

INTERNATIONAL FLAVORS & FRAGRANCES INC
Form DEF 14A
March 24, 2005
SCHEDULE 14A
(Rule 14a-101)
INFORMATION REQUIRED IN PROXY STATEMENT

SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of the Securities
Exchange Act of 1934 (Amendment No.)

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material under Rule 14a-12

International Flavors & Fragrances Inc.

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

No fee required.

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- 3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (Set forth the amount on which the filing fee is calculated and state how it was determined):
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- 2) Form, Schedule or Registration Statement No.:
- 3) Filing Party:
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International Flavors & Fragrances Inc.

521 West 57th Street
New York, N.Y. 10019

Notice of Annual Meeting of Shareholders
to be held May 10, 2005

The Annual Meeting of Shareholders of International Flavors & Fragrances Inc., a New York corporation (the "Company"), will be held at the office of the Company, 521 West 57th Street, New York, New York, on Tuesday, May 10, 2005, at 10:00 A.M. Eastern Time, to elect 9 directors for the ensuing year, to ratify the selection by the Audit Committee of the Company's Board of Directors of PricewaterhouseCoopers LLP as the Company's independent registered public accounting firm ("Independent Accountant") for 2005 and to transact such other business as may properly come before the meeting or any postponements or adjournments thereof.

Only shareholders of record at the close of business on March 22, 2005 will be entitled to notice of and to vote at the meeting.

Admission to the meeting will be by ticket only. If you are a shareholder of record and plan to attend, please check the box on the enclosed proxy card. If your shares are not registered in your own name and you plan to attend, please request a ticket by writing to the Office of the Secretary, International Flavors & Fragrances Inc., 521 West 57th Street, New York, New York 10019. Evidence of your ownership, which you can obtain from your bank or broker, must accompany your letter.

Whether or not you expect to attend the meeting in person, you are requested to sign, date and return the enclosed proxy promptly in the enclosed addressed envelope, which requires no postage if mailed in the United States.

By Order of the Board of Directors,

Dennis M. Meany
Senior Vice President, General Counsel
and Secretary

March 17, 2005

PROXY STATEMENT

This proxy statement is furnished in connection with the solicitation by the Company's Board of Directors (the "Board") of proxies to be used at the Annual Meeting of Shareholders of the Company to be held on May 10, 2005 (the "2005 Annual Meeting") at the principal executive office of the Company, 521 West 57th Street, New York, New York 10019. This proxy statement and the form of proxy will be mailed to shareholders on or about March 25, 2005. Registered shareholders may also vote by telephone or through the Internet, by following the instructions on the proxy card. In addition to solicitation by mail, proxies may be solicited personally or by telephone, facsimile or electronic mail. The Company has retained Georgeson Shareholder to assist in proxy solicitation for a fee of \$6,000. The cost of soliciting proxies will be borne by the Company. The Company will reimburse banks, brokers and other custodians,

nominees and fiduciaries for their costs in sending proxy materials to the beneficial owners of Common Stock.

Any shareholder who signs and returns the enclosed form of proxy may revoke it at any time before it has been exercised by a written notice of revocation of that proxy or by submitting a new proxy bearing a later date, in each case received by the Secretary of the Company prior to the meeting, or by voting in person at the 2005 Annual Meeting. Attendance at the 2005 Annual Meeting will not in itself constitute revocation of a proxy.

When more than one record holder of the Company's Common Stock shares the same address, the Company may deliver only one annual report and one proxy statement to that address unless the Company has received contrary instructions from one or more of those shareholders. Similarly, brokers and other intermediaries holding shares of the Company's Common Stock in "street name" for more than one beneficial owner with the same address may deliver only one annual report and one proxy statement to that address if they have received consent from the beneficial owners of the stock. The Company will deliver promptly upon written or oral request a separate copy of the annual report and proxy statement to any shareholder, including a beneficial owner of stock held in "street name," at a shared address to which a single copy of either of those documents was delivered. To receive additional copies of the annual report and proxy statement, you may call or write the Office of the Secretary, International Flavors & Fragrances Inc., 521 West 57th Street, New York, New York 10019 (telephone: 212-765-5500). A copy of the annual report and proxy statement are also available through the Investor Relations link on the Company's website, www.iff.com. The information contained on the website is not incorporated by reference in or considered to be a part of this document.

You may also contact the Office of the Secretary of the Company at the address or telephone number above if you are a shareholder of record of the Company and you wish to receive a separate annual report and proxy statement in the future, or if you are currently receiving multiple copies of the annual report and proxy statement and want to request delivery of a single copy in the future. If your shares are held in "street name" and you want to increase or decrease the number of copies of the annual report and proxy statement delivered to your household in the future, you should contact the broker or other intermediary who holds the shares on your behalf.

The Company had outstanding at the close of business on February 28, 2005, 94,522,596 shares of Common Stock each entitled to one vote per share. Only shareholders of record at the close of business on March 22, 2005 will be entitled to vote at the 2005 Annual Meeting.

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SECURITY OWNERSHIP OF MANAGEMENT, DIRECTORS AND CERTAIN OTHER PERSONS

The following table sets forth certain information regarding the beneficial ownership of the Company's Common Stock as of February 28, 2005, by each director and nominee for director, the executive officers named in the Summary Compensation Table in this proxy statement and all directors and executive officers as a group.

Shares of Common Stock Beneficially Owned (1)	Rights to Acquire Beneficial Ownership of Shares of	Percent of Class
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Common Stock

(2)

Margaret Hayes Adame	8,203	24,000	(3)
Gunter Blobel	10,768	0	(3)
J. Michael Cook	6,932	6,000	(3)
James H. Dunsdon	11,133	72,750	(3)
Peter A. Georgescu	13,589	12,000	(3)
Richard A. Goldstein	410,813(4)	987,666	1.46%
Alexandra A. Herzan	1,620,955(5)	1,000	1.72%
D. Wayne Howard	6,550	188,333	(3)
Henry W. Howell, Jr.	2,036	0	(3)
Arthur C. Martinez	7,932	6,000	(3)
Nicolas Mirzayantz	3,718	129,500	(3)
Burton M. Tansky	2,696	0	(3)
Douglas J. Wetmore	46,090	122,875	(3)
All Directors and Executive Officers as a Group (25 persons)	2,214,447	1,962,458	4.33%

Certain Other Owners

The following table sets forth information regarding beneficial owners of more than 5% of the Company's outstanding Common Stock as of February 28, 2005 based on a review of filings with the Securities and Exchange Commission (the "SEC") and other information available to the Company.

Name and Address of Beneficial Owner	Number of Shares and Nature of Beneficial Ownership				Percent of Class
	Sole Voting Power	Shared Voting Power	Sole Investment Power	Shared Investment Power	
Henry P. van Ameringen (6) 509 Madison Avenue New York, NY 10022	2,389,653	2,816,129	2,389,653	2,816,129	5.51%
J.P. Morgan Chase & Co. (7) 270 Park Avenue New York, NY 10017	1,351,489	5,897,367	1,500,096	5,945,127	7.88%
William D. Van Dyke III (8) 111 East Kilbourn Avenue Suite 1900 Milwaukee, WI 53202	7,957	7,354,557	30,957	7,354,557	7.81%
Barclays Global Investors, NA and related parties (9) 45 Fremont Street San Francisco, CA 94105	5,947,711	—	7,009,780	—	7.42%

- (1) This column includes share unit balances held in the IFF Stock Fund under the Company's Deferred Compensation Plan and credited to participants' accounts (where applicable), and, with respect to executive officers, may include certain premium share units held under such plan which are subject to vesting and may be forfeitable if the participant's employment is terminated. The number of share units in the IFF Stock Fund was calculated for participants based on the closing market price of the Company's Common Stock on February 28, 2005.
- (2) The shares listed in this column are those which the named person has (or will have within 60 days after February 28, 2005) the right to acquire by the exercise of stock options granted by the Company.
- (3) Less than 1%.
- (4) The number of shares beneficially owned by Mr. Goldstein includes 200,000 restricted shares with respect to which he has sole voting power. Such number of shares also includes 173,772 shares beneficially owned by Mr. Goldstein's wife as to which Mr. Goldstein disclaims beneficial ownership.
- (5) Mrs. Herzan is a director of the van Ameringen Foundation, Inc., which owns 859,991 shares, President and a director of the Lily Auchincloss Foundation, which owns 22,000 shares, and a trustee of a trust, which holds 736,946 shares, all of which shares are included in Mrs. Herzan's ownership. Mrs. Herzan disclaims beneficial ownership of the shares owned by the van Ameringen Foundation, Inc. and the Lily Auchincloss Foundation.
- (6) As reported in Schedule 13D/A dated as of February 4, 2005. The number of shares beneficially owned by Mr. van Ameringen includes 736,946 shares held in a trust of which each of Mr. van Ameringen and Mrs. Herzan is a trustee and 859,991 shares owned by the van Ameringen Foundation, Inc. of which Mr. van Ameringen is an officer and director and Mrs. Herzan is a director.
- (7) As reported in Schedule 13G/A dated as of February 10, 2005. Includes 5,523,783 shares beneficially owned by a trust of which Mr. and Mrs. William D. Van Dyke, III and J. P. Morgan Chase are co-trustees.
- (8) As reported in Schedule 13G/A dated as of February 17, 2004. Includes 5,523,783 shares beneficially owned by a trust of which Mr. and Mrs. William D. Van Dyke, III and J. P. Morgan Chase are co-trustees.
- (9) As reported in Schedule 13G dated as of February 14, 2005. According to the Schedule 13G, as of December 31, 2004, Barclays Global Investors, NA beneficially owned 5,241,875 shares, as to which it possessed sole voting power over 4,235,764 shares and sole dispositive power over 5,241,875 shares; Barclays Global Fund Advisors beneficially owned 506,160 shares, as to which it possessed sole voting power over 450,202 shares and sole dispositive power over 506,160 shares; Barclays Global Investors, Ltd. beneficially owned 1,189,787 shares, as to which it possessed sole voting and dispositive power; Barclays Global Investors Japan Trust and Banking Company Limited beneficially owned 66,955 shares, as to which it possessed sole voting and dispositive power; and Barclays Capital Securities Limited beneficially owned 5,003 shares, as to which it possessed sole voting and dispositive power.

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ITEM 1. ELECTION OF DIRECTORS

At the meeting 9 directors will be elected to serve for the ensuing year and until their successors are elected and shall qualify. The shares of Common Stock represented by the proxies being solicited will be voted FOR the election of the 9 nominees listed below. If any of the nominees is unable to serve (which is not anticipated), the shares of Common Stock represented by the proxies being solicited will be voted for the balance of those named nominees and for any substitute nominees as the Board of Directors may recommend.

