning in 2000. The Company began to realize savings from the actions taken during the third quarter and expects to realize approximately \$4-5 million of pretax savings from the program in the second half of 1999.

Of the total anticipated \$46 million in one-time charges, the Company recorded \$2.6 million (\$1.7 million after tax, or approximately \$.02 per share) in the third quarter, and \$37.5 million (\$25 million after tax, or approximately \$.24 per share) for the year to date. The balance of the total charges is expected to be recorded in the fourth quarter of 1999, as the remaining aspects of the program are fully implemented. As a result of the one-time charges, the status of the related reserves established, and the utilization thereof, is as follows:

	ORIGINAL RESERVE	UTILIZATION	BALANCE AT 9/30/99
	-----	-----	-----
Employee Separation Costs	\$23,885,000	\$ 9,015,000	\$14,870,000
Facility/Asset Related	13,600,000	7,537,000	6,063,000
	-----	-----	-----
Total	\$37,485,000	\$16,552,000	\$20,933,000
	=====	=====	=====

Elements of the one-time charges, relating primarily to accelerated depreciation on assets to be disposed of, have been recorded in cost of goods sold (\$665,000 in the third quarter and \$1,331,000 year to date) and selling and administrative expenses (\$1,253,000 in the third quarter and \$2,206,000 year to date). In addition, \$4,480,000 associated with facility closure was recorded in Other Expense in the second quarter of 1999. The remaining one-time charges are recognized as Nonrecurring Charges.

Charges for the third quarter and first nine months totaled approximately \$2.2 million and \$27.6 million, respectively, in EAME, and relate principally to employee separation costs associated with the rationalization and closure of certain operations and facilities.

For North America and Latin America, charges for the third quarter totaled \$0.3 million and \$0.1 million, respectively. For the nine months, charges for North America, Latin America and the Far East totaled \$3.5 million, \$3.4 million and \$3.0 million, respectively. Charges for North America, Latin America and the Far East relate to employee separations and closure of operations.

The asset writedowns and other non-cash related elements of the pretax charges recorded to date, and anticipated to be recorded as part of the total program, approximate \$9 million and \$12 million, respectively.

As described in Note 2 of the Notes to the Consolidated Financial Statements included in the Company's 1998 Annual Report to Shareholders, the Company undertook a program to phase out and close certain of its aroma chemical production facilities during 1996. The status of the reserve is as follows:

	BALANCE AT 12/31/98	UTILIZED IN 1999	BALANCE AT 9/30/99
	-----	-----	-----
Employee Related	\$ 521,000	\$ 366,000	\$155,000
Facility Related	2,200,000	1,672,000	528,000
	-----	-----	-----
Total	\$2,721,000	\$2,038,000	\$683,000
	=====	=====	=====

The effective tax rate for the third quarter and first nine months of 1999 was 33.5%, compared to 32.8% and 34.5%, respectively, for the comparable periods in 1998. For the nine month period, the lower effective rate reflects the effects of lower tax rates in various tax jurisdictions in which the Company operates. The 1998 third quarter effective tax rate reflected the impact of lowering the estimated full year 1998 effective rate from 35.2% to 34.5%.

FINANCIAL CONDITION

The financial condition of the Company continued to be strong. Cash, cash equivalents and short-term investments totaled \$92,175,000 at September 30, 1999, and working capital was \$529,118,000 compared to \$575,120,000 at December 31, 1998. Gross additions to property, plant and equipment during the first nine months of 1999 were \$81,962,000.

In January 1999, the Company's cash dividend was increased to an annual rate of \$1.52 per share from \$1.48 in 1998, and \$.38 per share was paid to shareholders in each of the first three quarters of 1999. The Company anticipates that its growth, capital expenditure programs and share repurchase program will be funded mainly from internal sources.

Notwithstanding its current strong financial condition, the Company established a \$300,000,000 commercial paper program, which was put in place in October 1999. Proceeds from the commercial paper program will be used for general corporate purposes.

The accumulated comprehensive income component of Shareholders' Equity, comprised principally of the cumulative translation adjustment, at September 30, 1999, was (\$37,653,000) compared to (\$9,130,000) at December 31, 1998. Changes in the component result from translating the net assets of the majority of the Company's foreign subsidiaries into U.S. dollars at current exchange rates as required by the Statement of Financial Accounting Standards No. 52 on accounting for foreign currency translation.

YEAR 2000 ISSUE

This Year 2000 statement is being designated a Year 2000 Readiness Disclosure within the meaning of the United States Year 2000 Information and Readiness Disclosure Act of 1998.

The Company has a comprehensive program to address its "Year 2000" needs (the "Y2K Program"). Most portions of the program have been completed and the Y2K Program is currently on schedule to be fully complete prior to January 1, 2000.

The Y2K Program was designed to evaluate and, if necessary, repair or replace those computer programs and embedded computer chips that are significant to the Company and that use only the last two digits to refer to a year ("Y2K Code"), so that such Y2K Code will be "Year 2000 Capable," that is, will recognize dates beginning in the year 2000. For purposes of the Y2K Program, Y2K Code is that which the Company concludes could, if not made Year 2000 Capable, materially affect the Company's operations and ability to service its customers, or create a safety or environmental risk. In addition to dealing with the Company's Y2K Code, the Y2K Program also was designed to identify and evaluate the Year 2000 readiness of the Company's key suppliers of inventory and non-inventory goods and services, and of the Company's significant customers.

