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, 2011

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 ☑

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, 2011 was $5,192,991,749.

As of February 13, 2012, there were 80,927,390 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 2012 Annual Meeting of Shareholders (the "IFF 2012 Proxy Statement") are incorporated by reference in Part III of this Form 10-K.

INTERNATIONAL FLAVORS & FRAGRANCES INC.

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PART I

ITEM 1. BUSINESS.

When used in this report, the terms “IFF”, “the Company”, “we”, “us” and “our”, mean International Flavors & Fragrances Inc., and its subsidiaries. We create, manufacture and supply flavors and fragrances for the food, beverage, personal care and household products industries. Our flavors and fragrances are individual ingredients or compounds of 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, in research and product development (“R&D”), and in 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 or smaller regional and local participants which supply products such as seasonings, texturizers, spices, enzymes, certain food related commodities, fortified products and cosmetic ingredients.

In 2011, we achieved sales of approximately $2.8 billion, making us one of the top four companies in the global flavors and fragrances sub-segment of the broader market. Within this sub-segment of the broader market, the top four companies comprise approximately 70% of the total estimated sales. We believe that our broad geographic coverage and our diversified portfolio position us to achieve significant growth as the flavors and fragrances markets expand.

With operations in 32 different countries worldwide and more than 5,600 employees, we collaborate with our customers to serve consumers in more than 100 countries. We operate in two business segments, Flavors and Fragrances, in four regions. Our largest region is Europe, Africa and the Middle East, which accounted for 34% of our sales in 2011. Greater Asia is our second largest region, accounting for 27% of our sales in 2011, while North America represented 24% of our sales and Latin America represented 15% of our sales during 2011. Importantly, the fast growing emerging markets, including countries in Asia, Latin America, Africa, the Middle East and Eastern Europe, contributed approximately 46% of 2011 sales. As our customers in emerging markets grow their business, they will have the ability to leverage our long-standing presence and our extensive market knowledge to help drive their brands.

In addition to our geographic diversity, we believe we have a diversified product portfolio which helps to provide us stability in challenging economic environments. In 2011, our Flavors business represented 48% of our sales while our Fragrances business represented 52% of sales.

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.

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 and values***. Through our Consumer Insights program, we have dedicated professionals working to understand consumer trends all around the globe. Our consumer and our marketing teams interpret consumer trends, monitor product launches, analyze quantitative market data and conduct a few 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, helping to produce increased returns and greater market share gains for our customers and us.

- ***Utilize technology to create innovative solutions that drive brand success***. We spend approximately 8% of our sales on the 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 over 200 patents in the United States since 2000 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 or tastes that our customers are seeking in order to satisfy consumer demands in each of their markets.
- ***Understand our customer specific knowledge***. We believe that understanding our customers' brands and their goals by supplying them with superior products accurately and on time, and our ability to be named a "core list supplier," are key drivers of our future growth.
- ***Drive efficiency in all that we do.*** We focus on integrating our consumer insight, technology and creative expertise in a manner that we believe drives the necessary 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 simultaneously to enhance margins and cash flows while continuing to invest in our key growth initiatives.

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 preferences. 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 business includes four categories of products: (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 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 and have the expertise to create flavors that work well while masking the active ingredients that make these products effective.

- *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 for our customers, most of which are tailor-made, and 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 Europe, are increasingly seeking to focus on products which promote health and wellness. They want food and beverage products that are good for them, but which 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 taste modulation technology to provide consumers with healthier solutions without changing the taste experience of the food or beverage. For example, our sweetness modulation technology, combined with our blend of natural sweeteners, allows products to have a reduced sugar content without affecting taste. Our sodium modulation technology seeks to reduce the content of salt in consumer products while at the same time maximizing taste by enhancing the flavors of other ingredients.

We are also developing sophisticated flavor profiles in our CulinEssence™ program to bring authentic culinary flavors to our customers. The success of our recent launches of new culinary chicken and beef flavors was a direct result of this program.

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 beauty care, fabric care, personal wash and home care products. Our Fragrances business consists of three categories of products: (1) Fine Fragrance and Beauty Care, (2) Functional Fragrances and (3) Fragrance Ingredients.

- *Fine Fragrance and Beauty Care* — We have created some of the industry-leading fragrance classics as well as cutting-edge niche fragrances, as evidenced by our number of top sellers and the success of our new launches. Within our Beauty Care product line, we provide our customers innovation in the hair care, deodorant and skincare categories to create new fragrance experiences for the consumer and increased brand loyalty for our customers.
- *Functional Fragrances* — We have three subcategories of products in which our fragrances are included: (1) Fabric Care, including laundry detergents, fabric softeners and specialty laundry products; (2) Personal Wash, including bar soap and shower gel; and (3) Home Care, including household cleaners, dishwashing detergents and air fresheners.
- *Fragrance Ingredients* — We manufacture innovative, high-quality and cost-effective fragrance ingredients for internal use by our perfumers in our Fragrances business and for external use by our customers and other third parties, including our competitors. With over 1,300 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. 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.

Our perfumers have access to our large portfolio of innovative 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 our (i) proprietary encapsulation technology, which consists of individual fragrance droplets which are 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 believe that our in-house naturals facilities, led by Laboratoire Monique Rémy (LMR) in Grasse, France, is the industry standard for quality natural materials, offering 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.

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

Research and Product Development

We consider our research and product 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 to formulate the two main components of a flavor or fragrance: (1) innovative materials (taste and scent building blocks) and (2) delivery systems (taste and scent releases). We maintain four research and development centers around the world, at which 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 17 creative centers around the world, including our newest facilities in Shanghai, Sao Paulo, Mumbai and Moscow, teams of flavorists and perfumers work with our customers' product development groups to create the exact scent or taste they are seeking. In 2011, we employed about 1,175 employees in research and product development activities. We spent $220 million, $219 million and $185 million, or approximately 8% of our sales, in 2011, 2010 and 2009, respectively, on R&D and product development 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 out collaborations with research institutions and other companies throughout the world. We have created a number of such collaborations that strengthen and broaden the pipeline of new and innovative products we intend to launch in the coming years.

The development of new and customized flavor and fragrance products 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 products 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, in 2011, we formed a scientific advisory board comprising of five expert scientists to provide external perspectives on our research and development programs.

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. 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.

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 modifying the current ingredients to produce an enhanced yield. Often this results in creating a better value proposition for the consumer.

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 9,000 different raw materials from about 2,200 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, which 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 1,000 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, Argentina, Brazil, Mexico, Australia, China, India, Indonesia, Japan and Singapore. Our supply chain initiatives in developing markets are focused on increasing capacity and investments in key technologies, while we focus on consolidation and cost optimization in mature markets. 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.

During 2011, our 25 largest customers accounted for 53% of our sales. Sales to the largest customer accounted for 11%, 10% and 11% of our sales in 2011, 2010 and 2009, respectively. These sales were largely in our Fragrances business.

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 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 and (5) the Drug Enforcement Administration and other international agencies that regulate controlled chemicals that we use in our operations. For example, in the continuing implementation of the EU REACH (Registration, Evaluation, Authorization and Restriction of Chemical Substances) regulations, we will be registering a number of chemical substances in advance of the next registration deadline of May, 2013.

Strategic Priorities

We are focused on generating sustainable profitable growth in our business and positioning our portfolio for long-term growth. In 2010, we performed an in-depth strategic review of our company, evaluating the economic profitability of each of our product categories, our regions and our customers. As a result, we believe we can improve our long-term business performance and increase shareholder value by leveraging our geographic reach, strengthening our innovation platform and maximizing our portfolio. The key elements of these strategic priorities are the following:

- **Leverage geographic reach:** The expansion of our geographic reach to capture the attractive population growth and wealth creation in emerging markets is a key component in our growth plan. In emerging markets, strong GDP growth and a significant expansion of the middle-class consumer are expanding the demand for better-flavored and fragranced consumer products. As a result of this trend, we have made significant investments in emerging markets. Since 2008, we have opened four state-of-the-art creative centers in Shanghai, Sao Paulo, Moscow and Mumbai, and in 2011 we announced the construction of two manufacturing sites in China and Singapore. We expect that the emerging markets will represent a greater percentage of our sales than the developed markets by 2015, as we estimate that growth potential in these markets is approximately three to four times greater than growth in the developed markets.
- **Strengthen innovation platform:** We continue to focus on creating innovative and distinctive products that drive consumer preference to our customers' brands. We have been strengthening our innovation platforms by reinforcing them with technological developments and external collaborations. We anticipate that this renewed focus will be instrumental in driving customer growth, as our consumer-centric innovation will allow our customers to win in the marketplace and drive market share gains. To capture these opportunities in Flavors, we are focusing on key taste modulation technology to provide consumers with healthier solutions without a change in the taste quality. In Fragrances, we are focusing on ingredients, including our naturals portfolio and delivery systems.
- **Maximize portfolio:** We have identified opportunities where we can accelerate our performance by further leveraging our advantaged portfolio and implementing solutions to fix less attractive areas. These solutions include appropriate pricing actions, greater efficiency in our supply chain, aligning resources behind our advantaged portfolio, and, in some cases, phasing out some low margin businesses.

Competition

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. 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. We, together with the other top three companies, represent approximately 70% of the total estimated sales in the global flavors and fragrances sub-segment of the broader market. Over the last five years, there has been a trend towards consolidation.

We believe that our ability to compete successfully in the flavors and fragrance 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 develop products which are tailor made for our customers' needs, (4) the quality, reliability and cost effectiveness of our products, (5) the quality of our customer service, (6) the support provided by our marketing and application groups and (7) an understanding of the regulatory requirements in the markets in which our customers operate.

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, 2011, we had approximately 5,600 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 U.S. 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 February 28, 2012, are listed below.

Douglas D. Tough	62	Chairman of the Board and Chief Executive Officer
Kevin C. Berryman	53	Executive Vice President and Chief Financial Officer
Nicolas Mirzayantz	49	Group President, Fragrances
Hernan Vaisman	53	Group President, Flavors
Ahmet Baydar	59	Senior Vice President, Research and Development
Angelica T. Cantlon	60	Senior Vice President, Human Resources
Anne Chwat	52	Senior Vice President, General Counsel and Corporate Secretary
Francisco Fortanet	43	Senior Vice President, Operations
Richard A. O'Leary	51	Vice President and Controller

Douglas D. Tough has served as IFF's Chairman and Chief Executive Officer since March 2010. Previously, he served as Chief Executive Officer and Managing Director of Ansell Limited, a global leader in healthcare barrier protection, from 2004 until March 2010. Mr. Tough joined the IFF Board in 2008 and served as its non-Executive Chairman from October 2009 until he became our CEO.

Kevin C. Berryman has served as our Executive Vice President and Chief Financial Officer since May 2009, and also served as a member of our Temporary Office of the Chief Executive Officer from October 1, 2009 until February 2010. Prior to joining us, Mr. Berryman served as Chief Financial Officer of Nestle Professional, Americas, a global foodservice manufacturer, from October 2008 to May 2009, and Senior Vice President, Group Controller of Nestle S.A., an international food and beverage company, from June 2006 to September 2008. Mr. Berryman was also Chief Financial Officer of Nestle Purina PetCare, a pet care company, from December 2001 to May 2006.

Nicolas Mirzayantz has served as our Group President, Fragrances since January 2007, and also served as a member of our Temporary Office of the Chief Executive Officer from October 1, 2009 until February 2010. Mr. Mirzayantz has also served as 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.

Hernan Vaisman has served as our Group President, Flavors since January 2007, and also served as a member of our Temporary Office of the Chief Executive Officer from October 1, 2009 until February 2010. From October 2004 to December 2006, Mr. Vaisman served as our Vice President, Latin America, and from January 2003 to September 2004, Mr. Vaisman served as our Regional Finance Director, Latin America Region.

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 packed goods company, from January 2006 to October 2007, and Vice President of R&D-Personal Care at The Gillette Company, a personal care products company, from August 2000 to January 2006.

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 SonyBMG 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 and as our Vice President, Global Manufacturing Compounding from January 2007 to February 2012. Mr. Fortanet has also served as 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.

Richard A. O'Leary has served as our Vice President and Controller since June 2009, our Interim Chief Financial Officer from July 2008 to May 2009 and our Vice President, Corporate Development from July 2007 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, most recently, as Chief Financial Officer of International Paper Company (Brazil) from June 2004 to June 2007.

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. During 2011, the cost of raw materials exceeded our initial estimates and we anticipate modest inflation in commodity and other raw material prices in 2012. 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 or alternative land use 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, our profits and operating results will 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. In addition, we source many of our raw materials globally to help ensure quality control. If the cost of energy, shipping and 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 a 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 or the geographic region in which we will need these materials our margins could be adversely affected.

The current 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. These conditions led to economic contractions in the developed economies and reduced growth rates in the emerging markets. While some segments of the global economy appear to be recovering, the ongoing debt crisis in Europe and the austerity plans being adopted in many countries has, and may in the near future, increase unemployment and underemployment, decrease salaries and wage rates, increase energy prices and inflation or result in other market-wide cost pressures that will adversely affect demand for consumer products in both developed and emerging markets. 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 and/or order cancellations. To the extent that the volatility in global economic conditions continue, 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.

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 consumers. 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. 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, that can be delivered at an acceptable price and that 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 have "won" a project, our ability to generate revenues as a result of these investments is subject to numerous economic and other risks that are outside of our control, including delays by our customers in the launch of a new product, 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.

Failure to maintain the integrity of our raw materials, supply chain and finished goods may adversely impact sales and our results of operations, litigation costs and our reputation.

The manufacture and sale of our products are subject to various regulatory requirements in each of the countries in which our products are 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.

If a product non-compliance event were to go undetected, we could be subject to customer claims, recalls, penalties, litigation costs and/or settlements, remediation costs or loss of sales. These consequences would be exacerbated if our customer did not identify the defect and there was a resulting impact at the consumer level. This 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.

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 economic growth, especially in emerging markets. Nearly 46% of our 2011 sales were generated in emerging markets and we expect emerging markets 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, health concerns and urbanization and by the continued growth in world 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 the flavor or fragrance in these global markets.

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

We operate on a global basis, with manufacturing and sales facilities in the United States, Europe, Africa and the Middle East, Latin America, and Greater Asia. During 2011, the majority of our net sales were generated 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 impact consumer spending, monetary policies that may impact inflation rates and currency fluctuations;
- the effects of legal and regulatory changes and the burdens and costs of our compliance with a variety of foreign laws and 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;
- 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;
- risks and costs associated with health or similar issues, such as a pandemic or epidemic;
- 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.

In addition, there is a risk of potentially higher incidence of fraud or corruption in certain foreign jurisdictions 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 laws and regulations. Additionally, 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 U.S. laws, including the Foreign Corrupt Practices Act, or 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. If a third party infringes upon our intellectual property, or if a third party claims that we have infringed upon their intellectual property rights, 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, 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 businesses. 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 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.

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.

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 manufacturer of a specific ingredient. If the manufacture of that ingredient were disrupted, the cost of relocating or replacing the production of an ingredient or reformulating a product may be substantial, which could have an adverse effect on our operating results.

Our results 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.

Our future success depends on our ability to achieve our long-term strategy.

Achieving our long-term objectives will require investment in product innovation and expanding our presence in emerging markets. These investments may result in short-term costs without any current revenues and, therefore, may be dilutive to our earnings, at least in the short term. In addition, as part of our strategy to maximize the economic profitability of our product portfolio, we may employ various strategies, including increasing pricing, implementing cost reduction or containment measures or phasing out low margin products. We may not realize, in full or in part, the anticipated benefits of our strategy, and we may incur costs or special charges related to our strategy. The failure to realize benefits, which may be due to our inability to execute plans, global or local economic conditions, competition, changes in our industry and the other risks described herein, could have a material adverse effect on our business, financial condition and results of operations.

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, and recently have been, 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 would 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 potential 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 buyers or partners; perform effective assessments prior to contract execution; negotiate contract terms; and, if applicable, obtain government approval. 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.

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

Our operations are conducted in many countries, the results of which are reported in the local currency and then translated into U.S. dollars at applicable exchange rates. The exchange rates between these currencies and the U.S. dollar have fluctuated and will continue to do so in the future. Volatility in currency exchange rates may materially adversely impact our reported results of operations, financial condition or liquidity. We employ a variety of techniques to reduce the impact of exchange rate fluctuations, including sourcing strategies and a limited number of foreign currency hedging activities. However, if our hedging and risk management strategies are not effective, our results of operations could be adversely affected.

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 adversely 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. In particular, we are currently involved in tax disputes with the Spanish tax authorities regarding certain tax positions taken in our Spanish subsidiaries' tax returns and anticipate that we will receive additional assessments for matters similar to those under appeal. We are disputing the pending tax assessments and intend to dispute any future tax assessment that challenges these same tax positions. The final determination of tax audits and any related litigation could be materially different from our historical income tax provisions and accruals. The results of a tax audit or related litigation 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 interruptions or breaches of our network security may interrupt our operations, subject us to increased operating costs and expose us to litigation.

We have information 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, break-ins and similar events. In addition, our systems may be vulnerable to computer viruses, computer hacking and similar disruptions from unauthorized tampering. The occurrence of these or other events could interrupt our operations, subject us to increased operating costs and expose us to litigation.

ITEM 1B. UNRESOLVED STAFF COMMENTS.

None.

ITEM 2. PROPERTIES.

Our principal properties are as follows:

Location	Operation
United States	
Augusta, GA	Production of fragrance ingredients.
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.

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Location	Operation
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	
Benicarlo	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.
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(4)	Production of flavor and fragrance compounds.
Shanghai(6)	Flavor and fragrance laboratories.
Xin'anjiang(5)	Production of fragrance ingredients.
Zhejiang(4)	Production of fragrance ingredients.
Indonesia	
Jakarta(3)	Production of flavor compounds and ingredients, and fragrance compounds and ingredients; flavor and fragrance laboratories.
Japan	
Gotemba	Production of flavor compounds.
Tokyo	Flavor and fragrance laboratories.
Singapore	
Jurong (6)	Production of flavor and fragrance compounds.
Science Park(1)	Flavor and fragrance laboratories.

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

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

ITEM 3. LEGAL PROCEEDINGS.

Patent Claims

In May 2006, Mane Fils S.A. filed a complaint against the Company in the U.S. District Court for the District of New Jersey alleging that the Company infringed U.S. Patent Nos. 5,725,856 and 5,843,466 that relate to a cooling additive in food and beverage products. The complaint was subsequently amended to also assert claims for violations of the Lanham Act, tortious interference and unfair competition. The Company answered both the original complaint and the amended complaint by denying liability and asserting that both patents were invalid and various other defenses. In connection with the claims, the plaintiff sought (i) monetary damages, (ii) punitive damages, (iii) injunctive relief (with respect to the patent claims) and (iv) fees, costs and interest. On December 29, 2011, the Company settled all patent and non-patent claims. Pursuant to the terms of the settlement agreement, the Company paid Mane a one-time royalty of approximately $40 million. In addition, the Company agreed to cease making or selling *Cooler 1* products and to ensure that the Monomenthyl Succinate (MMS) content of its *Cooler 2*® products going forward is at a level that has been agreed upon by both parties.

Tax Claims

The Company is currently involved in administrative and legal proceedings that relate to tax deductions taken in its Spanish subsidiaries' tax returns which are being challenged by the Spanish tax authorities. As a result of tax audits, the Spanish tax authorities imposed tax assessments on the Company's Spanish subsidiaries in the amounts of Euro 23.1 ($29.9) million for fiscal years 2002-2003 and Euro 61.6 ($79.6) million for fiscal years 2004-2006. In addition to the disallowance of tax deductions, the tax authorities are also asserting tax avoidance arising from the same facts. During 2007 and 2008, we filed appeals against the 2002-2003 tax assessments and related tax avoidance claim with the Central Economic-Administrative Tribunal ("TEAC") in Spain. In March 2010, the TEAC affirmed the 2002-2003 tax assessments and related claim and, in January 2011, the Company filed an appeal for judicial review with the Spanish National Appellate Court. During 2011, we filed appeals with the TEAC against the 2004-2006 tax assessment and related tax avoidance claim. The TEAC has not yet ruled on such appeals. In January 2012, the Spanish tax authorities notified the Company of their intent to audit the 2007-2010 tax returns of our Spanish subsidiaries. The tax positions that have previously been challenged by the Spanish tax authorities were consistently taken in our Spanish subsidiaries' tax returns from 2002 through the end of 2011. Consequently, the Company anticipates that it will receive an assessment for matters similar to those under appeal, for the fiscal years 2007-2011. In 2012, the Company has reorganized its business operations in Spain and the Netherlands, and, therefore, the Company anticipates that substantially all of the challenged tax deductions previously taken will no longer be applicable in future tax returns of its Spanish subsidiaries. The Company continues to dispute the pending tax assessments and intends to dispute any future tax assessment that challenges these same tax positions.

In addition to the above, the Company is also a party to four dividend withholding tax controversies in Spain, alleging that the Company's Spanish subsidiaries underpaid withholding taxes, which are at different stages of administrative and judicial review, spanning fiscal years 1995-2001, in the aggregate amount of Euro 18.1 million ($23.4 million). The Company expects that two of these cases, aggregating Euro 12.3 ($15.9 million), will be decided by the Spanish Supreme Court during the first half of 2012. The Company obtained a favorable ruling at the lower court in one of these cases and the Spanish tax authorities have appealed to the Spanish Supreme Court. The Company has appealed the other case to the Spanish Supreme Court, as it obtained an unfavorable ruling at the lower court.

If the aforementioned tax assessments are ultimately resolved against the Company, the resulting increase in its liability for uncertain tax positions could have a material effect on the Company's results of operations and cash flows in a particular period.

Environmental

Over the past 20 years, various federal and state authorities and private parties have claimed that the Company is 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.

The Company has been identified as a PRP at ten facilities operated by third parties at which investigation and/or remediation activities may be ongoing. The Company analyzes its liability on at least a quarterly basis. The Company accrues for environmental liabilities when they are probable and estimable. The Company estimates its 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, the Company believes the amounts it has paid and anticipates 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 sites, the status of the proceedings, including various settlement agreements and consent decrees, the extended time period over which payments will likely be made and an agreement reached in July 1994 with three of the Company's liability insurers pursuant to which defense costs and indemnity amounts payable by the Company in respect of the sites will be shared by the insurers up to an agreed amount. 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.

Other

The Company is also a party to other litigation arising in the ordinary course of business. The Company does not expect the outcome of these cases, singly or in the aggregate, to have a material effect on its financial condition, results of operations or liquidity.

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:

Quarter	2011 High	2011 Low	2010 High	2010 Low
First	$62.65	$54.53	$48.83	$39.28
Second	66.29	60.38	51.77	42.00
Third	65.24	52.21	49.51	41.59
Fourth	63.78	51.20	56.10	48.31

Approximate Number of Equity Security Holders.

(A) Title of Class	(B) Number of shareholders of record as of February 13, 2012
Common stock, par value 12 1/2¢ per share	2,569

Dividends.

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

Quarter	2011	2010
First	$0.27	$0.25
Second	0.27	0.25
Third	0.31	0.27
Fourth	0.31	0.27

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 2007	2008	2009	2010	2011
International Flavors & Fragrances	-0.36	-36.64	42.43	38.06	-3.81
S&P 500 Index	5.49	-37.00	26.46	15.06	2.11
Peer Group	22.37	-16.32	18.05	15.44	9.69

Company Name / Index	INDEXED RETURNS Years Ending Base Period 2006	2007	2008	2009	2010	2011
International Flavors & Fragrances	$ 100	$ 99.64	$ 63.13	$ 89.91	$124.13	$119.41
S&P 500 Index	100	105.49	66.46	84.05	96.71	98.76
Peer Group	100	122.37	102.40	121.05	139.89	153.44

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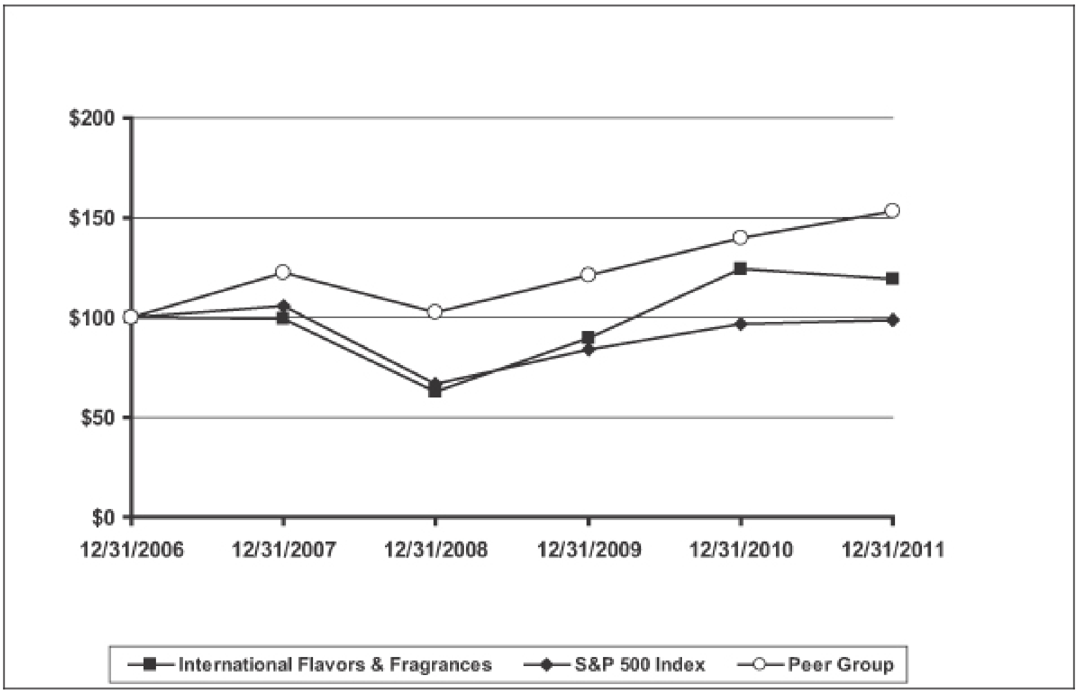
Peer Group Companies[2]

Alberto Culver Company
Avon Products
Campbell Soup Co.
Church & Dwight Inc.
Clorox Company
Coca-Cola Company
Colgate-Palmolive Co.
ConAgra Foods, Inc.
General Mills Inc.
H.J. Heinz Co.
Hershey Company
Hormel Foods Corp.
Kellogg Co.
Estee Lauder Companies, Inc.
McCormick & Company, Inc.
McDonald's Corp.
Nestle SA
Pepsico Inc.
Procter & Gamble Co.
Revlon Inc.
Sara Lee Corp.
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, 2006, 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. Wm. Wrigley Jr. Company has been eliminated from the Peer Group for all years presented above due to its acquisition by Mars, Incorporated in October 2008. Alberto Culver Company ceased trading on May 9, 2011 and has only been included through that date.

Issuer Purchases of Equity Securities.

The Company did not purchase any of its shares during the fourth quarter of 2011.

ITEM 6. SELECTED FINANCIAL DATA.

INTERNATIONAL FLAVORS & FRAGRANCES INC.
QUARTERLY FINANCIAL DATA (UNAUDITED)
(DOLLARS IN THOUSANDS EXCEPT PER SHARE AMOUNTS)

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.

	Net Sales		Gross Profit		Net Income[a]		Net Income Per Share[b]			
							Basic		Diluted	
Quarter	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
First	$ 714,271	$ 653,909	$ 297,460	$ 270,207	$ 84,043	$ 63,789	$1.04	$0.80	$1.03	$0.80
Second	715,589	665,800	284,423	285,001	76,188	67,152	0.94	0.84	0.93	0.83
Third	713,775	673,283	278,375	285,048	82,241	77,038	1.01	0.96	1.00	0.95
Fourth	644,383	629,870	244,398	252,346	24,394	55,578	0.30	0.69	0.30	0.68
	$2,788,018	$2,622,862	$1,104,656	$1,092,602	$266,866	$263,557	$3.30	$3.29	$3.26	$3.26

(a) Q2-2011 includes $2,987 of restructuring related costs, net of tax, associated with facility rationalizations within our European Fragrance business and a $5,839 adjustment of deferred tax assets as a result of U.S. state law changes. Q3-2011 includes $479 of restructuring liability reversals, net of tax, associated with facility rationalizations within our European Fragrance business. Q4-2011 includes $6,904 of restructuring related costs, net of tax, substantially all of which is associated with the 2011 strategic initiative, which mostly consisted of a realignment of our Fragrances business unit in addition to a reduction of work force across Fragrances, Flavors and corporate functions and $29,846 of Mane patent litigation settlement costs, net of tax.

Q1-2010 includes $4,408 of restructuring related costs, net of tax, associated with facility rationalizations within our European Fragrance business. Q2-2010 includes $1,594 of restructuring related costs, net of tax, associated with facility rationalizations within our European Fragrance business. Q3-2010 includes $2,049 of restructuring related costs, net of tax, associated with facility rationalizations within our European Fragrance business. Q4-2010 includes $877 of additional costs, net of tax, associated with the ongoing reorganization of our European Fragrance business.

(b) The sum of the 2011 Net Income per basic share by quarter does not equal the earnings per basic share for the full year due to changes in average shares outstanding.

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

	2011	2010	2009	2008	2007
Consolidated Statement of Income Data					
Net sales	$2,788,018	$2,622,862	$2,326,158	$2,389,372	$2,276,638
Cost of goods sold	1,683,362	1,530,260	1,391,913	1,418,441	1,325,226
Research and development expenses[e]	219,781	218,772	184,771	196,863	186,271
Selling and administrative expenses[b]	443,974	447,392	390,885	400,723	397,985
Curtailment loss	—	—	—	—	5,943
Restructuring and other charges, net[a]	13,172	10,077	18,301	18,212	—
Interest expense	44,639	48,709	61,818	74,008	41,535
Other expense (income), net	9,544	8,059	1,921	(2,797)	(11,136)
	2,414,472	2,263,269	2,049,609	2,105,450	1,945,824
Income before taxes	373,546	359,593	276,549	283,922	330,814
Taxes on income[e]	106,680	96,036	81,023	54,294	83,686
Net income	$ 266,866	$ 263,557	$ 195,526	$ 229,628	$ 247,128
Percentage of net sales	9.6	10.0	8.4	9.6	10.9
Percentage of average shareholders' equity	25.3	29.7	28.9	38.0	32.0
Net income per share — basic	$ 3.30	$ 3.29	$ 2.48	$ 2.89	$ 2.84
Net income per share — diluted	$ 3.26	$ 3.26	$ 2.46	$ 2.86	$ 2.81
Average number of diluted shares (thousands)	81,467	80,440	79,094	79,723	87,528
Consolidated Balance Sheet Data					
Cash and cash equivalents	$ 88,279	$ 131,322	$ 80,135	$ 178,467	$ 151,471
Receivables, net	472,346	451,804	444,265	400,971	400,527
Inventories	544,439	531,675	444,977	479,567	484,222
Property, plant and equipment, net	608,065	538,118	501,293	496,856	508,820
Goodwill and intangible assets, net	708,345	714,416	720,530	726,683	732,836
Total assets	2,965,581	2,872,455	2,644,774	2,749,913	2,726,314
Bank borrowings, overdrafts and current portion of long-term debt	116,688	133,899	76,780	101,982	152,473
Long-term debt	778,248	787,668	934,749	1,153,672	1,060,168
Total Shareholders' equity[d]	1,107,407	1,003,155	771,910	580,642	626,359
Other Data					
Current ratio[c]	2.3	2.0	2.3	2.6	2.1
Gross additions to property, plant and equipment	$ 127,457	$ 106,301	$ 66,819	$ 85,395	$ 65,614
Depreciation and amortization expense	75,327	79,242	78,525	75,986	82,788
Cash dividends declared per share	$ 1.16	$ 1.04	$ 1.00	$ 0.96	$ 0.88
Number of shareholders of record at year-end	2,587	2,758	3,004	3,167	3,248
Number of employees at year-end	5,644	5,514	5,377	5,338	5,315

(a) Restructuring and other charges ($9,444 after tax) in 2011, ($8,928 after tax) in 2010, ($14,763 after tax) in 2009 and ($12,583 after tax) in 2008 were the result of various restructuring and reorganization programs of the Company.

(b) Includes $33,495 ($29,846 after tax) in 2011 of costs associated with the Mane patent litigation settlement.

(c) Current ratio is equal to current assets divided by current liabilities.

(d) Includes noncontrolling interests for all periods presented.

(e) The 2007—2008 periods have been revised to properly recognize R&D expense, net of R&D credits. Previously, these credits were reflected as a reduction of tax expense.

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. Our flavors and fragrances are individual ingredients or compounds of 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 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 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 business is divided into four categories of products: (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 Fragrances business is divided into three categories of products: (1) Fine Fragrance and Beauty Care, (2) Functional Fragrances and (3) Fragrance Ingredients.

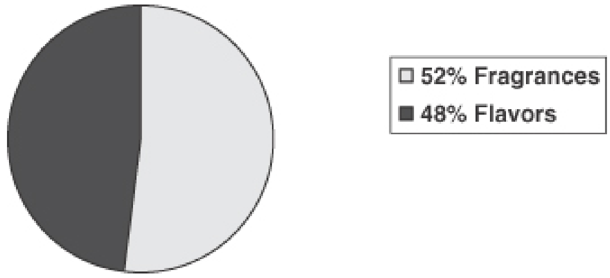
Development of new flavors and fragrances is driven by a variety of sources including requests from our customers, who are in need of a specific flavor or fragrance for use in a new or modified consumer product, or as a result of internal initiatives stemming from our Consumer Insights program. Our product development team works in partnership with our scientists and researchers to optimize the consumer appeal of the flavor or fragrance. 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 top 25 customers comprised 53% of total sales in 2011; these percentages have remained fairly constant for several years. A key factor for commercial success is inclusion on the strategic customers' core supplier lists, opening opportunities to win new business. We are on the core supplier lists of a large majority of our strategic customers.

Growth in the global flavors and fragrances market is generally aligned with global population trends, GDP growth and gains in per capita disposable income. The flavor and fragrance market is estimated to be approximately $16 – $17 billion; however the exact size of the global market is not available due to fragmentation of data. The top four companies are estimated to comprise approximately 70% of the total estimated sales in the global flavors and fragrances sub-segment of the broader market.

Leveraging our balanced portfolio of business categories and geographic diversity, sales in 2011 grew 6% on a reported basis and 4% in local currency (LC) terms in spite of the market and macro-economic challenges we faced. Flavors continued to achieve strong LC growth of 9% for the full year 2011. The Flavors growth more than offset a 1% decline in LC sales for our Fragrances business. The LC decline for Fragrances reflects very challenging comparable performance in 2010 (with record LC growth of 16%), market weakness in discretionary categories (primarily Fine Fragrances) and price driven volumes declines in Ingredients. Overall, our 2011 results continued to be driven by our strong emerging market presence that represented 46% of total sales and experienced 8% LC growth in 2011. From a geographic perspective, all four regions delivered LC growth in 2011; led by Greater Asia, which now represents our second largest region, with 6% LC growth.

2011 Sales by Business Unit



Sales by Destination (DOLLARS IN MILLION)	2011	Percent of sales	2010	Percent of sales	2009	Percent of sales
Europe, Africa and Middle East (EAME)	$ 957	34%	$ 897	34%	$ 808	35%
Greater Asia (GA)	745	27%	677	26%	575	24%
North America (NOAM)	678	24%	651	25%	600	26%
Latin America (LA)	408	15%	398	15%	343	15%
Total net sales, as reported	$2,788		$2,623		$2,326	

FINANCIAL PERFORMANCE OVERVIEW

Reported sales for 2011 increased 6% year-over-year as both Flavors and Fragrances benefited from new business performance and price increases that more than offset price driven volume declines in Ingredients and volume erosion in Fragrance compounds. Exchange rate variations accounted for 2% of the year-over-year sales increase. 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. LC sales growth of 4% in 2011 was consistent with our long-term strategic target of 4% – 6% growth, despite the record LC growth achieved in 2010 of 13%. For 2012, we believe that our LC growth will be towards the low end of our long-term target as global GDP growth is expected to be relatively weak. We will experience a much larger drag on Flavor sales growth in 2012 as compared to 2011 associated with the exiting of under-performing business and demand in Ingredients is still expected to be weak. In particular, LC growth in the first quarter of 2012 will be especially challenged given that this was the strongest quarter during 2011.

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. 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' business, especially in the emerging markets we have targeted, such as India and China.

Gross margins were down year-over-year as higher raw material costs more than offset the benefits from price increases realized during the course of 2011, operational improvements in Flavors and the benefits associated with the European Fragrance rationalization. We expect to continue to see year-over-year increases in raw material costs, especially in the early part of 2012 as we are comparing to the lowest levels of 2011. While we made progress during the course of 2011 in compensating for higher input costs through price increases, there was a substantial gap for the realization of these increases, primarily within Fragrances. We will continue to pursue additional price realization and other cost savings initiatives in 2012 that should enable us to offset the pricing gap over the course of the year.

Operating profit increased $11.4 million to $427.7 million (15.3% of sales) in 2011 compared to $416.4 million (15.9% of sales). We were able to compensate for the significant gross margin pressure in 2011 by maintaining a strict cost discipline, including the benefits associated with lower incentive compensation. As a result, adjusted operating profit, excluding the effects of restructuring charges in 2011 and 2010 and the Mane patent litigation settlement in 2011, increased $48.0 million to $474.4 million (17.0% of sales) in 2011 as compared to $426.4 million (16.3% of sales) in 2010.