INFORMATION ABOUT NOMINEES

Name	Age	Principal Occupation During Last Five Years and Other Directorships Held	Year First Became Director
Margaret Hayes Adame	65	President, Fashion Group International, an international trade organization; Director, Movado Group, Inc.	1993
Günter Blobel	68	Professor, Howard Hughes Medical Institute at The Rockefeller University, a research medical institution	2000
J. Michael Cook	62	Chairman and Chief Executive Officer Emeritus, Deloitte & Touche LLP, an accounting firm; Director, The Dow Chemical Company, Northrop Grumman Corporation, Comcast Corporation, Eli Lilly and Company	2000
Peter A. Georgescu	66	Chairman and Chief Executive Officer Emeritus, Young & Rubicam Inc., an advertising agency; Director, Levi Strauss & Co., Toys "R" Us, Inc., EMI Group PLC	1999

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Name	Age	Principal Occupation During Last Five Years and Other Directorships Held	Year First Became Director
Richard A. Goldstein	63	Chairman and Chief Executive Officer of the Company since June 2000; President and Chief Executive Officer of Unilever United States, Inc. ("Unilever US"), and Business Group President of Unilever North American Foods, a home, personal care and food products company, prior thereto; as of the 2005 Annual Meeting, continuing as Director, Fiduciary Trust Company International, The Interpublic Group	2000

		of Companies, Inc., Continuum Health Partners, Inc.	
Alexandra A. Herzan	45	President and Director, Lily Auchincloss Foundation, Inc., a charitable foundation	2003
Henry W. Howell, Jr.	63	Managing Director (until 2000), J.P. Morgan & Co., Inc., a financial services firm	2004
Arthur C. Martinez	65	Chairman and Chief Executive Officer Emeritus, Sears, Roebuck and Co., a retailer; Director, PepsiCo, Inc., Liz Claiborne, Inc.; Member of the Supervisory Board, ABN AMRO Holding, N.V.	2000
Burton M. Tansky	67	President and Chief Executive Officer since May 2001 and President and Chief Operating Officer prior thereto, The Neiman Marcus Group, Inc., a retailer; Director, The Neiman Marcus Group, Inc.	2003

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All of the nominees are presently directors of the Company and all of the nominees except Mr. Howell were elected by the shareholders at the Company's 2004 Annual Meeting of Shareholders. In September 2004, Mr. Howell was elected by the Board to fill a newly-created Board position. Mr. Howell was recommended to the Nominating and Governance Committee and to the Board by one of the Company's non-management directors who believed that, based on Mr. Howell's international and financial experience, he would make a valuable addition to the Company's Board.

Board and Committee Meetings

The Board of Directors has responsibility for overseeing the management of the Company. The Board has adopted Corporate Governance Guidelines which set forth the practices the Board will follow with respect to Board membership and selection, responsibilities of directors, Board meetings, evaluation of the chief executive officer, succession planning, Board committees and compensation. A copy of the Company's Corporate Governance Guidelines, which were most recently revised in January 2005, is available through the Investor Relations link on the Company's website, www.iff.com.

The Board has an Audit Committee, a Compensation Committee and a Nominating and Governance Committee, each of which operates pursuant to a written charter adopted by the Board. Each committee reviews its charter at least annually and recommends charter changes to the Board as appropriate. The Audit Committee Charter was most recently revised in December 2004 and the Nominating and Governance Committee Charter was most recently revised in January 2005. In December 2004, the Compensation Committee reviewed its charter and determined that no changes to the charter would be necessary, and the Board affirmed that determination. A copy of the charter of each committee is available through the Investor Relations link on the Company's website, www.iff.com and a copy of the

Audit Committee Charter is also attached to this proxy statement as Exhibit A.

The Board has affirmatively determined that each of Mmes. Adame and Herzan, Dr. Blobel and Messrs. Cook, Georgescu, Howell, Martinez and Tansky has no material relationship with the Company affecting his or her independence as a director and that each is "independent" within the meaning of the Board's independence standards, which are the same categorical independence standards as established by the New York Stock Exchange ("NYSE") in Section 303A.02 of the NYSE Listed Company Manual. In making each of these independence determinations, the Board considered and broadly assessed, from the standpoint of materiality and independence, all of the information provided by each director in response to detailed inquiries concerning his or her independence and any direct or indirect business, family, employment, transactional or other relationship or affiliation of such director with the Company. The Board has also determined that each member of the Audit Committee, Compensation Committee and Nominating and Governance Committee is independent under the foregoing independence standards and, with respect to each member of the Audit Committee, is also independent under the independence criteria established by the SEC for audit committee members.

The Audit Committee, consisting of Mr. Cook, Chairman, Mrs. Adame, Mr. Howell and Mr. Martinez, oversees and reviews the Company's financial reporting process and the integrity of the Company's financial statements and financial reporting practices, the Company's internal control environment, systems and performance, the qualifications, independence and performance of the Company's independent accountant, the performance of the Company's internal audit staff, and the procedures for monitoring compliance with laws and regulations and with the Company's Code of Business Conduct and Ethics. The Board has determined that each of Mr. Cook, Mr. Howell and Mr. Martinez is an "audit committee financial expert" under applicable rules of the SEC and has accounting or related financial management expertise as required by applicable NYSE rules. The Board has also determined that all members of the Audit Committee meet the financial literacy standards of the NYSE and that the service by each of Mr. Cook and Mr. Martinez on the audit committee of more than three public companies does not impair the ability of either of them to serve effectively on the Company's Audit Committee.

The Compensation Committee, consisting of Mr. Georgescu, Chairman, and Messrs. Martinez and Tansky, is responsible for establishing executive officer compensation, for making recommendations to the full Board concerning director compensation and for overseeing the compensation and benefit programs for other employees.

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The Nominating and Governance Committee, consisting of Mr. Martinez, Chairman, Mrs. Adame and Messrs. Cook, Howell, Georgescu and Tansky, monitors Board composition and director qualification requirements, identifies qualified individuals to serve on the Board, recommends a slate of nominees for election by the shareholders at the annual meeting of shareholders, reviews potential Board candidates, reviews management succession plans and monitors corporate governance issues.

In November 2004, the Board determined to appoint Mr. Martinez as Lead Director. The role of the Lead Director includes (i) presiding over meetings of non-employee directors and providing prompt feedback regarding those meetings to the Chairman and Chief Executive Officer, (ii) providing suggestions for Board meeting agendas, with the involvement of the Chairman and Chief Executive Officer and input from other directors, (iii) assuring that the Board and the Chairman and Chief Executive Officer understand each other's views on all critical matters, (iv) monitoring significant issues between Board meetings and assuring Board involvement when appropriate, (v) serving as a sounding board for the Chairman and Chief Executive Officer and (vi) ensuring, in consultation with the Chairman and Chief Executive Officer, the adequate and timely flow of information responsive to the Board's needs.

Shareholders and other parties interested in communicating directly with the Lead Director, with the non-management directors as a group or with all directors as a group may do so by writing to Lead Director or Non-Management Directors or Board of Directors, in each case, c/o Secretary, International Flavors & Fragrances Inc., 521 West 57th Street, New York, New York 10019. The Nominating and Governance Committee has approved a process for handling letters received by the Company and addressed to the Lead Director, the non-management members of the Board or the entire Board. Under that process, the Secretary of the Company forwards to the Lead Director all correspondence received, without opening or screening.

During 2004, the Board held eight meetings, the Audit Committee held eight meetings, the Compensation Committee held six meetings and the Nominating and Governance Committee held five meetings. During 2004, each director attended at least 75% of the total of the number of meetings held by the Board and the Committee(s) on which each such director served. Of the eight directors who were serving on the day of the Company's 2004 Annual Meeting of Shareholders, seven directors attended that meeting. Pursuant to the Company's Corporate Governance Guidelines, unless there are mitigating circumstances, such as medical, family or business emergencies, Board members are to endeavor to participate (either in person or by telephone) in all Board meetings and all Committee meetings of which the director is a member and to attend the Company's annual meeting of shareholders. The non-employee directors of the Company meet in executive session, without the presence of any corporate officer or member of management, in conjunction with regular meetings of the Board and during 2004 the non-employee directors met in executive session in conjunction with every Board meeting.

Directors' Compensation

At its meeting held on December 15, 2004, the Board of Directors determined, with the assistance of independent compensation consultants, to change certain elements of the compensation for directors who are not employees of the Company, with these changes to take effect on the date of the Company's 2005 Annual Meeting, as follows:

- (a) Each non-employee director will receive an annual cash retainer of \$50,000, an increase from the \$30,000 each currently receives.
- (b) The Chairperson of the Audit Committee will also receive an annual cash retainer of \$15,000, an increase from the \$7,500 he currently receives. The Chairpersons of the Compensation Committee and Nominating and Governance Committee will each also receive an annual cash retainer of \$7,500, an increase from the \$3,750 each currently receives.
- (c) Non-employee directors will receive a cash fee of \$2,000 for each meeting of the Board attended, an increase from the \$1,500 they currently receive. Each member of the Audit Committee will receive a cash fee of \$1,500 for each meeting of the Audit Committee attended, an increase from the \$1,200 each currently receives. Members of the Compensation Committee and Nominating and Governance Committee will each receive a cash fee of \$1,500 for each meeting of the respective Committee attended, an increase from the \$1,000 each currently receives.

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- (d) The Lead Director will also receive an annual cash fee of \$7,500.
 - (e) Non-employee directors will continue to receive an annual grant, in October of each year, of 1,000 shares of Common Stock of the Company from a pool of shares authorized by the Board in September 2000. Non-employee directors will continue to be required to defer their annual stock grant.
 - (f)

Non-employee directors will receive an annual grant, on the date of each annual meeting of shareholders, of 750 restricted stock units under the Company's 2000 Stock Award and Incentive Plan, which will vest on the third anniversary of the date of grant. The 2000 Stock Option Plan for Non-Employee Directors (the "2000 Directors' Plan") was amended to provide that, beginning in 2005, the automatic grant of stock options to non-employee directors under the 2000 Directors' Plan will be suspended until such time as the Board may determine to resume option grants.

- (g) Non-employee Directors will continue to be eligible to participate in the Company's Deferred Compensation Plan ("DCP"). A non-employee Director may defer all or a portion of his or her cash compensation, as well as any restricted stock units, subject to any changes necessitated by recent changes in the tax law.