The Y2K Program, as it relates to the Company's computer programs and embedded technology, had five phases: (1) assessing computer programs and embedded technology to identify Y2K Code; (2) assigning priorities to the identified Y2K Code; (3) repairing or replacing Y2K Code to make such Y2K Code Year 2000 Capable; (4) testing the repaired or replaced Y2K Code; and (5) developing and implementing, as necessary, contingency plans to address the possibility that the Company or third parties, whose operations or business could affect the Company, do not become Year 2000 Capable. The Company engaged certain outside consultants with recognized expertise in assessing and dealing with Year 2000 needs, principally Computer Sciences Corporation, to assist in the management of the Y2K Program and in the repair and testing of certain Y2K Code.

The Y2K Program has focused on Company Y2K Code in three principal areas: (1) infrastructure; (2) applications

software; and (3) facility operations, where the great majority of embedded technology is found. The infrastructure portion of the Company's Y2K Program is essentially complete. It has involved hardware and systems software other than applications software. As hardware and systems software was repaired, upgraded or replaced, it was tested to assure that it is Year 2000 Capable.

Significant portions of the Company's application software have been replaced by new software, principally SAP, an enterprise requirements planning ("ERP") software package. Implementation of SAP at the Company's North American operations was successfully completed in the third quarter 1999. Applications software Y2K Code not replaced as part of the SAP project, has been repaired, upgraded or replaced (where an upgrade or replacement was available from the supplier of such software) to make such Y2K Code Year 2000 Capable. This portion of the Y2K Program is also essentially complete.

Facility operations include hardware, software and associated embedded computer chips used in the operation of all facilities owned by the Company, including, but not limited to, equipment used in manufacturing and research and development, as well as security and other systems that may have date sensitive operating controls. The Company has substantially completed this portion of the Y2K Program as well.

The Company has identified its key suppliers of inventory and non-inventory goods and services and has contacted them, in writing and in some cases through face-to-face discussions and analysis, to ascertain the extent of their Year 2000 Capability. Similarly, the Company has also been communicating with significant customers about their and the Company's Year 2000 Capability plans and progress. This portion of the Y2K Program is also essentially complete.

The total cost to the Company of the Y2K Program is estimated to approximate \$48 million of which approximately \$45 million has been expended at September 30, 1999. Of the Y2K Program costs, approximately \$22 million represents capital expenditures associated with replacement hardware, software and associated items. The remaining amount, totaling approximately \$26 million, represents the costs of repair, testing and related efforts, and is being expensed as incurred. Of the \$45 million spent as at September 30, 1999, approximately \$21 million related to capital and the balance of \$24 million was expensed. These amounts do not include the estimated cost of the SAP project.

The failure to make Y2K Code Year 2000 Capable could result in an interruption in, or failure of, certain business activities or operations, which could materially and adversely affect the Company's results of operations, liquidity and/or financial condition. With the completion of the Company's Y2K Program, essentially all of the Company's Y2K Code is Year 2000 Capable. Due to general uncertainty about the overall extent of the Year 2000 problem, however, including, but not limited to, uncertainty about the extent of Year 2000 Capability of the Company's suppliers and customers, the Company is currently unable to determine whether the consequences of the failure of entities other than the Company to be Year 2000 Capable will have a material impact on the Company's results of operations, liquidity or financial condition.

Subject to the above uncertainties, however, the Company believes that, with the completion of the Y2K Program and with the implementation of SAP, the likelihood of material interruptions of the Company's normal business should be reduced. Notwithstanding the Company's belief, the Company is currently unable to predict, and thus to describe, its most likely worst case Year 2000 scenario.

To address the possibility that the Company or its suppliers, customers, or other third parties are not successful in becoming Year 2000 Capable, the Company has prepared contingency plans for the critical aspects of its operations. These contingency plans include, but are not limited to, increasing on-site and standby staffing, adjustment of raw material and product inventory levels, alternate sources of transportation and raw materials, alternate production plans, backup power supplies, utilities and communications, and emergency response and security procedures. Such plans are designed to avoid or mitigate potential serious disruptions in the Company's business and will be refined and modified as circumstances warrant.

CAUTIONARY STATEMENT UNDER THE PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995

Statements in this Management's Discussion and Analysis which are not historical facts or information are "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995, and are subject to risks and uncertainties that could cause the Company's actual results to differ materially from those expressed or implied by such forward-looking statements. Risks and uncertainties with respect to the Company's business include general economic and business conditions, the price and availability of raw materials, the ability of the Company and third parties, including customers and suppliers, to adequately address the Year 2000, and political and economic uncertainties, including the fluctuation or devaluation of currencies in countries in which the Company does business.

PART II. OTHER INFORMATION

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

(a) Exhibits

Number

27 Financial Data Schedule (EDGAR version only).

(b) Reports on Form 8-K

Registrant filed no report on Form 8-K during the quarter for which this report on Form 10-Q is filed.

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: November 12, 1999

By: /s/ DOUGLAS J. WETMORE

Douglas J. Wetmore, Vice-President
and Chief Financial Officer

Dated: November 12, 1999

By: /s/ STEPHEN A. BLOCK

Stephen A. Block, Senior Vice-President Law
and Regulatory Affairs and Secretary

The schedule contains summary financial information extracted from the Consolidated Balance Sheet & Consolidated Statement of Income and is qualified in its entirety by reference to such financial statements. Amounts in thousands of dollars, except per share amounts.

1000

9-MOS

	DEC-31-1999	
	SEP-30-1999	
		91,365
		810
		311,531
		10,860
		408,494
		870,189
		955,850
		430,486
		1,437,806
	341,071	
		3,921
	0	
		0
		14,470
		909,253
1,437,806		
		1,103,518
	1,103,518	
		611,111
		877,661
		33,878
		0
		3,561
		188,418
		63,049
	125,369	
		0
		0
		0
		125,369
		1.18
		1.18