In December 2011, we recorded a charge to cover a restructuring which involved a reduction in workforce across Fragrances, Flavors and Corporate functions as well as a realignment of responsibilities in our Fragrances business unit. We expect to realize approximately $9.0 million in savings during 2012 as a result of this restructuring initiative. The savings generated will principally benefit the Functional Fragrance activities within the Company. This category was one of the improvement opportunities identified during our 2010 strategic assessment process.

Despite the near-term challenges we faced during 2011, we continued to execute against the strategic priorities identified during our 2010 assessment. In particular, ensuring that we have adequate resources and capabilities in place to support planned growth in emerging markets through investments and key technologies was the primary driver within the $127 million (4.6% of sales) of capital spending during 2011. In 2012, we again expect capital spending to approach 5% as we continue to prioritize investments in emerging markets and Flavors.

Cash flows from operations were $189.2 million or 6.8% of sales in 2011 as compared to $315.1 million or 12% of sales during 2010. The decrease in cash generation was primarily driven by the year-over-year impact of incentive compensation payments and accruals, a $40.0 million patent litigation settlement payment in the fourth quarter and higher tax payments in 2011 associated with the strong 2010 results.

Results of Operations

	Year Ended December 31,			Change	
(DOLLARS IN THOUSANDS EXCEPT PER SHARE AMOUNTS)	2011	2010	2009	2011 vs. 2010	2010 vs. 2009
Net sales	$2,788,018	$2,622,862	$2,326,158	6.3%	12.8%
Cost of goods sold	1,683,362	1,530,260	1,391,913	10.0%	9.9%
Gross profit	1,104,656	1,092,602	934,245		
Research and development (R&D) expenses	219,781	218,772	184,771	0.5%	18.4%
Selling and administrative (S&A) expenses	443,974	447,392	390,885	-0.8%	14.5%
Restructuring and other charges, net	13,172	10,077	18,301	30.7%	-44.9%
Operating profit	427,729	416,361	340,288		
Interest expense	44,639	48,709	61,818	-8.4%	-21.2%
Other expense, net	9,544	8,059	1,921	18.4%	319.5%
Income before taxes on income	373,546	359,593	276,549		
Taxes on income	106,680	96,036	81,023	11.1%	18.5%
Net income	$ 266,866	$ 263,557	$ 195,526		
Net income per share — diluted	$ 3.26	$ 3.26	$ 2.46	—%	32.5%
Gross margin	39.6%	41.7%	40.2%	(2.1)	1.5
R&D as a percentage of sales	7.9%	8.3%	7.9%	(0.4)	0.4
S&A as a percentage of sales	15.9%	17.1%	16.8%	(1.2)	0.3
Operating margin	15.3%	15.9%	14.6%	(0.6)	1.3
Effective tax rate	28.6%	26.7%	29.3%	1.9	(2.6)
Segment net sales					
Flavors	$1,347,340	$1,203,274	$1,081,488	12.0%	11.3%
Fragrances	1,440,678	1,419,588	1,244,670	1.5%	14.1%
Consolidated	$2,788,018	$2,622,862	$2,326,158		

Cost of goods sold includes the cost of materials and manufacturing expenses; raw materials generally constitute 70.0% of the total. 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 principally associated with staff groups that support our overall operating activities.

2011 IN COMPARISON TO 2010

S*ales*

Sales for 2011 totaled $2.8 billion, an increase of 6% from the prior year. Excluding currency impacts, LC sales grew by 4%, driven principally by new business and the realization of price increases that were implemented to mitigate the effects of higher raw material costs. LC sales growth was primarily driven by the realization of price increases across both business units, while new win performance was largely offset by volume declines in the second half of 2011, mainly in Fragrances. Overall LC growth was driven by 8% growth in the emerging markets.

Flavors Business Unit

On a reported basis, Flavor sales increased 12%; excluding the impact of foreign currency, LC sales for the Flavors business increased 9% versus the prior year period. The increase was driven by new business with our customers, followed by the realization of price increases and growth in the underlying demand for our customers' products. Sales growth in 2011 includes the impact of exiting approximately $6 million of less profitable non-strategic business. LC growth was led by double-digit gains in Savory and Beverages and single digit gains in Sweet (Confectionery), all of which benefited from new business, higher volumes and realization of price increases. Regionally, the business benefited from double digit growth in NOAM and EAME whereas GA had high-single digit LC growth. The improvement in EAME reflects growth in all categories led by near or double-digit gains in Savory, Beverage and Sweet. EAME performance continues to be led by our performance in the emerging market countries within the region. Sales in NOAM were led by double-digit gains in Savory and Beverage. LC growth in GA was driven by double-digit gains in Beverages and Dairy followed by high single-digit gains in Sweet. LA LC growth of 4% was driven by double-digit gains in Sweet and Dairy as well as mid-single digit growth in Savory. Globally, Flavors growth was led by double-digit growth in emerging markets.

Fragrances Business Unit

The Fragrances business experienced a 1% increase in reported sales and was down 1% in LC terms compared to 16% LC sales growth during 2010. New business wins and the realization of price increases were more than offset by declines in existing business, most notably in Ingredients and Fine Fragrances. Year-over-year 2011 LC sales performance was led by double-digit growth in Home Care along with low single-digit gains in Beauty Care and Fabric Care categories. Offsetting these gains was a 9% decline in Ingredients compared to an 18% increase during 2010. LC growth within the regions was led by GA at 2%, mainly due to new business and slightly higher volumes, notably within the Fabric Care which had double-digit LC gains. All other regions were flat to slightly down reflecting gains in Hair Care and Home Care that were largely offset by volume erosion in Fine Fragrances in North America as well as declines in Ingredients in all regions. Global growth was led by single-digit growth in emerging markets which represented more than 40% of total Fragrance sales.

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Sales Performance by Region and Category

		% Change in Sales — 2011 vs 2010					
		Fine & Beauty Care	Functional	Ingredients	Total Frag.	Flavors	Total
NOAM	**Reported**	**-3%**	**3%**	**-4%**	**-1%**	**10%**	**4%**
EAME	**Reported**	**6%**	**6%**	**-10%**	**2%**	**15%**	**7%**
	Local Currency	***1%***	***2%***	***-13%***	***-2%***	***10%***	***2%***
LA	**Reported**	**1%**	**3%**	**-8%**	**1%**	**5%**	**2%**
	Local Currency	***-1%***	***3%***	***-9%***	***0%***	***4%***	***1%***
GA	**Reported**	**4%**	**5%**	**1%**	**4%**	**14%**	**10%**
	Local Currency	***2%***	***4%***	***-2%***	***2%***	***9%***	***6%***
Total	**Reported**	**3%**	**5%**	**-6%**	**1%**	**12%**	**6%**
	Local Currency	***0%***	***3%***	***-9%***	***-1%***	***9%***	***4%***

Ÿ NOAM LC growth was led by 10% Flavors growth as strong new business gains and realization of price increases in Savory and Beverages more than offset volume declines in Sweet and Dairy. Fine & Beauty Care sales declined 3% reflecting very strong year-ago comparables of +11% (including re-stocking benefits in 2010). Functional Fragrance sales were up 3% versus last year as new business wins and volume gains in Home Care offset lower volumes on existing business in Fabric Care and Personal Wash.

Ÿ EAME LC growth was led by 10% growth in Flavors resulting from double-digit growth in Savory along with high single-digit growth in Beverage and Sweet. This growth was mainly due to new business within our emerging markets in the region, as well as the realization of price increases and volume. Fine & Beauty Care delivered 1% year-over-year LC growth despite exceptional performance of 31% growth in the prior year period. Ingredients LC sales decreased 13% coming off very strong growth of 17% in the comparable 2010 period.

Ÿ LA LC sales growth of 1% was driven by double-digit gains in Sweet and Dairy that was offset by a flat performance in Beverages. Within Fragrances, single-digit LC sales growth in Fabric Care and Home Care were offset by volume softness in Ingredients, which experienced 14% growth in 2010.

Ÿ GA delivered solid LC sales growth of 6%, led by near double-digit gains in Flavors, due to double-digit gains in Beverage and Dairy, along with double-digit gains in Fabric Care and single-digit sales growth in Hair Care and Home Care.

Cost of Goods Sold

Cost of goods sold, as a percentage of sales, increased 210 basis points (bps) to 60.4% in 2011 compared to 58.3% in 2010. The increase versus last year was mainly driven by higher raw material costs combined with a slightly less favorable sales mix. Overall, raw material costs have increased approximately 10% on a year-over-year basis. These effects were partially offset by improved operating leverage, ongoing margin recovery efforts in both businesses, including pricing, and benefits associated with the European rationalization that was completed in late 2010.

Research and Development (R&D)

R&D expenses increased approximately $1.0 million versus the prior year as investments in technology and innovation were largely offset by lower provisions for incentive compensation. Overall R&D expenses decreased 40 bps as a percentage of sales from 8.3% in 2010 to 7.9% in 2011.

Selling and Administrative (S&A)

S&A, as a percentage of sales, decreased 120 bps to 15.9% versus 17.1%. The 2011 amount includes $33.5 million related to the Mane patent litigation settlement. Excluding this amount, S&A would have declined 240 bps to 14.7% of sales. The decrease in S&A expenses was driven by lower provisions for incentive compensation and ongoing cost discipline that more than offset planned spend in sales activities (mainly in emerging markets) to support our growth initiatives.

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)*		Positions Affected	
	2011	2010	2011	2010
Flavors	$ 1,475	$ —	14	—
Fragrances	11,224	10,077	54	(10)
Global	473	—	4	—
Total	$13,172	$10,077	72	(10)

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 will result 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, net in our 2011 Consolidated Statement of Income. We expect to realize pre-tax savings of approximately $9.0 million in 2012.

European Rationalization Plan

During the second quarter 2011, we 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.

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 in 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, 2011, we have recorded expenses of $34.1 million relating to the European rationalization plan and $9.8 million for the Strategic initiative, of which $37.6 million was recorded to Restructuring and other charges, net and $6.3 million recorded to Cost of goods sold, R&D and Selling and administrative expenses. We do not anticipate any further expenses related to the European rationalization plan.

Operating Results by Business Unit

We evaluate the performance of business units based on Adjusted operating profit before Restructuring and certain non-recurring adjustments before 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, 2011 Flavors	Fragrances	Global	Consolidated
Operating profit	$249,276	$215,336	$(36,883)	$ 427,729
Restructuring and other charges, net	1,475	11,224	473	13,172
Mane patent litigation settlement	33,495	—	—	33,495
Adjusted operating profit	$284,246	$226,560	$(36,410)	$ 474,396
Operating margin	18.5%	14.9%		15.3%
Restructuring and other charges, net	0.1%	0.8%		0.5%
Mane patent litigation settlement	2.5%	—		1.2%
Adjusted operating margin	21.1%	15.7%		17.0%

(DOLLARS IN THOUSANDS)	For the Year Ended December 31, 2010 Flavors	Fragrances	Global	Consolidated
Operating profit	$242,528	$234,889	$(61,056)	$ 416,361
Restructuring and other charges, net	—	10,077	—	10,077
Adjusted operating profit	$242,528	$244,966	$(61,056)	$ 426,438
Operating margin	20.2%	16.5%		15.9%
Restructuring and other charges, net	—	0.7%		0.4%
Adjusted operating margin	20.2%	17.3%		16.3%

Flavors Business Unit

Flavors operating profit totaled $249.3 million in 2011 (18.5% of sales) compared to $242.5 million (20.2% of sales) in the comparable 2010 period. Flavors adjusted operating profit increased $41.7 million to $284.2 million (21.1% of sales). The improvement in profitability was mainly driven by strong sales growth and increased operating leverage, the realization of price increases and margin improvement initiatives that more than offset the effects of higher raw material costs and less favorable sales mix.

Fragrances Business Unit

Fragrances operating profit totaled $215.3 million in 2011 or 14.9% as a percentage of sales, compared to $234.9 million or 16.5% as a percentage of sales reported in 2010. Fragrances adjusted operating profit decreased $18.4 million to $226.6 million (15.7% of sales) versus $245.0 million (17.3% of sales) during 2010. The decline in profit was driven by sharply higher input costs and weaker sales mix that could only be partially offset by the realization of price increases, the benefits of the European restructuring, other margin improvement initiatives, and lower incentive compensation.

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 2011, Global expenses were $36.9 million compared to $61.1 million during 2010. The decline principally reflects lower incentive compensation.

Interest Expense

In 2011, interest expense decreased $4.1 million to $44.6 million. The decrease in interest expense reflects lower levels of outstanding debt mainly due to $123.7 million of long-term debt repayments in 2011. Average cost of debt was 4.7% for the 2011 period compared to 5.0% in 2010.

Other Expense, Net

Other expense, net increased approximately $1.4 million to $9.5 million in 2011 versus $8.1 million in 2010. The change was driven by higher foreign exchange losses on outstanding working capital balances, principally associated with a general weakening of the U.S. dollar.

Income Taxes

The effective tax rate was 28.6% in 2011 as compared to a rate of 26.7% in the prior year. The current period included a $5.8 million adjustment of deferred tax assets as a result of U.S. state law changes enacted during the second quarter 2011 and a low effective tax rate on the Mane patent litigation settlement.

2010 IN COMPARISON TO 2009

Sales

Sales for 2010 totaled $2.6 billion, an increase of 13% from $2.3 billion in 2009. The significant acceleration of growth (+13% in LC terms) reflects strong commercial performance in both businesses, higher volumes, including the effects of re-stocking in developed markets, most notably in the first half of the year and stronger sales mix for both businesses. Sales from new wins accounted for half of the LC sales gains. In addition, higher volumes were driven by a broad-based recovery in demand and lower base period comparisons in 2009 (primarily in Fine Fragrances, Ingredients and Home Care). Foreign currency movements had only a minor impact on year-over-year sales growth, although there was volatility from quarter-to-quarter.

Flavors Business Unit

On a reported basis Flavor sales increased 11%; excluding the impact of foreign currency translation, LC sales for the Flavors business increased 10% from the prior year period. Almost 60% of year-over-year gain was driven by higher volume (including some elements of re-stocking) with the remaining due to sales from new business. Solid growth was experienced across all product categories, led by double-digit LC growth in our Beverage and Sweet categories and near double-digit growth in the others. Our regional growth was driven by EAME and GA which benefited from result of higher volumes and net new business particularly in the Beverage, Sweet, and Savory categories. Growth in both regions benefited from continued investments to strengthen our commercial and development capabilities. Sales in NOAM were up 6% due to higher volume and new business in Beverages and Sweet. LA had solid growth, up 6% in LC as new business wins and volume recovery in Sweet and Savory more than offset the effects of non-strategic business lost last year. Overall growth was led by solid double-digit growth in emerging markets of 14%, which represent 47% of Flavors overall sales.

Fragrances Business Unit

Fragrance sales increased significantly, up 14% on a reported basis and 16% in LC terms. Approximately 60% of the improvement was driven by sales from new wins with our customers with the balance attributable to increased volume (including the benefit of weaker prior year base sales in Fine Fragrance and Ingredients). The volume gains reflect a bounce back in demand supported by increased customer promotional activities, mainly in Fine Fragrance, lower base period comparisons and re-stocking in the developed markets. Overall, Fine & Beauty Care LC sales increased 26% versus last year, driven by significant gains in new business, a recovery in demand (including effects of re-stocking), and low prior year activity levels. LC Functional Fragrance sales increased 7%, driven by double-digit gains in Home Care resulting from new business and solid growth in our Fabric Care category. Ingredient LC sales increased 18% driven by a recovery in demand, weaker year-ago activity and customer success within certain specialty grades. All regions delivered double-digit LC sales gains, led by LA (Fine & Beauty and Ingredients) and EAME (Fine Fragrance and Functional). GA growth was led by strong Functional and Hair Care category sales, whereas NOAM was mainly driven by higher Fine Fragrance sales. Overall growth was well-balanced, with both emerging and developed markets delivering double-digit LC gains, although emerging market growth was strongest at 18%.

Sales Performance by Region and Category

		% Change in Sales — 2010 vs 2009					
		Fine & Beauty Care	Functional	Ingredients	Total Frag.	Flavors	Total
NOAM	**Reported**	**11%**	**2%**	**23%**	**11%**	**6%**	**8%**
EAME	**Reported**	**25%**	**1%**	**12%**	**12%**	**10%**	**11%**
	Local Currency	***31%***	***6%***	***17%***	***17%***	***13%***	***15%***
LA	**Reported**	**44%**	**5%**	**14%**	**20%**	**10%**	**16%**
	Local Currency	***40%***	***5%***	***14%***	***18%***	***6%***	***14%***
GA	**Reported**	**22%**	**19%**	**11%**	**18%**	**17%**	**18%**
	Local Currency	***20%***	***17%***	***10%***	***17%***	***12%***	***14%***
Total	**Reported**	**24%**	**6%**	**15%**	**14%**	**11%**	**13%**
	Local Currency	***26%***	***7%***	***18%***	***16%***	***10%***	***13%***

- NOAM Fine & Beauty sales growth was driven by 16% growth in Fine Fragrance associated with general demand recovery (including some elements of re-stocking) as well as weaker year ago comparison levels (mostly in the first half of the year) combined with good market success for new business launches. The strong performance in Ingredients reflects broad-based volume gains, re-stocking and weak market conditions last year. Functional Fragrance sales increased as strong new business wins across all categories more than offset volume erosion in Fabric Care, with the strongest gain within the Home Care category. Double-digit growth in Beverages (volume) and Sweet (net new wins) categories led the growth in the Flavors business, with Savory also contributing solid growth.
- EAME delivered strong sales gains across all categories (except Personal Wash), led by new business and demand recovery in Fine Fragrance, Ingredients and Fabric Care plus net new wins and higher volume for Flavors, notably within the Beverage category, which grew 27%. The Flavors business also benefited from double-digit growth in Sweet and Dairy. Re-stocking also supported growth in the developed countries within the region across most categories.
- LA sales performance was led by general recovery in demand and new business in Fine Fragrance, which grew 50%. Double-digit growth in Beauty Care, Sweet, Dairy and Savory categories more than offset the effect of non-strategic Flavors' business lost last year. The Functional Fragrance category improvement benefited from both new business and volume recovery in Home Care and Fabric Care.
- GA delivered double-digit LC sales growth in all categories. Fine & Beauty Care gains were driven by demand recovery and new business wins in Hair Care and Toiletries. Fine Fragrance's growth of 40% also benefited from demand recovery and a weaker prior year base. Within Functional Fragrances, Fabric, Home Care and Personal Wash all achieved double-digit gains reflecting both strong commercial performance and solid demand growth. Flavor sales growth was driven by new product introductions and volume growth mainly in Savory, Beverage and Sweet, with all major categories producing double-digit gains.

Cost of Goods Sold

Cost of goods sold, as a percentage of sales, decreased to 58.3% in 2010 compared to 59.8% during 2009. The improvement in 2010 versus the prior year period reflects favorable input costs, combined with better absorption resulting from higher volumes, continued margin recovery efforts, and a stronger sales mix. This improvement was partially offset by inventory write-offs and transition costs associated with the rationalization of our Fragrance and Ingredients' operations in Europe.

Research and Development (R&D)

R&D expenses increased approximately $34.0 million from the prior year. The increase was due to growth driven incentive compensation accruals of $15.0 million and lower R&D tax credits of $5.0 million. The remaining increase was due to higher basic research, targeted investments to support strategic growth initiatives, and lower prior period base comparison resulting from some curtailment in 2009 spend due to the then prevailing economic crisis.

Selling and Administrative (S&A)

S&A as a percentage of sales, increased slightly to 17.1% of sales compared to 16.8% for 2009. Overall spending increased $56.5 million versus the prior year, mainly driven by higher provisions for incentive compensation of $36.0 million. The remaining variance was due to planned investments and volume related activity to support growth, contingency related costs and fees, and lower prior period base spending in 2009 due to the prevailing economic crisis. The 2009 results include approximately $6.0 million of severance and related costs, primarily associated with a change in our Chief Executive Officer.

Restructuring and Other Charges

	Restructuring Charges *(In Thousands)*		Position Affected	
	2010	2009	2010	2009
Flavors	$ —	$ 637	—	7
Fragrances	10,077	18,046	(10)	200
Global	—	(382)	—	5
Total	$10,077	$18,301	(10)	212

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 has 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.

Performance Improvement Plan

In 2009 we provided another $6.6 million for severance and related costs associated with the elimination of approximately 70 additional positions globally. Subsequently, there was a $2.5 million reduction in previously recorded provisions due to lower estimated benefit costs on severance paid as well as fewer position eliminations requiring severance.

Operating Results by Business Unit

We evaluate the performance of business units based on operating profit before interest expense, other expense, net and income taxes. See Note 12 to our Consolidated Financial Statements for the reconciliation to Income before taxes.

	For the Year Ended December 31, 2010			
(DOLLARS IN THOUSANDS)	**Flavors**	**Fragrances**	**Global**	**Consolidated**
Operating profit	$242,528	$234,889	$(61,056)	$ 416,361
Restructuring and other charges, net	—	10,077	—	10,077
Adjusted operating profit	$242,528	$244,966	$(61,056)	$ 426,438
Operating margin	20.2%	16.5%		15.9%
Restructuring and other charges, net	—	0.7%		0.4%
Adjusted operating margin	20.2%	17.3%		16.3%

	For the Year Ended December 31, 2009			
(DOLLARS IN THOUSANDS)	**Flavors**	**Fragrances**	**Global**	**Consolidated**
Operating profit	$208,329	$170,515	$(38,556)	$ 340,288
Restructuring and other charges, net	637	18,046	(382)	18,301
Employee separation costs	—	—	6,320	6,320
Adjusted operating profit	$208,966	$188,561	$(32,618)	$ 364,909
Operating margin	19.3%	13.7%		14.6%
Restructuring and other non-recurring charges	0.1%	1.4%		1.1%
Adjusted operating margin	19.3%	15.1%		15.7%

Flavors Business Unit

In 2010, Flavors operating profit totaled $242.5 million, or 20.2% as a percentage of sales, compared to $208.3 million or 19.3% in 2009. The improvement in profitability was mainly driven by a 100 basis point (bps) improvement in gross margin resulting from strong sales growth and better absorption, improving input costs, and the benefits of our margin improvement initiatives, partially offset by higher tolling costs associated with some outsourcing of work. Research, selling and administrative costs (RSA) were down 10 bps as a percentage of sales. Higher overall RSA expenses were due to targeted investments in business development, growth driven incentive compensation costs, and product liability and other contingency claims.

Fragrances Business Unit

Fragrances operating profit for 2010 was $234.9 million, or 16.5% as a percentage of sales, compared to $170.5 million or 13.7% reported in 2009. Fragrances adjusted operating profit increased more than $56.4 million to $245.0 million (17.3% of sales) versus $188.6 million (15.1% of sales) during 2009. The improvement in profit was driven by a 200 bps increase in gross margin resulting from higher volumes and net win performance, favorable input costs, and the benefits of ongoing profit improvement initiatives. RSA as a percentage of sales improved 150 bps due to positive cost leverage on our higher volume. Overall RSA expenses increased due to incentive compensation expense, lower R&D credits and investments in business development.

Global Expenses

Global expenses represent corporate and headquarters-related expenses which include legal, finance, human resources and other administrative expenses that are not allocated to an individual business unit. In 2010, Global expenses were $61.1 million compared to $38.6 million during 2009. The increase in Global expenses is mainly due to higher incentive compensation of $22.0 million with the balance mainly related to litigation related provisions and costs. In 2009, Global expenses included $6.3 million of employee separation costs associated with the change in our Chief Executive Officer.

Interest Expense

During 2010, interest expense totaled $48.7 million compared to $61.8 million in 2009. The 2009 amount includes $4.0 million of interest paid on the close-out of a cross-currency interest rate swap classified as a net investment hedge. The additional reduction versus 2009 reflects certain debt repayments of $201.1 million made during the second half of 2009. Average cost of debt was 5.0% for the 2010 period compared to 5.5% in 2009.

Other Expense, Net

Other expense was $8.1 million in 2010 versus $1.9 million in 2009, approximately 50% of which relates to losses on foreign exchange transactions. The remaining change is principally attributable to higher provisions for non-controlling interest in consolidated subsidiaries and miscellaneous non-operating expenses.

Income Taxes

The effective tax rate for the year 2010 was 26.7% compared to 29.3% during 2009. The year-over-year decrease reflects the mix of earnings across the countries in which the Company operates, an adjustment to provisions for tax reserves, and lower repatriation costs. The 2009 results include $6 million of tax expense due to the recognition of out-of-period tax adjustments arising from periods 2006 and prior, and was also impacted by the higher level of restructuring costs which carried lower tax benefits.

Liquidity and Capital Resources

CASH AND CASH EQUIVALENTS

We had cash and cash equivalents of $88.3 million at December 31, 2011 compared to $131.3 million at December 31, 2010, of which $76.3 million of the balance at December 31, 2011 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 earnings in excess of current year earnings of our foreign subsidiaries because we intend 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. These repatriations of current year earnings totaled $119.5 million, $360.5 million and $150.5 million in 2011, 2010 and 2009, respectively.

CASH FLOWS FROM OPERATING ACTIVITIES

Operating cash flows in 2011 were $189.2 million compared to $315.1 million and $291.6 million in 2010 and 2009, respectively. The cash flow impact associated with core working capital (trade receivables plus inventories, less accounts payable) was flat compared to 2010. The decrease in operating cash flows from 2010 reflects higher incentive compensation payments made in 2011 (as a result of strong 2010 performance), the Mane patent litigation settlement of $40 million and higher tax payments.

Working capital (current assets less current liabilities) totaled $752.7 million at year-end 2011 compared to $664.2 million at December 31, 2010. The 2011 increase in working capital reflects higher commercial activity, significant increases in input costs and lower provisions for incentive compensation.

As of December 31, 2011, net trade receivables increased by $20.5 million as compared to December 31, 2010 principally related to higher sales levels during the fourth quarter 2011 versus the fourth quarter 2010.

CASH FLOWS USED IN INVESTING ACTIVITIES

Additions to property, plant and equipment were $127.5 million, $106.3 million and $66.8 million in 2011, 2010 and 2009, respectively, and are expected to approximate 5% of sales in 2012. The increase in additions versus last year reflects planned investments in capacity and new technologies, mainly in the emerging markets.

Net investing activities in 2011 utilized $131.2 million compared to $106.8 million and $80.9 million in 2010 and 2009, respectively. The increase in investing activities in 2011 resulted from higher additions to property, plant and equipment to grow in emerging markets.

CASH FLOWS USED IN FINANCING ACTIVITIES

Net financing activities in 2011 used $100.7 million compared to $156.7 million and $312.2 million in 2010 and 2009, respectively. The decrease from 2010 reflects long-term debt repayments in 2011 of $123.7 million compared to none in 2010, slightly offset by net credit facility borrowings in 2011 of $92.7 million compared to net credit facility payments of $103.2 million in 2010.

At December 31, 2011, we had $894.9 million of debt outstanding compared to $921.6 million outstanding at December 31, 2010.

In February 2009 we terminated a $300.0 million USD LIBOR to EURIBOR interest rate swap which required us to make a payment of $16.0 million. See Note 14 to the Consolidated Financial Statements for additional information regarding these transactions.

We paid dividends totaling $90.3 million, $81.2 million and $78.8 million in 2011, 2010 and 2009, respectively. The cash dividend declared per share in 2011, 2010 and 2009 was $1.16, $1.04 and $1.00, respectively.

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.

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 2011 and 2010.

On November 9, 2011, IFF, including certain subsidiaries, entered into a new credit agreement with Citibank, N.A., as administrative agent and the other lenders, agents, arrangers and bookrunners to replace the previous credit agreement set to expire November 23, 2012. The Credit Agreement provides for a revolving loan facility in an aggregate amount up to an equivalent of $942.0 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 $25.0 million for letters of credit and $50.0 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 $354.0 million and contains sublimits of €25.0 million for letters of credit and €50.0 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. The interest rate under the New Facility at December 31, 2011 was 1.77%. 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. We have complied with this covenant at all times.

The New Facility provides us with access to approximately $80 million of additional borrowings compared to the old Facility. The margin added to the annual rate of LIBOR is currently 100 bps higher than the old Facility. Such increase has not caused a material change to our cost of borrowing.

As of December 31, 2011 we had total borrowings under the New Facility of $157.5 million. The amount which we are able to draw down on under the Agreement is limited by financial covenants as described in more detail below. At December 31, 2011 we had a remaining overall borrowing capacity of $1,028.0 million. However, our drawdown capacity on the New Facility was limited to $784.5 million based on existing balances outstanding under the Facility at December 31, 2011. The Company did not have any letters of credit outstanding under the New Facility as of December 31, 2011.

The Facility contains the most restrictive covenant of all of our debt requiring 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.

At December 31, 2011 and 2010 we were in compliance with all financial and other covenants. At December 31, 2011 our Net Debt/adjusted EBITDA[1] was 1.42 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 these 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)	**12 Months Ended December 31, 2011**	**2010**
Net income	*$266.9*	*$263.6*
Interest expense	*44.6*	*48.7*
Income taxes	*106.7*	*96.0*
Depreciation and amortization	*75.3*	*79.2*
Specified items[1]	*46.7*	*10.1*
Non-cash items[2]	*20.9*	*—*
Adjusted EBITDA	*$561.1*	*$497.6*

(1) Specified items for the 12 months ended December 31, 2011 of $46.7 million consists of $33.5 million of the Mane patent litigation settlement and $13.2 million of restructuring charges related to the 2011 Strategic

Initiative and pension settlement costs related to our European rationalization. Specified items for the 12 months ended December 31, 2010 of $10.1 million consist of restructuring charges related to our European rationalization.

(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, 2011	December 31, 2010
Total debt	*$894.9*	*$ 921.6*
Adjustments:		
Deferred gain on interest rate swaps	*(11.0)*	*(12.9)*
Cash and cash equivalents	*(88.3)*	*(131.3)*
Net debt	*$795.6*	*$ 777.4*

Compliance with existing governmental requirements regulating the discharge of materials into the environment has not materially affected our operations, earnings or competitive position. In 2011 and 2010, we spent $2 million and $6 million, respectively, on capital projects and $17 million and $18 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, 2011, we had contractual payment obligations due within the time periods as specified in the following table:

Contractual Obligations *(Dollars In Millions)*	Payments Due: Total	2012	2013-2014	2015-2016	2017 and thereafter
Borrowings[1]	$ 884	$117	$ 100	$ 167	$ 500
Interest on borrowings[1]	328	46	83	79	120
Operating leases[2]	255	26	45	35	149
Pension funding obligations[3]	63	21	42	—	—
Postretirement obligations[4]	129	6	13	15	95
Purchase commitments[5]	160	111	49	—	—
Total	$1,819	$327	$ 332	$ 296	$ 864

(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 16 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 2014 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 $68 million of the total unrecognized tax benefits for uncertain tax positions and approximately $13 million of associated accrued interest. 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 these liabilities might be paid.

Critical Accounting Policies and Use of Estimates

Our 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 $708 million. In the fourth quarter of fiscal 2011, we early adopted ASU No. 2011-8 "Intangibles — Goodwill and Other (Topic 350): Testing Goodwill for Impairment." We conduct a goodwill qualitative assessment as of November 30th on an annual basis or more frequently when significant change in circumstances that would be considered a triggering event indicate that the carrying amount may not be recoverable. The goodwill impairment qualitative assessment requires us to perform an assessment for each reporting unit to determine if it is more likely than not that the fair value of a reporting unit is less than its carrying amount. We identified two reporting units, the Flavors reporting unit and the Fragrances reporting unit. These reporting units were determined based on the level at which the performance is measured and reviewed.

The qualitative assessment considers various factors for each reporting unit, including the macroeconomic environment, industry and market specific conditions, financial performance, cost impacts, and issues or events specific to the reporting unit. If it is determined that it is more likely than not the carrying amount exceeds the fair value of a reporting unit, we perform a "step one" goodwill impairment test. We completed our annual qualitative assessment of as of November 30, 2011, which indicated no impairment of goodwill, as it was determined it is more likely than not that the fair values exceed the carrying values of each of our 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. However, if these earnings become subject to U.S. federal tax, any required provision could have a material impact on our financial results.

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 a tax authority would "more likely than not" sustain our tax position if it 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, or are resolved through negotiation or litigation with the taxing authority, or upon expiration of the statute of limitations. 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. The actual outcome of our tax positions, if significantly different from our estimates, could materially impact our provision for income taxes in the period in which such determination is made.

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: 50% in equity securities and 50% in fixed income securities. The plan has achieved a compounded annual rate of return of 7.5% over the previous 20 years. At December 31, 2011, the actual asset allocation was: 50% in equity securities; 48% in fixed income securities; and 2% 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: 55%-60% in fixed income securities; 20%- 25% in equity securities; 5%-10% in real estate; and 5%-10% in alternative investments. At December 31, 2011, the actual asset allocation was: 59% in fixed income investments; 22% in equity investments; 10% in real estate investments; 8% 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 .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:

	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	$12,563	$12,301	$ 679	$ 828
Non-U.S. Pension Plans	$28,023	$25,930	$ 2,140	$ 1,743
Postretirement Benefit Plan	N/A	$ 3,774	$ 183	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 $8.1 million and $0.4 million, respectively; a 1% decrease in the rate would decrease the obligation and expense by approximately $7.4 million and $0.4 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 maintain approximately 45% – 50% of our inventory as raw materials, providing the greatest degree of flexibility in manufacture and use. 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 June 2011, the Financial Accounting Standards Board ("FASB") issued revised guidance on the presentation of comprehensive income. This revised guidance eliminates the option to present the components of Other comprehensive income ("OCI") as part of the Consolidated Statement of Shareholders' Equity and provides two alternatives for presenting the components of net income and OCI, either: (i) in a single continuous statement of comprehensive income or (ii) in two separate but consecutive financial statements, consisting of an income statement followed by a separate statement of comprehensive income. Additionally, items that are reclassified from OCI to net income must be presented on the face of the financial statements. Retrospective application will be required and is effective for the Company as of the beginning of 2012. In December 2011, the FASB deferred the reclassification requirement of this guidance indefinitely. The application of this revised guidance is not expected to have a significant impact on the Company's consolidated financial statements, but will result in a change in the presentation of the Company's consolidated statements of income and equity.

In September 2011, the FASB issued authoritative guidance allowing entities the option of first performing a qualitative assessment to determine whether or not it is more likely than not that the fair value of a reporting unit is less than its carrying amount. If it is determined that it is more likely than not that the fair value exceeds the carrying amount, an entity does not have to perform step one of the goodwill impairment testing. This new guidance is effective for fiscal years beginning on or after December 15, 2011 with early adoption permitted. The Company has adopted this guidance when it performed its annual goodwill impairment testing during the fourth quarter 2011. Adoption of this guidance did not have an impact on the Company's consolidated financial position or results of operations.

Non-GAAP Financial Measures

The Company uses non-GAAP financial operating measures which exclude restructuring charges (including costs associated with the Company's restructuring efforts in Europe in 2009, 2010 and 2011 and costs associated with the 2011 strategic initiative), employee separation costs in 2009 and the Mane patent litigation settlement in 2011. 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"). 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.

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. 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. All information concerning the restructuring initiative, including the expected number of positions that will be eliminated, the restructuring charges that will be recorded, the amount and timing of expected savings, and the impact on the Company's future business, as well as other statements regarding the Company future revenues, tax rates or benefits, energy costs, interest and other savings, capital expenditures, earnings and other future financial results or financial position, constitutes forward-looking information. 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:

- The ability of the Company to implement the restructuring initiative within the anticipated time frames and the ultimate amount of costs that the Company incurs and achieve estimated savings as a result of such initiative;
- General economic and business conditions in the Company's markets and demand for the Company's products, especially given the generally weaker global economic conditions, including economic and recessionary pressures;
- Decline in consumer confidence and spending and changes in consumer preferences;
- Competitive products and pricing pressures;
- Population health and political uncertainties, and the difficulty in projecting the short and long-term effects of global economic conditions;
- Movements in interest rates;
- Volatility and deterioration of the capital and credit markets, and any adverse impact on our cost of and access to capital and credit;
- Fluctuations in the price, quality and availability of raw materials;
- 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 level of success the Company achieves in developing and introducing new products and entering new markets;
- The impact of currency fluctuation or devaluation in the Company's principal foreign markets, especially given the economic uncertainty in Europe, as well as the recent strengthening of the U.S. dollar against most currencies, notably the Euro versus the U.S. dollar. The market volatility may also have an impact on the availability, effectiveness and cost of the Company's hedging and risk management strategies or the liquidity or cash flows of our customers;
- 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 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;
- Changes in federal, state, local and foreign tax legislation or the results of tax audits, assessments, or disputes may result in fluctuations in our tax obligations, effective tax rate or results of our operations;
- 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; 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 2011 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, 2011, 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, 2011, the Company's foreign currency exposures pertaining to derivative contracts exist with the Euro, Japanese Yen, British Pound, Indonesia Rupiah, Singapore dollar, Australian dollar, South African Rand, Swedish Krona and Swiss Franc. 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 $20 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 a Japanese Yen/U.S. dollar currency swap related to monthly sale and purchase of products between the U.S. and Japan. A hypothetical decrease or increase of 10% in the value of the U.S. dollar against the Japanese Yen, the estimated fair value of the Company's foreign currency forward contracts would not have a material effect.

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 $5 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 $2 million.