On May 11, 2004, each non-employee director received an automatic annual stock option grant of 3,000 shares of Common Stock under the 2000 Directors' Plan. Options granted in 2004 under the 2000 Directors' Plan vest in equal annual installments over three years, and expire ten years after the date of grant.

Directors who are employees of the Company do not receive any compensation for their service as a director.

In March 2003, the Board established minimum ownership requirements for all directors with respect to the Company's Common Stock. Each director is required to own shares whose market value equals seven times the director's annual retainer, which the director must acquire during his or her first five years of Board tenure (or within five years after the requirements were established or the director's annual retainer is revised). The 1,000-share annual stock grant is credited toward this obligation. Effective January 1, 2002, directors became eligible to participate in the DCP. Under the DCP, a director may defer all or a portion of his or her cash compensation.

Directors serving before May 14, 2003 may participate in the Director Charitable Contribution Program (the "DCCP"). Under the DCCP, the Company purchases life insurance policies on the lives of participating directors and is the owner and sole beneficiary of the policies. After the death of a covered director, the Company will donate \$500,000 to one or more qualifying charitable organizations designated by the director and \$500,000 to The IFF Foundation. Individual directors derive no financial benefit from the DCCP since all tax deductions relating to the contributions accrue solely to the Company. Other than premiums, the DCCP should have no long-term cost to the Company. Directors first elected on or after May 14, 2003 do not participate in the DCCP. Those directors, together with all other directors, are eligible to participate in the Company's Matching Gift Program, under which The IFF Foundation matches, on a dollar for dollar basis up to a maximum of \$10,000 per year, contributions to qualifying charitable organizations.

Director Candidates

The Nominating and Governance Committee has established a policy regarding the consideration of director candidates, including those recommended by shareholders. The Nominating and Governance Committee, together with other Board members, will from time to time as appropriate identify the need for new Board members. Particular proposed director candidates who would satisfy the criteria set forth below and otherwise qualify for membership on the Board are identified by the Nominating and Governance Committee. In identifying candidates, the Nominating and Governance Committee will seek input and participation from other Board members and other appropriate sources, to ensure that all points of view can be considered and the best possible candidates can be identified. The Nominating and Governance Committee may also engage a search firm to assist it in identifying potential candidates.

Members of the Nominating and Governance Committee and other Board members, as appropriate, will interview selected director candidates, evaluate the director candidates and determine which candidates are to be recommended by the Nominating and Governance Committee to the Board.

Shareholders wishing to submit a director candidate for consideration by the Nominating and Governance Committee must submit such recommendation to the Nominating and Governance Committee, c/o the Secretary of the Company, in writing, not less than 150 days nor more than 180 days prior to the date of the prior year's annual meeting of shareholders. The request must be accompanied by the same information concerning the director candidate and nominating shareholder as described in Section 3 of the Company's By-laws for shareholder nominations for director to be presented at a shareholders meeting. The Nominating and Governance Committee may also request any additional background or other information from any director candidate or recommending shareholder as it may deem appropriate.

Board candidates are considered based on various criteria which may change over time and as the composition of the Board changes. The following factors, at a minimum, are considered by the Nominating and Governance Committee as part of its review of all director candidates and in recommending potential director candidates to the Board:

- Judgment, character, expertise, skills and knowledge useful to the oversight of the Company's business;
- Diversity of viewpoints, backgrounds, experiences and other demographics;
- Business or other relevant experience; and
- The extent to which the interplay of the candidate's expertise, skills, knowledge and experience with that of other Board members will build a Board that is effective, collegial and responsive to the needs of the Company and to the requirements and standards of the NYSE and the SEC.

Code of Business Conduct and Ethics

The Company has adopted a Code of Business Conduct and Ethics (the "Code of Ethics") that applies to the Company's chief executive officer, principal financial officer, principal accounting officer and to all other Company directors, officers and employees. A copy of the Code of Ethics is available through the Investor Relations link on the Company's website, www.iff.com. The Code of Ethics is also available in print to any shareholder who requests it. A waiver from any provision of the Code of Ethics in favor of a director or executive officer may only be granted by the Board and any such waiver will be publicly disclosed. The Company will disclose substantive amendments to, and any waivers from, the Code of Ethics granted to the Company's chief executive officer, principal financial officer or principal accounting officer, as well as any other executive officer or director, on the Company's website, www.iff.com.

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REPORT OF THE COMPENSATION COMMITTEE*

The Compensation Committee of the Board (the "Compensation Committee") operates pursuant to a charter which gives the Compensation Committee responsibility with respect to the compensation and benefits of the Company's executive officers and other members of senior management. The Compensation Committee's specific responsibilities include:

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reviewing and approving the Company's goals and objectives relevant to the Company's Chief Executive Officer's ("CEO") compensation;

- based on an evaluation of the CEO's performance by the Nominating and Governance Committee in relation to those goals and objectives, determining the CEO's compensation level;
- reviewing the Company's general compensation and benefits policies, plans and programs, including incentive compensation plans and equity-based plans;
- overseeing the administration and competitiveness of such policies, plans and programs;
- upon the recommendation of the CEO, reviewing the base salary and annual and long-term incentive compensation and equity-based compensation of the executive officers and other members of senior management; and
- considering recommendations from the Nominating and Governance Committee regarding the compensation of non-employee directors.

The Compensation Committee is authorized to retain as it deems appropriate independent compensation consultants to assist it in carrying out its duties.

Compensation Program

For 2004 the Company continued to operate under its comprehensive Executive Compensation Program covering the Company's executive officers and senior management (the "Program"). The Program consists of a Salary Plan ("SP"), an Annual Incentive Plan ("AIP"), a Long-Term Incentive Plan ("LTIP"), a Stock Award Program ("SAP"), a perquisites program and the Company's Executive Separation Policy ("ESP"). The AIP, LTIP and SAP are part of and administered under the 2000 Stock Award and Incentive Plan (the "2000 SAIP"). Before its introduction, the Program was extensively benchmarked, with the assistance of an independent compensation consultant retained by the Compensation Committee, against confidential external marketplace data, and all positions, including those of the CEO and the Company's other executive officers and members of senior management, were internally valued as determined by their scope of responsibilities within the Company. In benchmarking Company positions against external marketplace data, the independent compensation consultant compared total remuneration at positions within the Company with total remuneration of similar positions at companies the independent compensation consultant chose as being representative of the market in which the Company competes for executive talent. The group selected, which is comprised of consumer products and specialty chemical companies, was determined by the independent compensation consultant as being a more representative group for purposes of this comparison than the peer group of companies set forth in the Company's performance graph at page 29 below. The external survey data are reviewed and updated biennially, and the internal valuation of positions is reviewed and updated periodically. In respect of 2004, external survey data for each executive position were updated and reviewed by the independent compensation consultant. An internal valuation of positions was also conducted with the assistance of the independent compensation consultant. The AIP, the LTIP and the SAP are designed to reward employees based on the success of the Company under specific financial measures, including revenue growth and increases in operating profit, earnings per share, return on net tangible assets and the return on invested capital of the Company. The Compensation Committee targets total remuneration for positions within the

*This report of the Compensation Committee shall not be deemed incorporated by reference by any general statement incorporating by reference this proxy statement into any filing under the Securities Act or the Securities Exchange Act, except to the extent that the Company specifically incorporates this information by reference, and shall not otherwise be deemed filed under either of such Acts.

Company in the range of the 60th to the 65th percentile of the comparable positions in the selected group of representative companies. The total remuneration of the CEO in 2004 was at the 61st percentile for his position in the group of representative companies.

Under the SP, the Compensation Committee and the Board review salaries of the CEO and the other executive officers periodically. The amount of salary increases is generally based on the executive officer's ongoing performance measured against achievement and satisfaction of previously established financial and/or non-financial objectives and responsibilities.

Under the AIP, each executive officer, including the CEO, has an annual incentive award target based on the achievement of specific quantitative corporate and, with respect to certain executive officers, derivative regional and/or category performance goals, which are determined no later than March of each year by the Compensation Committee. For 2004, the corporate objectives related to increases in revenue and improvements in operating profit as a percentage of sales. Each executive officer has a range of potential awards, both above and below target, which are specified each year when the quantitative performance goals are established. The amount paid to each executive officer, including the CEO, at the end of the year depends on the extent to which the performance goals are achieved. Failure to meet threshold performance, based on the performance goals, results in no AIP award to any executive officer for that year.

In December 2004, the Compensation Committee recommended and the Board adopted a reduction in the potential target AIP percentage payout for most participants with respect to AIP awards that participants may be eligible to receive for 2005 and thereafter, subject to periodic review, primarily to reflect local competitive practices more closely. With respect to the Company's executive officers, the target AIP percentages were reduced by 5 percentage points.

Under the LTIP, each executive officer, including the CEO, has an award target for each three-year performance cycle based on the achievement of specific quantitative corporate performance goals, which are determined by the Compensation Committee at the beginning of each performance cycle. For the 2001-2003 and 2002-2004 cycles, these objectives related to improvements in earnings per share and return on net tangible assets. For the 2003-2005 and 2004-2006 cycles, these objectives relate to improvements in earnings per share and return on invested capital. For each award cycle each executive officer has a range of potential awards, both above and below target, which are specified at the beginning of the cycle. The amount paid at the end of the cycle depends on the extent to which the Company achieves the quantitative corporate performance goals. Failure to meet threshold performance for a cycle, based on the corporate performance goals, results in no LTIP award for that cycle. The Compensation Committee may not increase AIP and LTIP awards to any executive officer beyond those actually earned based on the pre-established goals. It has only negative discretion with respect to awards under these plans for the applicable AIP year or LTIP cycle.

Under the SAP, each executive officer, including the CEO, has an annual target award and a range of option awards both above and below that target. Under the Memorandum of Understanding (the "MOU") approved by the Board in 2000 setting forth the terms of Mr. Goldstein's employment by the Company, Mr. Goldstein's stock option award is to have a Black-Scholes value of not less than \$590,000. Otherwise, the actual size of an executive officer's award is based on the scope of his or her position, individual performance, and ability to drive enhanced long-term shareholder value. The Compensation Committee sets the terms of stock options, including vesting, any performance requirements and the expiration date (which, under the 2000 SAIP, may not be greater than ten years after the grant date). The Compensation Committee in late 2003 and early 2004 evaluated alternative forms of equity compensation, in lieu of stock options, and determined that equity compensation grants in 2004 would be in the form of restricted stock units instead of stock options, which may also be granted under the 2000 SAIP, and that such restricted stock units would include performance conditions, in addition to time restrictions, in connection with restricted stock units for executive officers and senior management. The number of restricted stock units awarded to each executive officer, including the CEO, was determined by applying a factor recommended by the independent compensation consultant in order that

the value of the restricted stock unit award substantially equaled the Black-Scholes value of the aforementioned stock option award.

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Under the perquisites program, each executive officer receives a series of benefits which includes some of the following: a Company-provided automobile, annual physical examination, club membership, the right to travel via first or business class for business purposes and annual financial and tax counseling and estate planning assistance.

The Company has a Board-approved comprehensive Deferred Compensation Plan (the "DCP"). The DCP allows certain United States-based employees, including the CEO and the other United States-based executive officers, to defer, either for a specified number of years or until retirement or termination of employment, salary, annual and long-term incentive awards and, under certain circumstances, profits from the exercise of stock options. Participating employees may have changes in the value of their deferred compensation measured, at their election, by the market performance of a variety of equity and debt mutual funds offered by The Vanguard Group, which administers the DCP, or by changes in the value of Company Common Stock, or they may have amounts credited to their DCP accounts earn interest at an interest rate which is established each year by the Compensation Committee and which is applicable to all DCP participants. With respect to 2004, the Compensation Committee established an interest rate of 6.02%. The DCP provides participating employees with an incentive to defer compensation into the Company's Common Stock by granting them a 25% premium, credited in Common Stock, on all compensation deferred into that stock. Restricted stock units granted under the 2000 SAIP may also be deferred, although no premium is added to any such deferral.

The Company's general policy has been, and will continue to be, to structure executive compensation to be deductible under applicable law. The Company also believes, however, that under some circumstances, such as to attract or retain key executives or to recognize outstanding performance, it may be in the best interests of the Company and its shareholders to compensate certain key executives in excess of deductible limits.

2004 Compensation of Executive Officers

The basic components of the Company's executive officer compensation in 2004 were annual salaries, restricted stock units, annual incentive compensation and long-term incentive compensation.

Salaries

In March 2004, Mr. Goldstein recommended to the Compensation Committee the annual salaries for 2004 for executive officers other than himself, which recommendations referenced a report by an independent compensation consultant concerning market pricing of relevant executive positions. The Compensation Committee considered the recommendations and discussed them with Mr. Goldstein and the independent compensation consultant, and recommended to the Board annual salaries for those executive officers, which reviewed and approved such salaries. The approved salaries became effective on April 1, 2004 for the following 12-month period. In making its recommendations, the Compensation Committee relied on information provided by Mr. Goldstein, based on his firsthand knowledge of the performance of each executive officer against financial and/or non-financial goals and responsibilities and his or her contribution to the Company and to his or her respective area of concentration. The Compensation Committee also considered comparative compensation levels for similar positions in its selected group of representative companies. There was no precise test or formula by which the recommended salaries of the executive officers for 2004 were related to performance. The Compensation Committee concluded, and the Board agreed, that

the Company's interests were best served by a flexible policy that allowed the Compensation Committee and the Board to fix 2004 annual salaries after considering and evaluating the factors enumerated above.

The Compensation Committee, following and based on a performance review of Mr. Goldstein conducted by the Nominating and Governance Committee in relation to the Company's performance and Mr. Goldstein's individual performance against financial and non-financial objectives, determined and recommended to the Board, and the Board (with Mr. Goldstein recusing himself) approved, the 2004 annual base salary for Mr. Goldstein.

In October 2004, James H. Dunsdon was appointed to the new position of Chief Operating Officer ("COO"). Compensation for similar positions at the selected group of representative companies was

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reviewed and an internal evaluation was conducted with the assistance of the independent compensation consultant. Mr. Goldstein recommended a revised annual salary for Mr. Dunsdon along with revised incentive compensation levels for the position of COO. The Compensation Committee considered the recommendations and discussed them with Mr. Goldstein and the independent compensation consultant, and recommended to the Board the revised annual salary and incentive compensation.

Stock Award Program

During the first quarter of 2004, the Compensation Committee established 2004 restricted stock unit award targets for the CEO and each of the other executive officers under the Company's SAP and, with respect to the CEO, pursuant to the terms of the MOU. The Compensation Committee reviewed and approved the recommendations of the CEO for 2004 awards under the SAP for each executive officer other than the CEO, including the CEO's recommendation that awards under the SAP to certain executive officers be above their restricted stock unit award targets, and determined the award for Mr. Goldstein. For 2004, certain executive officers, other than Mr. Goldstein, received an award that was between 14% and 40% higher than his or her standard restricted stock unit grant under the SAP. The Compensation Committee made these greater than standard awards to provide them with further incentive to increase shareholder value and to reward these executive officers for outstanding individual performance. Other executive officers received their standard restricted stock unit grant. The Compensation Committee made all grants other than to Mr. Goldstein after considering the recommendations of Mr. Goldstein. Mr. Goldstein's restricted stock unit grant was made based on the recommendation of the independent compensation consultant and had a value of \$1,260,000, a value which is substantially equal to the Black-Scholes value of Mr. Goldstein's 2003 stock option award. The Compensation Committee established specific quantitative, Company-wide performance vesting criteria for restricted stock unit awards to Mr. Goldstein and for each of the other executive officers and senior management of the Company. In addition, a three year time vesting restriction also applies to all such awards.

During 2003, the Compensation Committee adopted Share Retention Guidelines applicable to executive officers and other members of senior management, requiring them, effective from January 1, 2004, and upon exercising stock options or realizing Company stock due to vesting of restricted stock or restricted stock units, to retain a specified portion of the Company shares realized after payment of the exercise price and income taxes related to the exercise. A covered individual would be exempt from the requirement if the individual owns shares of Common Stock having a value equal to a specified multiple of that individual's base salary, depending on the individual's grade level with the Company. The Compensation Committee adopted this requirement in order to further align the interests of the Company's executive officers and senior management with shareholders. The Compensation Committee periodically monitored compliance with these Guidelines during 2004.

Incentive Compensation

During the first quarter of 2004 the Compensation Committee established the specific quantitative corporate performance goals and award targets for Mr. Goldstein and for each of the other executive officers for (i) 2004 under the AIP and (ii) the 2004-2006 cycle under the Company's LTIP. In January 2005, the Compensation Committee also certified the level of achievement of the pre-established corporate performance goals under the AIP for 2004 and LTIP for the 2002-2004 performance cycle and determined the level of incentive compensation under each of those plans based on those achievements.

For 2004, all of the Company's executive officers participated in the AIP. For 2004, annual incentive compensation based on corporate performance was 66.7% of target. Depending on the mix of corporate performance goals and derivative regional and/or category performance goals applicable to each executive officer, each executive officer, including Mr. Goldstein, received for 2004 annual incentive compensation between 33.35% and 108.35% of his or her target incentive compensation for the year.

All of the Company's executive officers participate in the LTIP, although all were not eligible in 2002 as is required to receive payment for the 2002-2004 cycle. For the 2002-2004 cycle, the Company achieved in the aggregate 145.92% of the corporate performance goals, as a result of which each eligible executive officer, including Mr. Goldstein, received for 2002-2004 long term incentive compensation equal to 145.92% of his or her target incentive compensation for the cycle.

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Mr. Goldstein's 2004 Compensation

Mr. Goldstein's base salary for 2004 was reviewed by the Compensation Committee along with its relative position compared to the selected group of representative companies and the portion of his total remuneration which was tied to the achievement of performance goals. The Committee recommended, and the Board approved, that this salary remain the same as in the prior year and a larger portion of his total remuneration be tied to incentive performance in leading the Company. Both his target award and his actual payout of annual incentive compensation were governed by and were consistent with the terms of the AIP. His participation in the 2004-2006 cycle of the LTIP is governed by and consistent with the terms of the LTIP. His restricted stock unit award was 35,000 units. The Compensation Committee and the Board (with Mr. Goldstein recusing himself) determined that each element and the aggregate of Mr. Goldstein's compensation in respect of 2004 were fair and reasonable and within the range of compensation for chief executive officers of companies comparable to the Company.

In summary, the Compensation Committee believes the Company has an appropriate and competitive compensation policy, which is designed to attract and retain qualified executive officers and motivate them to create and enhance shareholder value. The Company's compensation policy soundly balances base salary, annual and long-term cash incentives, and restricted stock units for the CEO and executive officers. The Compensation Committee, with the assistance of an independent compensation consultant, periodically reviews both compensation levels for the CEO and other executive officers and the appropriate balance among the various components. This review is designed to assure that the Company's compensation program remains competitive and enables the Company to attract and retain high quality executives.

Compensation Committee

Peter A. Georgescu
Chairman
Arthur C. Martinez
Burton M. Tansky

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SUMMARY COMPENSATION TABLE

The following table sets forth information for 2004, 2003 and 2002 relating to the compensation of the Chairman and Chief Executive Officer, and each of the other four most highly compensated executive officers of the Company who were serving at December 31, 2004.

(a)	(b)	Annual Compensation			Long Term Compensation			
		(c)	(d)	(e)	(f)	(g)	(h)	(i)
Name and Principal Position	Year	Salary (\$)	Bonus (\$)(1)	Other Compensation (\$)(2)	Restricted Stock (\$)(3)(4)	Securities Underlying Options (#)	LTIP Payouts (\$)(5)	All Other Compensation (\$)(6)
Richard A. Goldstein Chairman and Chief Executive Officer	2004	1,120,000	933,800	66,174	1,488,760	0	1,751,040	38,883
	2003	1,120,000	308,000	74,354	0	140,000	2,682,433	742,495(7)
	2002	993,750	215,000	104,154	5,884,000(8)	140,000	0	794,375(7)
James H. Dunsdon Chief Operating Officer	2004	415,000	231,015	14,343	696,745	0	237,120	42,234
	2003	353,399	24,750	10,673	0	35,000	476,583	35,785
	2002	318,750	63,297	11,927	0	37,000	0	27,348
D. Wayne Howard Executive Vice President, Global Operations	2004	459,250	184,892	24,607	531,720	0	417,331	19,455
	2003	448,250	74,415	16,131	0	50,000	715,429	22,650
	2002	430,000	70,950	16,709	0	60,000	0	13,875
Douglas J. Wetmore Senior Vice President and Chief Financial Officer	2004	444,250	149,075	17,111	465,780	0	372,096	116,171
	2003	433,250	59,950	15,681	0	70,000	684,950	21,307
	2002	412,500	57,109	13,590	0	44,000	0	21,274
Nicolas Mirzayantz Senior Vice President, Fine Fragrances and Beauty Care	2004	368,112	186,345	20,130	372,190	0	255,360	11,670
	2003	357,500	24,750	17,872	0	35,000	573,563	10,908
	2002	343,749	23,516	64,274	0	40,000	0	12,870

(1) Paid under the Company's AIP. Under the AIP, each named executive officer had an award target for 2004 based on the achievement of specific quantitative corporate performance goals and each of Mr. Dunsdon and Mr. Mirzayantz had an award target for 2004 which was also based on the achievement of specific derivative quantitative regional or category goals. All of these performance goals were determined by the Compensation Committee of the Board at the beginning of 2004. For 2004, the corporate performance goals related to increases in revenue and improvement in operating profit as a percentage of sales. For 2004, the Company achieved in the aggregate 66.7% of the corporate performance goals under the AIP, as a result of which each named executive officer other than Mr.