At December 31, 2011, the fair value of our fixed rate debt was $867 million. Based on a hypothetical decrease of 10% in interest rates, the estimated fair value of the Company's fixed debt would increase by $5 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 50. See Item 6 on page 23 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, 2011. In making this assessment, management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO") in *Internal Control — Integrated Framework*.

Based on this assessment, management determined that, as of December 31, 2011, 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, 2011 as stated in their report which is included herein.

Certifications to NYSE and SEC

Our Chief Executive Officer certification was timely filed with the NYSE as required by NYSE Rule 303A(12). We have filed the required Sarbanes-Oxley Section 302 certifications of the Chief Executive Officer and Chief Financial Officer regarding the quality of our public disclosures as exhibits to our most recently filed Form 10-K.

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 2012 Proxy Statement and is incorporated by reference herein. The information relating to Section 16(a) beneficial ownership reporting compliance that appears in the IFF 2012 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 2012 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 2012 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 2012 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 2012 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 2012 Proxy Statement and such information is incorporated by reference herein.

ITEM 14. PRINCIPAL ACCOUNTING 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 2012 Proxy Statement and such information is incorporated by reference herein.

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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, 2011 and December 31, 2010, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2011 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, 2011, based on criteria established in 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 28, 2012

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INTERNATIONAL FLAVORS & FRAGRANCES INC.

CONSOLIDATED STATEMENT OF INCOME AND COMPREHENSIVE INCOME

(DOLLARS IN THOUSANDS EXCEPT PER SHARE AMOUNTS)	Year Ended December 31, 2011	2010	2009
Net sales	$2,788,018	$2,622,862	$2,326,158
Cost of goods sold	1,683,362	1,530,260	1,391,913
Research and development expenses	219,781	218,772	184,771
Selling and administrative expenses	443,974	447,392	390,885
Restructuring and other charges, net	13,172	10,077	18,301
Interest expense	44,639	48,709	61,818
Other expense, net	9,544	8,059	1,921
	2,414,472	2,263,269	2,049,609
Income before taxes	373,546	359,593	276,549
Taxes on income	106,680	96,036	81,023
Net income	266,866	263,557	195,526
Other comprehensive income:			
Foreign currency translation adjustments	(36,581)	(6,220)	81,240
Gains (losses) on derivatives qualifying as hedges	8,420	(1,442)	1,091
Pension and postretirement liability adjustment	(71,797)	3,285	(28,200)
Comprehensive income	$ 166,908	$ 259,180	$ 249,657

	2011	2010	2009
Net income per share — basic	$ 3.30	$ 3.29	$ 2.48
Net income per share — diluted	$ 3.26	$ 3.26	$ 2.46

See Notes to Consolidated Financial Statements

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INTERNATIONAL FLAVORS & FRAGRANCES INC.

CONSOLIDATED BALANCE SHEET

(DOLLARS IN THOUSANDS)	December 31, 2011	December 31, 2010
ASSETS		
Current Assets:		
Cash and cash equivalents	$ 88,279	$ 131,332
Receivables:		
Trade	476,031	458,128
Allowance for doubtful accounts	(3,685)	(6,324)
Inventories	544,439	531,675
Deferred income taxes	54,054	74,160
Prepaid expenses and other current assets	158,102	136,224
Total Current Assets	1,317,220	1,325,195
Property, plant and equipment, net	608,065	538,118
Goodwill	665,582	665,582
Other intangible assets, net	42,763	48,834
Deferred income taxes	152,118	122,800
Other assets	179,833	171,926
Total Assets	$ 2,965,581	$ 2,872,455
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current Liabilities:		
Bank borrowings, overdrafts and current portion of long-term debt	$ 116,688	$ 133,899
Accounts payable	208,759	200,153
Dividends payable	25,086	21,657
Restructuring and other charges	10,198	3,977
Other current liabilities	203,835	301,265
Total Current Liabilities	564,566	660,951
Other Liabilities:		
Long-term debt	778,248	787,668
Deferred gains	47,855	50,917
Retirement liabilities	315,633	221,985
Other liabilities	151,872	147,779
Total Other Liabilities	1,293,608	1,208,349
Commitments and Contingencies (Note 16)		
Shareholders' Equity:		
Common stock 12 1/2¢ par value; authorized 500,000,000 shares; issued 115,761,840 shares as of December 31, 2011 and 2010; and outstanding 80,921,208 and 80,210,365 shares as of December 31, 2011 and 2010	14,470	14,470
Capital in excess of par value	128,631	123,809
Retained earnings	2,692,893	2,519,706
Accumulated other comprehensive (loss) income:		
Cumulative translation adjustments	(111,409)	(74,826)
Accumulated gains (losses) on derivatives qualifying as hedges	4,237	(4,183)
Pension and postretirement liability adjustment	(268,137)	(196,342)
	2,460,685	2,382,634
Treasury stock, at cost — 34,840,632 and 35,551,475 shares as of December 31, 2011 and 2010	(1,356,273)	(1,383,212)
Total Shareholders' Equity	1,104,412	999,422
Noncontrolling interest	2,995	3,733
Total Shareholders' Equity including noncontrolling interest	1,107,407	1,003,155
Total Liabilities and Shareholders' Equity	$ 2,965,581	$ 2,872,455

See Notes to Consolidated Financial Statements

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INTERNATIONAL FLAVORS & FRAGRANCES INC.

CONSOLIDATED STATEMENT OF CASH FLOWS

(DOLLARS IN THOUSANDS)	Year Ended December 31, 2011	2010	2009
Cash flows from operating activities:			
Net income	$ 266,866	$ 263,557	$ 195,526
Adjustments to reconcile to net cash provided by operating activities			
Depreciation and amortization	75,327	79,242	78,525
Deferred income taxes	25,357	(13,301)	(17,354)
Gain on disposal of assets	(3,184)	(3,681)	(2,324)
Stock-based compensation	20,547	18,382	17,449
Pension settlement/curtailment	3,583	—	—
Changes in assets and liabilities:			
Trade receivables	(35,697)	(12,143)	(27,380)
Inventories	(25,199)	(86,250)	47,090
Accounts payable	12,252	39,973	43,780
Accruals for incentive compensation	(49,964)	45,709	7,719
Other current payables and accrued expenses	(63,602)	31,135	5,177
Changes in other assets	(22,428)	(49,786)	(61,375)
Changes in other liabilities	(14,668)	2,299	4,804
Net cash provided by operating activities	189,190	315,136	291,637
Cash flows from investing activities:			
Additions to property, plant and equipment	(127,457)	(106,301)	(66,819)
Proceeds from disposal of assets	705	1,657	1,784
Maturity/termination of net investment hedges	(2,475)	1,719	(13,604)
Purchase of insurance contracts	(1,936)	(3,858)	(2,249)
Net cash used in investing activities	(131,163)	(106,783)	(80,888)
Cash flows from financing activities:			
Cash dividends paid to shareholders	(90,250)	(81,181)	(78,841)
Net change in revolving credit facility borrowings and overdrafts	92,662	(103,190)	(37,292)
Repayments of long-term debt	(123,708)	—	(201,102)
Proceeds from issuance of stock under stock plans	14,656	26,224	7,010
Excess tax benefits on stock-based payments	5,933	1,403	—
Purchase of treasury stock	—	—	(1,967)
Net cash used in financing activities	(100,707)	(156,744)	(312,192)
Effect of exchange rate changes on cash and cash equivalents	(373)	(412)	3,111
Net change in cash and cash equivalents	(43,053)	51,197	(98,332)
Cash and cash equivalents at beginning of year	131,332	80,135	178,467
Cash and cash equivalents at end of year	$ 88,279	$ 131,332	$ 80,135
Cash paid for:			
Interest	$ 54,310	$ 54,087	$ 70,847
Taxes	$ 87,785	$ 70,807	$ 58,055
Noncash investing activities:			
Accrued property, plant and equipment	$ 24,050	$ 1,378	$ —

See Notes to Consolidated Financial Statements

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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, 2008	$ 14,470	$ 106,073	$2,222,641	$ (325,105)	(37,100,778)	$(1,444,968)	$ 7,531
Net income			195,526				(4,624)
Cumulative translation adjustment				81,240			
Gains on derivatives qualifying as hedges				1,091			
Pension liability and postretirement adjustment; net of tax $8,876				(28,200)			
Cash dividends declared ($1.00 per share)			(78,962)				
Stock options		(1,294)			207,435	8,098	
Reacquired shares					(75,000)	(1,967)	
Vested restricted stock units and awards		(13,026)			236,462	9,190	
Stock-based compensation		18,621			127,434	5,575	
Balance at December 31, 2009	$ 14,470	$ 110,374	$2,339,205	$ (270,974)	(36,604,447)	$(1,424,072)	$ 2,907
Net income			263,557				826
Cumulative translation adjustment				(6,220)			
Losses on derivatives qualifying as hedges				(1,442)			
Pension liability and postretirement adjustment; net of tax ($2,429)				3,285			
Cash dividends declared ($1.04 per share)			(83,056)				
Stock options/SSAR's		(333)			779,317	30,461	
Vested restricted stock units and awards		(11,544)			111,484	4,337	
Stock-based compensation		13,844			162,171	6,062	
Other		11,468					
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				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/SSAR's		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	
Balance at December 31, 2011	$ 14,470	$ 128,631	$2,692,893	$ (375,309)	(34,840,632)	$(1,356,273)	$ 2,995

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. Its 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 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.

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) products are shipped to the customer in accordance with the terms of sale, (ii) title and risk of loss have been transferred and (iii) collection is reasonably assured. Sales are reduced, at the time revenue is recognized, by accruing 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 and are presented net of applicable R&D credits.

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)	2011	2010
Raw materials	$ 248,050	$ 270,191
Work in process	6,992	6,211
Finished goods	289,397	255,273
Total	$ 544,439	$ 531,675

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 the fourth quarter of fiscal 2011, the Company early adopted ASU No. 2011-8 "Intangibles — Goodwill and Other (Topic 350): Testing Goodwill for Impairment." The Company conducts a goodwill qualitative assessment as of November 30th on an annual basis or more frequently when significant change in circumstances that would be considered a triggering event indicate that the carrying amount of an asset may not be recoverable. The goodwill impairment qualitative assessment requires us to perform an assessment for each reporting unit to determine if it is more likely than not that the fair value of a reporting unit is less than its carrying amount. The Company identified two reporting units, the Flavors reporting unit and the Fragrances reporting unit. These reporting units were determined based on the level at which the performance is measured and reviewed. The qualitative assessment considers various factors for each reporting unit, including the macroeconomic environment, industry and market specific conditions, financial performance, cost impacts, and issues or events specific to the reporting unit. If it is determined that it is more likely than not the carrying amount exceeds the fair value of a reporting unit, the Company performs a "step one" goodwill impairment test. The Company completed its annual qualitative assessment as of November 30, 2011, which indicated no impairment of goodwill, as it was determined it is more likely than not that the fair values exceed the carrying values of each of our 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 the accounting requirements, we first determine whether a tax authority would "more likely than not" sustain our tax position if it 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, or are resolved through negotiation or litigation with the taxing authority, or upon expiration of the statute of limitations. 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 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.

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 currently. 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 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 the Consolidated Statement of Income and Comprehensive 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 the Consolidated Statement of Income and Comprehensive 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)	**2011**	**2010**	**2009**
Basic	80,456	79,495	78,403
Assumed dilution under stock plans	1,011	945	691
Diluted	81,467	80,440	79,094

Stock options and stock settled appreciation rights ("SSAR's") to purchase 78,000, none and 283,000 shares were outstanding at December 31, 2011, 2010 and 2009, respectively, but not included in the computation of diluted net income per share because the exercise prices were greater than the average market price of the common shares in the respective years; therefore, would be anti-dilutive.

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, 2011, 2010 and 2009 was immaterial (approximately 0.6% of the total number of common shares outstanding). Net income allocated to such PRS during 2011, 2010 and 2009 was approximately $1.7 million, $1.7 million and $1.3 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 June 2011, the Financial Accounting Standards Board (“FASB”) issued revised guidance on the presentation of comprehensive income. This revised guidance eliminates the option to present the components of Other comprehensive income (“OCI”) as part of the Consolidated Statement of Shareholder’s Equity and provides two alternatives for presenting the components of net income and OCI, either: (i) in a single continuous statement of comprehensive income or (ii) in two separate but consecutive financial statements, consisting of an income statement followed by a separate statement of comprehensive income. Additionally, items that are reclassified from OCI to net income must be presented on the face of the financial statements. Retrospective application will be required and is effective for the Company as of the beginning of 2012. In December 2011, the FASB deferred the reclassification requirement of this guidance indefinitely. The application of this revised guidance is not expected to have a significant impact on the Company’s consolidated financial statements, but will result in a change in the presentation of the Company’s consolidated statements of income and equity.

In September 2011, the FASB issued authoritative guidance allowing entities the option of first performing a qualitative assessment to determine whether or not it is more likely than not that the fair value of a reporting unit is less than its carrying amount. If it is determined that it is more likely than not that the fair value exceeds the carrying amount, an entity does not have to perform step one of the goodwill impairment testing. This new guidance is effective for fiscal years beginning on or after December 15, 2011 with early adoption permitted. The Company has early adopted this guidance when performing its annual goodwill impairment testing during the fourth quarter 2011. See Goodwill and Other Intangible Assets above. Adoption of this guidance did not have an impact on the Company’s consolidated financial position or results of operations.

Reclassifications and Revisions Certain reclassifications have been made to the prior years’ financial statements to conform to the 2011 presentation.

The prior years’ Consolidated Statement of Cash Flows has been revised to reflect adjustments to Changes in other assets and Changes in other liabilities to properly exclude certain non-cash activity on a gross basis. As a result, $4.1 million and $24.4 million were reclassified from Changes in other assets to Changes in other liabilities in the statement of cash flows for the years ended December 31, 2010 and 2009, respectively. The Company also reclassified amounts from Stock-based compensation to Changes in other liabilities for the portion that will be settled in cash. $3.6 million and $2.2 million were reclassified from Stock-based compensation to Changes in other liabilities in the Consolidated Statement of Cash Flows for the years ended December 31, 2010 and 2009, respectively. There were no changes to the balance sheet, cash flows from operations, net income or shareholders’ equity as a result of these revisions in the respective periods.

NOTE 2. RESTRUCTURING AND OTHER CHARGES

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

Performance Improvement Plan

In 2009, the Company provided another $6.6 million for severance and related costs associated with the elimination of approximately 70 additional positions globally offset by a $2.5 million reduction in previously recorded provisions due to lower estimated benefit costs on severance paid as well as fewer position eliminations requiring severance.

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 2011 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.

In the aggregate for 2011, we have recorded expenses of $34.1 million relating to the European rationalization plan and $9.8 million for the Strategic Initiative, of which $37.6 million was recorded to Restructuring and other charges, net and $6.3 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

In 2008, as part of our business transformation initiative to enable us to better leverage our global SAP software platform, we implemented a plan to centralize transaction processing in a global shared services structure that resulted in the elimination of 127 positions globally largely in the finance area. This initiative was completed in 2009, resulting in payments and other costs of approximately $13.0 million.

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Movements in related accruals during 2009, 2010 and 2011 are as follows:

(DOLLARS IN THOUSANDS)	Employee-Related	Pension	Asset - Related and Other	Total
Balance January 1, 2009	$ 14,755	$ —	$ 66	$ 14,821
Additional charges (reversals), net	17,263	—	1,038	18,301
Non-cash charges	—	—	(1,104)	(1,104)
Payments and other costs	(13,104)	—	—	(13,104)
Balance December 31, 2009	18,914	—	—	18,914
Additional charges (reversals), net	4,370	—	5,707	10,077
Non-cash charges	—	—	(4,409)	(4,409)
Payments and other costs	(19,307)	—	(1,298)	(20,605)
Balance December 31, 2010	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 December 31, 2011[(1)]	$ 10,774	$ —	$ —	$ 10,774

(1) $0.6 million of the remaining employee-related liability is classified in Other liabilities as of December 31, 2011 in the Consolidated Balance Sheet.

NOTE 3. PROPERTY, PLANT AND EQUIPMENT, NET

PP&E consists of the following amounts:

Asset Type *(DOLLARS IN THOUSANDS)*	December 31, 2011	December 31, 2010
Land	$ 26,468	$ 26,450
Buildings and Improvements	305,766	286,780
Machinery and Equipment	717,626	694,842
Information Technology	242,501	231,934
Construction In Process	139,733	104,877
	1,432,094	1,344,883
Accumulated Depreciation	(824,029)	(806,765)
	$ 608,065	$ 538,118

NOTE 4. GOODWILL AND OTHER INTANGIBLE ASSETS, NET

Goodwill by reportable segment for both 2011 and 2010 is as follows:

(DOLLARS IN THOUSANDS)	Amount
Flavors	$319,479
Fragrances	346,103
Total	$665,582

Trademark and other intangible assets consist of the following amounts:

(DOLLARS IN THOUSANDS)	December 31, 2011	December 31, 2010
Gross carrying value[1]	$165,406	$165,406
Accumulated amortization	122,643	116,572
Total	$ 42,763	$ 48,834

(1) Includes patents, trademarks and other intellectual property, valued at acquisition.

Amortization expense for the years ended December 31, 2011, 2010 and 2009 was $6.1 million. Estimated annual amortization is $6.1 million for years 2012 and 2013 and $4.7 million for 2014 through 2016.

NOTE 5. OTHER ASSETS

Other assets consist of the following amounts:

(DOLLARS IN THOUSANDS)	December 31, 2011	December 31, 2010
Overfunded pension plans	$ 67,518	$ 66,274
Cash surrender value of life insurance contracts	56,177	54,046
Other	56,138	51,606
Total	$179,833	$171,926

NOTE 6. OTHER CURRENT LIABILITIES

Other current liabilities consist of the following amounts:

(DOLLARS IN THOUSANDS)	December 31, 2011	December 31, 2010
Accrued payrolls and bonuses	$ 42,229	$ 95,135
VAT payable	21,744	18,311
Interest payable	14,822	17,550
Current pension and other postretirement benefit obligation	12,852	12,881
Accrued insurance (including workers' compensation)	7,806	19,688
Other	104,382	137,700
Total	$203,835	$301,265

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 covering the facilities disposed of. 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 $51 million and $54 million at December 31, 2011 and 2010, respectively, of which $48 million and $51 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	2011	2010
Senior notes — 2007	6.40%	2017-27	$ 500,000	$ 500,000
Senior notes — 2006	6.10%	2013-16	225,000	325,000
Credit facilities	1.77%	2016	157,483	61,260
Bank overdrafts and other	2.02%	2012	1,488	136
Japanese Yen note			—	22,274
Deferred realized gains on interest rate swaps			10,965	12,897
			894,936	921,567
Less: Current portion of long-term debt			(116,688)	(133,899)
			$ 778,248	$ 787,668

Commercial paper issued by the Company generally has terms of 30 days or less. There were no outstanding commercial paper borrowings at December 31, 2011 or 2010.

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. At December 31, 2010, approximately $50 million of revolver borrowings on the Tranche B was classified as long-term debt, and the remaining $11 million was classified as current portion of 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 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 $25 million for letters of credit and $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 €25 million for letters of credit and €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, 2011, we were in compliance with all covenants under this New Facility. We had $157 million outstanding under New Facility as of December 31, 2011, with $785 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. At December 31, 2011, $42 million of revolver borrowings was classified as long-term debt, and the remaining $115 million was classified as current portion of long-term debt. The Company did not have any letters of credit outstanding under the facility as of December 31, 2011.

Credit facility borrowings and bank overdrafts were outstanding in several countries and averaged $90 million in 2011 and $47 million in 2010. The highest levels were $163 million in 2011, $81 million in 2010, and $116 million in 2009. The 2011 weighted average interest rate of these borrowings, based on balances outstanding at the end of each month, was 0.8% and the average rate on balances outstanding at December 31, 2011 was 0.7%. These rates compare with 0.5% and 0.4%, respectively, in 2010, and 2.7% and 1.4%, respectively, in 2009.

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 debt outstanding at December 31, 2011 are: 2012, $117 million; 2013, $100 million; 2016, $167 million and 2017 and thereafter, $500 million. There is no debt maturing in 2014 and 2015.

The estimated fair value at December 31, 2011 of our Senior Notes — 2007 and Senior Notes — 2006 was approximately $617 million and $250 million, respectively, and is discussed in further detail in Note 14.

During the third quarter of 2010, the Company entered into two new 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 $11 million at December 31, 2011.

In 2002, the Company entered into certain interest rate swap agreements effectively converting the fixed rate on our long-term Japanese Yen borrowings to a variable short-term rate based on the Japanese Yen TIBOR rate plus a markup. These swaps were designated as qualified fair value hedges. Prior to 2006 we amended the swaps and the counterparty paid us amounts aggregating $4 million, including accrued interest. Such gains have been deferred and are being amortized over the remaining term of the debt. In November 2008, the portion of these swaps related to the ¥13.3 billion Yen notes refinanced expired.

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NOTE 9. INCOME TAXES

Earnings before income taxes consisted of the following:

(DOLLARS IN THOUSANDS)	2011	2010	2009
U.S. loss before taxes	$ (5,854)	$ (82,112)	$ (80,345)
Foreign income before taxes	379,400	441,705	356,894
Total income before taxes	$373,546	$359,593	$276,549

The income tax provision consisted of the following:

(DOLLARS IN THOUSANDS)	2011	2010	2009
Current			
Federal	$ 2,386	$ 5,379	$ 3,829
State and local	15	507	413
Foreign	78,922	103,451	94,135
	81,323	109,337	98,377
Deferred			
Federal	11,088	(22,423)	(14,181)
State and local	5,996	2,868	7,209
Foreign	8,273	6,254	(10,382)
	25,357	(13,301)	(17,354)
Total income taxes	$106,680	$ 96,036	$ 81,023

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

	2011	2010	2009
Statutory tax rate	35.0%	35.0%	35.0%
Difference in effective tax rate on foreign earnings and remittances	(10.0)	(9.5)	(11.6)
Unrecognized tax benefit, net of reversals	1.8	1.4	3.2
State and local taxes	1.5	0.8	2.2
Other, net	0.3	(1.0)	0.5[(1)]
Effective tax rate	28.6%	26.7%	29.3%

(1) The 2009 results include $6 million of tax expense due to the recognition of out-of-period tax adjustments arising from periods 2006 and prior.

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%. The 2011 and 2010 effective tax rates were also favorably impacted by the reversals of liabilities for uncertain tax positions of $5 million and $6 million, respectively, principally due to statutory expiry and effective settlement.

The deferred tax assets consist of the following amounts:

(DOLLARS IN THOUSANDS)	December 31, 2011	2010
ASSETS		
Employee and retiree benefits	$ 132,210	$ 126,009
Credit and net operating loss carryforwards	210,886	190,690
Property, plant and equipment, net	5,015	4,152
Trademarks and other	87,911	96,373
Amortizable R&D expenses	23,571	22,278
Other, net	18,729	27,690
Gross deferred tax assets	478,322	467,192
Valuation allowance	(290,879)	(288,182)
Total net deferred tax assets	$ 187,443	$ 179,010

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

(DOLLARS IN THOUSANDS)	2011	2010	2009
Balance of unrecognized tax benefits at beginning of year	$63,928	$64,673	$57,616
Gross amount of increases in unrecognized tax benefits as a result of positions taken during a prior year	118	2	—
Gross amount of decreases in unrecognized tax benefits as a result of positions taken during a prior year	(50)	—	(26)
Gross amount of increases in unrecognized tax benefits as a result of positions taken during the current year	8,300	4,706	8,827
The amounts of decreases in unrecognized benefits relating to settlements with taxing authorities	(2,960)	(4,945)	(509)
Reduction in unrecognized tax benefits due to the lapse of applicable statute of limitation	(1,721)	(508)	(1,235)
Balance of unrecognized tax benefits at end of year	$67,615	$63,928	$64,673

At December 31, 2011, 2010 and 2009, there are $65.9 million, $63.9 million, and $62.5 million, respectively, of unrecognized tax benefits recorded to Other liabilities and $1.7 million and $2.2 million in 2011 and 2009, respectively, recorded to Other current liabilities. If these unrecognized tax benefits were recognized, the annual effective tax rate would be affected.

For the years ended December 31, 2011, 2010 and 2009 the Company recognized $2.0 million, $1.0 million and $2.0 million, respectively, in interest and penalties. At December 31, 2011, 2010 and 2009, we had accrued $12.8 million, $11.0 million and $10.0 million, respectively, of interest and penalties classified as Other liabilities.

Net operating loss carryforwards were $175 million and $168 million at December 31, 2011 and 2010, respectively. If unused, $6 million will expire between 2012 and 2031. The remainder, totaling $169 million, may be carried forward indefinitely. Tax credit carryforwards were $36 million and $23 million at December 31, 2011 and December 31, 2010, respectively. If unused, the credit carryforwards will expire between 2012 and 2031.

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 tax posture 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 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.

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 $182.6 million in deferred tax assets as of December 31, 2011.

Of the $211 million deferred tax asset for net operating loss carryforwards and credits at December 31, 2011, we consider it unlikely that a portion of the tax benefit will be realized. Accordingly, a valuation allowance of $169 million of net operating loss carryforwards and $7 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 $115 million.

Tax benefits credited to Shareholders' equity totaled $2 million and $3 million for 2011 and 2010, 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 $924 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 direct and indirect taxes, such as transfer pricing, value-added taxes, sales and use and property taxes, which are discussed in Note 16.

The most significant income tax disputes in which it is currently involved relate to ongoing tax assessments and uncertain tax positions within its European operations. More specifically, the Company is disputing various income tax assessments imposed by the Spanish tax authorities against the Company's Spanish subsidiaries and the judicial process may take a number of years. As a result of a tax audit for the 2002-2003 fiscal years, the Spanish tax authorities challenged certain tax positions taken in the Spanish subsidiaries' tax returns and imposed an assessment of Euro 23.1 million ($29.9 million), which the Company has appealed with the National Appellate Court. During the fourth quarter of 2011, as a result of a tax audit for the 2004-2006 fiscal years, the Spanish tax authorities issued a tax assessment of Euro 61.6 million ($79.6 million). This assessment challenged the same tax positions identified in the prior assessment. The Company has filed an appeal with respect to this subsequent assessment. In order to proceed with these appeals, as of December 31, 2011, the Company is required to and has posted bank guarantees of Euro 30.9 million ($39.9 million) and, in January 2012, posted another bank guarantee of Euro 61.6 million ($79.6 million).

In January 2012, the Spanish tax authorities notified the Company of their intent to audit the 2007-2010 income tax returns of our Spanish subsidiaries. The tax positions that have previously been challenged by the Spanish tax authorities were consistently taken in our Spanish subsidiaries' tax returns from 2002 through the end of 2011. Consequently, the Company anticipates that it will receive an assessment for matters similar to those under appeal, for the fiscal years 2007-2011. It is difficult to anticipate the amount of any future assessment as changes in the Spanish tax legislation permit companies to assert additional defenses for fiscal years commencing in 2007. The Company continues to dispute the pending tax assessments and intends to dispute any future tax assessment that challenges these same tax positions. However, in accordance with ASC 740 "Income Taxes," as of December 31, 2011, the Company has recorded a provision for uncertain tax positions of $49.6 million associated with the Spanish income tax cases.

In addition to the above, the Company is also a party to four dividend withholding tax controversies in Spain which are at different stages of administrative and judicial review, spanning fiscal years 1995-2001, in the aggregate amount of Euro 18.1 million ($23.4 million). In order to proceed with these appeals, as of December 31, 2011, the Company is required to and has posted bank guarantees of Euro 17.0 million ($21.9 million). The Company expects that two of these cases aggregating Euro 12.3 million ($15.9 million) will be decided during the first half of 2012. If the aforementioned tax assessments are ultimately resolved against the Company, the resulting increase in its liability for uncertain tax positions could have a material impact on the Company's results of operations and cash flows in a particular period.

The Company's aggregate provisions for uncertain tax positions with interest and penalties, including those relating to the challenged tax positions in Spain, is $80.4 million. Future events or changes in facts or circumstances could require it to further adjust its liability for unrecognized tax positions and additional interest and penalties which could significantly increase the total amount that would be due if the Company does not ultimately prevail. If the Spanish tax assessments, or any other tax assessments, are ultimately resolved against the Company, the resulting increase in its provision for uncertain tax positions could have a material impact on its results of operations and cash flows in a particular period.

In addition, we have several other tax audits in process and have open tax years with various taxing jurisdictions that range primarily from 2002 to 2010. Based on currently available information, we do not believe the ultimate outcome of these tax audits and other tax positions related to open tax years, when finalized, will have a material impact on our financial position, reported results or liquidity.

NOTE 10. SHAREHOLDERS' EQUITY

On March 9, 2000, we adopted a shareholder protection rights agreement (the "Rights Agreement") and declared a dividend of one right on each share of common stock outstanding on March 24, 2000 or issued thereafter. The Rights Agreement expired in March 2010.

Cash dividends declared per share were $1.16, $1.04 and $1.00 in 2011, 2010 and 2009, respectively. The Consolidated Balance Sheet reflects $25.1 million of dividends payable at December 31, 2011. This amount relates to a cash dividend of $0.31 per share declared in December 2011 and paid in January 2012. Dividends declared, but not paid at December 31, 2010 and 2009 were $21.7 million ($0.27 per share) and $19.8 million ($0.25 per share), respectively.

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 three 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 was as follows:

	December 31,		
(DOLLARS IN THOUSANDS)	**2011**	**2010**	**2009**
Equity-based awards	$20,547	$18,382	$17,449
Liability-based awards	3,044	3,619	2,203
Total stock-based compensation	23,591	22,001	19,652
Less tax benefit	(7,730)	(8,028)	(7,102)
Total stock-based compensation, net of tax	$15,861	$13,973	$12,550

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 was approved by the Company's Board of Directors (the "Board") on February 2, 2010, subject to shareholder approval. The 2010 Plan replaces the Company's 2000 Stock Award and Incentive Plan and the 2000 Supplemental Stock Award Plan (the "2000 Plans") and will provide 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, 2011, 2,518,548 shares were subject to outstanding awards and 1,984,627 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. These awards are 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. 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 2007-2009 cycle concluded at the end of 2009 and an aggregate 53,378 shares of our common stock were issued in February 2010.

On February 1, 2010, the Compensation Committee of the Company's Board of Directors approved a one-year supplemental performance metric for the Company's LTIP 2008-2010 cycle which was based on improvement in operating profit margin measured over the fiscal year 2010 period as compared to 2009. The 2008-2010 cycle concluded at the end of 2010 and an aggregate 78,072 shares of our common stock were issued in March 2011. The 2009-2011 cycle concluded at the end of 2011 and an aggregate 128,293 shares of our common stock will be issued in March 2012.

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) SSAR's, (2) RSU's or (3) PRS.

SSAR's and Stock Options

SSAR's granted become exercisable on the third anniversary of the grant date and have a maximum term of seven years. Stock options granted vest in periods ranging from one to three years and have a maximum term of ten years. We granted 77,864, 196,652 and 236,986 SSAR's during 2011, 2010 and 2009, respectively. No stock options were granted in 2011, 2010 and 2009.

We use the Binomial lattice-pricing model as our valuation model for estimating the fair value of options 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 an option is based on historical employee exercise behavior, vesting terms and a contractual life of primarily ten years for options and seven years for SSAR's. 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 2011, 2010 and 2009 were:

	2011	2010	2009
Weighted average fair value of SSAR's granted during the period	$ 11.47	$ 10.41	$ 7.08
Assumptions:			
Risk-free interest rate	1.7%	2.2%	2.5%
Expected volatility	23.2%	29.8%	30.9%
Expected dividend yield	2.1%	2.2%	3.2%
Expected life, in years	5	5	5
Termination rate	0.99%	1.09%	0.91%
Exercise multiple	1.43	1.38	1.46

SSAR's and Stock options activity were as follows:

(SHARE AMOUNTS IN THOUSANDS)	Shares Subject to SSAR's/ Options	Weighted Average Exercise Price	SSAR's/ Options Exercisable
Balance at December 31, 2010	1,440	$ 37.46	883
Granted	78	$ 62.13	
Exercised	(428)	$ 37.46	
Balance at December 31, 2011	1,090	$ 39.16	627

The weighted average exercise price of our SSAR's and options exercisable at December 31, 2011, 2010 and 2009 were $36.86, $36.14 and $34.20, respectively. The following tables summarize information concerning currently outstanding and exercisable SSAR's and options.

SSAR's and options outstanding at December 31, 2011 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	287	3.6	$ 30.14	
$31 – $35	224	1.1	$ 33.05	
$36 – $40	100	3.3	$ 36.85	
$41 – $50	330	4.6	$ 43.79	
$51 – $55	71	4.7	$ 51.44	
$56 – $65	78	6.4	$ 62.13	
	1,090		$ 39.16	$ 14,453

SSAR's and stock options exercisable as of December 31, 2011 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	131	1.1	$ 29.73	
$31 – $35	224	1.2	$ 33.05	
$36 – $40	65	2.6	$ 37.27	
$41 – $50	136	3.3	$ 42.18	
$51 – $55	71	4.7	$ 51.44	
	627		$ 36.86	$ 9,760

The total intrinsic value of options/SSAR's exercised during 2011, 2010 and 2009 totaled $10 million, $14 million and $1 million, respectively.

As of December 31, 2011, there was $1.5 million of total unrecognized compensation cost related to non-vested SSAR awards granted; such cost is expected to be recognized over a weighted average period of 1.6 years.

Restricted Stock Units

We have granted RSU's to eligible employees and directors. Such RSU's are subject to forfeiture if certain employment conditions are not met. RSU's principally vest 100% at the end of three 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, 2010	867	$ 37.43
Granted	219	$ 59.80
Vested	(267)	$ 42.58
Forfeited	(37)	$ 42.39
Balance at December 31, 2011	782	$ 44.91

The total fair value of RSU's which vested during the year ended December 31, 2011 was $16.5 million.

As of December 31, 2011, there was $11.6 million of total unrecognized compensation cost related to non-vested RSU awards granted under the equity incentive plans; such cost is expected to be recognized over a weighted average period of 1.7 years.

Purchased Restricted Stock

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. RSU's provide no such rights. We issued 174,212 shares of PRS in 2011 for an aggregate purchase price of $5.4 million covering 87,106 purchased shares, 213,714 shares of PRS in 2010 for $4.8 million covering 106,857 purchased shares and 218,134 shares in 2009 for $3 million covering 109,067 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, 2010	525	$ 19.32
Granted	174	$ 31.07
Vested	(202)	$ 20.28
Balance at December 31, 2011	497	$ 23.03

The total fair value of PRS's which vested during the year ended December 31, 2011 was $7.9 million.

As of December 31, 2011, there was $4.3 million of total unrecognized compensation cost related to non-vested PRS awards 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 RSU's to eligible employees that are paid out 100% in cash upon vesting. Such RSU's are subject to forfeiture if certain employment conditions are not met. Cash RSU's 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 December 31, 2010	162	$ 55.59
Granted	40	$ 52.42
Vested	(45)	$ 62.74
Cancelled	(3)	$ 56.91
Balance at December 31, 2011	154	$ 52.42

The total fair value of Cash RSU's which vested during the year ended December 31, 2011 was $2.8 million.

As of December 31, 2011, there was $2.4 million of total unrecognized compensation cost related to non-vested Cash RSU awards granted under the equity incentive plans; such cost is expected to be recognized over a weighted average period of 1.6 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 three fragrance categories: functional fragrances, including fragrance compounds for personal care (e.g., soaps) and household products (e.g., detergents and cleaning agents); fine fragrance and beauty care, including perfumes, colognes and toiletries; and 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 Adjusted operating profit before Restructuring and certain non-recurring adjustments, Interest expense, Other expense, net and Taxes on income. The Global expense 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.

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Our reportable segment information follows:

(DOLLARS IN THOUSANDS)	Year Ended December 31, 2011	2010	2009
Net sales			
Flavors	$ 1,347,340	$ 1,203,274	$ 1,081,488
Fragrances	1,440,678	1,419,588	1,244,670
Consolidated	$ 2,788,018	$ 2,622,862	$ 2,326,158

(DOLLARS IN THOUSANDS)	Year Ended December 31, 2011 Adjusted Operating Profit	Restructuring and Other Costs	Mane Patent Litigation Settlement	Operating Profit	Interest Expense	Other Expense, net	Income Before Taxes
Income before taxes							
Flavors	$284,246	$ (1,475)	$ (33,495)	$249,276			
Fragrances	226,560	(11,224)	—	215,336			
Global expenses	(36,410)	(473)	—	(36,883)			
Consolidated				$427,729	$(44,639)	$ (9,544)	$ 373,546

(DOLLARS IN THOUSANDS)	Year Ended December 31, 2010 Adjusted Operating Profit	Restructuring and Other Costs		Operating Profit	Interest Expense	Other Expense, net	Income Before Taxes
Income before taxes							
Flavors	$242,528	$ —	$ —	$242,528			
Fragrances	244,966	(10,077)	—	234,889			
Global expenses	(61,056)	—	—	(61,056)			
Consolidated				$416,361	$(48,709)	$ (8,059)	$ 359,593

(DOLLARS IN THOUSANDS)	Year Ended December 31, 2009 Adjusted Operating Profit	Restructuring and Other Costs	Employee Separation Costs	Operating Profit	Interest Expense	Other Expense, net	Income Before Taxes
Income before taxes							
Flavors	$208,966	$ (637)	$ —	$208,329			
Fragrances	188,561	(18,046)	—	170,515			
Global expenses	(32,618)	382	(6,320)	(38,556)			
Consolidated				$340,288	$(61,818)	$ (1,921)	$ 276,549

The 2010 and 2009 tables above have been conformed to the 2011 presentation.