Dunsdon and Mr. Mirzayantz received annual incentive compensation equal to 66.7% of his or her target incentive compensation for the year. For 2004, the Company achieved in the aggregate 150% of the regional goals under the AIP for Mr. Dunsdon, as a result of which Mr. Dunsdon received annual incentive compensation equal to 80.18% of his target incentive compensation for the year, and the Company achieved in the aggregate 135.3% of the category goals under the AIP for Mr. Mirzayantz, as a result of which Mr. Mirzayantz received annual incentive compensation equal to 101% of his target incentive compensation for the year.

- (2) Includes amounts in respect of (a) the personal use of the automobile provided by the Company in 2004: Mr. Goldstein—\$19,636, Mr. Dunsdon—\$6,235, Mr. Howard—\$17,607, Mr. Wetmore—\$13,611, Mr. Mirzayantz—\$8,897; in 2003: Mr. Goldstein—\$14,250, Mr. Dunsdon—\$2,830, Mr. Howard—\$8,631, Mr. Wetmore—\$12,181, Mr. Mirzayantz—\$7,072; in 2002: Mr. Goldstein—\$13,150, Mr. Dunsdon—\$4,343, Mr. Howard—\$8,709, Mr. Wetmore—\$10,090, Mr. Mirzayantz—\$1,223; (b) financial planning services in 2004: Mr. Goldstein—\$20,377, Mr. Dunsdon—\$8,108, Mr. Howard—\$4,000, Mr. Mirzayantz—\$8,233; in 2003: Mr. Goldstein—\$37,458, Mr. Dunsdon—\$7,843, Mr. Howard—\$4,500, Mr. Mirzayantz—\$7,800; in 2002: Mr. Goldstein—\$23,295, Mr.

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Dunsdon—\$7,584, Mr. Howard—\$4,500, Mr. Mirzayantz—\$10,347; (c) club memberships in 2004: Mr. Goldstein—\$26,161, Mr. Howard—\$3,000, Mr. Wetmore—\$3,500, Mr. Mirzayantz—\$3,000; in 2003: Mr. Goldstein—\$22,646, Mr. Howard—\$3,000, Mr. Wetmore—\$3,500, Mr. Mirzayantz—\$3,000; in 2002: Mr. Goldstein—\$22,733, Mr. Howard—\$3,500, Mr. Wetmore—\$3,500; (d) housing and personal expenses for Mr. Goldstein in 2002: \$44,976 and (e) a relocation allowance (including tax gross up of \$25,620) in 2002: Mr. Mirzayantz—\$52,704.

- (3) On May 11, 2004, each named executive officer was granted an award of Restricted Stock Units ("RSUs") containing corporate performance criteria, in addition to time restrictions. The performance criteria related to earnings per share achieved in 2004 and return on invested capital achieved in 2004. At its meeting held on January 25, 2005, the Compensation Committee determined the extent to which the corporate performance criteria were satisfied and approved the final number of RSUs awarded to each executive officer. The dollar value of RSUs granted in 2004 is based on the final number of RSUs awarded to each executive officer. The RSUs awarded remain subject to time restrictions. In addition, on October 1, 2004 in connection with his promotion to Chief Operating Officer, Mr. Dunsdon was granted an award of 7,000 RSUs subject only to time restrictions. Based on the closing price of the Company's Common Stock on December 31, 2004, and taking into account the final number of RSUs awarded to each executive officer based on the extent of achievement of the 2004 corporate performance criteria, the dollar value of RSUs on that date was as follows: Mr. Goldstein—\$1,822,242, Mr. Dunsdon—\$820,515, Mr. Howard—\$650,825, Mr. Wetmore—\$570,115, Mr. Mirzayantz—\$455,561.
- (4) Excludes unvested premium share units in the IFF Stock Fund credited to the accounts of the named executive officers who participate in the DCP. Based on the closing price of the Company's Common Stock on December 31, 2004, the aggregate number and dollar value of unvested premium share units in the IFF Stock Fund credited to such accounts was: Mr. Dunsdon—1,437 shares or \$61,581, Mr. Howard—275 shares or \$11,802, Mr. Wetmore—485 shares or \$20,793. Such premium share units are subject to forfeiture. Except for such premium share units, the performance incentive award held by Mr. Goldstein and the RSUs described above, no other named executive officer holds restricted stock.
- (5) Paid under the Company's LTIP. Under the LTIP, each executive officer had an award target for the 2002-2004 performance cycle based on the achievement of specific quantitative corporate performance goals, which were determined by the Compensation Committee of the Board at the beginning of the cycle. For the 2002-2004 cycle, these objectives related to improvements in earnings per share and

return on net tangible assets. For the 2002-2004 performance cycle, the Company achieved in the aggregate 145.92% of the corporate performance goals under the LTIP, as a result of which each executive officer received long-term incentive compensation equal to 145.92% of his or her target incentive compensation for the cycle. Awards under the LTIP are made in cash, but executive officers may elect to defer LTIP awards under the Company's DCP.

- (6) Includes the following amounts paid, matched or set aside by the Company under the Company's Retirement Investment Fund Plan, a defined contribution plan, and the DCP (including the dollar amount, on the date of contribution, of premium shares credited to the accounts of participants in the DCP), for 2004: Mr. Goldstein—\$32,350, Mr. Dunsdon—\$40,957, Mr. Howard—\$18,518, Mr. Wetmore—\$115,382, Mr. Mirzayantz—\$11,228; for 2003: Mr. Goldstein—\$30,375, Mr. Dunsdon—\$34,632, Mr. Howard—\$21,832, Mr. Wetmore—\$20,568, Mr. Mirzayantz—\$10,500; for 2002: Mr. Goldstein—\$82,938, Mr. Dunsdon—\$26,430, Mr. Howard—\$13,200, Mr. Wetmore—\$20,568, Mr. Mirzayantz—\$12,455. Also includes the following amounts paid in respect of life insurance coverage under the Company's Executive Death Benefit Program: for 2004: Mr. Goldstein—\$6,533, Mr. Dunsdon—\$1,277, Mr. Howard—\$937, Mr. Wetmore—\$789, Mr. Mirzayantz—\$442; for 2003: Mr. Goldstein—\$5,870, Mr. Dunsdon—\$1,153, Mr. Howard—\$818, Mr. Wetmore—\$740, Mr. Mirzayantz—\$409; for 2002: Mr. Goldstein—\$5,187, Mr. Dunsdon—\$919, Mr. Howard—\$675, Mr. Wetmore—\$750, Mr. Mirzayantz—\$415. No participant in this Program has or will have any interest in the cash surrender value of the underlying insurance policy.

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- (7) In addition to the amounts described in note (6) above, includes \$706,250 paid to Mr. Goldstein pursuant to the MOU in respect of long term incentive payments that he forfeited by leaving his prior employer. See "Employment Contracts and Termination of Employment and Change-in-Control Arrangements" at page 20 for the terms of the MOU.
- (8) On August 1, 2002, Mr. Goldstein received a Performance Incentive Award ("PIA") of 200,000 restricted shares of the Company's Common Stock. See "Employment Contracts and Termination of Employment and Change-in-Control Arrangements" at page 20. Mr. Goldstein's entitlement to all or a portion of the award is subject to (a) the Company's achieving certain levels of shareholder returns compared to those of a specified group of other companies, over the three-, four- and five-year periods commencing August 1, 2002, and (b) Mr. Goldstein's remaining employed by the Company during such periods. He may earn up to 25% of the award (50,000 shares) at the end of three years, an additional 25% of the award (50,000 shares) at the end of four years, and the remaining 50% of the award (100,000 shares) at the end of five years. If any portion of the award is not earned during the first two performance periods, it may be earned if the performance objective is met for the full five-year period. Although the stock is restricted, Mr. Goldstein has voting and dividend rights on all shares. Based on the closing price of the Company's Common Stock on December 31, 2004, the dollar value of the PIA by Mr. Goldstein on that date was \$8,568,000.

OPTION/SAR GRANTS IN 2004

No options or stock appreciation rights (SARs) were granted to the executive officers named in the Summary Compensation Table in 2004.

AGGREGATED OPTION EXERCISES IN 2004 AND OPTIONS/SAR VALUES AT DECEMBER 31, 2004

The following table provides information as to options exercised in 2004 by each of the executive officers named in the Summary Compensation Table and the value of options held by each such executive officer at December 31, 2004 measured in terms of the closing price of the Common Stock in consolidated trading on December 31, 2004. No SARs

are outstanding.

Name	Shares Acquired on Exercise (#)	Value Realized (\$)	Number of Securities Underlying Unexercised Options at FY End (#) Exercisable/Unexercisable	Value of Unexercised In the Money Options at FY End (\$) Exercisable/Unexercisable
R.A. Goldstein	0	0	941,000/140,000	9,099,924/1,679,066
J.H. Dunsdon	0	0	57,084/35,666	837,778/442,639
D.W. Howard	0	0	171,667/53,333	2,543,588/633,062
D.J. Wetmore	130,000	1,338,576	99,542/61,333	533,370/752,688
N. Mirzayantz	12,625	248,322	112,834/36,666	1,036,454/456,709

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EQUITY COMPENSATION PLANS

The following table provides information about the Company's Common Stock that may be issued upon the exercise of options, warrants and rights or vesting of restricted stock units under all of the Company's equity compensation plans as of December 31, 2004.

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights	Weighted-average exercise price of outstanding options, warrants and rights	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c)
	(a)	(b)	(c)
Equity compensation plans approved by security holders (1)	6,571,955(2)	\$33.23(3)	8,197,261(4)
Equity compensation plans not approved by security holders (5)	1,358,195(6)	\$27.88(3)	4,338,827(7)
Total	7,930,150	\$32.26(3)	12,536,088

- (1) Represents the 2000 SAIP, the 2000 Stock Option Plan for Non-Employee Directors, the 1997 Employee Stock Option Plan, the Employee Stock Option Plan of 1992, the 1990 Stock Option Plan for Non-Employee Directors, the Employee Stock Option Plan of 1988 and the Global Employee Stock Purchase Plan ("GESPP"). Also includes the 1997 Employee Stock Option Plan for The Netherlands, the Employee Stock Option Plan of 1992 for The Netherlands and the Employee Stock Option Plan of 1988 for The Netherlands, each of which forms a subpart of and as to which shares are issuable under the 1997 Employee Stock Option Plan, the Employee Stock Option Plan of 1992 and the Employee Stock Option Plan of 1988, respectively. The 2000 SAIP provides for the award of stock options, restricted stock units and other equity-based awards.
- (2) Excludes the PIA of 200,000 shares of restricted Common Stock granted to Mr. Goldstein, Chairman and Chief Executive Officer, on August 1, 2002. See "Employment Contracts and Termination of Employment and Change-in-Control Arrangements" at page 20. Also excludes 4,295,303 shares remaining available for issuance under the GESPP. Includes a total of 508,660 outstanding and unvested RSU's under the 2000 SAIP.
- (3) Weighted average exercise price of outstanding options; excludes the PIA granted to Mr. Goldstein, restricted stock units and shares credited to accounts of participants in the DCP.
- (4) Includes 4,295,303 shares available for future issuance under the GESPP. Does not include 1,270,375 options outstanding as of December 31, 2004 under the 1997 Employee Stock Option Plan (including the 1997 Employee Stock Option Plan for The Netherlands). Pursuant to approval of shareholders at the Annual Meeting held on May 7, 2002, shares authorized under the 1997 Employee Stock Option Plan, but not used thereunder for any reason, are added to shares available for awards under the 2000 SAIP. As a result, any outstanding options under the 1997 Employee Stock Option Plan that are cancelled will become available for grant under the 2000 SAIP.
- (5) Represents the 2000 Supplemental Stock Award Plan (the "2000 Supplemental Plan"), the DCP and the pool of shares to be used for annual awards of 1,000 shares to each non-employee director.
- (6) Excludes shares of the Company's Common Stock credited to participant's accounts as of December 31, 2004 and issuable under the DCP. Also excludes deferred annual awards of 1,000 shares each made to non-employee directors.
- (7) Includes 3,992,406 shares remaining available for issuance under the DCP and 59,750 shares remaining available for issuance from the pool of shares to be used for annual awards of 1,000 shares to each non-employee director.

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2000 Supplemental Stock Award Plan and Directors' Annual Stock Award Pool

On November 14, 2000, the Company's Board of Directors approved the 2000 Supplemental Plan. Under applicable NYSE rules the 2000 Supplemental Plan did not require approval, and has not been approved by shareholders. The 2000 Supplemental Plan is a stock-based incentive plan designed to attract, retain, motivate and reward employees and certain other persons who provide substantial services to the Company, but excluding all executive officers and directors of the Company, to provide for equitable and competitive compensation opportunities, to recognize individual contributions and reward achievement of Company goals and to promote the creation of long-term value for shareholders. Under the 2000 Supplemental Plan, eligible participants may be granted nonqualified stock options, stock appreciation rights, restricted stock, deferred stock, stock granted as a bonus or in lieu of another award, dividend equivalents, other stock based awards or conditional rights to receive stock or other awards (performance awards) (collectively, "Awards") under terms and conditions that are identical to those under the Company's shareholder-approved 2000 SAIP. Unlike under the 2000 SAIP, however, no cash awards may be granted under the

2000 Supplemental Plan. The total number of shares of the Company's Common Stock reserved for Awards under the 2000 Supplemental Plan is 4,500,000 of which a total of 1,358,195 options were outstanding as of December 31, 2004, and 286,671 remained available for grant as of that date.

In September 2000, the Company's Board of Directors authorized and reserved a pool of 100,000 shares of the Company's Common Stock to be used for annual awards of 1,000 shares to each non-employee director of the Company on October 1 of each year. The shares may be issued out of authorized but unissued shares or treasury shares. Under applicable NYSE rules this pool did not require approval, and has not been approved by shareholders.

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EMPLOYMENT CONTRACTS AND TERMINATION OF EMPLOYMENT AND CHANGE-IN-CONTROL ARRANGEMENTS

In connection with Mr. Goldstein's appointment as Chairman and Chief Executive Officer of the Company in 2000, the Company negotiated with Mr. Goldstein, and the Board approved, a Memorandum of Understanding ("MOU") setting forth the terms of Mr. Goldstein's employment by the Company. The principal terms of the MOU are:

- (a) Mr. Goldstein is employed by the Company as its Chairman and Chief Executive Officer for a term of five years effective June 1, 2000.
- (b) Mr. Goldstein's annual base salary will not be less than \$900,000, the level established by the Board.
- (c) For 2000 Mr. Goldstein was guaranteed and received an annual incentive compensation award of \$540,000, 60% of his \$900,000 base salary. For years after 2000 Mr. Goldstein's annual incentive compensation is subject to the attainment of certain annual corporate performance goals approved by the Board under the 2000 SAIP. For 2002, 2003 and 2004 those corporate performance goals were identical to the corporate performance goals applicable to all other executive officers of the Company.
- (d) For 2000 Mr. Goldstein was guaranteed and received a long-term incentive compensation award of \$720,000, 80% of his \$900,000 base salary. For periods after 2000 Mr. Goldstein's long-term incentive compensation is subject to the attainment of certain corporate long-term performance goals approved by the Board under the 2000 SAIP. For the 2002-2004, 2003-2005 and 2004-2006 cycles of the Long-Term Incentive Plan, those corporate performance goals are identical to those applicable to all other executive officers of the Company.
- (e) On June 1, 2000 Mr. Goldstein was granted options to purchase 700,000 shares of the Company's Common Stock. Of these options, an option for 500,000 shares was a "sign-on" grant; an option for 100,000 shares was to compensate Mr. Goldstein for his forfeiture, upon his leaving Unilever US, of unvested options to purchase stock of Unilever plc; and an option for 100,000 shares was Mr. Goldstein's 2000 annual grant. The "sign-on" grant, made under the Company's 1997 Stock Option Plan, was immediately exercisable and will remain exercisable for the full option term irrespective of Mr. Goldstein's employment status, or until death, if earlier, except that if Mr. Goldstein's employment is terminated for cause prior to a "Change-in-Control" (see "Executive Separation Policy" below at page 22), the unexercised portion of the option will be immediately forfeited. The other grants were made under the 2000 SAIP, and are subject to the same terms and conditions as grants to other employees under the 2000 SAIP. Mr. Goldstein is also entitled to, and has received, annual option grants or restricted stock unit grants with a value as of the grant date, based on the Black-Scholes model of option or restricted stock unit valuation, of not less than \$590,000.

(f) Mr. Goldstein was entitled to receive from the Company \$2,118,750 in respect of long term incentive payments that he forfeited by leaving Unilever US ("Unilever LTIP"). Payments in respect of Unilever LTIP were to be made at the same times, and in the same amounts, as they would have been made to Mr. Goldstein had he remained an employee of Unilever US. An installment of \$706,250 was paid to Mr. Goldstein in each of March 2001, March 2002 and March 2003.

(g) Mr. Goldstein participates in all of the Company's benefit plans and programs applicable to all Company executive officers. In addition, the Company is required to provide Mr. Goldstein with (i) those benefits that he was receiving at Unilever US that are not provided under the Company's plans and programs, and (ii) with respect to benefits provided by both Unilever US and the Company but as to which the Company's benefits are less generous than those Mr. Goldstein was receiving from Unilever US, the same benefit level as he was receiving from Unilever US. Mr. Goldstein is not receiving any additional benefits pursuant to this understanding.

(h) In no event will Mr. Goldstein receive aggregate pensions from the Company and Unilever US that are less than the pension he would have received had he continued to be employed by

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Unilever US for an additional five-year period. If he retires from the Company after completing five years of service, his Company pension will be based on the period of his service with the Company only. If he retires from the Company before completing five years of service, his Company pension will be based on a combination of his service with the Company and his service with Unilever US totaling five years. After calculating the aggregate of his actual Company pension and his actual pension from Unilever US, the Company will supplement that total with an amount equal to the difference between what his pension would have been had he continued to be employed by Unilever US for the additional five-year period and such aggregate actual pensions.

(i) Mr. Goldstein participates in and is entitled to the benefits of the Company's Executive Separation Policy (the "ESP"), described below at page 22.

(j) Prior to 2003, Mr. Goldstein was reimbursed for incidental business-related and other expenses up to \$120,000 per year. In 2001 and 2002, housing and personal expenses of \$42,411 and \$44,976, respectively, were reimbursed to Mr. Goldstein. In 2003 the Compensation Committee recommended, and the Board approved, that the \$120,000 amount be reclassified as salary, effective January 1, 2003, and that Mr. Goldstein would not be reimbursed for any expenses other than expenses that would be reimbursed to Company executive officers.

Effective August 1, 2002, the Board granted a Performance Incentive Award (the "PIA") under the 2000 SAIP to Mr. Goldstein. The PIA has two objectives: (a) to drive superior long term corporate performance on behalf of shareholders; and (b) to retain and reward Mr. Goldstein for such performance over the following five years. The PIA has the following terms and conditions:

(a) The PIA has three performance/vesting periods, commencing as of August 1, 2002:

Period
3 years ending July 31, 2005

Award Opportunity

	25% of grant (50,000 shares)
4 years ending July 31, 2006	25% of grant (50,000 shares)
5 years ending July 31, 2007	50% of grant (100,000 shares)

(b) To earn any award, Mr. Goldstein must continue to serve as the Company's Chief Executive Officer through the end of such performance/vesting period.

(c) During each performance period, Mr. Goldstein may earn the following portions of each installment of the award based on the Company's Total Shareholder Return ("TSR") during the performance periods as measured against a selected group of 21 companies (the "Comparison Group"):

(i) 100% of the installment if the Company's TSR is above the 75th percentile of the Comparison Group; or

(ii) 50% of the installment if the Company's TSR is above the 50th percentile and up to the 75th percentile of the Comparison Group.

(d) Unless otherwise determined by the Compensation Committee, the installment of the PIA for any performance period is to be forfeited if:

(i) the Company's TSR is at or below the 50th percentile of the Comparison Group; and/or

(ii) the Company's TSR is negative, irrespective of the Company's ranking within the Comparison Group.