(DOLLARS IN THOUSANDS)	December 31, 2011	2010
Segment assets		
Flavors	$ 1,327,279	$ 1,273,126
Fragrances	1,512,511	1,449,001
Global assets	125,791	150,328
Consolidated	$ 2,965,581	$ 2,872,455

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 $297 million, $273 million and $251 million in 2011, 2010 and 2009, 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 $608 million and $538 million at December 31, 2011 and 2010, respectively. Of this total $163 million and $158 million was located in the United States at December 31, 2011 and 2010, respectively, and $89 million and $82 million were located in the Netherlands at December 31, 2011 and 2010, respectively.

	Capital Expenditures			Depreciation and Amortization		
(DOLLARS IN THOUSANDS)	2011	2010	2009	2011	2010	2009
Flavors	$ 69,675	$ 46,776	$ 23,463	$ 31,140	$ 31,634	$ 29,874
Fragrances	50,454	53,969	40,122	41,941	45,713	46,410
Unallocated assets	7,328	5,556	3,234	2,246	1,895	2,241
Consolidated	$ 127,457	$ 106,301	$ 66,819	$ 75,327	$ 79,242	$ 78,525

	Net Sales by Geographic Area		
(DOLLARS IN THOUSANDS)	2011	2010	2009
Europe, Africa and Middle East	$ 956,977	$ 896,647	$ 807,709
Greater Asia	744,810	676,838	574,765
North America	678,763	651,057	600,116
Latin America	407,468	398,320	343,568
Consolidated	$ 2,788,018	$ 2,622,862	$ 2,326,158

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, 2011, 2010 and 2009 were $644 million, $618 million and $568 million, respectively. Net sales attributed to all foreign countries in total for the years ended December 31, 2011, 2010 and 2009 were $2,144 million, $2,005 million and $1,758 million, respectively. No non-U.S. country had net sales in any period presented greater than 7% 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 significant 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, 2011 and December 31, 2010, the Consolidated Balance Sheet reflects liabilities of $27.0 million and $27.0 million, respectively, related to the DCP in Other liabilities and $12.0 million and $11.5 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 $56.2 million and $54.0 million at December 31, 2011 and 2010, 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)	2011	2010	2009	2011	2010	2009
Components of net periodic benefit cost						
Service cost for benefits earned	$ 3,602	$ 3,781	$ 4,080	$ 10,560	$ 9,804	$ 8,678
Interest cost on projected benefit obligation	24,373	24,191	23,685	34,033	32,954	30,978
Expected return on plan assets	(25,070)	(24,146)	(24,616)	(45,386)	(41,569)	(40,589)
Net amortization and deferrals	11,888	7,441	6,413	5,360	5,214	3,004
Settlement and curtailment	444	—	—	3,139	182	440
Special termination benefits	—	—	—	738	178	—
Net periodic benefit cost	15,237	11,267	9,562	8,444	6,763	2,511
Defined contribution and other retirement plans	6,550	7,169	6,255	4,113	4,459	4,135
Total expense	$ 21,787	$ 18,436	$ 15,817	$ 12,557	$ 11,222	$ 6,646
Changes in plan assets and benefit obligations recognized in OCI						
Net actuarial loss	$ 77,924	$ 10,891		$ 32,218	$ 5,026	
Recognized actuarial loss	(11,441)	(6,951)		(8,352)	(5,254)	
Prior service cost	(891)	(490)		(191)	(142)	
Recognized prior service cost	—	—		(147)	—	
Currency translation adjustment	—	—		355	(5,191)	
Total recognized in OCI (before tax effects)	$ 65,592	$ 3,450		$ 23,883	$ (5,561)	

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 2011	2010	2009
Components of net periodic benefit cost			
Service cost for benefits earned	$ 1,178	$ 1,378	$ 1,644
Interest cost on projected benefit obligation	5,861	6,468	6,166
Net amortization and deferrals	(2,552)	(2,232)	(2,012)
Expense	$ 4,487	$ 5,614	$ 5,798
Changes in plan assets and benefit obligations recognized in OCI			
Net actuarial loss (gain)	$16,909	$(5,426)	
Recognized actuarial loss	(2,167)	(2,487)	
Recognized prior service credit	4,719	4,719	
Total recognized in OCI (before tax effects)	$19,461	$(3,194)	

The amounts expected to be recognized in net periodic cost in 2012 are:

(DOLLARS IN THOUSANDS)	U.S. Plans	Non-U.S. Plans	Postretirement Benefits
Actuarial loss recognition	$ 19,280	$ 6,282	$ 3,277
Prior service cost recognition	370	133	(4,721)

Weighted-average actuarial assumption used to determine expense	U.S. Plans 2011	2010	2009	Non-U.S. Plans 2011	2010	2009
Discount rate	5.60%	6.10%	6.00%	5.37%	5.66%	6.11%
Expected return on plan assets	7.75%	7.75%	8.25%	6.55%	6.63%	6.76%
Rate of compensation increase	3.25%	3.25%	3.50%	2.66%	3.00%	2.56%

Changes in the postretirement benefit obligation and plan assets, as applicable, are detailed in the following table:

(DOLLARS IN THOUSANDS)	U.S. Plans		Non-U.S. Plans		Postretirement Benefits	
	2011	2010	2011	2010	2011	2010
Benefit obligation at beginning of year	$ 440,646	$ 406,901	$ 625,052	$ 621,259	$ 108,710	$ 110,512
Service cost for benefits earned	3,602	3,781	10,560	9,804	1,178	1,378
Interest cost on projected benefit obligation	24,373	24,191	34,033	32,954	5,861	6,468
Actuarial loss (gain)	78,026	28,018	43,067	16,432	16,909	(5,426)
Plan amendments	—	—	(191)	—	—	—
Adjustments for expense/tax contained in service cost	—	—	(2,382)	(2,153)	—	—
Plan participants' contributions	—	—	2,523	2,256	1,015	944
Benefits paid	(23,349)	(22,245)	(28,923)	(26,549)	(4,954)	(5,166)
Curtailments / settlements	—	—	(11,290)	(3,325)	—	—
Special termination benefits	—	—	738	178	—	—
Translation adjustments	—	—	(2,956)	(25,804)	—	—
Benefit obligation at end of year	$ 523,298	$ 440,646	$ 670,231	$ 625,052	$ 128,719	$ 108,710
Fair value of plan assets at beginning of year	$ 347,084	$ 304,890	$ 671,559	$ 660,176		
Actual return on plan assets	25,172	41,273	53,853	48,553		
Employer contributions	23,235	23,166	18,817	17,827		
Participants' contributions	—	—	2,523	2,256		
Benefits paid	(23,349)	(22,245)	(28,923)	(26,549)		
Settlements	—	—	(11,290)	(1,056)		
Translation adjustments	—	—	(4,173)	(29,648)		
Fair value of plan assets at end of year	$ 372,142	$ 347,084	$ 702,366	$ 671,559		
Funded status at end of year	$ (151,156)	$ (93,562)	$ 32,135	$ 46,507		

(DOLLARS IN THOUSANDS)	U.S. Plans		Non-U.S. Plans	
	2011	2010	2011	2010
Amounts recognized in the balance sheet:				
Other assets	$ —	$ —	$ 67,518	$ 66,274
Other current liabilities	(3,615)	(3,291)	(631)	(608)
Retirement liabilities	(147,541)	(90,271)	(34,752)	(19,159)
Net amount recognized	$(151,156)	$(93,562)	$ 32,135	$ 46,507

(DOLLARS IN THOUSANDS)	U.S. Plans		Non-U.S. Plans		Postretirement Benefits	
	2011	2010	2011	2010	2011	2010
Amounts recognized in AOCI consist of:						
Net actuarial loss	$ 196,398	$ 129,916	$ 179,512	$ 155,305	$ 44,959	$ 30,217
Prior service cost (credit)	1,156	2,045	(307)	17	(24,440)	(29,159)
Total AOCI (before tax effects)	$ 197,554	$ 131,961	$ 179,205	$ 155,322	$ 20,519	$ 1,058

(DOLLARS IN THOUSANDS)	U.S. Plans 2011	U.S. Plans 2010	Non-U.S. Plans 2011	Non-U.S. Plans 2010
Accumulated Benefit Obligation — end of year	$ 516,747	$ 435,123	$ 644,548	$ 598,025
Information for Pension Plans with an ABO in excess of Plan Assets:				
Projected benefit obligation	$ 523,298	$ 440,646	$ 39,664	$ 23,840
Accumulated benefit obligation	516,747	435,123	38,470	21,852
Fair value of plan assets	372,142	347,084	16,520	4,073
Weighted-average assumptions used to determine obligations at December 31				
Discount rate	4.70%	5.60%	4.71%	5.37%
Rate of compensation increase	3.25%	3.25%	2.88%	2.66%

(DOLLARS IN THOUSANDS)	U.S. Plans	Non-U.S. Plans	Postretirement Benefits
Estimated Future Benefit Payments			
2012	25,378	28,943	5,867
2013	26,527	28,331	6,380
2014	27,778	28,195	6,905
2015	29,110	29,344	7,359
2016	30,027	29,808	7,800
2017-2021	165,668	167,266	44,959
Contributions			
Required Company Contributions in the Following Year (2012)	$ 3,699	$ 17,402	$ 5,867

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 2011	U.S. Plans 2010	Non-U.S. Plans 2011	Non-U.S. Plans 2010
Percentage of assets invested in:				
Cash and cash equivalents	2%	1%	1%	4%
Equities	50%	64%	22%	30%
Fixed income	48%	35%	59%	55%
Property	0%	0%	10%	11%
Alternative and other investments	0%	0%	8%	0%

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

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rate. In late 2011 the Company changed its target investment allocation to 50% equity securities and 50% fixed income securities from 60% – 65% in equity securities and 35% – 40% in fixed income securities in order to reduce funded status volatility.

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, 2011 and 2010. 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, 2011			
(DOLLARS IN THOUSANDS)	**Level 1**	**Level 2**	**Level 3**	**Total**
Cash Equivalents	$ —	$ 6,125	$ —	$ 6,125
Equity Securities				
U.S. Common Stock	40,045	—	—	40,045
Balanced Funds	—	7,631	—	7,631
Pooled Funds	—	136,634	—	136,634
Fixed Income Securities				
Government & Government Agency Bonds	—	76,095	—	76,095
Corporate Bonds	—	93,062	—	93,062
Municipal Bonds	—	8,283	—	8,283
Asset Backed Securities	—	1,982	—	1,982
Total	$40,045	$329,812	$ —	$369,857
Receivables				$ 2,285
Total				$372,142

	U.S. Plans for the year ended December 31, 2010			
(DOLLARS IN THOUSANDS)	**Level 1**	**Level 2**	**Level 3**	**Total**
Cash Equivalents	$ —	$ 3,642	$ —	$ 3,642
Equity Securities				
U.S. Common Stock	38,890	—	—	38,890
Balanced Funds	—	7,693	—	7,693
Pooled Funds	—	175,898	—	175,898
Fixed Income Securities				
Government & Government Agency Bonds	—	58,814	—	58,814
Corporate Bonds	—	52,794	—	52,794
Municipal Bonds	—	5,605	—	5,605
Asset Backed Securities	—	1,982	—	1,982
Total	$38,890	$306,428	$ —	$345,318
Receivables				$ 1,766
Total				$347,084

(DOLLARS IN THOUSANDS)	Non-U.S. Plans for the year ended December 31, 2011			
	Level 1	Level 2	Level 3	Total
Cash	$ 8,479	$ —	$ —	$ 8,479
Equity Securities				
U.S. Large Cap	26,683	—	—	26,683
Non-U.S. Large Cap	107,964	—	—	107,964
Non-U.S. Mid Cap	3,116	—	—	3,116
Non-U.S. Small Cap	455	—	—	455
Emerging Markets	14,265	—	—	14,265
Fixed Income Securities				
U.S. Treasuries/Government Bonds	74	—	—	74
U.S. Corporate Bonds	5	—	—	5
Non-U.S. Treasuries/Government Bonds	199,266	35,308	—	234,574
Non-U.S. Corporate Bonds	52,174	109,013	—	161,187
Non-U.S. Mortgage-Backed Securities	—	—	—	—
Non-U.S. Asset-Backed Securities	—	11,734	—	11,734
Non-U.S. Other Fixed Income	—	8,664	—	8,664
Alternative Types of Investments				
Insurance Contracts	—	320	—	320
Hedge Funds			54,036	54,036
Private Equity	—	—	1	1
Real Estate				
Non-U.S. Real Estate	—	69,284	1,525	70,809
Total	$412,481	$234,323	$55,562	$702,366

(DOLLARS IN THOUSANDS)	Non-U.S. Plans for the year ended December 31, 2010			
	Level 1	Level 2	Level 3	Total
Cash	$ 24,345	$ —	$ —	$ 24,345
Equity Securities				
U.S. Large Cap	26,404	—	—	26,404
Non-U.S. Large Cap	150,103	—	—	150,103
Non-U.S. Mid Cap	6,040	—	—	6,040
Non-U.S. Small Cap	2,223	—	—	2,223
Emerging Markets	15,182	—	—	15,182
Fixed Income Securities				
U.S. Treasuries/Government Bonds	104	—	—	104
U.S. Corporate Bonds	—	8,286	—	8,286
Non-U.S. Treasuries/Government Bonds	170,188	—	—	170,188
Non-U.S. Corporate Bonds	72,957	87,731	—	160,688
Non-U.S. Mortgage-Backed Securities	—	—	—	—
Non-U.S. Asset-Backed Securities	—	8,280	—	8,280
Non-U.S. Other Fixed Income	—	23,559	—	23,559
Alternative Types of Investments				
Insurance Contracts	—	316	—	316
Derivative Financial Instruments	—	3,086	—	3,086
Private Equity	—	—	1	1
Real Estate				
Non-U.S. Real Estate	—	71,537	1,217	72,754
Total	$467,546	$202,795	$1,218	$671,559

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.

The following table presents a reconciliation of Level 3 non-U.S. plan assets held during the year ended December 31, 2011:

	Non-U.S. Plans			
(DOLLARS IN THOUSANDS)	Real Estate	Private Equity	Hedge Funds	Total
Ending balance as of December 31, 2010	$1,217	$ 1	$ —	$ 1,218
Actual return on plan assets	308	—	9,513	9,821
Purchases, sales and settlements	—	—	44,523	44,523
Ending balance as of December 31, 2011	$1,525	$ 1	$54,036	$55,562

The following weighted average assumptions were used to determine our postretirement benefit expense and obligation for the years ended December 31:

	Expense		Liability	
	2011	2010	2011	2010
Discount rate	5.50%	6.10%	4.60%	5.50%
Current medical cost trend rate	8.00%	9.00%	7.00%	8.00%
Ultimate medical cost trend rate	4.75%	4.75%	4.75%	4.75%
Medical cost trend rate decreases to ultimate rate in year	2016	2016	2021	2016

	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	$ 12,563	$ 12,301	$ 679	$ 828
Non-U.S. Pension Plans	$ 28,023	$ 25,930	$ 2,140	$ 1,743
Postretirement Benefit Plan	N/A	$ 3,774	$ 183	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 $8.1 million and $0.4 million, respectively; a 1% decrease in the rate would decrease the obligation and expense by approximately $7.4 million and $0.4 million, respectively.

We contributed $23.2 million and $18.8 million to our qualified U.S. pension plans and non-U.S. pension plans in 2011. We made $3.2 million in benefit payments with respect to our non-qualified U.S. pension plan. In addition, $5.0 million of contributions 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, 2011.

The amounts recorded in the balance sheet (carrying amount) and the estimated fair values of financial instruments at December 31 consisted of the following:

	2011		2010	
(DOLLARS IN THOUSANDS)	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Cash and cash equivalents(1)	$ 88,279	$ 88,279	$131,332	$131,332
Credit facilities and bank overdrafts(2)	158,971	158,971	61,396	61,396
Japanese yen note(3)	—	—	22,274	22,274
Long-term debt:(4)				
Senior notes — 2007	500,000	617,000	500,000	585,000
Senior notes — 2006	225,000	250,000	325,000	357,000

The following methods and assumptions were used to estimate the fair value of each class of financial instruments for which it is practicable to estimate that value:

(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 based on current market rates as well as the short maturity of those instruments.

(3) The carrying amount of the Japanese yen note approximates fair value due to its short maturity.

(4) 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.

In 2005, we entered into an interest rate swap agreement effectively converting the fixed rate on our long-term Japanese Yen borrowings to a variable short-term rate based on the Tokyo InterBank Offering Rate (“TIBOR”) plus an interest markup. This swap was designated as a fair value hedge. This swap matured during the year ended December 31, 2011.

In February 2009, we paid $16 million to close out the $300 million U.S. dollar LIBOR to European InterBank Offer Rate (“EURIBOR”) interest rate swap. As this swap was designated as a net investment hedge, $12 million of the loss was deferred in AOCI where it will remain until the Euro net investment is divested and $4 million was included as a component of interest expense during the year ended December 31, 2009.

In May 2009, we entered into a forward currency contract which qualified as a net investment hedge, in order to protect a portion of our net European investment from foreign currency risk. We recognized a $1.6 million loss during the year ended December 31, 2009, which was deferred as a component of AOCI. The ineffective portion of this net investment hedge was not material. This forward currency contract matured before the end of the second quarter of 2009. Upon its maturity, we entered into an intercompany loan payable in the amount of 40 million Euros in order to protect a portion of our net European investment from foreign currency risk. This intercompany loan was designated as a net investment hedge and experienced no ineffectiveness while outstanding. We recognized a $3.1 million loss during the year ended December 31, 2009, which was deferred as a component of AOCI.

During the year ended December 31, 2010, 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. 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, 2010. The remaining outstanding foreign currency forward contacts have remaining maturities of less than one year. Beginning in December 2010, the Company no longer designates these contracts as net investment hedges. Changes due to differences in the exchange rates for these contracts were recorded in earnings effective December 2010.

During the third quarter of 2010, we entered into two 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. Any amounts recognized in interest expense have been immaterial for the year ended December 31, 2011.

During the year ended December 31, 2011, 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 OCI as a component of Foreign currency translation adjustments in the accompanying Consolidated Statement of Income. Realized gains/(losses) are deferred in AOCI where they will remain until the net investments in our European subsidiaries are divested. Eight of these forward currency contracts matured during the year ended December 31, 2011. The outstanding forward currency contacts have remaining maturities of less than one year.

During the year ended December 31, 2011 and the second half of 2010, 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 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 in the same period as the related costs are recognized.

The following table shows the notional amount of the Company's derivative instruments outstanding as of December 31, 2011 and December 31, 2010:

(DOLLARS IN THOUSANDS)	December 31, 2011	December 31, 2010
Forward currency contracts	$ 147,078	$ 104,108
Interest rate swaps	$ 100,000	$ 122,274

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, 2011 and December 31, 2010 (in thousands):

	December 31, 2011		
	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	$ 9,333	$ 5,473	$14,806
Interest rate swaps	286	—	286
	$ 9,619	$ 5,473	$15,092
Derivative liabilities[(b)]			
Foreign currency contracts	$ (3,368)	$ (2,054)	$ (5,422)

	December 31, 2010		
	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	$ 2,984	$ 1,491	$ 4,475
Interest rate swaps	112	—	112
	$ 3,096	$ 1,491	$ 4,587
Derivative liabilities[(b)]			
Foreign currency contracts	$ 7,086	$ 9,276	$16,362
Interest rate swaps	348	—	348
	$ 7,434	$ 9,276	$16,710

(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 for the years ended December 31, 2011 and December 31, 2010 (in thousands):

Derivatives Not Designated as Hedging Instruments under ASC 815	Amount of Gain or (Loss) For the years ended December 31, 2011	2010	Location of Gain or (Loss) Recognized in Income on Derivative
Foreign currency contract	$ (2,451)	$ 8,233	Other 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 for the years ended December 31, 2011 and December 31, 2010 (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,	
	2011	2010		2011	2010
Derivatives in Cash Flow Hedging Relationships:					
Cross currency swap[(1)]	$1,206	$ (539)	Other expense, net	$(2,467)	$(1,593)
Forward currency contract	7,179	(894)	Cost of goods sold	(5,156)	(216)
Derivatives in Net Investment Hedging Relationships:					
Forward currency contract	265	(3,788)	N/A	—	—
Total	$8,650	$(5,221)		$(7,623)	$(1,809)

(1) Ten year swap executed in 2003.

The ineffective portion of the above noted cash flow hedges was not material for the years ended December 31, 2011 and 2010. The ineffective portion of the net investment hedges was not material for the years ended December 31, 2011 and 2010.

The Company expects approximately $1.8 million (net of tax), of derivative gains included in AOCI at December 31, 2011, 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 15. 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.

NOTE 16. COMMITMENTS AND CONTINGENCIES

Lease Commitments

Minimum rental payments under non-cancelable operating leases are $26.4 million in 2012, $24.1 million in 2013, $20.9 million in 2014, $18.5 million in 2015 and from 2016 and thereafter through 2030, the aggregate lease obligations are $165.5 million. The corresponding rental expense amounted to $30.8 million, $29.0 million and $30.0 million in 2011, 2010 and 2009, 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, 2011, we had total bank guarantees and standby letters of credit of approximately $110 million with various financial institutions. Of this amount, Euro 47.9 million ($61.8 million) in bank guarantees are related to governmental requirements on income tax disputes in Spain, as discussed in further detail in Note 9. In addition to those income tax disputes in Spain, there were other income tax and indirect tax cases in Brazil, covering diverse issues from fiscal years 1998-2011. In order to appeal the assessments in these cases, the Company is required to and has provided bank guarantees of approximately $13 million as of December 31, 2011. There were no material amounts utilized under the standby letters of credit as of December 31, 2011.

Subsequent to December 31, 2011, the Company posted another bank guarantee in the amount of Euro 61.6 million ($79.6 million) related to governmental requirements on income tax disputes in Spain, as discussed in further detail in Note 9.

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 $20 million as of December 31, 2011.

Lines of Credit

The Company has various lines of credit which are available to support its ongoing business operations. At December 31, 2011, we had available lines of credit (in addition to the New Facility as discussed in Note 8) of approximately $80 million with various financial institutions. There were no material amounts drawn down pursuant to these lines of credit as of December 31, 2011.

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. It is possible that cash flows or results of operations could be materially affected, by the unfavorable or favorable resolution of one or more of these contingencies.

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.

Patent Claims

In May 2006, Mane Fils S.A. filed a complaint against the Company in the U.S. District Court for the District of New Jersey alleging that the Company infringed U.S. Patent Nos. 5,725,856 and 5,843,466 that relate to a cooling additive in food and beverage products. The complaint was subsequently amended to also assert claims for violations of the Lanham Act, tortious interference and unfair competition. The Company answered both the original complaint and the amended complaint by denying liability and asserting that both patents were invalid and various other defenses. In connection with the claims, the plaintiff sought (i) monetary damages, (ii) punitive damages, (iii) injunctive relief (with respect to the patent claims) and (iv) fees, costs and interest. As previously disclosed, the parties were engaged in settlement discussions. On December 29, 2011, the Company settled all patent and non-patent claims. Pursuant to the terms of the settlement agreement, the Company paid Mane a one-time payment of approximately $40 million and recorded a charge of $33.5 million to administrative expenses. In addition, the Company agreed to cease making or selling *Cooler 1* products and to ensure that the Monomenthyl Succinate (MMS) content of its *Cooler 2*® products going forward is at a level that has been agreed upon by both parties.

Environmental

Over the past 20 years, various federal and state authorities and private parties have claimed that the Company is 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.

The Company has been identified as a PRP at ten facilities operated by third parties at which investigation and/or remediation activities may be ongoing. The Company analyzes its liability on at least a quarterly basis. The Company accrues for environmental liabilities when they are probable and estimable. The Company estimates its 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, the Company believes the amounts it has paid and anticipates 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 sites, the status of the proceedings, including various settlement agreements and consent decrees, the extended time period over which payments will likely be made and an agreement reached in July 1994 with three of the Company’s liability insurers pursuant to which defense costs and indemnity amounts payable by the Company in respect of the sites will be shared by the insurers up to an agreed amount. 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.

Other Contingencies

We also have contingencies in various jurisdictions in which we operate pertaining to such items as value added taxes and other indirect taxes, customs and duties and sales and use taxes, the most significant existing in Brazil. The Company has and will continue to defend the underlying positions under dispute; however, in order to pursue its defenses in Brazil, the Company is required to, and has provided, bank guarantees and pledged assets in the amount of $33 million. The Company has recorded provisions only in those cases where the loss is both probable and estimable. The Company cannot reasonably estimate a range of possible loss for the vast majority of the Brazilian matters due to the extended period of time to proceed through the judicial process given the fact that the vast majority of the underlying positions under dispute had either no or favorable rulings to date.

(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 (SEC file number reference 001-04858).
3(ii)	By-laws of the Registrant, incorporated by reference to Exhibit 3.1 to Registrant’s Report on Form 8-K filed on March 11, 2011.
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	Separation Agreement between International Flavors & Fragrances Inc. and Robert M. Amen dated October 14, 2009, incorporated by reference to Registrant’s Report on Form 8-K filed on October 19, 2009.
*10.2	Letter Agreement between International Flavors & Fragrances Inc. and Douglas D. Tough, dated September 8, 2009, incorporated by reference to Exhibit 10.1 to the Registrant’s Report on Form 8-K filed on September 14, 2009.
*10.3	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.
*10.4	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.
*10.5	2010 Stock Award and Incentive Plan, as Amended and Restated December 14, 2010, incorporated by reference to Exhibit 10.8 to Registrant’s Report on Form 10-K filed on February 24, 2011.
*10.6	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.
*10.7	Performance Criteria for the Registrant’s Annual Incentive Plan for 2010, incorporated by reference to Exhibit 10.1 to Registrant’s Report on Form 10-Q filed on May 6, 2010.
*10.8	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.
*10.9	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.
*10.10	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.

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Exhibit Number	Description
*10.11	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.
*10.12	Form of Restricted Stock Units Agreement under International Flavors & Fragrances Inc. 2000 Stock Award and Incentive Plan incorporated by reference to Registrant's Report on Form 10-Q filed on August 5, 2009.
*10.13	Form of Purchased Restricted Stock Agreement under International Flavors & Fragrances Inc. 2000 Stock Award and Incentive Plan incorporated by reference to Registrant's Report on Form 10-Q filed on August 5, 2009.
*10.14	Form of U.S. Performance-Based Restricted Stock Units Agreement under International Flavors & Fragrances Inc. 2000 Stock Award and Incentive Plan, incorporated by reference to Exhibit 10.8b to Registrant's Report on Form 8-K filed on October 7, 2004 (SEC file number reference 001-04858).
*10.15	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 (SEC file number reference 001-04858).
*10.16	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 (SEC file number reference 001-04858).
*10.17	Restated and Amended Executive Separation Policy Document, as Amended through and including December 14, 2010, incorporated by reference to Exhibit 10.29 to Registrant's Report on Form 10-K filed on February 24, 2011.
*10.18	Trust Agreement dated October 4, 2000 among Registrant, First Union National Bank and Buck Consultants Inc. approved by Registrant's Board of Directors on September 12, 2000, incorporated by reference to Exhibit 10.21 to Registrant's Report on Form 10-K filed on March 13, 2006.
*10.19	Amendment dated August 2, 2005 to the Trust Agreement dated October 4, 2000 among Registrant, Wachovia Bank, N.A. (formerly First Union National Bank) and Buck Consultants LLC (formerly Buck Consultants Inc.), incorporated by reference to Exhibit 10.1 to Registrant's Report on Form 10-Q filed on August 5, 2005 (SEC file number reference 001-04858).
*10.20	2000 Stock Option Plan for Non-Employee Directors as amended and restated as of December 15, 2004, incorporated by reference to Exhibit 10.2 to Registrant's Report on Form 8-K filed on December 20, 2004 (SEC file number reference 001-04858).
*10.21	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.
10.22	Multi-currency Revolving Credit Facility Agreement, dated November 23, 2005, among the Registrant, International Flavors & Fragrances (Luxembourg) S.A.R.L., certain subsidiaries, the banks named therein, including Citigroup Global Markets Limited, Fortis Bank S.A./N.V., Bank of America N.A., Bank of Tokyo-Mitsubishi Trust Company, BNP Paribas, ING Bank N.V., J.P. Morgan Chase and Wachovia Bank, National Association, as mandated lead arrangers, and Citibank International PLC, as Facility Agent, incorporated by reference to Exhibit 4.1 to Registrant's Report on Form 8-K filed on November 29, 2005 (SEC file number reference 001-04858).
10.23	Amendment Agreement dated September 17, 2007 to the Multicurrency Revolving Credit Facility Agreement dated November 23, 2005 among the Company, certain subsidiaries of the Company, and Citibank International PLC as agent on behalf of itself and others, incorporated by reference to Exhibit 10.1 to Registrant's Report on Form 10-Q filed on October 31, 2007.

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Exhibit Number	Description
10.24	Amendment dated September 27, 2007 (and confirmed on November 6, 2007) to the Multi-currency Revolving Credit Facility Agreement dated November 23, 2005, extending the Termination Date for an additional period of 365 days until 2012, incorporated by reference to Exhibit 10.40 to Registrant's Report on Form 10-K filed on February 27, 2008.
10.25	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.
10.26	Credit Agreement, dated as of November 9, 2011, 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. and IFF Latin American Holdings (España) S.L., as borrowers, the banks, financial institutions and other institutional lenders and issuers of letters of credit 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 November 16, 2011.
*10.27	Form of Executive Death Benefit Plan Agreement.
*10.28	Deferred Compensation Plan, as amended and restated December 12, 2011.
*10.29	Form of U.S. Stock Settled Appreciation Rights Agreement under International Flavors & Fragrances Inc. 2010 Stock Award and Incentive Plan.
*10.30	Form of Restricted Stock Units Agreement under International Flavors & Fragrances Inc. 2010 Stock Award and Incentive Plan.
*10.31	Form of Purchased Restricted Stock Agreement under International Flavors & Fragrances Inc. 2010 Stock Award and Incentive Plan.
*10.32	Form of Non-Employee Director's Restricted Stock Units Agreement under International Flavors & Fragrances Inc. 2010 Stock Award and Incentive Plan.
21	List of Principal Subsidiaries.
23	Consent of PricewaterhouseCoopers LLP.
31.1	Certification of Douglas D. Tough pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification of Kevin C. Berryman pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32	Certification of Douglas D. Tough and Kevin C. Berryman 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

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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/ KEVIN C. BERRYMAN
Name:	**Kevin C. Berryman**
Title:	***Executive Vice President and Chief Financial Officer***

Dated: February 28, 2012

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/ DOUGLAS D. TOUGH **Douglas D. Tough**	Chairman of the Board, Chief Executive Officer and Director (Principal Executive Officer)	February 28, 2012
/S/ KEVIN C. BERRYMAN **Kevin C. Berryman**	Executive Vice President and Chief Financial Officer (Principal Financial and Accounting Officer)	February 28, 2012
/S/ MARGARET HAYES ADAME **Margaret Hayes Adame**	Director	February 28, 2012
/S/ MARCELLO V. BOTTOLI **Marcello V. Bottoli**	Director	February 28, 2012
/S/ LINDA B. BUCK **Linda B. Buck**	Director	February 28, 2012
/S/ J. MICHAEL COOK **J. Michael Cook**	Director	February 28, 2012
/S/ ROGER W. FERGUSON, JR. **Roger W. Ferguson, JR.**	Director	February 28, 2012
/S/ ANDREAS FIBIG **Andreas Fibig**	Director	February 28, 2012
/S/ ALEXANDRA A. HERZAN **Alexandra A. Herzan**	Director	February 28, 2012
/S/ HENRY W. HOWELL, JR. **Henry W. Howell, JR.**	Director	February 28, 2012
/S/ KATHERINE M. HUDSON **Katherine M. Hudson**	Director	February 28, 2012
/S/ ARTHUR C. MARTINEZ **Arthur C. Martinez**	Director	February 28, 2012
/S/ DALE F. MORRISON **Dale F. Morrison**	Director	February 28, 2012

INTERNATIONAL FLAVORS & FRAGRANCES INC. AND SUBSIDIARIES

SCHEDULE II — VALUATION AND QUALIFYING ACCOUNTS AND RESERVES

(IN THOUSANDS)

	For the Year Ended December 31, 2011				
	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	$ 6,324	$ (518)	$(1,219)	$ (902)	$ 3,685
Valuation allowance on credit and operating loss carryforwards and other net deferred tax assets	288,182	8,743	—	(6,046)	290,879
	$294,506	$ 8,225	$(1,219)	$ (6,948)	$294,564

	For the Year Ended December 31, 2010				
	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	$ 10,263	$ (1,352)	$(2,716)	$ 129	$ 6,324
Valuation allowance on credit and operating loss carryforwards and other net deferred tax assets	212,705	91,632	—	(16,155)	288,182
	$222,968	$ 90,280	$(2,716)	$ (16,026)	$294,506

	For the Year Ended December 31, 2009				
	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	$ 11,156	$ 2,928	$(4,853)	$ 1,032	$ 10,263
Valuation allowance on credit and operating loss carryforwards and other net deferred tax assets	178,921	31,651	—	2,133	212,705
	$190,077	$ 34,579	$(4,853)	$ 3,165	$222,968

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 1, 2012 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 15, 2012, which will provide instructions as to how shareholders may access and review the proxy materials for the 2012 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.

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WEB SITE

www.iff.com

International Flavors & Fragrances Inc.

Executive Death Benefit Program – Plan Agreement

THIS AGREEMENT, made and entered into this day of , 20 , by and between International Flavors & Fragrances Inc., a New York corporation with principal offices and place of business in the State of New York (hereinafter referred to as the "Corporation"), and an individual residing in the State of (hereinafter referred to as the "Employee"),

WITNESSETH THAT:

WHEREAS, the Employee is employed by the Corporation; and

WHEREAS, the Corporation recognizes the valuable services heretofore performed for it by the Employee and wishes to encourage [his/her] continued employment; and

WHEREAS, the Employee wishes to be assured that [his/her] beneficiary will be entitled to a certain benefit some definite period of time after [his/her] death; and

WHEREAS, the parties hereto wish to provide the terms and conditions upon which the Corporation shall pay such additional compensation to such members of the Employee's family after [his/her] death;

NOW, THEREFORE, in consideration of the premises and of the mutual promises herein contained, the parties hereto agree as follows:

1.a. In consideration of the Employee's remaining in its employ, the Corporation agrees that, in the event of the death of the Employee while still in the active employ of the Corporation, it shall pay to the Employee's designated beneficiary, in accordance with the last such designation received by the Corporation from the Employee prior to [his/her] death, the following lump sum amount (hereinafter referred to as the "Death Benefit"), commencing as soon as administratively practicable following [his/her] death: **an amount equal to two times [his/her] salary, adjusted annually as underwritten or approved by the insurance carrier providing insurance under this plan, less $50,000, and not to exceed the insurance death benefits of the policy in effect and payable at the death of the Employee who is insured by such policy. This taxable Death Benefit will be grossed-up at the tax rate in effect at the time of [his/her] death.**

b. If no such designation has been received by the Corporation from the Employee prior to [his/her] death or if said Death Benefit is otherwise to be made as provided herein, said Death Benefit shall be made to the Employee's spouse, if living at the date of death of the Employee; if the Employee is not survived by a spouse then said Death Benefit shall be made to the living children of Employee, if any, in equal shares; and if none, in one lump sum to the estate of the Employee.

2. In consideration of the foregoing agreement of the Corporation and of the payments to be made by the Corporation pursuant thereto, the Employee hereby agrees that, so long as the Employee remains in the active employ of the Corporation, the Employee will devote substantially all of [his/her] time, skill, diligence and attention to the business of the Corporation, and will not engage, either directly or indirectly, in any business or other activity adverse to the best interests of the business of the Corporation.

3.a. In the event that the employment of the Employee by the Corporation is terminated for any reason other than [his/her] death, this Agreement shall thereupon terminate as of the close of business as of the effective date of termination of employment, and the Corporation shall have no further obligation hereunder.

b. Nothing contained herein shall be construed to be a contract of employment for any term of years, nor as conferring upon the Employee the right to continue in the employ of the Corporation in any capacity. It is expressly understood by the parties thereto that this Agreement relates exclusively to a death benefit for the Employee’s services and is not intended to be an employment contract.

4.a. Nothing contained in the Agreement, and no action taken pursuant to its provisions by either party hereto shall create, or be construed to create, a trust of any kind, or a fiduciary relationship between the Corporation and the Employee, the designated beneficiaries of the Employee or any other person.

b. The payments to the Employee’s designated beneficiary hereunder shall be made from assets which shall continue, for all purposes, to be a part of the general assets of the Corporation, and no person, other than the Corporation, shall have, by virtue of the provisions of the Agreement, any interest in such assets. To the extent that any person acquires a right to receive payments from the Corporation under the provisions hereof, such right shall be no greater than the right of any unsecured general creditor of the Corporation.

5. In the event that, in its discretion, the Corporation purchases an insurance policy or policies insuring the life of the Employee to allow the Corporation to recover, in whole, or in part, the cost of providing the benefits hereunder, neither the employee nor any of [his/her] designated beneficiaries shall have any rights whatsoever therein; the Corporation shall be the sole owner and beneficiary thereof and shall possess and may exercise all incidents of ownership therein.

6. Neither the Employee nor any of [his/her] designated beneficiaries under this Agreement shall have any power or right to transfer, assign, anticipate, hypothecate or otherwise encumber any part or all of the amounts payable under, nor shall such amounts be subject to seizure by any creditor of any such beneficiary, by a proceeding by law or in equity, and no such benefit shall be transferable by operation of law in the event of bankruptcy, insolvency or death of the Employee or [his/her] designated beneficiary, [his/her] spouse, or any other beneficiary hereunder. Any such attempted assignment or transfer shall be void and shall terminate this Agreement, and the Corporation shall thereupon have no further liability hereunder.

7.a. The Corporation is hereby designated as the named fiduciary under this Agreement. The named fiduciary shall have authority to control and manage the operation and administration of this Agreement, and it shall be responsible for establishing and carrying out a funding policy and method consistent with the objectives of this Agreement.

b. The Corporation shall make all determinations as to rights to the benefits under this Agreement. Any decision by the Corporation denying a claim by the Employee or [his/her] beneficiary for benefits under this Agreement shall be stated in writing and delivered or mailed to the Employee or such beneficiary. Such decision shall set forth the specific reasons for the denial, written to the best of the Corporation's ability in a manner that may be understood without legal or actuarial counsel. In addition, the Corporation shall afford a reasonable opportunity to the employee or such beneficiary for a full and fair review of the decision denying such claim.

c. Subject to the foregoing, the Board of Directors of the Corporation shall have full power and authority to interpret, construe and administer this Agreement. The interpretation and construction of this Agreement by the Board of Directors of the Corporation, and any action taken thereunder shall be binding and conclusive upon all parties in interest. No member of the Board of Directors of the corporation shall, in any event, be liable to any person for any action taken or omitted to be taken in connection with the interpretation, construction of administration of this Agreement, so long as such action or omission to act be made in good faith.

8. This Agreement may not be amended, altered or modified, except by a written instrument signed by the parties hereto, or their respective successors or assigns, and may not be otherwise terminated except as provided herein.

9. This Agreement shall be binding upon and inure to the benefit of the Corporation and its successors and assigns, and the Employee, [his/her] successors, assigns, heirs, executors, administrators and beneficiaries.

10. Any notice, consent or demand required or permitted to be given under the provisions of the Agreement shall be in writing, and shall be signed by the party giving or making the same. If such notice, consent or demand is mailed to a party hereto, it shall be sent by United States certified mail, postage prepaid, addressed to such party's last known address as shown on the records of the Corporation. The date of such mailing shall be deemed the date of notice, consent or demand.

11. This Agreement, and the rights of the parties hereunder, shall be governed by and construed in accordance with the laws of the State of New York.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement, in duplicate, as of the day and year first above written.

International Flavors & Fragrances Inc.

By

Name
Title

ATTEST:

Witness

Employee

INTERNATIONAL FLAVORS & FRAGRANCES INC.

DEFERRED COMPENSATION PLAN
As Amended and Restated December 12, 2011

1. Purpose. The purpose of this Deferred Compensation Plan (the "Plan") is to provide to members of a select group of management or highly compensated employees of International Flavors & Fragrances Inc. (the "Company") and its subsidiaries and/or its affiliates who are selected for participation in the Plan, and non-employee directors of the Company, a means to defer receipt of specified portions of compensation and to have such deferred amounts treated as if invested in specified investment vehicles, in order to enhance the competitiveness of the Company's executive compensation program and, therefore, its ability to attract and retain qualified key personnel necessary for the continued success and progress of the Company, and to encourage such persons to retain a significant equity stake in the Company.

2. Definitions. In addition to the terms defined in Section 1 above, the following terms used in the Plan shall have the meanings set forth below:

(a) "Administrator" means the officer or committee of officers of the Company designated by the Committee to administer the Plan. The full Committee may perform any function of the Administrator hereunder, in which case the term "Administrator" shall refer to the Committee.

(b) "Beneficiary" means any family member or members, including by marriage or adoption, any trust in which the Participant or any family member or members have more than 50% of the beneficial interest, any foundation in which the Participant or any family member or members control the management of assets, and any other entity in which the Participant or any family member or members own more than 50% of the voting interests, in each case designated by the Participant in his or her most recent written Beneficiary designation filed with the Committee as entitled to exercise rights or receive benefits under the Plan in connection with the Participant's Deferral Account (or any portion thereof), or if there is no surviving designated Beneficiary, then the person, persons, trust or trusts entitled by will or the laws of descent and distribution to exercise rights or receive benefits under the Plan in connection with the Participant's Deferral Account on behalf or in lieu of such non-surviving designated Beneficiary.

(c) "Board" or "Board of Directors" means the Board of Directors of the Company.

(d) "Cash Deferral" means that portion of the assets of a Participant's Deferral Account which is attributable to cash-based deferrals made by Participant and investment results earned (or lost) thereon.

(e) "Code" means the Internal Revenue Code of 1986, as amended. References to any provision of the Code or regulation (including a proposed regulation) thereunder shall include any successor provisions or regulations and applicable Internal Revenue Service guidance.

(f) "Committee" means the Compensation Committee of the Board of Directors or such other committee designated under Section 3(b), to which the Board has delegated the authority to take action under the Plan. The full Board may perform any function of the Committee hereunder, in which case the term "Committee" shall refer to the Board.

(g) "Deferral Account" means the account or sub account established and maintained by the Company for specified deferrals by a Participant, as described in Section 6. Deferral Accounts will be maintained solely as bookkeeping entries by the Company to evidence unfunded obligations of the Company.

(h) “Deferred Stock” means a credit to the Participant’s Deferral Account representing the right to receive one share of Stock for each share of Deferred Stock so credited, together with rights to dividend equivalents and other rights and limitations specified in the Plan.

(i) “Disability” means a disability entitling the Participant to long-term disability benefits under the Company’s long-term disability plan as in effect at the date of Participant’s termination of employment. “409A Disability” has the meaning defined in Section 13(b)(ii).

(j) “Exchange Act” means the Securities Exchange Act of 1934, as amended. References to any provision of the Exchange Act or rule thereunder shall include any successor provisions or rules.

(k) “409A Deferral” means a Cash Deferral or Deferred Stock resulting from a deferral of compensation within the meaning of Code Section 409A in 2005 or later. For this purpose, if a deferral of compensation was initiated before 2005 but either the Participant’s legal right to receive the compensation arose in 2005 or later or his or her risk of forfeiture with respect to the compensation lapsed in 2005 or later, it will be considered a 409A Deferral. The foregoing notwithstanding, any deferral that qualifies for the short-term deferral exception under Treasury Regulation § 1.409A-1(b)(4) shall not be deemed to be a 409A Deferral.

(l) “Grandfathered Deferral” means a Cash Deferral or Deferred Stock that would constitute a 409A Deferral except for the fact that the legal right to the deferral and any vesting occurred before 2005.

(m) “Matching Account” means the sub account under a Participant’s Deferral Account which reflects Matching Contributions under the Plan and amounts of hypothetical income and appreciation and depreciation in value of such sub account.

(n) “Matching Contributions” means contributions to a Participant’s Matching Account made in accordance with Section 7.

(o) “Participant” means any employee of the Company or any subsidiary or affiliate who is designated by the Committee as eligible to participate and who participates or makes an election to participate in the Plan, or any non-employee director of the company who participates or makes an election to participate in the Plan.

(p) “Prior Plan Deferrals” means deferrals of annual incentive awards payable under the International Flavors & Fragrances Inc. Management Incentive Compensation Plan and the International Flavors & Fragrances Inc. Special Executive Bonus Plan and deferrals by non-employee directors of the Company under the International Flavors & Fragrances Inc. Directors’ Deferred Compensation Plan.

(q) “Retirement” means a Participant’s termination of employment (i) at or after attaining age 62, (ii) at or after attaining age 55 with at least ten years of service to the Company and its subsidiaries and affiliates (including any service to predecessor companies acquired by the Company or its subsidiaries or affiliates) or (iii), in the case of a non-employee director of the Company, any termination of service as a director.

(r) “Stock” means the Company’s Common Stock or any other equity securities of the Company designated by the Administrator.

(s) “Stock Units” or “Units” means stock unit awards granted under the Company’s 2000 Stock Award and Incentive Plan, 2000 Supplemental Stock Award Plan, 2010 Stock Award and Incentive Plan or other Company plans.

(t) “Trust” means any trust or trusts established by the Company as part of the Plan; provided, however, that the assets of such trusts shall remain subject to the claims of the general creditors of the Company.

(u) “Trustee” means the trustee of a Trust.

(v) “Trust Agreement” means the agreement entered into between the Company and the Trustee to carry out the purposes of the Plan, as amended or restated from time to time.

(w) “Valuation Date” means each day the New York Stock Exchange is open for trading, unless otherwise determined by the Administrator.

3. Administration.

(a) *Authority*. The Committee shall administer the Plan in accordance with its terms, and shall have all powers necessary to accomplish such purpose, including the power and authority to construe and interpret the Plan, to define the terms used herein, to prescribe, amend and rescind rules and regulations, agreements, forms, and notices relating to the administration of the Plan, to make all other determinations necessary or advisable for the administration of the Plan, and to determine whether to terminate participation of and accelerate distributions to Participants (subject to Section 13, including Section 13(a)(iv)), including Participants who engage in activities competitive with or not in the best interests of the Company. The Administrator shall share in these powers, to the extent provided herein and subject to such limitations imposed by and oversight of the Committee. Any actions of the Committee and Administrator with respect to the Plan and determinations in all matters hereunder shall be conclusive and binding for all purposes and upon all persons, including the Company, Participants, employees, and non-employee directors (in their individual capacities) and their respective successors in interest (subject to the Board’s and Committee’s reserved authority hereunder).

(b) *Service on Committee or as Administrator*. Members of the Committee shall be appointed by and remain in office at the will of, and may be removed with or without cause by, the Board. Persons serving as the Administrator shall be appointed by and remain in office at the will of, and may be removed with or without cause by, the Committee. Any member of the Committee or Administrator may resign at any time. The Committee or Administrator may delegate administrative and other functions under the Plan to officers or employees of the Company and its subsidiaries, or other agents, except as limited by the Plan. No member of the Committee or Administrator shall be entitled to act on or decide any matter relating solely to himself or herself or any of his or her rights or benefits under the Plan. No bond or other security shall be required in connection with the Plan of the Committee or the Administrator or any member thereof in any jurisdiction.

(c) *Limitation of Liability*. Each member of the Committee or Administrator shall be entitled, in good faith, to rely or act upon any report or other information furnished to him or her by any officer or other employee of the Company or any subsidiary or affiliate, the Company’s independent certified public accountants, or any executive compensation consultant, legal counsel, or other professional retained by the Company to assist in the administration of the Plan. To the maximum extent permitted by law, no member of the Committee or Administrator, nor any person to whom duties have been delegated under the Plan, shall be liable to any person for any action taken or omitted in connection with the interpretation and administration of the Plan, except for the willful misconduct or gross negligence of such member or person.

4. Participation. The Committee shall determine those employees of the Company and its subsidiaries and/or affiliates, from among the executives who qualify as a select group of management or highly compensated employees, who will be eligible to participate in the Plan. Such persons shall be notified of such eligibility by the Administrator. The Committee may limit participation by otherwise eligible employees in its discretion, including, for example, for a specified period following a Participant's withdrawal from a Deferral Account under Section 8(f) or (g). In addition, each non-employee director of the Company shall be eligible to participate in the Plan.

5. Deferrals. To the extent authorized by the Committee and subject to Section 13, a Participant may elect to defer compensation or awards which may be in the form of cash, Stock, Stock-denominated awards or other property to be received from the Company or a subsidiary or affiliate, including salary, annual bonus awards, long-term awards, retainer fees and meeting fees payable to a non-employee director, and compensation payable under other plans and programs, employment agreements or other arrangements, or otherwise, as may be provided under the terms of such plans, programs and arrangements or as designated by the Committee. Stock-denominated awards that the Committee may authorize for deferral include (i) Stock Units and (ii) shares issuable upon exercise of stock denominated SARs, if such SARs are implemented as deferrals of compensation under Code Section 409A rather than as stock rights exempt under Treasury Regulation § 1.409A-1(b)(5). (All deferrals of shares under the Plan are referred to as Deferred Stock, including awards originally denominated "restricted stock units"). Subject to any terms and conditions of deferral set forth under plans, programs or arrangements from which receipt of compensation or awards is deferred and subject to compliance with Code Section 409A, the Administrator may impose limitations on the amounts permitted to be deferred and other terms and conditions on deferrals under the Plan. Any such limitations, and other terms and conditions of deferral, shall be specified in documents setting forth terms and conditions of deferrals under the Plan, rules relating to the Plan or election forms, other forms, or instructions published by or at the direction of the Administrator. The Committee may permit awards and other amounts to be treated as deferrals under the Plan, including deferrals that may be mandatory as determined by the Committee in its sole discretion or under the terms of another plan or arrangement of the Company, for administrative convenience or otherwise to serve the purposes of the Plan and such other plan or arrangement.

(a) *Elections.* Once an election form, properly completed, is received by the Company, the elections of the Participant shall be irrevocable; provided, however, that the Administrator may in its discretion determine that elections are revocable until the deadline specified for the filing of such election; provided further, that the Administrator may, in its discretion, permit a Participant to elect a further deferral of amounts credited to a Deferral Account by filing a later election form; and provided, further, that, unless otherwise approved by the Administrator for Grandfathered Deferrals only (any such approval must be consistent with policies of the Administrator established prior to October 4, 2004), any election to further defer amounts credited to a Deferral Account must be made at least one year prior to the date such amounts would otherwise be payable, except as permitted under Section 13(a)(ii) and subject to Section 5(b).

(b) *Date of Election*. A Participant's election to defer compensation or awards hereunder must be received by the Administrator prior to the date specified by or at the direction of the Administrator. Under no circumstances may a Participant defer compensation or awards to which the Participant has attained, at the time of deferral, a legally enforceable right to current receipt of such compensation or awards.

(i) Initial Deferral Elections. In the case of 409A Deferrals not settled in 2007 or earlier, any initial election to defer compensation (including the election as to the type and amount of compensation to be deferred and the time and manner of settlement of the deferral) must be made (and shall be irrevocable) no later than December 31 of the year before the Participant's services are performed which will result in the earning of the compensation, except as follows:

- Initial deferral elections with respect to compensation that, absent the election, constitutes a short-term deferral may be made in accordance with Treasury Regulation § 1.409A-2(a)(4) and (b);

- Initial deferral elections with respect to compensation that remains subject to a requirement that the Participant provide services for at least 12 months (a "forfeitable right" under Treasury Regulation § 1.409A-2(a)(5)) may be made on or before the 30th day after the Participant obtains the legally binding right to the compensation, provided that the election is made at least 12 months before the earliest date at which the forfeiture condition could lapse and otherwise in compliance with Treasury Regulation § 1.409A-2(a)(5);
- Initial deferral elections by a Participant in his or her first year of eligibility may be made within 30 days after the date the Participant becomes eligible to participate in the Plan, with respect to compensation paid for services to be performed after the election and in compliance with Treasury Regulation § 1.409A-2(a)((7);
- Initial deferral elections by a Participant with respect to performance-based compensation (as defined under Treasury Regulation § 1.409A-1(e)) may be made on or before the date that is six months before the end of the performance period, provided that (i) the Participant was employed continuously from either the beginning of the performance period or the later date on which the performance goal was established, (ii) the election to defer is made before such compensation has become readily ascertainable (i.e., substantially certain to be paid), (iii) the performance period is at least 12 months in length and the performance goal was established no later than 90 days after the commencement of the service period to which the performance goal relates, (iv) the performance-based compensation is not payable in the absence of performance except due to death, disability, a 409A Change in Control or as otherwise permitted under Treasury Regulation § 1.409A-1(e), and (v) this initial deferral election must in any event comply with Treasury Regulation § 1.409A-2(a)(8);
- Initial deferral elections resulting in Matching Contributions under Section 7 may be made in compliance with Treasury Regulation § 1.409A-2(a)(9);
- Initial deferral elections may be made to the fullest permitted under other applicable provisions of Treasury Regulation § 1.409A-2(a); and
- Initial deferral elections in 2007 and earlier may be made to the fullest extent authorized under transition rules and other applicable guidance under Code Section 409A.

(ii) Further Deferral Elections. Elections to further defer The foregoing notwithstanding, for 409A Deferrals not settled in 2007 or earlier, any further deferral election made in 2008 or later shall be subject to the following:

- The further deferral election will not take effect until at least 12 months after the date on which the election is made;
- If the election relates to a distribution event other than a 409A Disability, death, or Unforeseeable Emergency, the payment with respect to which such election is made must be deferred for a period of not less than five years from the date such payment would otherwise have been paid (or in the case of a life annuity or installment payments treated as a single payment, five years from the date the first amount was scheduled to be paid);
- The requirement that the further deferral election be made at least 12 months before such 409A Deferrals would be first payable may not be waived by the Administrator, and shall apply to a payment at a specified time or pursuant to a fixed schedule (and in the case of a life annuity or installment payments treated as a single payment, 12 months before the date that the first amount was scheduled to be paid);

- The further deferral election shall be irrevocable when filed with the Company; and
- The further deferral election otherwise shall comply with the applicable requirements of Treasury Regulation § 1.409A-2(b).

6. Deferral Accounts. Deferral Accounts shall be subject to the provisions of this Section 6. With respect to 409A Deferrals not settled in 2007 or earlier, the provisions of this Section 6 are subject to Section 13, and for such 409A Deferrals and Grandfathered Deferrals the provisions of this Section 6 are subject to Section 13(e), which generally precludes any action (including in the discretion of the Administrator) relating to the timing or amount of deferred compensation and earnings to be credited thereon that would provide a rate of return exceeding that of a predetermined actual investment, as specified under Treasury Regulation § 1.409A-1(o).

(a) *Establishment; Crediting of Amounts Deferred*. One or more Deferral Accounts will be established for each Participant, as determined by the Administrator. The amount of compensation or awards deferred with respect to each Deferral Account will be credited to such Account as of the date on which such amounts would have been paid to the Participant but for the Participant's election to defer receipt hereunder, unless otherwise determined by the Administrator. With respect to any fractional shares of Stock or Stock-denominated awards, the Administrator shall determine whether to credit the Deferral Account with a fraction of a share, to pay cash in lieu of the fractional share or carry forward such cash amount under the Plan, round to the nearest whole share, round to the next whole share, or round down to eliminate the fractional share or otherwise make provision for the fractional share. Amounts of hypothetical income and appreciation and depreciation in value of such account will be credited and debited to, or otherwise reflected in, such Account from time to time. Unless otherwise determined by the Administrator (including under Section 6(e)), Cash Deferrals shall be deemed invested in a hypothetical investment as of the date of deferral.

(b) *Investment Vehicles*.

(i) Subject to the provisions of this Section 6(b) and Sections 6(d) and 9, Cash Deferral amounts shall be deemed to be invested, at the Participant's direction, in one or more investment vehicles as may be specified from time to time by the Committee; provided, however, that the Administrator may expressly reserve the right to approve or disapprove any investment direction given by a Participant. The Committee may, but is not required to, permit Cash Deferrals to be deemed invested in Deferred Stock, subject to Section 11. The Committee may change or discontinue any hypothetical investment vehicle available under the Plan in its discretion (subject to Section 13(e)); provided, however, that each affected Participant shall be given the opportunity, without limiting or otherwise impairing any other right of such Participant regarding changes in investment directions, to redirect the allocation of his or her Cash Deferral amount deemed invested in the discontinued investment vehicle among the other hypothetical investment vehicles, including any replacement vehicle.

(ii) Amounts credited as Deferred Stock to a Participant's Deferral Account (whether or not as a result of a Cash Deferral) may not be reallocated or deemed reinvested in any other investment vehicle, but shall remain as Deferred Stock until such time as the Deferral Account is settled in accordance with Section 8.

(iii) Subject to Sections 11 and 13(e), the Committee may provide for crediting of additional Deferred Stock as a premium or inducement to Participants to elect deferrals that will be credited as Deferred Stock; provided, however, that the crediting of any such additional Deferred Stock on deferrals by non-employee directors shall be subject to approval of the Board. Such additional Deferred Stock shall not exceed 40% of the number of shares of Deferred Stock resulting from the Participant's deferral. Such additional Deferred Stock shall be subject to such vesting and forfeiture conditions as the Committee may specify.

(c) *Dividend Equivalents and Adjustments*. Deferred Stock credited to a Participant's Deferral Account will be credited with Dividend Equivalents and subject to adjustment as provided in this Section 6(c), except as limited by the Committee and in any event such crediting will not apply to any amount that remains subject to a substantial risk of forfeiture unless explicitly authorized by the Committee:

(i) Cash Dividends. If the Company declares and pays a cash dividend on Stock, then a number of additional shares of Deferred Stock shall be credited to a Participant's Deferral Account as of the payment date for such dividend equal to (A) the number of shares of Deferred Stock credited to the Deferral Account as of the record date for such dividend, multiplied by (B) the amount of cash actually paid as a dividend on each share at such payment date, divided by (C) the fair market value of a share of Stock at such payment date. The Administrator shall determine how amounts that would be credited or settled as fractional shares shall be treated under the Plan in accordance with Section 6(a) hereof.

(ii) Non-Stock Dividends. If the Company declares and pays a dividend on Stock in the form of property other than shares of Stock, then a number of additional shares of Deferred Stock shall be credited to a Participant's Deferral Account as of the payment date for such dividend equal to (A) the number of shares of Deferred Stock credited to the Deferral Account as of the record date for such dividend, multiplied by (B) the fair market value of any property other than shares actually paid as a dividend on each share at such payment date, divided by (C) the fair market value of a share of Stock on the day after such payment date. The Administrator shall determine how amounts that would be credited or settled as fractional shares shall be treated under the Plan in accordance with Section 6(a) hereof.

(iii) Stock Dividends and Splits. If the Company declares and pays a dividend on Stock in the form of additional shares of Stock, or there occurs a forward split of Stock, then a number of additional shares of Deferred Stock shall be credited to Participant's Deferral Account as of the payment date for such dividend or forward Stock split equal to (A) the number of shares of Deferred Stock credited to the Deferral Account as of the record date for such dividend or split, multiplied by (B) the number of additional shares actually paid as a dividend or issued in such split in respect of each share of Stock. The Administrator shall determine how amounts that would be credited or settled as fractional shares shall be treated under the Plan in accordance with Section 6(a) hereof.

(iv) Modifications to Dividend Equivalents Policy. Other provisions of this Section 6(c) notwithstanding, the Administrator may modify the manner of payment or crediting of Dividend Equivalents hereunder, in order to coordinate the value of Deferral Accounts with any trust holding shares established under Section 6(e), for administrative convenience, or for any other reason.

(v) Adjustments. The number of shares of Deferred Stock credited to the Participant's Account may be adjusted by the Committee in order to prevent dilution or enlargement of Participants' rights with respect to Deferred Stock, in the event of any unusual corporate transaction or event which affects the value of Common Stock, provided that any such adjustment shall be made taking into account any crediting of Deferred Stock to the Participant under other provisions of this Section 6(c) in connection with such transaction or event.

(d) *Allocation and Reallocation of Hypothetical Investments*. A Participant may allocate the Cash Deferral portion of his or her Deferral Account to one or more of the hypothetical investment vehicles authorized under the Plan. Subject to Section 6(b)(ii) and any rules established by the Administrator, a Participant may reallocate such Cash Deferrals as of the Valuation Date or other date specified by the Administrator at or following the filing of Participant's reallocation election to one or more of such hypothetical investment vehicles, by filing with the Administrator a notice (the reallocation election) in such form as may be specified by the Administrator. The Administrator may, in its discretion, restrict allocation into or reallocation by specified Participants into or out of specified investment vehicles or specify minimum or maximum amounts that may be allocated or reallocated by Participants.

(e) *Trusts*. The Administrator may, in its discretion, establish one or more Trusts (including sub-accounts under such Trust(s)), and deposit therein amounts of cash, Stock, or other property in connection with the Company's obligations with respect to a Participant's Deferral Account established under this Section 6. If so determined by the Administrator in any case in which the amounts deposited represent the economic equivalent of the Participant's deemed investment in his or her Deferral Account, the amounts of hypothetical income and appreciation and depreciation in value of such Deferral Account shall be equal to the actual income on, and appreciation and depreciation of, the assets in such Trust(s) (net of any investment, management or other fees or costs, as may be specified by the Administrator). Other provisions of this Section 6 notwithstanding, the timing of allocations and reallocations of assets in such a Deferral Account, and the investment vehicles available with respect to the Cash Deferral portion of the Deferral Account, may be varied to reflect the timing of actual investments of the assets of such Trust(s) and the actual investments available to such Trust(s). Assets deposited in such Trust may not be paid out to the Company, except to the extent that (i) such assets are held by the Trust in connection with the Deferral Account of a specified Participant and the Company has made payments in settlement of such Participant's Deferral Account, (ii) the assets of the Trust exceed the deferred compensation liabilities of the Company under the Plan by more than 25% of the amount of such deferred compensation liabilities, or (iii) a creditor of the Company may attach the assets of the Trust, consistent with the status of Trust as a "rabbi" trust. Any such trust shall be domiciled in the United States, and may not include any term that would provide for a change in trust terms restricting access to the funds thereon based on the financial condition of the Company.

(f) *Restrictions on Participant Direction*. The provisions of Section 6(b), 6(d), and 7(c) notwithstanding, the Administrator may restrict or prohibit reallocations of amounts deemed invested in specified investment vehicles, and subject such amounts to a risk of forfeiture and other restrictions, in order to conform to restrictions applicable to Stock, a Stock-denominated award, or any other award or amount deferred under the Plan and resulting in such deemed investment, to comply with any applicable law or regulation, or for such other purpose as the Administrator may determine is not inconsistent with the Plan.

7. Company Matching Contributions.

(a) *Amount of Matching Contributions To Be Credited*. With respect to each employee-Participant who makes Cash Deferrals under this Plan in a calendar year, the Company shall, on its books, credit a Matching Contribution to such Participant's Matching Account as described in this Section 7. The amount of Matching Contribution the Company shall credit to a Participant in a calendar year shall be equal to the results of (i) minus (ii), as follows:

(i) the amount of the Company's matching contributions which were actually made and which would have been made on behalf of the Participant under the Retirement Investment Fund Plan (the "RIFP"), determined on the basis of the

Participant's actual "pre-tax contributions" and "after-tax contributions" (as those terms are defined under the RIFP), plus the amount of Company matching contributions which would have been made on account of the Participant's Cash Deferrals in such calendar year if such Cash Deferrals had instead been contributions by the Participant to the RIFP for the plan year and disregarding any reduction in Company matching contributions required under the RIFP due to the application of the limitations set forth in Section 401(a)(17), 401(k), 401(m), 402(g), and 415 of the Internal Revenue Code (the "Statutory Limitations"), minus

(ii) the amount of Company matching contributions that were made by the Company on behalf of a Participant under the RIFP for such plan year and allocated to the Participant's accounts under the RIFP.

Matching Contributions are subject to any limitation or maximum imposed under the RIFP apart from the Statutory Limitations, and the Committee may in its discretion further limit Matching Contributions under the Plan (but Participants shall be given notice of any such further limitation prior to the effectiveness of an irrevocable deferral election that would be affected thereby).

(b) *Time of Crediting of Matching Contributions*. The Matching Contributions with respect to a Participant pursuant to (a) above shall be credited to the Participant's Matching Account at the same times as like matching contributions would have been credited to the Participant's matching account under the RIFP.

(c) *Vesting of Matching Account; Other Plan Rules Applicable*. Matching Contributions on behalf of a Participant and the Participant's Matching Account shall be subject to the vesting rules and risks of forfeiture that would have applied to like matching contributions to the Participant and the Participant's matching account under the RIFP. In other respects, such Matching Contributions and Matching Account shall be subject to the same rules, applied separately, as the rules that apply to the Participant's Cash Deferrals and Deferral Account under the Plan.

8. Settlement of Deferral Accounts.

(a) *Form of Payment.* The Company shall settle a Participant's Deferral Account, and discharge all of its obligations to pay deferred compensation under the Plan with respect to such Deferral Account, as follows:

(i) with respect to Cash Deferrals, payment of cash or, in the discretion of the Administrator, by delivery of other liquid assets (including Stock) having a fair market value equal to the Cash Deferral amount credited to the Deferral Account; provided, however, that, to the extent practicable, any assets delivered in settlement of Cash Deferrals shall be of the same type or kind as the investment vehicle in which those Cash Deferrals were deemed invested at the time of settlement; or

(ii) with respect to Stock based deferral amounts, by delivery of shares of Stock, including shares of Stock delivered out of the assets of the Trust.

(b) *Forfeitures Under Other Plans and Arrangements*. To the extent that Stock or any other award or amount (i) is deposited in a Trust pursuant to Section 6 in connection with a deferral of Stock, a Stock-denominated award, or any other award or amount under another plan, program, employment agreement or other arrangement, or otherwise is deemed to be deferred under the Plan without such a deposit, and (ii) is forfeited pursuant to the terms of such plan, program, agreement or arrangement, the Participant shall not be entitled to the value of such Stock and other property related thereto (including without limitation, dividends and distributions thereon) or other award or amount, or proceeds thereof. Any Stock or Stock-denominated awards, other property or other award or amount (and proceeds thereof) forfeited shall be returned to the Company.

(c) *Timing of Payments*.

(i) Generally, the Administrator shall determine minimum and maximum deferral periods and any limitations on terms of deferrals (such as number of installments and periods over which installments will be paid), provided that any terms permitting settlement more than ten years after the date of a Participant's termination of employment with the Company and its subsidiaries must be approved by the Committee. Subject to these limitations, payments in settlement of a Deferral Account shall be made as soon as practicable after the date or dates (including upon the occurrence of specified events), and in such number of installments, as may be directed by the Participant in his or her election relating to such Deferral Account, provided that, except with respect to Prior Plan Deferrals (the timing of settlement of which, in each case, shall be determined in accordance with the terms of Section 8(c)(ii) hereof) or as otherwise determined by the Administrator, in the event of termination of employment for reasons other than Retirement, death, or 409A Disability in the case of 409A Deferrals or Disability in the case of other deferrals, a single lump sum payment in settlement of any Deferral Account (including a Deferral Account with respect to which one or more installment payments have previously been made) shall be made as promptly as practicable following the applicable Valuation Date, unless otherwise determined by the Administrator in the case of Grandfathered Deferrals (but not 409A Deferrals) in an exercise of discretion consistent with policies implemented before October 4, 2004; and provided further, that payments in settlement of a Deferral Account will be made in accordance with Section 8(d) in the event of a Change in Control.

(ii) On or before June 1, 2001, each Participant who has Prior Plan Deferrals, shall be required to make a new election with respect to the timing of settlement of his or her Prior Plan Deferrals (including earnings thereon). Specifically, each such Participant shall make a single election which shall be applicable to all of his or her Prior Plan Deferrals (including earnings thereon), to have (1) payments made in a number of installments which is not less than the least number, and not greater than the greatest number, of installments previously elected by the Participant with respect to any such Prior Plan Deferral and (2) payment commence on a date that occurs no sooner than the earliest and no later than the latest payment commencement date previously elected by such Participant with respect to any such Prior Plan Deferral. In the event a Participant who has Prior Plan Deferrals does not make the foregoing election on or before June 1, 2001, such Participant will be deemed to have elected to have (1) payments made in a number of installments equal to the least number of installments previously elected by such Participant with respect to any such Prior Plan Deferral and (2) payment commence on the earliest payment date previously elected by such Participant with respect to any such Prior Plan Deferral.

(d) *Change in Control*. In the event of a "Change in Control," as defined under Section 8(e), the following provisions shall apply:

(i) All deferral periods relating to non-409A Deferrals will be automatically accelerated to end at the time of the Change in Control and, if the event involves a 409A Change in Control, all deferral periods relating to 409A Deferrals will be automatically accelerated to end at the time of the earliest 409A Change in Control, and each Deferral Account, to the extent affected by such acceleration, will be settled within five business days after the end of the deferral period, provided that the Committee may accelerate this settlement (for all or specified parts of a Deferral Account) in connection with a Change in Control or 409A Change in Control for any reason, subject to applicable limitations under Section 13 (particularly Sections 13(a)(iv)(E) and 13(f)) and subject to such additional conditions as the Committee may impose; provided, however, that, if so determined by the Committee (and subject to Section 5(b)), the Participant may waive the accelerated settlement relating to Grandfathered Deferrals provided under this Section 8(d)(i); and

(ii) At all times after the Change in Control, in addition to any trustee or other fiduciary under the Plan and any Trust established hereunder, the individual serving as the Chief Executive Officer of the Company immediately prior to the Change in Control shall be a fiduciary with the full authority and the obligation to take any required or appropriate action to cause the Company and any such Trust to pay amounts in settlement and provide the benefits to the Participants in accordance with the Plan and each Participant's contractual rights thereunder.

(e) *Definition of "Change in Control."*

(i) In the case of Deferral Accounts for deferrals before 2012, a "Change in Control" shall be deemed to have occurred if, after the effective date of the Plan, there shall have occurred any of the following:

(A) Any "person," as such term is used in Section 13(d) and 14(d) of the Exchange Act (other than the Company, any trustee or other fiduciary holding securities under an employee benefit plan of the Company, or any company owned, directly or indirectly, by the shareholders of the Company in substantially the same proportions as their ownership of stock of the Company), acquires voting securities of the Company and immediately thereafter is a "40% Beneficial Owner." For purposes of this provision, a "40% Beneficial Owner" shall mean a person who is the "beneficial owner" (as defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of securities of the Company representing 40% or more of the combined voting power of the Company's then-outstanding voting securities; provided, however, that the term "40% Beneficial Owner" shall not include any person who was a beneficial owner of outstanding voting securities of the Company at February 20, 1990, or any person or persons who was or becomes a fiduciary of any such person or persons who is, or in the aggregate, are a "40% Beneficial Owner" (an "Existing Shareholder"), including any group that may be formed which is comprised solely of Existing Shareholders, unless and until such time after February 20, 1990 as any such Existing Shareholder shall have become the beneficial owner (other than by means of a stock dividend, stock split, gift, inheritance or receipt or exercise of, or accrual of any right to exercise a stock option granted by the Company or receipt or settlement of any other stock-related award granted by the Company) by purchase of any additional voting securities of the Company; and provided further, that the term "40% Beneficial Owner" shall not include any person who shall become the beneficial owner of 40% or more of the combined voting power of the Company's then-outstanding voting securities solely as a result of an acquisition by the Company of its voting securities, until such time thereafter as such person shall become the beneficial owner (other than by means of a stock dividend or stock split) of any additional voting securities and becomes a 40% Beneficial Owner in accordance with this Section 8(e)(i);

(B) Individuals who on the effective date of the Plan constitute the Board, and any new director (other than a director whose initial assumption of office is in connection with an actual or threatened election consent, including but not limited to a consent solicitation, relating to the election of directors of the Company) whose election by the Board or nomination for election by the Company's shareholders was approved by a vote of at least two-thirds (2/3) of the directors then still in office who either were directors on such effective date or whose election or nomination for election was previously so approved or recommended, cease for any reason to constitute at least a majority thereof;

(C) There is consummated a merger, consolidation, recapitalization, or reorganization of the Company, or a reverse stock split of any class of voting securities of the Company, if, immediately following consummation of any of the foregoing, either (1) individuals who, immediately prior to such consummation, constitute the Board do not constitute at least a majority of the members of the board of directors of the Company or the surviving or parent entity, as the case may be, or (2) the voting securities of the Company outstanding immediately prior to such recommendation do not represent (either by remaining outstanding or by being converted into voting securities of a surviving or parent entity) at least 60% or more of the combined voting power of the outstanding voting securities of the Company or such surviving or parent entity; or

(D) The shareholders of the Company have approved a plan of complete liquidation of the Company or there is consummated an agreement for the sale or disposition by the Company of all or substantially all of the Company's assets (or any transaction have a similar effect).

(ii) In the case of Deferral Accounts for deferrals in 2012 and thereafter, a "Change in Control" shall be deemed to have occurred if, after the effective date of the Plan, there shall have occurred any of the following:

(A) Any "person," as such term is used in Section 13(d) and 14(d) of the Exchange Act (other than the Company, any trustee or other fiduciary holding securities under an employee benefit plan of the Company, or any company owned, directly or indirectly, by the shareholders of the Company in substantially the same proportions as their ownership of stock of the Company), acquires voting securities of the Company and immediately thereafter is a "50% Beneficial Owner." For purposes of this provision, a "50% Beneficial Owner" shall mean a person who is the "beneficial owner" (as defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of securities of the Company representing 50% or more of the combined voting power of the Company's then-outstanding voting securities; provided, however, that the term "50% Beneficial Owner" shall not include any person who shall become the beneficial owner of 50% or more of the combined voting power of the Company's then-outstanding voting securities solely as a result of an acquisition by the Company of its voting securities, until such time thereafter as such person shall become the beneficial owner (other than by means of a stock dividend or stock split) of any additional voting securities and becomes a 50% Beneficial Owner in accordance with this Section 8(e)(ii);

(B) Individuals who on January 1, 2010 constitute the Board, and any new director (other than a director whose initial assumption of office is in connection with an actual or threatened election consent, including but not limited to a consent solicitation, relating to the election of directors of the Company) whose election by the Board or nomination for election by the Company's shareholders was approved by a vote of at least two-thirds (2/3) of the directors then still in office who either were directors on such effective date or whose election or nomination for election was previously so approved or recommended, cease for any reason to constitute at least a majority thereof;

(C) There is consummated a merger, consolidation, recapitalization, or reorganization of the Company, or a reverse stock split of any class of voting securities of the Company, if, immediately following consummation of any of the foregoing, either (1) individuals who, immediately prior to such consummation, constitute the Board do not constitute at least a majority of the members of the board of directors of the Company or the surviving or parent entity, as the case may be, or (2) the voting securities of the Company outstanding immediately prior to such recommendation do not represent (either by remaining outstanding or by being converted into voting securities of a surviving or parent entity) at least 50% or more of the combined voting power of the outstanding voting securities of the Company or such surviving or parent entity; or

(D) The shareholders of the Company have approved a plan of complete liquidation of the Company or there is consummated an agreement for the sale or disposition by the Company of all or substantially all of the Company's assets (or any transaction have a similar effect).