(e) If all or a portion of an installment of the PIA for either of the first two performance periods is not earned, up to the full PIA may still be earned based on the Company's TSR for the full five-year PIA performance award period.

(f) The Compensation Committee may adjust the composition of the Comparison Group or other provisions of the PIA in the event of changes in the business or performance of a Comparison

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Group company or the Company or in the event of other factors deemed relevant by the Compensation Committee provided that the adjustment would not cause the performance goals not to meet the "performance goal requirement" set forth in Section 162(m) of the Internal Revenue Code. In 2004, the Compensation Committee reviewed the composition of the Comparison Group and determined not to adjust the Comparison Group or other provisions of the PIA.

(g) Prior to vesting or forfeiture, Mr. Goldstein has voting rights over and rights to receive dividends on all shares subject to the PIA.

In June 1999, Nicolas Mirzayantz, currently Senior Vice President, Fine Fragrances and Beauty Care, who became an executive officer of the Company in December 2002, received a full recourse job-related loan in the amount of \$300,000 (the "Mirzayantz Loan") to assist him in the purchase of a residence in connection with his accepting an assignment in France. The interest rate on the Mirzayantz Loan was 7.21% and the loan was to be repaid in 20

quarterly installments of \$18,000 commencing September 30, 1999 and continuing through June 30, 2004. Mr. Mirzayantz made 6 quarterly payments aggregating \$108,000, reducing the principal balance of the loan at January 1, 2001 to \$220,957. As of January 1, 2001, Mr. Mirzayantz returned to the United States to assume his current position and at that time, the Company suspended payment of the quarterly installments. Mr. Mirzayantz repaid the loan in full on January 29, 2004. During 2004, the largest aggregate amount of the Mirzayantz Loan outstanding was \$251,048. There were no material modifications to or waivers of the terms of the Mirzayantz Loan, which was made prior to the enactment of the Sarbanes-Oxley Act of 2002.

Executive Separation Policy

The Board has adopted the ESP and has authorized participation in the ESP by the executive officers of the Company. The ESP covers separations from the Company, including within two years following a "Change-in-Control" (a "CIC," the definition of which is summarized below). All of the officers named in the Summary Compensation Table (see "Summary Compensation Table" at page 15) are covered by the ESP's "Tier I" payments and benefits, described below. The ESP was originally adopted by the Board in 2000. In December 2004, the Board amended the ESP with the overall effect of reducing the level of benefits for participants in Tier I and Tier II, while expanding the coverage of the ESP to additional employees in a new Tier III. Benefits for Tier III participants, none of whom are executive officers, are similar to those for Tier I and Tier II participants but at reduced levels.

Under the ESP, a participant whose employment with the Company is terminated without cause, as defined in the ESP, at any time other than within the two years following a CIC, receives severance, calculated on a monthly basis, equal to the sum of (1) the participant's monthly base salary at the date of termination and (2) 1/12th of the average of the participant's three most recent annual incentive compensation awards, in each case payable as "salary continuation" over a period of 24 months, in the case of a Tier I participant, and 18 months, in the case of a Tier II participant. The participant is also entitled to a pro rata bonus for the year of termination and continuation of medical, dental and insurance benefits for the 24-month or 18-month severance period. For this type of termination, the ESP provides no additional pension credit to the participant, and stock options and other long-term awards are exercisable or payable only in accordance with their terms apart from the ESP.

A participant terminated without cause or electing to terminate his or her employment with the Company for "good reason" (the definition of which is summarized below), during the two years following a CIC is entitled to the following:

- (a) a lump-sum payment equal to three times, in the case of a Tier I participant, and two times, in the case of a Tier II participant, the aggregate of (i) the participant's highest annual salary during the five years immediately preceding separation and (ii) the higher of (A) the participant's average annual incentive award for the most recent three years or (B) his or her target annual incentive award for the year of separation;
- (b) a lump-sum payment of a prorated portion of the long-term incentive award for each long-term incentive plan cycle then in progress, with the amount of the award to equal the target award for each performance cycle prorated based on the portion of the performance cycle completed at the time of termination of employment;

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- (c) a lump-sum payment of a prorated portion of the target annual incentive award for the year of termination, with proration based on the portion of the year completed at the time of termination of employment;

(d) 100% vesting of outstanding options, with the remainder of the option term to exercise them; provided that, if the applicable stock option plan does not permit the option to vest and remain outstanding for the remainder of the option term, the option will be cashed out based on the spread between the exercise price and the highest of (i) the market price of Common Stock on the date of termination, (ii) the price of Common Stock in any published tender offer or any merger or acquisition agreement within one year before or after the CIC, or (iii) the market price of Common Stock on the date of the CIC;

(e) 100% vesting of outstanding restricted stock and stock unit awards and, unless waived or deferred by the participant, settlement of stock unit awards promptly following termination;

(f) credit for an additional three years, in the case of a Tier I participant, and two years, in the case of a Tier II participant, of service and age for pension calculation purposes, with the assumption that annual compensation would have continued during such additional period, and with the Company to fully fund any supplemental pension obligations through a rabbi trust; and

(g) continuation of medical and dental coverage for the lesser of three years, in the case of a Tier I participant, and two years, in the case of a Tier II participant, or until the participant obtains new employment providing similar benefits.

If following a CIC a participant becomes entitled to payments that would trigger the golden parachute excise tax or similar taxes ("Excise Taxes"), the Company will pay an additional amount (a "Gross-Up Payment") so that the after-tax value of the participant's severance payments and benefits under the ESP would be the same as though no Excise Taxes applied (the Gross-Up Payment includes amounts offsetting additional income taxes and other adverse tax effects resulting from the Gross-Up Payment). If, however, a limited reduction of severance payments or in the vesting of equity awards would avoid the Excise Taxes, severance or such vesting will be reduced in order to eliminate the need for a Gross-Up Payment. This reduction will be made, however, only if it would not exceed 10% of the amount of payments that could be received by the participant without triggering the Excise Taxes.

The ESP provides for payments and benefits in the event of a participant's death, disability or retirement at or after age 62. In such case prior to a CIC, the participant will receive a prorated portion of the annual incentive and LTIP awards that would have become payable based on performance for the full year or multi-year performance period, and restricted stock and stock unit awards will become full vested and settled (unless validly deferred). In the event of death, disability or retirement within two years after a CIC, the ESP provides that the participant would receive the same payout of annual incentive and LTIP awards and vesting of options and restricted stock and stock units as in the case of a termination by the Company not for cause, except that options will remain outstanding for no more than one year following death and three years following termination due to disability.

Under the ESP, a CIC is deemed to have occurred if:

(i) a person or group acquires Company securities and thereby becomes a beneficial owner of 40% or more of the voting power in the Company;

(ii) Board members as of September 1, 2000 and any new director (other than a person who became a director in a contested election) whose election or nomination was approved or recommended by at least two-thirds (2/3) of the directors who either were directors on September 1, 2000 or whose election or nomination was previously so approved or recommended, cease for any reason to constitute at least a majority of the Board;

(iii) immediately after a merger, consolidation, recapitalization, or reorganization of the Company, either new members constitute a majority of the board of the principal surviving entity or the voting securities of the Company outstanding immediately before the event do not represent at least 60% of the voting power in the principal surviving entity; or

(iv) the shareholders of the Company have approved a plan of complete liquidation and such liquidation has commenced, or a sale or disposition of all or substantially all of the Company's assets (or a similar transaction) has been consummated, with all material contingencies satisfied or waived.

Under the ESP, "good reason" means the occurrence of any of the following events, unless the participant has consented in writing to such event:

- (i) a reduction in the participant's base salary as in effect before the CIC;
- (ii) (a) the failure by the Company to continue any compensation or benefit plan in which the participant was a participant prior to the CIC, unless it is replaced by a comparable plan or it terminates due to its normal expiration, or (b) other Company actions or omissions that would materially adversely affect the participant's continued participation in such a plan;
- (iii) an adverse change in the participant's position, level, authority and responsibilities or assignment of responsibilities materially inconsistent with the participant's position immediately prior to the CIC; or
- (iv) relocation of the participant more than 45 miles from the participant's office before the CIC;
- (v) the failure of a successor to assume the Company's obligations under the ESP.

However, good reason will exist only if the participant gives notice to the Company and the Company fails to correct its conduct within 30 days.

The ESP provides generally that, upon a CIC, options will become fully vested and exercisable, and forfeiture and deferral conditions and other restrictions on restricted stock and other equity awards will end except to the extent waived by the employee. The effect of a CIC on performance-based vesting conditions of awards is governed by the plan and agreements relating to the specific award. Payments and benefits under the ESP may be limited if the participant can remain employed by a business unit that is sold or otherwise separated from the Company prior to a CIC, if that business unit provides severance protections comparable to the ESP.

As a condition of the participant's right to receive severance payments and benefits, the ESP requires that he or she not engage in competition with the Company, induce customers, suppliers or others to curtail their business with the Company or induce employees or others to terminate employment or service with the Company. These restrictions apply prior to a CIC while the participant is employed and for any post-termination period in which the participant is receiving severance payments. The ESP also conditions severance payments and benefits on the participant meeting commitments with respect to confidentiality, cooperation in litigation, and return to the Company of its property. Certain gains realized by the participant by exercises of options and settlements of other equity awards will be forfeited if he or she fails to meet the commitments described in this paragraph.

Some payments and benefits may be limited or their timing altered under new Internal Revenue Code (the "Code") Section 409A, which regulates deferred compensation.

Pension Plans

All of the executive officers named in the Summary Compensation Table are participants in the Company's Pension Plan, a defined benefit plan, under which the Company makes periodic payments computed on an actuarial basis providing for fixed benefits for members in the event of retirement on or after age 55 with 10 years of service. Unreduced benefits are payable after age 62. Benefits under the Pension Plan are calculated with respect to a five-year average of participating employees' covered compensation (base salary or wage plus bonus), subject to an offset for amounts received as Social Security benefits for service after November 30, 1979. The table below indicates, for purposes of illustration, the approximate amounts of annual retirement income (subject to the above Social Security offset and without taking into account any limitations under the Code) that would have been payable upon retirement at December 1, 2004 on a straight life basis under various assumptions as to salary and years of service to employees in higher salary classifications who participate in the Pension Plan, including the executive officers named above in the Summary Compensation Table. Messrs. Goldstein, Dunsdon,

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Howard, Wetmore and Mirzayantz currently have 5, 4, 4, 13, and 13 years of service, respectively, under the Pension Plan. To the extent that the amounts of annual retirement income exceed the maximum benefit and compensation limitations, including limitations under Section 415 and Section 401(a)(17) of the Code, such amounts are payable in the same form and manner under the Company's unfunded Supplemental Retirement Plan ("SERP"). Mr. Goldstein, in addition to being a participant in the Company's Pension Plan and SERP, has a separate unfunded arrangement under the MOU providing for pension benefits which are not presently calculable. See "Employment Contracts and Termination of Employment and Change-in-Control Arrangements" at page 20. Mr. Howard also has a separate unfunded arrangement, under which, once he has completed five years of service with the Company, he will receive service credit for an additional five years of service. Mr. Mirzayantz, who has 6 years of service for the Company's French subsidiary and contributed to its retirement plans, will be entitled to payments under those plans at the time of his retirement. Such amounts will be less than those set forth in the table below.