(iii) The term "409A Change in Control" is defined in Section 13(b)(i).

(f) *Financial Emergency and Other Payments*. Other provisions of the Plan (except Sections 9 and 13) notwithstanding, if, upon the written application of a Participant, the Administrator determines that the Participant has a financial emergency of such a substantial nature, beyond the Participant's control, and as to which the Participant lacks other readily available assets that could be used to timely address the emergency, so that payment of amounts previously deferred under the Plan is warranted, the Administrator may direct the payment to the Participant of all or a portion of the balance of a Deferral Account and the time and manner of such payment, provided, however, that in the case of 409A Deferrals, payments under this Section 8(f) shall be authorized and made only in the event of an Unforeseeable Emergency and subject to the terms of Section 13(a)(iv)(A).

(g) *Voluntary Withdrawal With 10% Penalty*. A Participant may voluntarily withdraw all or a portion of the portion of his or her Deferral Account balance attributable to Grandfathered Deferrals other than salary deferrals upon 30 days' notice to the Administrator, subject to a penalty equal to 10% of the amount withdrawn; provided, however, that the Participant shall have no right to withdraw Deferred Stock under this Section 8(g) if the existence of such right would result in "variable" accounting under APB 25 (as in effect at October 3, 2004) or in accounting for such Deferred Stock as a "liability" under Statement of Financial Accounting Standards No. 123R (or similar consequences under any successor accounting authority) with respect to any Deferred Stock, if any withdrawal otherwise would result in adverse accounting or tax consequences to the Company, or if such withdrawal is otherwise not approved by the Administrator. The amount of any penalty under this Section 8(g) will be forfeited.

9. Provisions Relating to Section 16 of the Exchange Act and Section 162(m) of the Code.

(a) *Avoidance of Liability Under Section 16*. With respect to a Participant who is then subject to the reporting requirements of Section 16(a) of the Exchange Act, the Administrator shall implement transactions under the Plan and administer the Plan in a manner that will ensure that each transaction by such a Participant is exempt from liability under Rule 16b-3 or otherwise will not result in liability under Section 16(b) of the Exchange Act.

(b) *Compliance with Code Section 162(m)*. It is the intent of the Company that any compensation (including any award) deferred under the Plan by a person who is, with respect to the year of payout, determined by the Administrator likely to be a “covered employee” within the meaning of Code Section 162(m) and regulations thereunder, shall not, as a result of deferral hereunder, become compensation with respect to which the Company would not be entitled to a tax deduction under Code Section 162(m). Accordingly, unless otherwise determined by the Administrator (with respect to Grandfathered Deferrals), if any payment in settlement of a Deferral Account would be subject to a loss of deductibility by the Company at the a time of scheduled settlement hereunder, the terms of such deferral shall be automatically modified to the extent necessary to ensure that the compensation will be, at the time of settlement hereunder, fully deductible by the Company. Any such modification to delay the settlement date of a 409A Deferral not settled in 2007 or earlier must conform to the requirements of Treasury Regulation § 1.409A-2(b)(7)(i).

10. Statements. The Administrator will furnish statements, at least once each calendar year, to each Participant reflecting the amounts credited to a Participant’s Deferral Accounts, transactions therein since the date reported on in the last previous statement, and other information deemed relevant by the Administrator.

11. Sources of Stock; Shares Available for Delivery. Shares of Stock deliverable in settlement of Deferred Stock, including shares deposited under the Plan in a Trust pursuant to Section 6, in connection with a deferral of a Stock-denominated award granted or acquired under another plan, program, employment agreement or other arrangement that provides for the issuance of shares, shall be deemed to have originated, and shall be counted against the number of shares reserved, under such other plan, program or arrangement. Shares of Stock actually delivered in settlement of such deferral shall be originally issued shares or treasury shares in accordance with the terms of such other plan, program or arrangement. In the case of shares deliverable in connection with Deferred Stock credited in connection with Dividend Equivalents, or if the Committee authorizes deemed investments in Deferred Stock by Participants deferring cash, any shares to be deposited under the Plan in a Trust in connection with such deemed investments in Deferred Stock or otherwise to be delivered in settlement of such Deferred Stock shall be solely treasury shares or shares acquired in the market by or on behalf of the Trust. For this purpose, a total of 450,000 treasury shares are hereby reserved for delivery in connection with such Deferred Stock.

12. Amendment and Termination. The Committee may, with prospective or retroactive effect, amend, alter, suspend, discontinue, or terminate the Plan at any time without the consent of Participants, stockholders, or any other person; provided, however, that, without the consent of a Participant, no such action shall materially and adversely affect the rights of such Participant with respect to any rights to payment of amounts credited to such Participant’s Deferral Account. The foregoing notwithstanding, subject to the restrictions under Section 13 (including restrictions on Plan termination and accelerations under Sections 13(a)(iv)(E) and 13(f)), the Committee may terminate the Plan (in whole or in part) and distribute to Participants (in whole or in part) the amounts credited to his or her Deferral Accounts and reserves the right to accelerate the settlement of any individual Participant’s Deferral Account (in whole or in part). The termination of the Plan, and any amendment or alteration to the Plan that is beyond the scope of the authority or the Committee, shall be subject to the approval of the Board of Directors.

13. Certain Limitations on Deferrals to Ensure Compliance with Code Section 409A.

(a) *409A Deferrals.* Other provisions of the Plan notwithstanding, the terms of any 409A Deferral, including any authority of the Company and rights of the Participant with respect to the 409A Deferral, shall be limited to those terms permitted under Section 409A, and any terms not permitted under Code Section 409A shall be automatically modified and limited to the extent necessary to conform with Section 409A and the regulations and guidance issued thereunder. The following rules will apply to 409A Deferrals not settled in 2007 or earlier:

(i) Deferral Elections. A Participant's election to defer compensation will be permitted only at times in compliance with Code Section 409A, as specified in Section 5(b).

(ii) Changes in Elections as to Distribution. The Administrator may, in its discretion, require or permit on an elective basis a change in the distribution terms applicable to such 409A Deferrals (and other deferrals, including other 409A Deferrals and deferrals that are not 409A Deferrals because they qualify for the short-term deferral exemption under Code Section 409A) during 2005 - 2007 in accordance with, and to the fullest extent permitted by, applicable IRS guidance under Code Section 409A, provided that any modifications to such deferrals or permitted election of different deferral periods may not otherwise increase the benefits to a Participant or the costs of such deferrals to the Company other than administrative costs, changes in value of the deferral based on investment performance and indirect expense attributable to the timing of receipt of taxable income and tax deductions.

(iii) Settlement. Except as provided in Section 13(a)(iv) hereof, no such 409A Deferral shall be settled except upon the occurrence of one of the following (or a date related to the occurrence of one of the following), which must be specified in a written election or other document governing such 409A Deferral and otherwise meet the requirements of Treasury Regulation § 1.409A-3:

(A) Specified Time. A specified time or pursuant to a fixed schedule.

(B) Separation from Service. The Participant's separation from service (within the meaning of Treasury Regulation § 1.409A-1(h) and other applicable rules under Code Section 409A); provided, however, that if the Participant is a "specified employee" under Treasury Regulation § 1.409A-1(i), settlement under this Section 13(a)(iii)(B) shall instead occur at the expiration of the six-month period following separation from service under Section 409A(a)(2)(B)(i). During such six-month delay period, no acceleration of settlement may occur, except (1) acceleration shall occur in the event of death of the Participant, (2), if the distribution date was specified as the earlier of separation from service or a fixed date and the fixed date falls within the delay period, the distribution shall be triggered by the fixed date, and (3) acceleration may be permitted otherwise if and to the extent permitted under Section 409A. In the case of installments, this delay shall not affect the timing of any installment otherwise payable after the six-month delay period. With respect to any 409A Deferral, a reference in any agreement or other governing document to a "termination of employment" which triggers a distribution shall be deemed to mean a "separation from service" within the meaning of Treasury Regulation § 1.409A-1(h).

(C) Death. The death of the Participant.

(D) Disability. The date the Participant has experienced a 409A Disability, as defined below.

(E) 409A Change in Control. The occurrence of a 409A Change in Control, as defined below.

(iv) No Acceleration. The settlement of such a 409A Deferral may not be accelerated prior to the time specified in accordance with Section 13(a)(iii) hereof, except the Company may accelerate the settlement in the case of one of the following events:

(A) Unforeseeable Emergency. The occurrence of an Unforeseeable Emergency, as defined below, but only if the net amount payable upon such settlement does not exceed the amounts necessary to relieve such emergency plus amounts necessary to pay taxes reasonably anticipated as a result of the settlement, after taking into account the extent to which the emergency is or may be relieved through reimbursement or compensation from insurance or otherwise or by liquidation of the Participant's other assets (to the extent such liquidation would not itself cause severe financial hardship), or by cessation of deferrals under the Plan. Upon a finding that an Unforeseeable Emergency has occurred with respect to a Participant, any election of the Participant to defer compensation that will be earned in whole or part by services in the year in which the emergency occurred or is found to continue will be immediately cancelled.

(B) Domestic Relations Order. Settlement may be accelerated for purposes of a settlement paid to an individual other than the Participant as may be necessary to comply with the terms of a domestic relations order (as defined in Code Section 414(p)(1)(B)).

(C) Conflicts of Interest. Such 409A Deferral may permit the acceleration of the settlement time or schedule as may be necessary to comply with an ethics agreement with the Federal government or if reasonably necessary to comply with a Federal, state, local or foreign ethics law or conflict of interest law in compliance with Treasury Regulation § 1.409A-3(j)(4)(iii).

(D) Other Accelerations. The Administrator may exercise the discretionary right to accelerate the lapse of the substantial risk of forfeiture of any unvested compensation deemed to be such a 409A Deferral upon a 409A Change in Control or to terminate the Plan upon or within 12 months after a 409A Change in Control, or otherwise to the extent permitted under Treasury Regulation § 1.409A-3(j)(4)(ix), or accelerate settlement of such 409A Deferrals in any other circumstance permitted under Treasury Regulation § 1.409A-3(j)(4).

(v) Timing of Distributions. The Administrator may permit distributions to occur at any date related a permitted distribution event specified in Section 13(a)(iii), and combinations thereof, and otherwise to the fullest extent permitted under Treasury Regulation § 1.409A-3. In the case of any distribution of such a 409A Deferral "at a specified time or pursuant to a fixed schedule" subject to Treasury

Regulation § 1.409A-3(a)(4) and (j)(1), subject to any more restrictive timing rule contained in an applicable deferral election or other governing document, the distribution shall be made at a date (specified by the Company without control by the Participant) not later than the fifteenth day of the third month following the date at which the settlement is specified to occur.

(b) *Certain Definitions*. For purposes of this Section 13 and as used elsewhere in the Plan, the following terms shall be defined as set forth below:

(i) "409A Change in Control" shall be deemed to have occurred if, in connection with a Change in Control (as defined in Section 8(e)) there occurs a change in the ownership of the Company, a change in effective control of the Company, or a change in the ownership of a substantial portion of the assets of the Company (as defined in Treasury Regulation § 1.409A-3(i)(5)).

(ii) "409A Disability" means an event which results in the Participant being (i) unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment that can be expected to result in death or can be expected to last for a continuous period of not less than 12 months, or (ii), by reason of any medically determinable physical or mental impairment that can be expected to result in death or can be expected to last for a continuous period of not less than 12 months, receiving income replacement benefits for a period of not less than three months under an accident and health plan covering employees of the Company or its subsidiaries.

(iii) "Unforeseeable Emergency" means a severe financial hardship to the Participant resulting from an illness or accident of the Participant, the Participant's spouse, or a dependent (as defined in Code Section 152, without regard to Code Sections 152(b)(1), (b)(2), and (d)(1)(B)) of the Participant, loss of the Participant's property due to casualty, or similar extraordinary and unforeseeable circumstances arising as a result of events beyond the control of the Participant, and otherwise meeting the definition set forth in Treasury Regulation § 1.409A-3(i)(3).

(c) *Determination of "Specified Employee."* For purposes of a settlement under Section 13(a)(iii)(B), status of a Participant as a "specified employee" shall be determined annually under the Company's administrative procedure for such determination for purposes of all plans subject to Code Section 409A.

(d) *Short-Term Deferrals.* In the case of any compensation that is not a Grandfathered Deferral but qualifies as a short-term deferral under Code Section 409A (see Treasury Regulation § 1.409A-1(b)(4)), was not settled in 2007 or earlier, and provides for a distribution upon the lapse of a substantial risk of forfeiture, if the timing of such distribution (compliant with Section 409A) is not otherwise specified in the award agreement or other governing document, the distribution shall be made at a date not later than March 15 of the year following the year in which the substantial risk of forfeiture lapses. If any portion of such compensation is scheduled to vest at a single specified date (a vesting "tranche") and is partly deemed a 409A Deferral and partly deemed exempt from Code Section 409A (as a short-term deferral or otherwise), the time of settlement of the entire tranche will be governed by the distribution rules applicable to such 409A Deferral.

(e) *Predetermined Actual Investments.* Any change in deemed investment alternatives offered to Participants or change in the manner in which earnings are credited on 409A Deferrals and Grandfathered Deferrals not settled in 2007 or earlier shall be implemented so that the rate of return to a Participant, in respect of any prior 409A Deferral or any 409A Deferral for which the election to defer has then become irrevocable, will not exceed the rate of return from a predetermined actual investment, and otherwise shall comply with applicable requirements of Treasury Regulation § 1.409A-1(o) and 1.409A-6(a)(4).

(f) *Grandfathered Deferrals.* With respect to any Grandfathered Deferral, no amendment or change to the Plan or a document relating to such Grandfathered Deferral, including an exercise of discretion relating thereto, shall be effective if such change would constitute a “material modification” within the meaning of applicable guidance under Section 409A, except in the case of compensation or a deferral that is specifically modified to become compliant as a 409A Deferral or compliant with an exception or exemption under Code Section 409A.

(g) *Rules Applicable to Certain Participants Transferred to Affiliates.* For purposes of determining a separation from service (where the use of the following modified definition is based upon legitimate business criteria), in applying Code Sections 1563(a)(1), (2) and (3) for purposes of determining a controlled group of corporations under Code Section 414(b), the language “at least 20 percent” shall be used instead of “at least 80 percent” at each place it appears in Sections 1563(a)(1), (2) and (3), and in applying Treasury Regulation § 1.414(c)-2 (or any successor provision) for purposes of determining trades or businesses (whether or not incorporated) that are under common control for purposes of Code Section 414(c), the language “at least 20 percent” shall be used instead of “at least 80 percent” at each place it appears in Treasury Regulation § 1.414(c)-2.

(h) *Limitation on Setoffs*. If the Company has a right of setoff that could apply to a 409A Deferral, such right may only be exercised at the time the 409A Deferral would have been distributed to the Participant or his or her Beneficiary, and may be exercised only as a setoff against an obligation that arose not more than 30 days before and within the same year as the distribution date if application of such setoff right against an earlier obligation would not be permitted under Section 409A.

(i) *Scope and Application of this Provision.* For purposes of this Section 13, references to a term or event (including any authority or right of the Company or a Participant) being “permitted” under Code Section 409A mean that the term or event will not cause the Participant to be deemed to be in constructive receipt of compensation relating to such 409A Deferral prior to the distribution of cash, shares or other property or to be liable for payment of interest or a tax penalty under Section 409A.

14. General Provisions.

(a) *Limits on Transfer of Awards*. No right, title or interest of any kind in the Plan or to a Deferral Account, payment or right under the Plan shall be transferable or assignable by a Participant or his or her Beneficiary, shall be subject to alienation, anticipation, encumbrance, garnishment, attachment, levy, execution or other legal or equitable process, or shall be subject to the debts, contracts, liabilities or engagements, or torts of any Participant or his or her Beneficiary, except that rights to payment may be transferred in connection with the death of a Participant by will or the laws of descent and distribution or pursuant to a valid Beneficiary designation filed with the Administrator in accordance with such rules as the Administrator may prescribe. Any attempt to alienate, sell, transfer, assign, pledge, garnish, attach or take any other action subject to legal or equitable process or encumber or dispose of any interest in the Plan (except as permitted in connection with the Participant’s death) shall be void.

(b) *Receipt and Release*. Payments (in any form) to any Participant or Beneficiary in accordance with the provisions of the Plan shall, to the extent thereof, be in full satisfaction of all claims for the compensation or awards deferred and relating to the Deferral Account to which the payments relate against the Company or any subsidiary or affiliate, and the Administrator may require such Participant or Beneficiary, as a condition to such payments, to execute a receipt and release to such effect (provided that any such release must be signed and become irrevocable within 60 days after termination, and if any amount would be payable during such 60 day period conditioned upon execution of the release and that period would commence in one taxable year and end in the next, the payment shall be made only in the latter taxable year (within the 60-day period) and shall not be within the control of the Participant or Beneficiary). In the case of any payment under the Plan of less than all amounts then credited to an account in the form of Deferred Stock, the amounts paid shall be deemed to relate to the Deferred Stock credited to the account at the earliest time.

(c) *Unfunded Status of Awards; Creation of Trusts*. The Plan is intended to constitute an "unfunded" plan for deferred compensation and Participants shall rely solely on the unsecured promise of the Company for payment hereunder. With respect to any payment not yet made to a Participant under the Plan, nothing contained in the Plan shall give a Participant any rights that are greater than those of a general unsecured creditor of the Company; provided, however, that the Committee may authorize the creation of Trusts, including but not limited to the Trusts referred to in Section 6 hereof, or make other arrangements to meet the Company's obligations under the Plan, which Trusts or other arrangements shall be consistent with the "unfunded" status of the Plan and shall comply with applicable requirements of Code Section 409A, including those referenced in Sections 6(e) and 13.

(d) *Compliance*. A Participant in the Plan shall have no right to receive payment (in any form) with respect to his or her Deferral Account until legal and contractual obligations of the Company relating to establishment of the Plan and the making of such payments shall have been complied with in full. In addition, the Company shall impose such restrictions on Stock delivered to a Participant hereunder and any other interest constituting a security as it may deem advisable in order to comply with the Securities Act of 1933, as amended, the requirements of any stock exchange or automated quotation system upon which the Stock is then listed or quoted, any state securities laws applicable to such a transfer, any provision of the Company's Certificate of Incorporation or By-Laws, or any other law, regulation, or binding contract to which the Company is a party.

(e) *Other Participant Rights*. No Participant shall have any of the rights or privileges of a stockholder of the Company under the Plan, including as a result of the crediting of Stock equivalents or other amounts to a Deferral Account, or the creation of any Trust and deposit of such Stock therein, except at such time as Stock may be actually delivered in settlement of a Deferral Account. No provision of the Plan or transaction hereunder shall confer upon any Participant any right to be employed by the Company or a subsidiary or affiliate or to continue to serve as a director, or to interfere in any way with the right of the Company or a subsidiary or affiliate to increase or decrease the amount of any compensation payable to such Participant. Subject to the limitations set forth in Section 14(a) hereof, the Plan shall inure to the benefit of, and be binding upon, the parties hereto and their successors and assigns.

(f) *Tax Withholding*. The Company and any subsidiary or affiliate shall have the right to deduct from amounts otherwise payable by the Company or any subsidiary or affiliate to the Participant, including compensation not subject to deferral as well as amounts payable hereunder in settlement of the Participant's Deferral Account, any sums that federal, state, local or foreign tax law requires to be withheld with respect to the deferral of compensation hereunder, transactions affecting the Participant's Deferral Account, and payments in settlement of the Participant's Deferral Account, including FICA, Medicare and other employment taxes. Shares may be withheld to satisfy such mandatory withholding obligations in any case where taxation would be imposed upon the delivery of shares, except that shares issued or delivered under any plan, program, employment agreement or other arrangement may be withheld only in accordance with the terms of such plan, program, employment agreement or other arrangement and any applicable rules, regulations, or resolutions thereunder. Withholding from 409A Deferrals shall be permitted only to the extent such withholding does not result in penalties to the Participant or a Beneficiary under Section 409A. No amounts deferred by or payable to a non-employee director under the Plan will be subject to withholding.

(g) *Right of Setoff*. The Company or any subsidiary may, to the extent permitted by applicable law, deduct from and set off against any amounts the Company or a subsidiary may owe to the Participant from time to time, including amounts payable in connection with Participant's Deferral Account, owed as wages, fringe benefits, or other compensation owed to the Participant, such amounts as may be owed by the Participant to the Company, although the Participant shall remain liable for any part of the Participant's payment obligation not satisfied through such deduction and setoff. By electing to participate in the Plan and defer compensation hereunder, the Participant agrees to any deduction or setoff under this Section 14(g). The foregoing notwithstanding, no deduction or setoff may be made with respect to a Participant's Deferral Account except at the time a payment is otherwise to be made in settlement of such Deferral Account, and only to the extent of such payment.

(h) *Governing Law*. The validity, construction, and effect of the Plan, any rules and regulations relating to the Plan and any document hereunder shall be determined in accordance with the laws of the State of New York, without giving effect to principles of conflicts of laws, and applicable provisions of federal law.

(i) *Limitation*. A Participant and his or her Beneficiary shall assume all risk in connection with any decrease in value of the Deferral Account and neither the Company, the Committee nor the Administrator shall be liable or responsible therefore.

(j) *Construction*. The captions and numbers preceding the sections of the Plan are included solely as a matter of convenience of reference and are not to be taken as limiting or extending the meaning of any of the terms and provisions of the Plan. Whenever appropriate, words used in the singular shall include the plural or the plural may be read as the singular.

(k) *Severability*. In the event that any provision of the Plan shall be declared illegal or invalid for any reason, said illegality or invalidity shall not affect the remaining provisions of the Plan but shall be fully severable, and the Plan shall be construed and enforced as if said illegal or invalid provision had never been inserted herein.

(l) *Status*. The establishment and maintenance of, or allocations and credits to, the Deferral Account of any Participant shall not vest in any Participant any right, title or interest in and to any Plan assets or benefits except at the time or times and upon the terms and conditions and to the extent expressly set forth in the Plan and in accordance with the terms of the Trust.

14. Effective Date. The Plan shall be effective as of June 1, 2001. The latest amendment and restatement of the Plan shall become effective as of December 12, 2011.

Exhibit 10.29

INTERNATIONAL FLAVORS & FRAGRANCES INC.

2010 Stock Award and Incentive Plan (the "Plan")

Stock-Settled Appreciation Rights Agreement

This Stock-Settled Appreciation Rights Agreement (the "Agreement") confirms the grant on , 20 (the "Grant Date") by INTERNATIONAL FLAVORS & FRAGRANCES INC., a New York corporation (the "Company"), to ("Employee"), for the purpose set forth in Section 1 of the Plan, of stock appreciation rights (the "SARs") covering shares of the Company's Common Stock, par value $.12-1/2 per share (the "Shares"), pursuant to Section 6(c) of the Plan, as follows:

Shares covered by SARs:	Shares
Base Price (akin to exercise price):	$ per Share, being the fair market value thereof on the Grant Date
SARs vest and become exercisable:	As to 100% of the Shares covered by the SARs on , 20 , except that different vesting and exercisability provisions may apply upon the occurrence of certain events specified in Section 5 or 6 hereof
Expiration Date:	The seventh anniversary of the Grant Date (at the close of business) (the "Stated Expiration Date") or, in the event Employee's employment by the Company or its subsidiaries earlier terminates, then at the date the SARs expire or cease to be exercisable as provided under Section 5 hereof, or, in the event of a Change in Control, as provided in Section 6
Payment to Employee Upon Exercise:	Upon exercise of SARs, Employee shall be entitled to receive payment in Shares determined by the following formula:

$$\text{Shares} = ((\text{FMV} - \text{Base Price}) * \text{SARs Exercised}) / \text{FMV}$$

Where: "Shares" is the number of Shares to be delivered
"FMV" is the Fair Market Value of a Share at the exercise date
"Base Price" is as set forth above
"SARs Exercised" is the number of Shares covered by the SARs then being exercised
"*" means "multiplied by"
"/" means "divided by"

Other Exercise Conditions	SARs may only be exercised at a date that the Fair Market Value of a Share exceeds the Base Price, and only if the SARs are otherwise exercisable at such date. If, on the date the SARs expire or terminate, both conditions in the preceding sentence have been met, the SARs shall be automatically exercised.

The SARs are subject to the terms and conditions of the Plan and this Agreement, including the Terms and Conditions of Stock Appreciation Rights Grant attached hereto. The number and kind of shares purchasable and the Base Price are subject to adjustment in accordance with Section 11(c) of the Plan.

Employee acknowledges and agrees that (i) the SARs are nontransferable, except as provided in Section 4 hereof and Section 11(b) of the Plan, (ii) the SARs, and certain amounts of gain realized upon exercise of the SARs, are subject to forfeiture in the event Employee fails to meet applicable requirements relating to non-competition, confidentiality, non-solicitation of customers, suppliers, business associates, employees and service providers, non-disparagement and cooperation in litigation with respect to the Company and its subsidiaries and affiliates, as set forth in Section 7 hereof and Section 10 of the Plan, (iii) the SARs are subject to forfeiture in the event of Employee's termination of employment in certain circumstances, as provided in Section 10 of the Plan and Section 5 hereof, (iv) sales of Shares will be subject to the Company's policies regulating securities trading by employees and the securities laws of the United States and (v) a copy of the Plan and related prospectus have previously been delivered to Employee, are being delivered to Employee or are available as specified in Section 1 hereof. ***In addition, and without limiting the foregoing, Employee consents, acknowledges and agrees that, as a condition to the grant of SARs hereunder, Section 10(d) of the Plan, which relates to forfeitures of Awards (as defined in the Plan) in the event of financial reporting misconduct, will apply to the SARs granted hereunder as well as to any other Awards that may have been granted to Employee prior to the Grant Date set forth above.***

IN WITNESS WHEREOF, International Flavors & Fragrances Inc. has caused this Agreement to be executed by its officer thereunto duly authorized, and Employee has duly executed this Agreement, as of the Grant Date, both parties intending to be legally bound hereby.

Employee	INTERNATIONAL FLAVORS & FRAGRANCES INC.
______________________________	By: ______________________________
Name:	

TERMS AND CONDITIONS OF STOCK APPRECIATION RIGHTS GRANT

The following Terms and Conditions apply to the SARs granted to Employee by INTERNATIONAL FLAVORS & FRAGRANCES INC. (the "Company"), as specified on the preceding page. Certain specific terms of the SARs, including the number of shares purchasable, vesting and expiration dates, and the Base Price, are set forth on the preceding page.

1. ***General***. The SARs are granted to Employee under the Company's 2010 Stock Award and Incentive Plan (the "Plan"), a copy of which is available for review, along with other documents constituting the "prospectus" for the Plan, on the Company's intranet site at One IFF/Corporate/Law Department. All of the terms, conditions and other provisions of the Plan are incorporated by reference herein. Capitalized terms used in this Agreement but not defined herein (or in the preceding page) shall have the same meanings as in the Plan. If there is any conflict between the provisions of this document and mandatory provisions of the Plan, the provisions of the Plan govern. By accepting the grant of the SARs, Employee agrees to be bound by all of the terms and provisions of the Plan (as presently in effect or later amended), rules and regulations under the Plan adopted from time to time, and decisions and determinations of the Company's Compensation Committee (the "Committee") made from time to time, provided that no such Plan amendment, rule or regulation or Committee decision or determination shall materially and adversely affect the rights of the Employee with respect to the SARs without Employee's consent.

2. ***Right to Exercise SARs***. Subject to all applicable laws, rules, regulations and the terms of the Plan and this Agreement, Employee may exercise the SARs if and to the extent it has become vested and exercisable but not after the Stated Expiration Date of the SARs.

3. ***Method of Exercise***. To exercise the SARs, unless otherwise permitted by the Company, Employee must give written notice to the Company or its agent, which notice shall specifically refer to this Agreement, state the number of Shares as to which the SARs are being exercised, the name in which he or she wishes the Shares to be issued, and be signed by Employee. Once Employee gives a valid notice of exercise, such notice may not be revoked. When Employee exercises the SARs, or part thereof, the Company will transfer Shares (or make a certificate-less credit) to Employee's brokerage account at a designated securities brokerage firm or otherwise deliver Shares to Employee. No Employee or Beneficiary shall have at any time any rights with respect to shares covered by this Agreement prior to issuance of certificates (or certificate-less credit) therefor following exercise of the SARs as provided above. No adjustment shall be made for dividends or other rights for which the record date is prior to the date of issue of such stock certificates (or credit). If any fractional Share would be deliverable upon exercise, after taking into account withholding for mandatory taxes in accordance with Section 9(a), the Company will pay cash in lieu of delivery of such fractional Share or will use such cash to apply towards withholding for taxes.

4. ***Transferability***. Except to the extent permitted under and subject to the conditions of Section 11(b) of the Plan, the SARs may not be assigned or transferred in any way by the Employee, except at the Employee's death, by his or her will or pursuant to the applicable laws of descent and distribution or to his or her designated Beneficiary, and in the event of his or her death the SARs shall be exercisable as provided in Section 5 hereof. If Employee shall attempt to make such prohibited assignment or transfer, the unexercised portion of the SARs shall be null and void and the Company shall have no further liability hereunder.

5. ***Termination Provisions***. The following provisions will govern the vesting, exercisability and expiration of the SARs in the event of Employee's Termination of Employment (as defined below); provided that the Committee retains its powers to accelerate vesting or modify these terms subject to the consent of Employee in the case of a modification materially adverse to Employee:

(a) *Exercise While Employed; Voluntary Resignation and Termination by the Company for Cause*. Except as provided in this Section 5, Employee shall have the right to exercise the SARs only so long as he or she remains in the employ of the Company or a subsidiary of the Company, including a subsidiary which becomes such after the date of this Agreement. Accordingly, in the event of Employee's Termination of Employment due to his or her voluntarily resignation (other than a Normal or Early Retirement governed by clause (b) or (c) below) or Termination of Employment by the Company for Cause (as defined below), all unvested SARs will be immediately forfeited, and all vested SARs (i) will cease to be exercisable and will terminate on the date three months after Termination of Employment due to such Voluntary Resignation (but in no event after the Stated Expiration Date) and (ii) will cease to be exercisable and will terminate immediately in the case of a Termination by the Company for Cause.

(b) *Disability or Normal Retirement*. In the event of Employee's Termination of Employment due to Disability (as defined below) or Normal Retirement (as defined below), the following rules will apply:

- Employee's unvested SARs will not be forfeited, but will remain outstanding and will become exercisable at the applicable date under this Agreement as though Employee had not had such a Termination of Employment; provided that, in the case of Termination of Employment due to Disability or Normal Retirement, Employee shall forfeit the unvested SARs if before the date of vesting Employee engages in activity that results in a Forfeiture Event set forth in Section 10 of the Plan. Employee acknowledges that the Committee has relied on the discretion granted to it under Section 10(e) of the Plan in requiring forfeiture upon occurrence of a Forfeiture Event during the applicable post-Termination period.
- Unless forfeited, Employee's SARs shall remain outstanding and exercisable until the Stated Expiration Date, at which date the SARs will cease to be exercisable and will terminate, except as otherwise provided herein.

(c) *Termination by the Company Not for Cause or Early Retirement.* In the event of Employee's Termination of Employment by the Company not for Cause or Employee's Early Retirement, the following rules apply:

- A pro rata portion of Employee's then unvested SARs will not be forfeited, but will remain outstanding and will become exercisable at the applicable date under this Agreement as though Employee had not had such a Termination of Employment. This pro rata portion will be determined by multiplying the number of such unvested SARs by a fraction the numerator of which is the number of days from the Grant Date to the date of Employee's Termination of Employment and the denominator of which is 1,036; provided that Employee shall forfeit the unvested SARs if before the date of vesting Employee engages in activity that results in a Forfeiture Event set forth in Section 10 of the Plan. Employee acknowledges that the Committee has relied on the discretion granted to it under Section 10(e) of the Plan in requiring forfeiture upon occurrence of a Forfeiture Event during the applicable post-Termination period.
- Employee's SARs that had not become vested before such Termination of Employment and are not included in the pro rata portion subject to continued vesting will be immediately forfeited.
- Employee's SARs that were vested at the time of such Termination of Employment and those that thereafter become vested under this Section 5(c) shall remain outstanding and exercisable until the Stated Expiration Date, at which date the SARs will cease to be exercisable and will terminate.

(d) *Death.* In the event of Employee's Termination of Employment due to death or death of Employee following Termination but prior to vesting of SARs not otherwise forfeited hereunder, Employee's unvested SARs will not be forfeited but will become immediately vested and exercisable, and all vested SARs shall remain outstanding and exercisable until the Stated Expiration Date, at which date the SARs will cease to be exercisable and will terminate, except as otherwise provided herein. Any SARs exercisable under this Section 5(d) following Employee's death may be exercised by Employee's legal representative, distributee, legatee or designated Beneficiary, as the case may be.

(e) *Certain Definitions*. The following definitions apply for purposes of this Agreement:

(i) "Cause" has the meaning as defined in the Company's Executive Separation Policy or any successor policy thereto, as in effect at the time of Employee's Termination of Employment.

(ii) "Disability" means a disability entitling Employee to long-term disability benefits under the Company's long-term disability policy as in effect at the date of Employee's termination of employment, upon written evidence of such permanent disability from a medical doctor in a form satisfactory to the Company.

(iii) “Early Retirement” means Termination of Employment by either the Company or Employee after Employee has attained age 55 and before he or she has attained age 62 if at the time of Termination Employee has ten or more years in the employ of the Company and/or its subsidiaries.

(iv) “Normal Retirement” means Termination of Employment by either the Company or Employee after Employee has attained age 62.

(v) “Termination of Employment” means the event by which Employee ceases to be employed by the Company or any subsidiary of the Company and, immediately thereafter, is not employed by or providing substantial services to any of the Company or a subsidiary of the Company. If Employee is granted a leave of absence for military or governmental service or other purposes approved by the Board, he or she shall be considered as continuing in the employ of the Company, or of a subsidiary of the Company, for the purpose of this subsection, while on such authorized leave of absence.

6. ***Change in Control Provisions.*** The provisions of Section 9 of the Plan shall not apply to the SARs, except as specifically provided in this Section 6. In the event of a Change in Control (as defined in Section 9 of the Plan), the SARs, if not previously forfeited, will be fully vested and exercisable for a period of 90-days commencing at the date of the Change in Control, during which period Employee may elect to receive, instead of shares upon exercise, cash in an amount equal to (i) the Fair Market Value of a Share at the date of exercise minus the Base Price per share of the SARs times (ii) the number of shares that remained subject to the SARs (whether or not vested) at the time of the Change in Control (this payment will be required only if it is a positive amount). Such cash payment shall be made in a lump sum at the date of exercise. At the expiration of such 90-day period following the Change in Control, Employee will have no further rights with respect to the SARs, which thereupon will terminate.

7. ***Forfeiture Provisions.*** Employee agrees that, by signing this Agreement and accepting the grant of the SARs, the forfeiture conditions set forth in Section 5(b) hereof and in Section 10 of the Plan shall apply to the SARs and to gains realized upon the exercise of the SARs (in addition to the requirements of Section 5(b) and (c) applicable during any period of continued vesting following Termination of Employment).

8. ***Employee Representations and Warranties, Consents and Acknowledgements***.

(a) As a condition to the exercise of the SARs, the Company may require Employee to make any representation or warranty to the Company as may be required under any applicable law or regulation, and to make a representation and warranty that no Forfeiture Event has occurred or is contemplated within the meaning of Section 5(b) hereof and Section 10 of the Plan.

(b) By signing this Agreement, Employee voluntarily acknowledges and consents to the collection, use processing and transfer of personal data as described in this clause (b). Employee is not obliged to consent to such collection, use, processing and transfer of personal data; however, failure to provide the consent may affect Employee’s ability to participate in the Plan. The Company and its subsidiaries hold, for the purpose of managing and administering the Plan, certain personal information about Employee, including Employee’s name, home address and telephone number, date of birth, social security number or other employee identification number, salary, nationality, job title, any shares of stock or directorships held in the Company, details of all options and SARs or any other entitlement to shares of stock awarded, canceled, purchased, vested, unvested or outstanding in Employee’s favor (“Data”). The Company and/or its subsidiaries will transfer Data among themselves as necessary for the purpose of implementation, administration and management of Employee’s participation in the Plan and the Company and/or any of its subsidiaries may each further transfer Data to any third parties assisting the Company in the implementation, administration and management of the Plan. These recipients may be located in the European Economic Area, or elsewhere throughout the world, such as the United States. Employee authorizes them to receive, possess, use, retain and transfer the Data, in electronic or other form, for the purposes of implementing, administering and managing Employee’s participation in the Plan, including any requisite transfer of such Data as may be required for the administration of the Plan and/or the subsequent holding of Shares on Employee’s behalf to a broker or other third party with whom Employee may elect to deposit any Shares acquired pursuant to the Plan. Employee may, at any time, review Data, require any necessary amendments to it or withdraw the consents herein in writing by contacting the Company; however, withdrawing consent may affect Employee’s ability to participate in the Plan.

(c) Employee's participation in the Plan is voluntary. The value of the SARs is an extraordinary item of compensation. As such, the SARs are not part of normal or expected compensation for purposes of calculating any severance, resignation, redundancy, end of service payments, bonuses, long-service awards, pension or retirement benefits or similar payments. Rather, the awarding of the SARs to Employee under the Plan represents a mere investment opportunity.

(d) EMPLOYEE HEREBY CONSENTS TO ELECTRONIC DELIVERY OF THE PLAN, THE PROSPECTUS FOR THE PLAN AND OTHER DOCUMENTS RELATED TO THE PLAN (COLLECTIVELY, THE "PLAN DOCUMENTS"). THE COMPANY WILL DELIVER THE PLAN DOCUMENTS ELECTRONICALLY TO EMPLOYEE BY E-MAIL, BY POSTING SUCH DOCUMENTS ON ITS INTRANET WEBSITE OR BY ANOTHER MODE OF ELECTRONIC DELIVERY AS DETERMINED BY THE COMPANY IN ITS SOLE DISCRETION. THE COMPANY WILL SEND TO EMPLOYEE AN E-MAIL ANNOUNCEMENT WHEN A NEW PLAN DOCUMENT IS AVAILABLE ELECTRONICALLY FOR EMPLOYEE'S REVIEW, DOWNLOAD OR PRINTING AND WILL PROVIDE INSTRUCTIONS ON WHERE THE PLAN DOCUMENT CAN BE FOUND. UNLESS OTHERWISE SPECIFIED IN WRITING BY THE COMPANY, EMPLOYEE WILL NOT INCUR ANY COSTS FOR RECEIVING THE PLAN DOCUMENTS ELECTRONICALLY THROUGH THE COMPANY'S COMPUTER NETWORK. EMPLOYEE WILL HAVE THE RIGHT TO RECEIVE PAPER COPIES OF ANY PLAN DOCUMENT BY SENDING A WRITTEN REQUEST FOR A PAPER COPY TO THE ADDRESS SPECIFIED IN SECTION 9(e) HEREOF. EMPLOYEE'S CONSENT TO ELECTRONIC DELIVERY OF THE PLAN DOCUMENTS WILL BE VALID AND REMAIN EFFECTIVE UNTIL THE EARLIER OF (I) THE TERMINATION OF EMPLOYEE'S PARTICIPATION IN THE PLAN AND (II) THE WITHDRAWAL OF EMPLOYEE'S CONSENT TO ELECTRONIC DELIVERY OF THE PLAN DOCUMENTS. THE COMPANY ACKNOWLEDGES AND AGREES THAT EMPLOYEE HAS THE RIGHT AT ANY TIME TO WITHDRAW HIS OR HER CONSENT TO ELECTRONIC DELIVERY OF THE PLAN DOCUMENTS BY SENDING A WRITTEN NOTICE OF WITHDRAWAL TO THE ADDRESS SPECIFIED IN SECTION 9(e) HEREOF. IF EMPLOYEE WITHDRAWS HIS OR HER CONSENT TO ELECTRONIC DELIVERY, THE COMPANY WILL RESUME SENDING PAPER COPIES OF THE PLAN DOCUMENTS WITHIN TEN (10) BUSINESS DAYS OF ITS RECEIPT OF THE WITHDRAWAL NOTICE. EMPLOYEE ACKNOWLEDGES THAT HE OR SHE IS ABLE TO ACCESS, VIEW AND RETAIN AN E-MAIL ANNOUNCEMENT INFORMING EMPLOYEE THAT THE PLAN DOCUMENTS ARE AVAILABLE IN EITHER HTML, PDF OR SUCH OTHER FORMAT AS THE COMPANY DETERMINES IN ITS SOLE DISCRETION.

9. ***Miscellaneous***.

(a) *Mandatory Tax Withholding*. Unless otherwise determined by the Committee, at the time of exercise the Company will withhold from any shares deliverable upon exercise, in accordance with Section 11(d) of the Plan, the number of shares having a value nearest to, but not exceeding, the amount of income taxes, employment taxes or other withholding amounts required to be withheld under applicable local laws and regulations, and pay the amount of such withholding taxes in cash to the appropriate taxing authorities. Employee will be responsible for any taxes relating to the SARs and the exercise thereof not satisfied by means of such mandatory withholding.

(b) *Binding Agreement; Written Amendments*. This Agreement shall be binding upon the heirs, executors, administrators and successors of the parties. This Agreement constitutes the entire agreement between the parties with respect to the SARs, and supersedes any prior agreements or documents with respect to the SARs. No amendment or alteration of this Agreement which may impose any additional obligation upon the Company shall be valid unless expressed in a written instrument duly executed in the name of the Company, and no amendment, alteration, suspension or termination of this Agreement which may materially and adversely affect the rights of Employee under the SARs shall be valid unless expressed in a written instrument executed by Employee.

(c) *No Promise of Employment.* The SARs and the granting thereof shall not constitute or be evidence of any agreement or understanding, express or implied, that Employee has a right to continue as an employee of the Company for any period of time, or at any particular rate of compensation. Employee acknowledges and agrees that the Plan is discretionary in nature and limited in duration, and may be amended, cancelled, or terminated by the Company, in its sole discretion, at any time, provided, however that any outstanding SARs shall not be affected. The grant of stock SARs under the Plan is a one-time benefit and does not create any contractual or other right to receive a grant of stock SARs or benefits in lieu of stock SARs in the future. Future grants, if any, will be at the sole discretion of the Company, including, but not limited to, the timing of any grant, the number of SARs, vesting provisions and the exercise or base price.

(d) *Governing Law*. The validity, construction, and effect of this Agreement shall be determined in accordance with the laws (including those governing contracts) of the State of New York, without giving effect to principles of conflicts of laws, and applicable federal law. The SARs and the granting thereof are subject to the Company's compliance with the applicable law of the jurisdiction of Employee's employment.

(e) *Notices*. Any notice to be given the Company under this Agreement shall be addressed to the Company at 521 West 57th Street, New York, NY 10019, attention: Corporate Secretary, and any notice to the Employee shall be addressed to the Employee at Employee's address as then appearing in the records of the Company.

INTERNATIONAL FLAVORS & FRAGRANCES INC.

2010 Stock Award and Incentive Plan (the "Plan")

U.S. Restricted Stock Units Agreement

This Restricted Stock Units Agreement (the "Agreement") confirms the grant on , 20 (the "Grant Date") by INTERNATIONAL FLAVORS & FRAGRANCES INC., a New York corporation (the "Company"), to ("Employee") of Restricted Stock Units (the "Units"), as follows:

Number granted: Units

Units vest: All Units will vest on , 20 (the "Stated Vesting Date"), if not previously forfeited. In addition, the Units will become immediately vested upon a Change in Control or upon the occurrence of certain events relating to termination of employment in accordance with Section 4 hereof.

Settlement: Units granted hereunder will be settled by delivery of one share of the Company's Common Stock, par value $.12-1/2 per share, for each Unit being settled. Such settlement shall occur promptly on or following the vesting (the lapse of the risk of forfeiture) of each Unit as specified above, subject to Section 6. Any reference in this Agreement to settlement "promptly" upon a settlement date requires that shares be delivered no more than 60 days after the settlement date. The foregoing notwithstanding, settlement shall be deferred in certain cases if so elected by Employee by filling out the following section, executing the Agreement and returning it to the Company by **, 20** , or as otherwise provided under Section 6 hereof:

Check Only One:

______ I hereby elect to have my Units settled at the date of vesting (this includes any date following Termination of Employment deemed to result from continued vesting under Section 4(b) or (c)) (*Note:* this election will apply if this form is not returned or if no box is checked).

______ I hereby elect to defer the settlement of my Units until the first business day of the year (date must be after the Stated Vesting Date) (subject to accelerated settlement of the deferred Units in the event of a Change in Control (subject to Section 6) and accelerated settlement of previously vested Units in the event of Employee's Termination of Employment for any reason, including Normal or Early Retirement, after the Stated Vesting Date, at which time settlement will occur promptly but subject to the six-month delay rule of Section 6(b), if applicable).

______ I hereby elect to defer the settlement of my Units until my Termination of Employment for any reason, including Retirement, at which time settlement will occur promptly but subject to the six-month delay rule of Section 6(b), if applicable, and in all events subject to accelerated settlement in the event of a Change in Control (subject to Section 6).

If I elect to defer the settlement of my Units, I acknowledge and agree that, if the Company declares and pays a dividend of any kind on the Company's Common Stock, amounts equivalent to such dividends will be paid on any vested Units after the Stated Vesting Date, even if such Units have not been settled, and that such dividend equivalents will be treated as compensation to me.

* * * * * *

The Units are granted under Section 6(e) of the 2010 Stock Award and Incentive Plan (the "Plan"), and are subject to the terms and conditions of the Plan and this Agreement, including the Terms and Conditions of Restricted Stock Units attached hereto. The number of Units and the kind of shares deliverable in settlement of Units are subject to adjustment in accordance with Section 5 hereof and Section 11(c) of the Plan.

Employee acknowledges and agrees that (i) Units are nontransferable, except as provided in Section 3 hereof and Section 11(b) of the Plan, (ii) Units, and certain amounts of gain realized upon settlement of Units, are subject to forfeiture in the event Employee fails to meet applicable requirements relating to non-competition, confidentiality, non-solicitation of customers, suppliers, business associates, employees and service providers, non-disparagement and cooperation in litigation with respect to the Company and its subsidiaries and affiliates, and financial reporting, as set forth in Section 7 hereof and Section 10 of the Plan, (iii) Units are subject to forfeiture in the event of Employee's Termination of Employment in certain circumstances prior to vesting, as specified in Section 4 hereof, (iv) sales of shares delivered in settlement of Units will be subject to the Company's policies regulating trading by employees and (v) a copy of the Plan and related prospectus have previously been delivered to Employee, are being delivered to Employee or are available as specified in Section 1 hereof. ***In addition, and without limiting the foregoing, Employee consents, acknowledges and agrees that, as a condition to the grant of Units hereunder, Section 10(d) of the Plan, which relates to forfeitures of Awards (as defined in the Plan) in the event of financial reporting misconduct, will apply to the Units granted hereunder as well as to any other Awards that may have been granted to Employee prior to the Grant Date set forth above.***

IN WITNESS WHEREOF, INTERNATIONAL FLAVORS & FRAGRANCES INC. has caused this Agreement to be executed by its officer thereunto duly authorized, and Employee has duly executed this Agreement, by which each has agreed to the terms of this Agreement.

Employee	INTERNATIONAL FLAVORS & FRAGRANCES INC.
______________________________	By: ______________________________
Name:	

TERMS AND CONDITIONS OF RESTRICTED STOCK UNITS

The following Terms and Conditions apply to the Units granted to Employee by INTERNATIONAL FLAVORS & FRAGRANCES INC. (the “Company”), as specified in the U.S. Restricted Stock Units Agreement (of which these Terms and Conditions form a part). Certain terms of the Units, including the number of Units granted, vesting date(s) and settlement date, are set forth on the preceding pages.

1. ***General***. The Units are granted to Employee under the Company’s 2010 Stock Award and Incentive Plan (the “Plan”), a copy of which is available for review, along with other documents constituting the “prospectus” for the Plan, on the Company’s intranet site at One IFF/Corporate/Law Department. All of the applicable terms, conditions and other provisions of the Plan are incorporated by reference herein. Capitalized terms used in this Agreement but not defined herein shall have the same meanings as in the Plan. If there is any conflict between the provisions of this document and mandatory provisions of the Plan, the provisions of the Plan govern. By accepting the grant of the Units, Employee agrees to be bound by all of the terms and provisions of the Plan (as presently in effect or later amended), the rules and regulations under the Plan adopted from time to time, and the decisions and determinations of the Company’s Compensation Committee (the “Committee”) made from time to time, provided that no such Plan amendment, rule or regulation or Committee decision or determination shall materially and adversely affect the rights of the Employee with respect to outstanding Units.

2. ***Account for Employee*.** The Company shall maintain a bookkeeping account for Employee (the “Account”) reflecting the number of Units then credited to Employee hereunder as a result of such grant of Units.

3. ***Nontransferability***. Until Units become settleable in accordance with the terms of this Agreement, Employee may not transfer Units or any rights hereunder to any third party other than by will or the applicable laws of descent and distribution, except for transfers to a Beneficiary upon death of Employee or otherwise if and to the extent permitted by the Company and subject to the conditions under Section 11(b) of the Plan.

4. ***Termination Provisions***. The following provisions will govern the vesting and forfeiture of the Units in the event of Employee’s Termination of Employment (as defined below), provided that the Committee retains its powers to accelerate vesting or modify these terms, subject to the consent of Employee in the case of a modification materially adverse to Employee and subject to Section 6(b) hereof:

(a) *Voluntary Resignation and Termination by the Company for Cause*. In the event of Employee’s Termination of Employment due to his or her voluntary resignation (other than a Normal or Early Retirement governed by clause (b) or (c) below) or Termination of Employment by the Company for Cause (as defined below), all unvested Units will be immediately forfeited, and the portion of the then-outstanding Units that is vested and non-forfeitable at the date of Termination will be settled promptly following such Termination, subject to the six-month delay rule in Section 6(b) if applicable.

(b) *Disability or Normal Retirement*. In the event of Employee’s Termination of Employment due to Disability (as defined below) or Normal Retirement (as defined below), Employee’s unvested Units will not be forfeited, but will remain outstanding and will become vested at the applicable date under this Agreement as though Employee had not had such a Termination of Employment; provided that Employee shall forfeit the unvested Units if before the date of vesting Employee engages in an activity that results in a Forfeiture Event set forth in Section 10 of the Plan. Upon vesting, such Units will be settled promptly. Units vested prior to such Termination will be settled promptly following such Termination, subject to the six-month delay rule in Section 6(b) if applicable.

Employee acknowledges that the Committee has relied on the discretion granted to it under Section 10(e) of the Plan in requiring forfeiture upon occurrence of a Forfeiture Event during the applicable post-Termination period.

(c) *Termination by the Company Not for Cause or Early Retirement.* In the event of Employee's Termination of Employment by the Company not for Cause or Employee's Early Retirement, the following rules apply:

- A pro rata portion of Employee's then unvested Units will not be forfeited, but will remain outstanding and will become vested at the applicable date under this Agreement as though Employee had not had such a Termination of Employment. This pro rata portion will be determined by multiplying the number of unvested Units by a fraction the numerator of which is the number of days from the Grant Date to the date of Employee's Termination of Employment and the denominator of which is 1,036; provided that Employee shall forfeit such unvested Units if before the date of vesting Employee engages in activity that results in a Forfeiture Event set forth in Section 10 of the Plan. Employee acknowledges that the Committee has relied on the discretion granted to it under Section 10(e) of the Plan in requiring forfeiture upon occurrence of a Forfeiture Event during the applicable post-Termination period.
- Employee's Units that had not become vested before such Termination of Employment and which are not included in the pro rata portion subject to continued vesting will be immediately forfeited.
- Upon vesting of the Units included in the pro rata portion subject to continued vesting, such Units will be settled promptly as provided herein.
- Units vested prior to such Termination will be settled promptly after such Termination, subject to the six-month delay rule in Section 6(b) if applicable.

(d) *Death*. In the event of Employee's Termination of Employment due to death or the death of Employee following Termination (including death after Termination but prior to vesting of Units not otherwise forfeited hereunder), Employee's unvested Units will not be forfeited but will become immediately vested, and such Units and any Units vested prior to death will be settled promptly as provided herein.

(e) *Certain Definitions*. The following definitions apply for purposes of this Agreement:

(i) "Cause" has the meaning as defined in the Company's Executive Separation Policy or any successor policy thereto, as in effect at the time of Employee's Termination of Employment.

(ii) "Disability" means a disability entitling Employee to long-term disability benefits under the Company's long-term disability policy as in effect at the date of Employee's termination of employment, upon written evidence of such total disability from a medical doctor in a form satisfactory to the Company.

(iii) "Early Retirement" means Termination of Employment by either the Company or Employee after Employee has attained age 55 and before he or she has attained age 62 if at the time of Termination Employee has ten or more years in the employ of the Company and/or its subsidiaries.

(iv) "Normal Retirement" means Termination of Employment by either the Company or Employee after Employee has attained age 62.

(v) "Termination of Employment" means the event by which Employee ceases to be employed by the Company or any subsidiary of the Company and, immediately thereafter, is not employed by or providing substantial services to any of the Company or a subsidiary of the Company. If Employee is granted a leave of absence for military or governmental service or other purposes approved by the Board, he or she shall be considered as continuing in the employ of the Company, or of a subsidiary of the Company, for the purpose of this subsection, while on such authorized leave of absence.

5. ***Dividends and Adjustments***.

(a) *Dividends*. No dividends or dividend equivalents will be credited or paid on any unvested Units. Units that, at the relevant dividend record date that occurs before the issuance of shares in settlement of Units, previously have been vested (i.e., Units deferred as to settlement under Section 6), shall be entitled to payments or credits equivalent to dividends that would have been paid if the Units had been outstanding shares at such record date. The form and timing of such payments will be in the discretion of the Committee.

(b) *Adjustments*. The number of Units credited to Employee's Account and/or the property deliverable upon settlement of Units shall be appropriately adjusted, in order to prevent dilution or enlargement of Employee's rights with respect to Units in connection with, or to reflect any changes in the number and kind of outstanding shares of Common Stock resulting from, any corporate transaction or event referred to in the first sentence of Section 11(c) of the Plan (this provision takes precedence over Section 5(a) in the case of a large and non-recurring cash dividend or any non-cash dividend).

(c) *Risk of Forfeiture and Settlement of Units Resulting from Adjustments.* Units (and other property deliverable in settlement of Units) which directly or indirectly result from adjustments to a Unit granted hereunder shall be subject to the same risk of forfeiture (including additional forfeiture terms of Section 10 of the Plan) as applies to the granted Unit and will be settled at the same time as the granted Unit.

6. ***Deferral of Settlement***.

(a) *Voluntary Deferral.* Settlement of any Unit, which otherwise would occur upon the vesting or lapse of the risk of forfeiture of such Unit, will be deferred in certain cases if and to the extent so elected by Employee in accordance with the cover page of this Agreement.

(b) *Code Section 409A Compliance.* Deferrals, whether elective or mandatory under the terms of this Agreement (this generally includes terms providing for post-termination vesting), shall comply with requirements under Section 409A of the Internal Revenue Code (the "Code"). Other provisions of this Agreement notwithstanding, under U.S. federal income tax laws and Treasury Regulations (including any other applicable guidance) as presently in effect or hereafter implemented, (i) a distribution in settlement of Units to Employee triggered by a Termination of Employment will occur only if the Termination constitutes a "separation from service" within the meaning of Code Section 409A(a)(2)(A)(i) and, if at the time of such separation from service Employee is a "specified employee" under Code Section 409A(a)(2)(B)(i) and a delay in distribution is required in order that Employee will not be subject to a tax penalty under Code Section 409A, such distribution in settlement of Units will occur at the date six months after Termination of Employment; (ii) any Units deemed to constitute a deferral of compensation under Code Section 409A will be subject to accelerated settlement under Section 9(a) of the Plan or otherwise upon a Change in Control only if the Change in Control constitutes a change in the ownership or effective control of the corporation or in the ownership of a substantial portion of the assets of the corporation within the meaning of Section 409A(a)(2)(A)(v);and (iii) any rights of Employee or retained authority of the Company with respect to Units hereunder shall be automatically modified and limited to the extent necessary so that Employee will not be deemed to be in constructive receipt of income relating to the Units prior to the distribution and so that Employee shall not be subject to any penalty under Code Section 409A. In this regard, the Company shall have no retained discretion to accelerate the settlement of the Units beyond that permitted under Code Section 409A without triggering any tax penalty.

7. ***Additional Forfeiture Provisions.*** Employee agrees that, by signing this Agreement and accepting the grant of the Units, the forfeiture conditions set forth in Section 10 of the Plan shall apply to all Units hereunder and to gains realized upon the vesting of the Units. For the purpose of the forfeiture conditions set forth in Section 10 of the Plan, gains will be deemed to be realized at the time of vesting for any Units the settlement of which is deferred at the election of Employee.

8. ***Employee Representations and Warranties Upon Settlement***. As a condition to the settlement of the Units, the Company may require Employee to make any representation or warranty to the Company as may be required under any applicable law or regulation, and to make a representation and warranty that no Forfeiture Event has occurred or is contemplated within the meaning of Section 10 of the Plan.

9. ***Other Terms Relating to Units***.

(a) *Fractional Units and Shares*. The number of Units credited to Employee's Account shall include fractional Units, if any, calculated to at least three decimal places, unless otherwise determined by the Committee. Unless settlement is effected through a third-party broker or agent that can accommodate fractional shares (without requiring issuance of a fractional share by the Company), upon settlement of the Units Employee shall be paid, in cash, an amount equal to the value of any fractional share that would have otherwise been deliverable in settlement of such Units.

(b) *Mandatory Tax Withholding*. Unless otherwise determined by the Committee, at the time of settlement the Company will withhold from any shares deliverable in settlement of the Units, in accordance with Section 11(d) of the Plan, the number of shares having a value nearest to, but not exceeding, the amount of income taxes, employment taxes or other withholding amounts required to be withheld under applicable local laws and regulations, and pay the amount of such withholding taxes in cash to the appropriate taxing authorities. Employee will be responsible for any taxes relating to the Units not satisfied by means of such mandatory withholding.

(c) *Statements*. An individual statement of each Employee's Account may be issued to each Employee at such times as may be determined by the Company. Such a statement shall reflect the number of Units credited to Employee's Account, transactions therein during the period covered by the statement, and other information deemed relevant by the Committee. Such a statement may be combined with or include information regarding other plans and compensatory arrangements for employees. Any statement containing an error shall not, however, represent a binding obligation to the extent of such error.

(d) *Employee Consent.* By signing this Agreement, Employee voluntarily acknowledges and consents to the collection, use processing and transfer of personal data as described in this Section 9(d). Employee is not obliged to consent to such collection, use, processing and transfer of personal data; however, failure to provide the consent may affect Employee's ability to participate in the Plan. The Company and its subsidiaries hold, for the purpose of managing and administering the Plan, certain personal information about Employee, including Employee's name, home address and telephone number, date of birth, social security number or other employee identification number, salary, nationality, job title, any shares of stock or directorships held in the Company, and details of all options or any other entitlement to shares of stock awarded, canceled, purchased, vested, unvested or outstanding in Employee's favor ("Data"). The Company and/or its subsidiaries will transfer Data among themselves as necessary for the purpose of implementation, administration and management of Employee's participation in the Plan and the Company and/or any of its subsidiaries may each further transfer Data to any third parties assisting the Company in the implementation, administration and management of the Plan. These recipients may be located in the European Economic Area, or elsewhere throughout the world, such as the United States. Employee authorizes them to receive, possess, use, retain and transfer the Data, in electronic or other form, for the purposes of implementing, administering and managing Employee's participation in the Plan, including any requisite transfer of such Data as may be required for the administration of the Plan and/or the subsequent holding of shares on Employee's behalf to a broker or other third party with whom Employee may elect to deposit any shares acquired pursuant to the Plan. Employee may, at any time, review Data, require any necessary amendments to it or withdraw the consents herein in writing by contacting the Company; however, withdrawing consent may affect Employee's ability to participate in the Plan.

(e) *Voluntary Participation.* Employee's participation in the Plan is voluntary. The value of the Units is an extraordinary item of compensation. As such, the Units are not part of normal or expected compensation for purposes of calculating any severance, resignation, redundancy, end of service payments, bonuses, long-service awards, pension or retirement benefits or similar payments. Rather, the awarding of Units to Employee under the Plan represents a mere investment opportunity.

(f) *Consent to Electronic Delivery.* EMPLOYEE HEREBY CONSENTS TO ELECTRONIC DELIVERY OF THE PLAN, THE PROSPECTUS FOR THE PLAN AND OTHER DOCUMENTS RELATED TO THE PLAN (COLLECTIVELY, THE "PLAN DOCUMENTS"). THE COMPANY WILL DELIVER THE PLAN DOCUMENTS ELECTRONICALLY TO EMPLOYEE BY E-MAIL, BY POSTING SUCH DOCUMENTS ON ITS INTRANET WEBSITE OR BY ANOTHER MODE OF ELECTRONIC DELIVERY AS DETERMINED BY THE COMPANY IN ITS SOLE DISCRETION. THE COMPANY WILL SEND TO EMPLOYEE AN E-MAIL ANNOUNCEMENT WHEN A NEW PLAN DOCUMENT IS AVAILABLE ELECTRONICALLY FOR EMPLOYEE'S REVIEW, DOWNLOAD OR PRINTING AND WILL PROVIDE INSTRUCTIONS ON WHERE THE PLAN DOCUMENT CAN BE FOUND. UNLESS OTHERWISE SPECIFIED IN WRITING BY THE COMPANY, EMPLOYEE WILL NOT INCUR ANY COSTS FOR RECEIVING THE PLAN DOCUMENTS ELECTRONICALLY THROUGH THE COMPANY'S COMPUTER NETWORK. EMPLOYEE WILL HAVE THE RIGHT TO RECEIVE PAPER COPIES OF ANY PLAN DOCUMENT BY SENDING A WRITTEN REQUEST FOR A PAPER COPY TO THE ADDRESS SPECIFIED IN SECTION 10(e) HEREOF. EMPLOYEE'S CONSENT TO ELECTRONIC DELIVERY OF THE PLAN DOCUMENTS WILL BE VALID AND REMAIN EFFECTIVE UNTIL THE EARLIER OF (I) THE TERMINATION OF EMPLOYEE'S PARTICIPATION IN THE PLAN AND (II) THE WITHDRAWAL OF EMPLOYEE'S CONSENT TO ELECTRONIC DELIVERY OF THE PLAN DOCUMENTS. THE COMPANY ACKNOWLEDGES AND AGREES THAT EMPLOYEE HAS THE RIGHT AT ANY TIME TO WITHDRAW HIS OR HER CONSENT TO ELECTRONIC DELIVERY OF THE PLAN DOCUMENTS BY SENDING A WRITTEN NOTICE OF WITHDRAWAL TO THE ADDRESS SPECIFIED IN SECTION 10(e) HEREOF. IF EMPLOYEE WITHDRAWS HIS OR HER CONSENT TO ELECTRONIC DELIVERY, THE COMPANY WILL RESUME SENDING PAPER COPIES OF THE PLAN DOCUMENTS WITHIN TEN (10) BUSINESS DAYS OF ITS RECEIPT OF THE WITHDRAWAL NOTICE. EMPLOYEE ACKNOWLEDGES THAT HE OR SHE IS ABLE TO ACCESS, VIEW AND RETAIN AN E-MAIL ANNOUNCEMENT INFORMING EMPLOYEE THAT THE PLAN DOCUMENTS ARE AVAILABLE IN EITHER HTML, PDF OR SUCH OTHER FORMAT AS THE COMPANY DETERMINES IN ITS SOLE DISCRETION.

10. ***Miscellaneous***.

(a) *Binding Agreement; Written Amendments*. This Agreement shall be binding upon the heirs, executors, administrators and successors of the parties. This Agreement constitutes the entire agreement between the parties with respect to the Units, and supersedes any prior agreements or documents with respect thereto. No amendment or alteration of this Agreement which may impose any additional obligation upon the Company shall be valid unless expressed in a written instrument duly executed in the name of the Company, and no amendment, alteration, suspension or termination of this Agreement which may materially impair the rights of Employee with respect to the Units shall be valid unless expressed in a written instrument executed by Employee.

(b) *No Promise of Employment.* The Units and the granting thereof shall not constitute or be evidence of any agreement or understanding, express or implied, that Employee has a right to continue as an officer or employee of the Company for any period of time, or at any particular rate of compensation. Employee acknowledges and agrees that the Plan is discretionary in nature and limited in duration, and may be amended, cancelled, or terminated by the Company, in its sole discretion, at any time, provided, however that any outstanding Units shall not be materially and adversely affected. The grant of Units under the Plan is a one-time benefit and does not create any contractual or other right to receive a grant of restricted stock units or stock options or benefits in lieu of units or stock options in the future. Future grants, if any, will be at the sole discretion of the Company, including, but not limited to, the timing of any grant, the number of units and vesting provisions.

(c) *Unfunded Plan*. Any provision for distribution in settlement of Employee's Account hereunder shall be by means of bookkeeping entries on the books of the Company and shall not create in Employee any right to, or claim against any, specific assets of the Company, nor result in the creation of any trust or escrow account for Employee. With respect to Employee's entitlement to any distribution hereunder, Employee shall be a general creditor of the Company.

(d) *Governing Law*. THE VALIDITY, CONSTRUCTION, AND EFFECT OF THIS AGREEMENT SHALL BE DETERMINED IN ACCORDANCE WITH THE LAWS (INCLUDING THOSE GOVERNING CONTRACTS) OF THE STATE OF NEW YORK, WITHOUT GIVING EFFECT TO PRINCIPLES OF CONFLICTS OF LAWS, AND APPLICABLE FEDERAL LAW. The Units and the granting thereof are subject to the Employee's compliance with the applicable law of the jurisdiction of Employee's employment.

(e) *Notices*. Any notice to be given the Company under this Agreement shall be addressed to the Company at 521 West 57th Street, New York, NY 10019, attention: Corporate Secretary, and any notice to the Employee shall be addressed to the Employee at Employee's address as then appearing in the records of the Company.

INTERNATIONAL FLAVORS & FRAGRANCES INC.

2010 Stock Award and Incentive Plan
(the "Plan")

Purchased Restricted Stock Agreement

This Purchased Restricted Stock Agreement (the "Agreement") confirms the grant on , 20 (the "Grant Date") by INTERNATIONAL FLAVORS & FRAGRANCES INC., a New York corporation (the "Company"), to ("Employee"), for the purpose set forth in Section 1 of the Plan, of an Award of Restricted Stock (the "Restricted Stock"), as follows:

Restricted Stock granted:	Shares
Purchase Price per Share:	$ per Share, being 50% of fair market value on the Grant Date
Aggregate Purchase Price:	$ (equal to the number of Shares granted times the Purchase Price per Share); the Company acknowledges receipt, as of the Grant Date, of the Purchase Price from Employee (check whichever is applicable) [ ] in cash or [ ] by the tender and delivery of shares of the Company's Common Stock previously acquired by Employee
Restricted Stock Vests:	As to 100% of the Restricted Stock on , 20 (the "Stated Vesting Date"), except that different vesting provisions may apply upon certain events specified in Section 3 or 5 hereof

The Restricted Stock is an award of shares of the Company's Common Stock (the "Common Stock") granted under Section 6(d) of the Plan, and is subject to the risk of forfeiture and other restrictions specified in the Plan and this Agreement, including the Terms and Conditions of Purchased Restricted Stock attached hereto. The number and kind of shares of Restricted Stock and other terms of the Restricted Stock are subject to adjustment in accordance with Section 4 hereof and Section 11(c) of the Plan.

Employee acknowledges and agrees that (i) the Restricted Stock is nontransferable, (ii) the Restricted Stock, and certain amounts of gain realized upon vesting and delivery of the Shares, is subject to forfeiture in the event Employee fails to meet applicable requirements relating to non-competition, confidentiality, non-solicitation of customers, suppliers, business associates, employees and service providers, non-disparagement and cooperation in litigation with respect to the Company and its subsidiaries and affiliates, and financial reporting, as set forth in Section 7 hereof and Section 10 of the Plan, (iii) the Restricted Stock is subject to forfeiture in the event of Employee's Termination of Employment in certain circumstances prior to vesting, as specified in Section 3 hereof, (iv) sales of shares delivered upon vesting of the Restricted Stock will be subject to the Company's policies regulating trading by employees and (v) a copy of the Plan and related prospectus have previously been delivered to Employee, are being delivered to Employee or are available as specified in Section 1 hereof. ***In addition, and without limiting the foregoing, Employee consents, acknowledges and agrees that, as a condition to the grant of Restricted Stock hereunder, Section 10(d) of the Plan, which relates to forfeitures of Awards (as defined in the Plan) in the event of financial reporting misconduct, will apply to the Restricted Stock granted hereunder as well as to any other Awards that may have been granted to Employee prior to the Grant Date set forth above.***

IN WITNESS WHEREOF, INTERNATIONAL FLAVORS & FRAGRANCES INC. has caused this Agreement to be executed by its officer thereunto duly authorized, and Employee has duly executed this Agreement, by which each has agreed to the terms of this Agreement.

Employee	INTERNATIONAL FLAVORS & FRAGRANCES INC.
______________________________	By: ______________________________
Name:	

TERMS AND CONDITIONS OF PURCHASED RESTRICTED STOCK

The following Terms and Conditions apply to the Restricted Stock granted to Employee by INTERNATIONAL FLAVORS & FRAGRANCES INC. (the “Company”), as specified in the Purchased Restricted Stock Agreement (of which these Terms and Conditions form a part). Certain terms of the Restricted Stock, including the number of Shares granted, Purchase Price per Share and vesting date, are set forth on the preceding pages.

1. ***General***. The Restricted Stock is granted to Employee under the Company’s 2010 Stock Award and Incentive Plan (the “Plan”), a copy of which is available for review, along with other documents constituting the “prospectus” for the Plan, on the Company’s intranet site at One IFF/Corporate/Law Department. All of the applicable terms, conditions and other provisions of the Plan are incorporated by reference herein. Capitalized terms used in this Agreement but not defined herein shall have the same meanings as in the Plan. If there is any conflict between the provisions of this document and mandatory provisions of the Plan, the provisions of the Plan govern. By accepting the grant of the Restricted Stock, Employee agrees to be bound by all of the terms and provisions of the Plan (as presently in effect or later amended), the rules and regulations under the Plan adopted from time to time, and the decisions and determinations of the Company’s Compensation Committee (the “Committee”) made from time to time, provided that no such Plan amendment, rule or regulation or Committee decision or determination shall materially and adversely affect the rights of the Employee with respect to outstanding Restricted Stock without the consent of Employee.

2. ***Nontransferability***. Until such time as the Restricted Stock has become vested in accordance with the terms of this Agreement, Employee may not transfer Restricted Stock or any rights hereunder to any third party other than by will or the laws of descent and distribution. This restriction on transfer precludes any sale, assignment, pledge, or other encumbrance or disposition of the shares of Restricted Stock (except for forfeitures to the Company).

3. ***Termination Provisions***. The following provisions will govern the vesting and forfeiture of the Restricted Stock in the event of Employee’s Termination of Employment (as defined below), provided that the Committee retains its powers to accelerate vesting or modify these terms subject to the consent of Employee in the case of a modification materially adverse to Employee:

(a) *Voluntary Resignation and Termination by the Company for Cause*. In the event of Employee’s Termination of Employment due to his or her voluntarily resignation (other than a Normal or Early Retirement governed by clause (b) or (c) below) or Termination of Employment by the Company for Cause (as defined below), all unvested Restricted Stock will be immediately forfeited.

(b) *Disability or Normal Retirement*. In the event of Employee’s Termination of Employment due to Disability (as defined below) or Normal Retirement (as defined below), Employee’s unvested Restricted Stock will not be forfeited, but will remain outstanding and will become vested at the applicable date under this Agreement as though Employee had not had such a Termination of Employment; provided that Employee shall forfeit the unvested Restricted Stock if during the period following Termination of Employment up to the date of vesting Employee engages in activity that results in a Forfeiture Event set forth in Section 10 of the Plan. Employee acknowledges that the Committee has relied on the discretion granted to it under Section 10(d) of the Plan in requiring forfeiture upon occurrence of a Forfeiture Event during the applicable post-Termination period.

(c) *Termination by the Company Not for Cause or Early Retirement.* In the event of Employee’s Termination of Employment by the Company not for Cause or Employee’s Early Retirement, the following rules apply:

- A pro rata portion of Employee’s then unvested Restricted Stock will not be forfeited, but will remain outstanding and will become vested at the applicable date under this Agreement as though Employee had not had such a Termination of Employment. This pro rata portion will be determined by multiplying the number of unvested Shares of Restricted Stock by a fraction the numerator of which is the number of days from the Grant Date to the date of Employee’s Termination of Employment and the denominator of which is 1,036; provided that Employee shall forfeit the unvested Restricted Stock if during the period following Termination of Employment up to the date of vesting Employee engages in activity that results in a Forfeiture Event set forth in Section 10 of the Plan. Employee acknowledges that the Committee has relied on the discretion granted to it under Section 10(d) of the Plan in requiring forfeiture upon occurrence of a Forfeiture Event during the applicable post-Termination period.

- Employee’s Shares of Restricted Stock that had not become vested before such Termination of Employment and which are not included in the pro rata portion subject to continued vesting will be immediately forfeited.

(d) *Death*. In the event of Employee’s Termination of Employment due to death or the death of Employee following Termination but prior to vesting of Restricted Stock not otherwise forfeited hereunder, Employee’s unvested Restricted Stock will not be forfeited but will become immediately vested.

(e) *Certain Definitions*. The following definitions apply for purposes of this Agreement:

(i) “Cause” has the meaning as defined in the Company’s Executive Separation Policy or any successor policy thereto, as in effect at the time of Employee’s Termination of Employment.

(ii) “Disability” means a disability entitling Employee to long-term disability benefits under the Company’s long-term disability policy as in effect at the date of Employee’s termination of employment, upon written evidence of such permanent disability from a medical doctor in a form satisfactory to the Company.

(iii) “Early Retirement” means Termination of Employment by either the Company or Employee after Employee has attained age 55 and before he or she has attained age 62 if at the time of Termination Employee has ten or more years in the employ of the Company and/or its subsidiaries.

(iv) “Normal Retirement” means Termination of Employment by either the Company or Employee after Employee has attained age 62.

(v) “Termination of Employment” means the event by which Employee ceases to be employed by the Company or any subsidiary of the Company and, immediately thereafter, is not employed by or providing substantial services to any of the Company or a subsidiary of the Company. If Employee is granted a leave of absence for military or governmental service or other purposes approved by the Board, he or she shall be considered as continuing in the employ of the Company, or of a subsidiary of the Company, for the purpose of this subsection, while on such authorized leave of absence.

4. ***Dividends and Distributions and Adjustments***.

(a) *Dividends and Distributions*. Employee shall be entitled to receive with respect to the Restricted Stock all dividends and distributions payable on Common Stock (including for this purpose any forward stock split) if and to the extent that he is the record owner of such Restricted Stock on any record date for such a dividend or distribution and he has not forfeited such Restricted Stock on or before the payment date for such dividend or distribution, subject to the following terms and conditions (except as provided in Section 4(b) below):

(i) In the event of a cash dividend or cash distribution on Common Stock other than an extraordinary dividend or distribution with a per-Share value at the payment date exceeding 8% of the then Fair Market Value of a Share, such dividend or distribution shall be paid in cash to Employee and shall be non-forfeitable;

(ii) In the event of any non-cash dividend or distribution in the form of property other than Common Stock payable on Common Stock, such as shares of a subsidiary of the Company distributed in a spin-off, the Company shall retain in its custody the property so distributed in respect of Employee’s Restricted Stock, which property thereafter will become vested if and to the same extent as the original Restricted Stock with respect to which the property was distributed becomes vested and, to the greatest extent practicable, shall be subject to all other terms and conditions as applied to the original Restricted Stock, including in the event of any dividends or distributions paid in respect of such property or with respect to the placement of any legend on certificate(s) or documents representing such property; provided, however, that any dividend or distribution of rights that expire before the applicable vesting date will be unrestricted and exercisable by Employee in accordance with their terms;

(iii) In the event of a dividend or distribution in the form of Common Stock or split-up of shares, the Common Stock issued or delivered as such dividend or distribution or resulting from such split-up will be deemed to be additional Restricted Stock and will become vested if and to the same extent as the original Restricted Stock with respect to which the dividend or distribution was payable becomes vested, and shall be subject to all other terms and conditions as applied to the original Restricted Stock; and

(iv) In the event of an extraordinary cash dividend or distribution not payable under clause (i) above, the amount of such cash shall be deemed reinvested in additional Restricted Stock at the Fair Market Value of Shares on the payment date, and the resulting Restricted Stock will become vested if and to the same extent as the original Restricted Stock with respect to which the dividend or distribution was payable becomes vested, and shall be subject to all other terms and conditions as applied to the original Restricted Stock.

(b) *Adjustments*. The number and kind of shares of Restricted Stock and other terms and conditions of Restricted Stock or otherwise contained in this Agreement, including the Purchase Price per Share (for purposes of Section 6), shall be appropriately adjusted, in order to prevent dilution or enlargement of Employee’s rights hereunder, to reflect any changes in the number of outstanding shares of Common Stock resulting from any event referred to in Section 11(c) of the Plan, taking into account any Restricted Stock or other amounts paid or credited to Employee in connection with such event under Section 4(a) hereof, in the sole discretion of the Committee. In addition, the Committee may vary the treatment of any dividend or distribution as specified under Section 4(a)(ii), (iii) or (iv), in its discretion. The Committee may determine how to treat or settle any fractional share resulting under this Agreement.

5. ***Change in Control Provisions.*** The provisions of Section 9(a) of the Plan shall apply to the Restricted Stock, such that vesting of Restricted Stock shall accelerate upon a Change in Control.

6. ***Refund of Purchase Price Upon Forfeiture.*** In the event of Employee’s forfeiture of Restricted Stock under Section 3, the Company will repay to Employee, for each Share of Restricted Stock forfeited, as follows:

(i) If Employee originally paid the Purchase Price of the Share granted in cash, the Company will pay Employee in cash the lesser of the Purchase Price per Share (subject to any adjustment under Section 4(b)) or 100% of the Fair Market Value of a Share at the date of forfeiture; or

(ii) If Employee originally paid the Purchase Price of the Share granted by the tender and delivery of previously acquired shares, the Company will deliver to Employee one-half Share; provided, however, that, if so determined by the Committee at any time prior to payment of such refund, if the Fair Market Value of one-half Share at the date of forfeiture exceeds the original Purchase Price per Share (subject to any adjustment under Section 4(b)) of the forfeited Share, the Company will instead deliver to Employee the fraction of a Share (less than one-half) having a Fair Market Value at the date of forfeiture equal to such Purchase Price per Share. In all cases, cash will be paid in lieu of any fractional Share remaining after the full applicable refund for all forfeited Restricted Stock has been paid by delivery of whole Shares.

In the case of any forfeiture under Section 7, a refund will be paid calculated as the greater of the amount determined under this Section 6 or the amount, if any, payable under Sections 10 and 11(i) of the Plan. Any refund shall be paid within 45 days after the forfeiture date.

7. ***Additional Forfeiture Provisions.*** Employee agrees that, by signing this Agreement and accepting the grant of the Restricted Stock, the forfeiture conditions set forth in Section 10 of the Plan shall apply to the Restricted Stock and to gains realized upon the vesting of the Restricted Stock.

8. ***Other Terms of Restricted Stock.***

(a) *Voting and Other Shareholder Rights*. Employee shall be entitled to vote Restricted Stock on any matter submitted to a vote of holders of Common Stock, and shall have all other rights of a shareholder of the Company except as expressly limited by this Agreement.

(b) *Employee Representations and Warranties Upon Vesting.* As a condition to the vesting of Restricted Stock, the Company may require Employee to make any representation or warranty to the Company as may be required under any applicable law or regulation, and to make a representation and warranty that no Forfeiture Event has occurred or is contemplated within the meaning of Section 10 of the Plan.

(c) *Certificates/DRS*. Restricted Stock shall be evidenced by issuance of one or more certificates or in certificate-less form under the Direct Registration System ("DRS") established by the Company, in the name of Employee, bearing an appropriate legend referring to the terms, conditions, and restrictions applicable hereunder, and shall remain in the physical custody of the General Counsel of the Company or his designee until such time as such Shares of Restricted Stock have been vested and the restrictions hereunder have therefore lapsed. In addition, Restricted Stock shall be subject to such stop-transfer orders and other restrictive measures as the General Counsel of the Company shall deem advisable under federal or state securities laws, rules and regulations thereunder, and the rules of the New York Stock Exchange, or to implement the terms, conditions and restrictions hereunder, and the General Counsel may cause a legend or legends to be placed on any such certificates or DRS accounts to make appropriate reference to the terms, conditions and restrictions hereunder.

(d) *Stock Powers*. Employee agrees to execute and deliver to the Company one or more stock powers, in such form as may be specified by the General Counsel, authorizing the transfer of the Restricted Stock to the Company, upon the request of the Company.

(e) *Mandatory Tax Withholding*. Unless otherwise determined by the Committee, at the time of settlement the Company will withhold from any Shares deliverable to Employee, in accordance with Section 11(d) of the Plan, the number of shares having a value nearest to, but not exceeding, the amount of income taxes, employment taxes or other withholding amounts required to be withheld under applicable local laws and regulations, and pay the amount of such withholding taxes in cash to the appropriate taxing authorities. Employee will be responsible for any taxes relating to the Restricted Stock not satisfied by means of such mandatory withholding.

(f) *Employee Consent.* By signing this Agreement, Employee voluntarily acknowledges and consents to the collection, use, processing and transfer of personal data as described in this Section 8(f). Employee is not obliged to consent to such collection, use, processing and transfer of personal data; however, failure to provide the consent may affect Employee's ability to participate in the Plan. The Company and its subsidiaries hold, for the purpose of managing and administering the Plan, certain personal information about Employee, including Employee's name, home address and telephone number, date of birth, social security number or other employee identification number, salary, nationality, job title, any shares of stock or directorships held in the Company, and details of all options or any other entitlement to shares of stock awarded, canceled, purchased, vested, unvested or outstanding in Employee's favor ("Data"). The Company and/or its subsidiaries will transfer Data among themselves as necessary for the purpose of implementation, administration and management of Employee's participation in the Plan and the Company and/or any of its subsidiaries may each further transfer Data to any third parties assisting the Company in the implementation, administration and management of the Plan. These recipients may be located in the European Economic Area, or elsewhere throughout the world, such as the United States. Employee authorizes them to receive, possess, use, retain and transfer the Data, in electronic or other form, for the purposes of implementing, administering and managing Employee's participation in the Plan, including any requisite transfer of such Data as may be required for the administration of the Plan and/or the subsequent holding of shares on Employee's behalf to a broker or other third party with whom Employee may elect to deposit any shares acquired pursuant to the Plan. Employee may, at any time, review Data, require any necessary amendments to it or withdraw the consents herein in writing by contacting the Company; however, withdrawing consent may affect Employee's ability to participate in the Plan.

(g) *Voluntary Participation.* Employee's participation in the Plan is voluntary. The value of the Restricted Stock is an extraordinary item of compensation. As such, the Restricted Stock is not part of normal or expected compensation for purposes of calculating any severance, resignation, redundancy, end of service payments, bonuses, long-service awards, pension or retirement benefits or similar payments. Rather, the awarding of Restricted Stock to Employee under the Plan represents a mere investment opportunity.

(h) *Consent to Electronic Delivery.* EMPLOYEE HEREBY CONSENTS TO ELECTRONIC DELIVERY OF THE PLAN, THE PROSPECTUS FOR THE PLAN AND OTHER DOCUMENTS RELATED TO THE PLAN (COLLECTIVELY, THE "PLAN DOCUMENTS"). THE COMPANY WILL DELIVER THE PLAN DOCUMENTS ELECTRONICALLY TO EMPLOYEE BY E-MAIL, BY POSTING SUCH DOCUMENTS ON ITS INTRANET WEBSITE OR BY ANOTHER MODE OF ELECTRONIC DELIVERY AS DETERMINED BY THE COMPANY IN ITS SOLE DISCRETION. THE COMPANY WILL SEND TO EMPLOYEE AN E-MAIL ANNOUNCEMENT WHEN A NEW PLAN DOCUMENT IS AVAILABLE ELECTRONICALLY FOR EMPLOYEE'S REVIEW, DOWNLOAD OR PRINTING AND WILL PROVIDE INSTRUCTIONS ON WHERE THE PLAN DOCUMENT CAN BE FOUND. UNLESS OTHERWISE SPECIFIED IN WRITING BY THE COMPANY, EMPLOYEE WILL NOT INCUR ANY COSTS FOR RECEIVING THE PLAN DOCUMENTS ELECTRONICALLY THROUGH THE COMPANY'S COMPUTER NETWORK. EMPLOYEE WILL HAVE THE RIGHT TO RECEIVE PAPER COPIES OF ANY PLAN DOCUMENT BY SENDING A WRITTEN REQUEST FOR A PAPER COPY TO THE ADDRESS SPECIFIED IN SECTION 9(e) HEREOF. EMPLOYEE'S CONSENT TO ELECTRONIC DELIVERY OF THE PLAN DOCUMENTS WILL BE VALID AND REMAIN EFFECTIVE UNTIL THE EARLIER OF (I) THE TERMINATION OF EMPLOYEE'S PARTICIPATION IN THE PLAN AND (II) THE WITHDRAWAL OF EMPLOYEE'S CONSENT TO ELECTRONIC DELIVERY OF THE PLAN DOCUMENTS. THE COMPANY ACKNOWLEDGES AND AGREES THAT EMPLOYEE HAS THE RIGHT AT ANY TIME TO WITHDRAW HIS OR HER CONSENT TO ELECTRONIC DELIVERY OF THE PLAN DOCUMENTS BY SENDING A WRITTEN NOTICE OF WITHDRAWAL TO THE ADDRESS SPECIFIED IN SECTION 9(e) HEREOF. IF EMPLOYEE WITHDRAWS HIS OR HER CONSENT TO ELECTRONIC DELIVERY, THE COMPANY WILL RESUME SENDING PAPER COPIES OF THE PLAN DOCUMENTS WITHIN TEN (10) BUSINESS DAYS OF ITS RECEIPT OF THE WITHDRAWAL NOTICE. EMPLOYEE ACKNOWLEDGES THAT HE OR SHE IS ABLE TO ACCESS, VIEW AND RETAIN AN E-MAIL ANNOUNCEMENT INFORMING EMPLOYEE THAT THE PLAN DOCUMENTS ARE AVAILABLE IN EITHER HTML, PDF OR SUCH OTHER FORMAT AS THE COMPANY DETERMINES IN ITS SOLE DISCRETION.

9. ***Miscellaneous***.

(a) *Binding Agreement; Written Amendments*. This Agreement shall be binding upon the heirs, executors, administrators and successors of the parties. This Agreement constitutes the entire agreement between the parties with respect to the Restricted Stock, and supersedes any prior agreements or documents with respect thereto. No amendment or alteration of this Agreement which may impose any additional obligation upon the Company shall be valid unless expressed in a written instrument duly executed in the name of the Company, and no amendment, alteration, suspension or termination of this Agreement which may materially impair the rights of Employee with respect to the Restricted Stock shall be valid unless expressed in a written instrument executed by Employee.

(b) *No Promise of Employment.* The Restricted Stock and the granting thereof shall not constitute or be evidence of any agreement or understanding, express or implied, that Employee has a right to continue as an officer or employee of the Company for any period of time, or at any particular rate of compensation. Employee acknowledges and agrees that the Plan is discretionary in nature and limited in duration, and may be amended, cancelled, or terminated by the Company, in its sole discretion, at any time, provided, however that any outstanding Restricted Stock shall not be materially and adversely affected. The grant of Restricted Stock under the Plan is a one-time benefit and does not create any contractual or other right to receive a grant of restricted stock or other equity awards or benefits in lieu of equity awards in the future. Future grants, if any, will be at the sole discretion of the Company, including, but not limited to, the timing of any grant, the number of Shares and vesting provisions.

(d) *Governing Law*. THE VALIDITY, CONSTRUCTION, AND EFFECT OF THIS AGREEMENT SHALL BE DETERMINED IN ACCORDANCE WITH THE LAWS (INCLUDING THOSE GOVERNING CONTRACTS) OF THE STATE OF NEW YORK, WITHOUT GIVING EFFECT TO PRINCIPLES OF CONFLICTS OF LAWS, AND APPLICABLE FEDERAL LAW. The Restricted Stock and the granting thereof are subject to the Employee's compliance with the applicable law of the jurisdiction of Employee's employment.

(e) *Notices*. Any notice to be given the Company under this Agreement shall be addressed to the Company at 521 West 57th Street, New York, NY 10019, attention: Corporate Secretary, and any notice to the Employee shall be addressed to the Employee at Employee's address as then appearing in the records of the Company.

Exhibit 10.32

INTERNATIONAL FLAVORS & FRAGRANCES INC.

2010 Stock Award and Incentive Plan

Restricted Stock Units Agreement—Non-Employee Director

This Restricted Stock Units Agreement (the “Agreement”) confirms the grant on , 20 (the “Grant Date”) by INTERNATIONAL FLAVORS & FRAGRANCES INC., a New York corporation (the “Company”), to (“Grantee”) of Restricted Stock Units (the “Units”), as follows:

Number granted: Units (equal to $100,000 divided by the Fair Market Value of one Share on , 20).

Units vest: All Units will vest on the third anniversary of the Grant Date, , 20 (the “Stated Vesting Date”), if not previously forfeited. In addition, the Units will become immediately vested upon a Change in Control or upon the occurrence of certain events relating to termination of service, in accordance with Section 4 hereof.

Settlement: Units granted hereunder will be settled by delivery of one share of the Company’s Common Stock, par value $.12-1/2 per share, for each Unit being settled. Such settlement of Units not otherwise forfeited shall occur promptly upon the Grantee’s Termination of Service, except as otherwise provided in Section 4(b) (relating to Units unvested at the time of Retirement) or Section 6 (relating to Change in Control and other cases). Any reference in this Agreement to settlement “promptly” upon a settlement date requires that shares be delivered no more than 60 days after the settlement date.

The Units are subject to the terms and conditions of the 2010 Stock Award and Incentive Plan (the “Plan”), and this Agreement, including the Terms and Conditions of Restricted Stock Units attached hereto. The number of Units and the kind of shares deliverable in settlement of Units are subject to adjustment in accordance with Section 5 hereof and Section 11(c) of the Plan.

Grantee acknowledges and agrees that (i) Units are nontransferable, except as provided in Section 3 hereof and Section 11(b) of the Plan, (ii) Units are subject to forfeiture in the event of Grantee’s Termination of Service in certain circumstances prior to vesting, as specified in Section 4 hereof, (iii) sales of shares delivered in settlement of Units will be subject to the Company’s policies regulating trading by directors and (iv) a copy of the Plan and related prospectus have previously been delivered to Grantee or are being delivered to Grantee.

IN WITNESS WHEREOF, INTERNATIONAL FLAVORS & FRAGRANCES INC. has caused this Agreement to be executed by its officer thereunto duly authorized, and Grantee has duly executed this Agreement, by which each has agreed to the terms of this Agreement.

INTERNATIONAL FLAVORS & FRAGRANCES INC.

By: ______________________________
Name:
Title:

Attest:

____
Assistant Secretary

____
Name:

TERMS AND CONDITIONS OF RESTRICTED STOCK UNITS

The following Terms and Conditions apply to the Units granted to Grantee by INTERNATIONAL FLAVORS & FRAGRANCES INC. (the "Company"), as specified in the Restricted Stock Units Agreement (of which these Terms and Conditions form a part). Certain terms of the Units, including the number of Units granted, vesting date(s) and settlement date, are set forth on the preceding pages.

1. ***General***. The Units are granted to Grantee under the Company's 2010 Stock Award and Incentive Plan (the "Plan"), a copy of which, along with other documents constituting the "prospectus" for the Plan, have previously been delivered to Grantee or are being delivered to Grantee. All of the applicable terms, conditions and other provisions of the Plan are incorporated by reference herein. Capitalized terms used in this Agreement but not defined herein shall have the same meanings as in the Plan. If there is any conflict between the provisions of this document and mandatory provisions of the Plan, the provisions of the Plan govern. By accepting the grant of the Units, Grantee agrees to be bound by all of the terms and provisions of the Plan (as presently in effect or later amended), the rules and regulations under the Plan adopted from time to time, and the decisions and determinations of the Company's Compensation Committee of the Company's Board of Directors (the "Committee") made from time to time, provided that no such Plan amendment, rule or regulation or Committee decision or determination shall materially and adversely affect the rights of the Grantee with respect to outstanding Units.

2. ***Account for Grantee*****.** The Company shall maintain a bookkeeping account for Grantee (the "Account") reflecting the number of Units then credited to Grantee hereunder as a result of such grant of Units.

3. ***Nontransferability***. Until Units become settleable in accordance with the terms of this Agreement, Grantee may not transfer Units or any rights hereunder to any third party other than by will or the applicable laws of descent and distribution, except for transfers to a Beneficiary or otherwise if and to the extent permitted by the Company and subject to the conditions under Section 11(b) of the Plan.

4. ***Termination Provisions***. The following provisions will govern the vesting and forfeiture of the Units in the event of Grantee's Termination of Service (as defined below), unless otherwise determined by the Committee (subject to Section 8(a) hereof):

(a) *Death or Disability*. In the event of Grantee's death or Termination of Service due to Disability (as defined below), all of the Units, to the extent then outstanding but not previously vested, will vest and become non-forfeitable immediately, and such Units, together with any then-outstanding Units that previously became vested and non-forfeitable, will be settled as promptly as practicable thereafter if not previously settled.

(b) *Retirement.* In the event of Grantee's Termination of Service due to Retirement (as defined below), the Units, to the extent outstanding and whether or not previously vested or otherwise forfeited, will continue to be outstanding (i.e., will not be forfeited and, in that respect, will be deemed vested) and will be settled at the time the Units would have become vested if Grantee had not Retired or earlier as provided under Section 4(a) or Section 6. Then outstanding Units that became vested and non-forfeitable prior to Retirement will be settled as promptly as practicable following Retirement, if not previously settled.

(c) *Other Terminations.* In the event of Grantee's Termination of Service for any reason other than death, Disability, or Retirement, any then-outstanding Units not vested at the date of Termination of Service will be forfeited, and Units that became vested and non-forfeitable prior to Termination of Service will be settled promptly following Termination, if not previously settled.

(d) *Certain Definitions*. The following definitions apply for purposes of this Agreement:

(i) "Disability" means Grantee's physical or mental impairment which is expected to be of long-duration and which renders Grantee unable to perform his or her duties as a director. Determination of Disability will be in the sole discretion of the Board.

(ii) “Retirement” means retirement after attaining age 62.

(iii) “Termination of Service” means the event by which Grantee ceases to be a director of the Company, provided that such event constitutes a separation from service within the meaning of Treasury Regulation § 1.409A-1(h).

5. ***Dividends and Adjustments***.

(a) *Dividends*. No dividends or dividend equivalents will be credited or paid on any unvested Units. Units that, at the relevant dividend record date that occurs before the issuance of shares in settlement of Units, previously have been vested (i.e., Units deferred as to settlement under Section 6), shall be entitled to credits equivalent to dividends that would have been paid if the Units had been outstanding shares at such record date. The form and timing of such payments will be in the discretion of the Committee.

(b) *Adjustments*. The number of Units credited to Grantee’s Account and/or the property deliverable upon settlement of Units shall be appropriately adjusted, in order to prevent dilution or enlargement of Grantee’s rights with respect to Units in connection with, or to reflect any changes in the number and kind of outstanding shares of Common Stock resulting from, any corporate transaction or event referred to in the first sentence of Section 11(c) of the Plan (this provision takes precedence over Section 5(a) in the case of a large and non-recurring cash dividend or any non-cash dividend).

(c) *Risk of Forfeiture and Settlement of Units Resulting from Adjustments.* Units (and other property deliverable in settlement of Units) which directly or indirectly result from adjustments to a Unit granted hereunder shall be subject to the same risk of forfeiture as applies to the granted Unit and will be settled at the same time as the granted Unit.

6. ***Deferral of Settlement; Compliance with Section 409A***. Terms relating to the settlement of Units shall comply with the requirements under Section 409A of the Internal Revenue Code (the “Code”). Units will be subject to accelerated settlement under Section 9(a) of the Plan or otherwise upon a Change in Control only if the Change in Control constitutes a change in the ownership or effective control of the corporation or in the ownership of a substantial portion of the assets of the corporation within the meaning of Section 409A(a)(2)(A)(v). Other provisions of this Agreement notwithstanding, under U.S. federal income tax laws and Treasury Regulations (including proposed regulations) as presently in effect or hereafter implemented, (i) if the timing of any distribution in settlement of Units would result in Grantee’s constructive receipt of income relating to the Units prior to such distribution, the date of distribution will be the earliest date after the specified date of distribution that distribution could occur under Treasury Regulation § 1.409A-3 and can be effected without resulting in such constructive receipt; and (ii) any rights of Grantee or retained authority of the Company with respect to Units hereunder shall be automatically modified and limited to the extent necessary so that Grantee will not be deemed to be in constructive receipt of income relating to the Units prior to the distribution and so that Grantee shall not be subject to any penalty under Section 409A. In this regard, the Company shall have no retained discretion to accelerate the settlement of the Units beyond that permitted under Code Section 409A without triggering any tax penalty.

7. ***Other Terms Relating to Units***.

(a) *Fractional Units and Shares*. The number of Units credited to Grantee’s Account shall include fractional Units, if any, calculated to at least three decimal places, unless otherwise determined by the Committee. Unless settlement is effected through a third-party broker or agent that can accommodate fractional shares (without requiring issuance of a fractional share by the Company), upon settlement of the Units Grantee shall be paid, in cash, an amount equal to the value of any fractional share that would have otherwise been deliverable in settlement of such Units.

(b) *Taxes*. Grantee shall be responsible for any income taxes and other taxes resulting from the grant, vesting or settlement of Units.

(c) *Statements*. An individual statement of each Grantee's Account may be issued to Grantee at such times as may be determined by the Company. Such a statement shall reflect the number of Units credited to Grantee's Account, transactions therein during the period covered by the statement, and other information deemed relevant by the Committee. Such a statement may be combined with or include information regarding other plans and compensatory arrangements for non-employee directors. Any statement containing an error shall not, however, represent a binding obligation to the extent of such error.

(d) *Grantee Consent.* By signing this Agreement, Grantee voluntarily acknowledges and consents to the collection, use, processing and transfer of personal data as described in this Section 7(d). Grantee is not obliged to consent to such collection, use, processing and transfer of personal data; however, failure to provide the consent may affect Grantee's ability to participate in the Plan. The Company and its subsidiaries hold, for the purpose of managing and administering the Plan, certain personal information about Grantee, including Grantee's name, home address and telephone number, date of birth, social security number or other Grantee identification number, salary, nationality, job title, any shares of stock or directorships held in the Company, and details of all options or any other entitlement to shares of stock awarded, canceled, purchased, vested, unvested or outstanding in Grantee's favor ("Data"). The Company and/or its subsidiaries will transfer Data among themselves as necessary for the purpose of implementation, administration and management of Grantee's participation in the Plan and the Company and/or any of its subsidiaries may each further transfer Data to any third parties assisting the Company in the implementation, administration and management of the Plan. These recipients may be located in the European Economic Area, or elsewhere throughout the world, such as the United States. Grantee authorizes them to receive, possess, use, retain and transfer the Data, in electronic or other form, for the purposes of implementing, administering and managing Grantee's participation in the Plan, including any requisite transfer of such Data as may be required for the administration of the Plan and/or the subsequent holding of shares on Grantee's behalf to a broker or other third party with whom Grantee may elect to deposit any shares acquired pursuant to the Plan. Grantee may, at any time, review Data, require any necessary amendments to it or withdraw the consents herein in writing by contacting the Company; however, withdrawing consent may affect Grantee's ability to participate in the Plan.

(e) *Consent to Electronic Delivery.* Grantee hereby consents to electronic delivery of the Plan, the Prospectus for the Plan and other documents related to the Plan (collectively, the "Plan Documents"). The Company will deliver the Plan documents electronically to Grantee by e-mail, by posting such documents on its intranet website or by another mode of electronic delivery as determined by the Company in its sole discretion. The Company may send to the Grantee an e-mail announcement when a new plan document is available electronically for Grantee's review, download or printing and may provide instructions on where the plan document can be found. Unless otherwise specified in writing to the Company, Grantee will not incur any costs for receiving the plan documents electronically through the Company's computer network. Grantee will have the right to receive paper copies of any plan document by sending a written request for a paper copy to the address specified in Section 8(e) hereof. Grantee's consent to electronic delivery of the plan documents will be valid and remain effective until the earlier of (i) the termination of Grantee's participation in the Plan and (ii) the withdrawal of Grantee's consent to electronic delivery of the Plan documents. The Company acknowledges and agrees that Grantee has the right at any time to withdraw his or her consent to electronic delivery of the Plan documents by sending a written notice of withdrawal to the address specified in Section 8(e) hereof. If Grantee withdraws his or her consent to electronic delivery, the Company will resume sending paper copies of the Plan documents within ten (10) business days of its receipt of the withdrawal notice. Grantee acknowledges that he or she is able to access, view and retain an e-mail announcement informing Grantee that the Plan documents are available in either HTML, PDF or such other format as the company determines in sole discretion.

8. ***Miscellaneous***.

(a) *Binding Agreement; Written Amendments*. This Agreement shall be binding upon the heirs, executors, administrators and successors of the parties. This Agreement constitutes the entire agreement between the parties with respect to the Units, and supersedes any prior agreements or documents with respect thereto. No amendment or alteration of this Agreement which may impose any additional obligation upon the Company shall be valid unless expressed in a written instrument duly executed in the name of the Company, and no amendment, alteration, suspension or termination of this Agreement which may materially impair the rights of Grantee with respect to the Units shall be valid unless expressed in a written instrument executed by Grantee.

(b) *No Promise of Continued Service as Director.* The Units and the granting thereof shall not constitute or be evidence of any agreement or understanding, express or implied, that Grantee has a right to continue as a director of the Company for any period of time, or at any particular rate of compensation.

(c) *Unfunded Plan*. Any provision for distribution in settlement of Grantee's Account hereunder shall be by means of bookkeeping entries on the books of the Company and shall not create in Grantee any right to, or claim against any, specific assets of the Company, nor result in the creation of any trust or escrow account for Grantee. With respect to Grantee's entitlement to any distribution hereunder, Grantee shall be a general creditor of the Company.

(d) *Governing Law*. THE VALIDITY, CONSTRUCTION, AND EFFECT OF THIS AGREEMENT SHALL BE DETERMINED IN ACCORDANCE WITH THE LAWS (INCLUDING THOSE GOVERNING CONTRACTS) OF THE STATE OF NEW YORK, WITHOUT GIVING EFFECT TO PRINCIPLES OF CONFLICTS OF LAWS, AND APPLICABLE FEDERAL LAW.

(e) *Notices*. Any notice to be given the Company under this Agreement shall be addressed to the Company at 521 West 57th Street, New York, NY 10019, attention: Corporate Secretary, and any notice to the Grantee shall be addressed to the Grantee at Grantee's address as then appearing in the records of the Company.

LIST OF SUBSIDIARIES OF INTERNATIONAL FLAVORS & FRAGRANCES INC.

The following is a list of subsidiaries of the Company as of December 31, 2011.

Name	Jurisdiction
International Flavors & Fragrances SRL	Argentina
Bush Boake Allen Australia Pty Ltd	Australia
IFF Australia Holdings Pty Ltd	Australia
International Flavours & Fragrances (Australia) Pty Ltd	Australia
Bush Boake Allen Barbados Inc.	Barbados
Alva Insurance Ltd	Bermuda
I.F.F. Essencias e Fragrancias Ltda.	Brazil
Bush Boake Allen Industria E Commercial do Brasil Limitada	Brazil
International Flavors & Fragrances I.F.F. (Canada) Ltd.	Canada
Bush Boake Allen (Chile) S.A.	Chile
IFF Sabores y Fragancias de Chile Ltda.	Chile
International Flavors & Fragrances (Hangzhou) Co. Ltd	China
International Flavors & Fragrances (Zhejiang) Co., Ltd.	China
International Flavors & Fragrances (China) Ltd.	China
Sichaun Jian’ge Linyuan Fragrances Co. Ltd	China
Sabores y Fragancias S.A.	Colombia
International Flavors & Fragrances (Middle East) FZ-LLC	Dubai
International Flavors & Fragrances I.F.F. (Middle East) FZE	Dubai
Misr Co. for Aromatic Products (MARP) S.A.E.	Egypt
International Flavors & Fragrances I.F.F. (France) SAS	France

International Flavors & Fragrances I.F.F. (Deutschland) G.m.b.H.	Germany
IFF Worldwide (Gibraltar) Limited	Gibraltar
IFF (Gibraltar) Holdings Limited	Gibraltar
International Flavors & Fragrances (Hong Kong) Limited	Hong Kong
Essence Scientific Research Private Limited	India
Fragrance Holdings Private Limited	India
International Flavours & Fragrances India Private Limited	India
P.T. Essence Indonesia	Indonesia
IFF Capital Services Ltd.	Ireland
IFF Financial Services Ltd.	Ireland
Irish Flavours and Fragrances Limited	Ireland
Aromatics Holdings Limited	Ireland
International Flavors & Fragrances Irish Acquisition Company Limited	Ireland
International Flavors & Fragrances I.F.F. (Israel) Ltd.	Israel
International Flavors & Fragrances I.F.F. (Italia) S.r.l.	Italy
Bush Boake Allen (Jamaica) Limited	Jamaica
International Flavors & Fragrances (Japan) Ltd.	Japan
IFF (Korea) Inc.	Korea
International Flavors & Fragrances EAME CV	Luxembourg
IFF (Gibraltar) Holdings (Luxembourg) SCS	Luxembourg
International Flavors & Fragrances (Luxembourg) S.a.r.l.	Luxembourg
International Flavors & Fragrances Ardenne S.a.r.l.	Luxembourg
International Flavours & Fragrances (Mauritius) Ltd.	Mauritius
Bush Boake Allen Controladora S.A. de C.V.	Mexico

IFF Mexico Manufactura S.A. de C.V.	Mexico
International Flavors & Fragrances (Mexico) S. de R.L. de C.V.	Mexico
International Flavors & Fragrances I.F.F. (Nederland) International B.V.	Netherland
Bush Boake Allen Benelux B.V.	Netherland
International Flavors & Fragrances (Nederland) Holding B.V.	Netherland
International Flavors & Fragrances I.F.F. (Nederland) B.V.	Netherland
International Flavours & Fragrances (NZ) Ltd	New Zealand
Bush Boake Allen (NZ) Ltd	New Zealand
International Flavors & Fragrances (Philippines), Inc.	Philippines
International Flavors & Fragrances (Poland) Sp.z.o.o.	Poland
International Flavors & Fragrances I.F.F. (Portugal) Limitada	Portugal
International Flavors & Fragrances (Greater Asia) Pte Ltd	Singapore
International Flavors & Fragrances Singapore Pte Ltd	Singapore
International Flavors & Fragrances (Asia Pacific) Pte Ltd	Singapore
International Flavors & Fragrances I.F.F. (S.A.) (Pty) Ltd.	South Africa
International Flavors & Fragrances I.F. F. (Espana) S.A.	Spain
IFF Latin American Holdings (Espana) S.L.	Spain
IFF - Benicarlo S.L.	Spain
International Flavors & Fragrances I.F.F. (Norden) AB	Sweden
International Flavors & Fragrances I.F.F. (Switzerland) A.G.	Switzerland
International Flavours & Fragrances (Thailand) Ltd.	Thailand
IFF Aroma Esans Sanayi Ve Ticaret A.S.	Turkey
A. Boake, Roberts And Company (Holding), Limited	England

International Flavours & Fragrances (CIL) Limited	England
Bush Boake Allen Enterprises Ltd.	England
Bush Boake Allen Limited	England
Bush Boake Allen (Pension Trustees) Limited	England
Bush Boake Allen Pension Investments Limited	England
Bush Boake Allen Holdings (U.K.) Limited	England
IFF Augusta Limited	England
International Flavours & Fragrances (GB) Holdings Limited	England
International Flavours & Fragrances I.F.F. (Great Britain) Ltd.	England
IFF Mexico Holdings LLC	Delaware
Asian Investments, Inc.	Delaware
Bush Boake Allen Inc.	Virginia
IFF Chemical Holdings Inc.	Delaware
IFF International Inc.	New York
International Flavors & Fragrances (Caribe) Inc.	Delaware
van Ameringen-Haebler, Inc.	New York
Fragrances Ingredients Holdings Inc.	Delaware
Bush Boake Allen Zimbabwe (Private) Limited	Zimbabwe
International Flavors & Fragrances (Zimbabwe) (Private) Ltd.	Zimbabwe

EXHIBIT 23

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the incorporation by reference in the Registration Statements on Form S-3 (No. 333-46932, No. 333-59689 and No. 033-47856) and Form S-8 (No. 333-126421, No. 333-120158, No. 333-102825, No. 333-61072, No. 333-51436, No. 333-50752, No. 033-54423 and No. 333-171297) of International Flavors & Fragrances Inc. of our report dated February 28, 2012 relating to the financial statements, financial statement schedule and the effectiveness of internal control over financial reporting, which appears in this Annual Report on Form 10-K.

/s/ PricewaterhouseCoopers LLP
New York, New York
February 28, 2012

CERTIFICATION

I, Douglas D. Tough, certify that:

1. I have reviewed this Annual Report on Form 10-K of International Flavors & Fragrances Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant’s other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

Date: February 28, 2012

By: /s/ Douglas D. Tough
Name: Douglas D. Tough
Title: Chairman of the Board and
Chief Executive Officer

Exhibit 31.2

CERTIFICATION

I, Kevin C. Berryman, certify that:

1. I have reviewed this Annual Report on Form 10-K of International Flavors & Fragrances Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 28, 2012

By: /s/ Kevin C. Berryman
Name: Kevin C. Berryman
Title: Executive Vice President
and Chief Financial Officer

Exhibit 32

**CERTIFICATION OF CEO AND CFO PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Annual Report on Form 10-K of International Flavors & Fragrances Inc. (the “Company”) for the fiscal year ended December 31, 2011 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), Douglas D. Tough, as Chief Executive Officer of the Company, and Kevin C. Berryman, as Chief Financial Officer, each hereby certifies, pursuant to 18 U.S.C. (section) 1350, as adopted pursuant to (section) 906 of the Sarbanes-Oxley Act of 2002, that, to the best of his knowledge:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: February 28, 2012

By: /s/ Douglas D. Tough
Name: Douglas D. Tough
Title: Chairman of the Board and
Chief Executive Officer

By: /s/ Kevin C. Berryman
Name: Kevin C. Berryman
Title: Executive Vice President
and Chief Financial Officer