Average Compensation	Estimated annual pension for specified years of service							
	5	10	15	20	25	30	35	40
\$ 400,000	\$ 34,544	\$ 69,088	\$ 103,632	\$ 138,176	\$ 172,720	\$ 193,040	\$ 213,360	\$ 233,680
500,000	43,180	86,360	129,540	172,720	215,900	241,300	266,700	292,100
600,000	51,816	103,632	155,448	207,264	259,080	289,560	320,040	350,520
700,000	60,452	120,904	181,356	241,808	302,260	337,820	373,380	408,940
800,000	69,088	138,176	207,264	276,352	345,440	386,080	426,720	467,360
900,000	77,724	155,448	233,172	310,896	388,620	434,340	480,060	525,780
1,000,000	86,360	172,720	259,080	345,440	431,800	482,600	533,400	584,200
1,100,000	94,996	189,992	284,988	379,984	474,980	530,860	586,740	642,620
1,200,000	103,632	207,264	310,896	414,528	518,160	579,120	640,080	701,040
1,300,000	112,268	224,536	336,804	449,072	561,340	627,380	693,420	759,460
1,400,000	120,904	241,808	362,712	483,616	604,520	675,640	746,760	817,880
1,500,000	129,540	259,080	388,620	518,160	647,700	723,900	800,100	876,300
1,600,000	138,176	276,352	414,528	552,704	690,880	772,160	853,440	934,720
1,700,000	146,812	293,624	440,436	587,248	734,060	820,420	906,780	993,140
1,800,000	155,448	310,896	466,344	621,792	777,240	868,680	960,120	1,051,560
1,900,000	164,084	328,168	492,252	656,336	820,420	916,940	1,013,460	1,109,980
2,000,000	172,720	345,440	518,160	690,880	863,600	965,200	1,066,800	1,168,400

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2,100,000	181,356	362,712	544,068	725,424	906,780	1,013,460	1,120,140	1,226,820
2,200,000	189,992	379,984	569,976	759,968	949,960	1,061,720	1,173,480	1,285,240
2,300,000	198,628	397,256	595,884	794,512	993,140	1,109,980	1,226,820	1,343,660
2,400,000	207,264	414,528	621,792	829,056	1,036,320	1,158,240	1,280,160	1,402,080
2,500,000	215,900	431,800	647,700	863,600	1,079,500	1,206,500	1,333,500	1,460,500
2,600,000	224,536	449,072	673,608	898,144	1,122,680	1,254,760	1,386,840	1,518,920
2,700,000	233,172	466,344	699,516	932,688	1,165,860	1,303,020	1,440,180	1,577,340
2,800,000	241,808	483,616	725,424	967,232	1,209,040	1,351,280	1,493,520	1,635,760

Following the acquisition by the Company of Bush Boake Allen Inc. ("BBA") in November 2000, the Pension Plan for Eligible Employees of Bush Boake Allen Inc. was merged with the Company's Pension Plan as of December 31, 2000. Benefit accruals under the BBA Pension Plan were frozen as of that date. Benefit service for former BBA employees under the Company's Pension Plan starts as of December 1, 2000. Former BBA employees will receive a frozen accrued benefit under the BBA Pension Plan plus a benefit under the Company's Pension Plan for service after December 1, 2000. In addition to the benefit determined under the table above for service after December 1, 2000, Mr. Dunsdon, formerly an employee of BBA, is entitled, as of December 31, 2004, to an annual benefit of \$8,676 based on his service in the United States with BBA and an annual benefit of £79,114 (\$151,900 at the market exchange rate as of December 31, 2004), based on his service in the United Kingdom with BBA.

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Compensation Committee Interlocks and Insider Participation and Other Related Party Matters

The members of the Compensation Committee during 2004 were Messrs. Georgescu, Martinez and Tansky.

Dr. Blobel is a cofounder of Chromocell Corporation ("Chromocell"). Chromocell pays Dr. Blobel a nominal advisory fee of \$2,000 per year for scientific advice to Chromocell with respect to its research efforts and programs. Dr. Blobel does not receive any other compensation from Chromocell (other than reimbursement of certain expenses) and is not an officer, director or employee of Chromocell. In addition, Dr. Blobel has received equity as a founder of Chromocell and has a 3.9% equity interest in Chromocell.

The Company and Chromocell have entered into research agreements under which Chromocell is conducting a program to develop for the Company cell lines to assist the Company in creating new flavor ingredients. In 2004, the Company paid Chromocell \$1,684,000 to develop cell lines and assays. The Company also spent \$820,000 to purchase equipment used to support this program. The equipment is currently located in Chromocell's facility, and will be relocated to Company research facilities upon delivery of the final cell lines and assays by Chromocell.

The Company and Chromocell have entered into a supply agreement under which the Company will have an exclusive right to use the cell lines and assays for the development of new flavor materials. The supply agreement is anticipated to have the Company pay Chromocell milestone payments and a running royalty on new products discovered using Chromocell technology.

In a separate agreement dated June 15, 2004, the Company and Chromocell entered into a Convertible Promissory Note. The Company loaned Chromocell 2 million dollars at an annual interest rate of 6%, with principal and interest payable on December 31, 2007. The Company has the right, but not the obligation, to convert the debt into equity upon the occurrence of certain specified events.

REPORT OF THE AUDIT COMMITTEE*

The Audit Committee of the Board assists the Board in fulfilling its oversight of:

- the Company's financial reporting process and the integrity of the Company's financial statements and related financial information;
- the Company's internal control environment, systems and performance;
- the qualifications and independence of the Company's independent registered public accounting firm (the "Independent Accountant");
- the performance of the Company's Independent Accountant and internal auditors; and
- the Company's compliance with laws and regulations and with the Company's Code of Business Conduct and Ethics.

In carrying out these responsibilities, the Audit Committee, among other things:

- oversees the preparation of annual and quarterly financial statements by the Company's management and reviews with management and the Independent Accountant, prior to issuance, the information to be released and the Company's Annual Reports on Form 10-K and Quarterly Reports on Form 10-Q;
- oversees the work of the Independent Accountant, including appointment, reviewing the scope of audit services, approving all audit and non-audit services and fees to be paid, evaluating performance, and confirming independence; and
- oversees management's implementation and maintenance of effective systems of internal and disclosure controls, including review of the Company's processes with respect to the certifications and reports required by Sections 302, 404 and 906 of the Sarbanes-Oxley Act of 2002 (the "SOA"), the Company's internal auditing plans and programs and the Company's policies relating to legal and regulatory compliance.

The Committee operates under a written Charter, reviews that Charter annually and recommends Charter changes, as appropriate, to the Board. The Charter was most recently revised on December 15, 2004 and a copy of the Committee's revised Charter is attached to this proxy statement as Exhibit A. Pursuant to the Committee's Charter, the Committee reviews annually the Committee's own performance. In addition, the Committee has established, together with members of the Company's management, a hiring policy for employees or former employees of the Company's Independent Accountant, consistent with the requirements of the Securities and Exchange Commission ("SEC") and/or the New York Stock Exchange ("NYSE").

The Audit Committee reviews with the Company's Independent Accountant the results of its audits and reviews, its evaluation of the Company's internal controls, and the overall quality of the Company's financial reporting. The Company's Independent Accountant periodically updates the Audit Committee about new accounting developments and their potential impact on the Company's reporting. The Audit Committee meets regularly with the Company's Independent Accountant without Company management present.

The Audit Committee also meets regularly with Company management without the Company's Independent Accountant present, to discuss management's evaluations of the performance of the Independent Accountant. In addition, the Audit Committee meets regularly with the Company's Director of Internal Audit without either the Company's Independent Accountant or management present, to discuss the Company's internal audit process and the

results of ongoing or recently completed internal audits.

*This report of the Audit Committee shall not be deemed incorporated by reference by any general statement incorporating by reference this proxy statement into any filing under the Securities Act or the Securities Exchange Act, except to the extent that the Company specifically incorporates this information by reference, and shall not otherwise be deemed filed under either of such Acts.

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With respect to 2004, the Audit Committee:

- appointed PricewaterhouseCoopers LLP ("PwC") as the Company's Independent Accountant for the year ended December 31, 2004, and such appointment was ratified by shareholders at the Company's 2004 Annual Meeting of Shareholders;
- reviewed and discussed the Company's audited financial statements with management and PwC;
- reviewed and discussed with management its process for preparing a report by management on its assessment of the Company's internal control over financial reporting, including the framework used to evaluate the effectiveness of such internal control, and at regular intervals received updates on the status of this process and actions taken by management to respond to issues and deficiencies identified during this process. The Audit Committee also discussed with the Independent Accountant, PwC, its audit of internal control over financial reporting and its attestation report on management's assessment of the effectiveness of internal control over financial reporting. Each of these reports is required by Section 404 of SOA and is included as part of the Company's 2004 Annual Report on Form 10-K;
- discussed with PwC the scope of PwC's services, including its plans for audits and reviews and the identification of audit risks;
- complied with procedures under which the Audit Committee reviews and pre-approves all audit and non-audit services performed by PwC;
- reviewed with PwC the quality of the Company's financial reporting and such other matters as are required to be discussed with the Audit Committee under generally accepted auditing standards, including those described in Statement of Auditing Standards No. 61 (Communication with Audit Committees) as amended by SAS 90 (Audit Committee Communications);
- reviewed with PwC the effectiveness of the Company's disclosure and control processes designed to ensure accurate and fair financial reporting, including those relating to the certifications by the Company's Chief Executive Officer and Chief Financial Officer, that are required in periodic reports filed by the Company with the SEC;
- discussed with the Board, management and PwC the requirements of the SOA, SEC regulations, and the corporate governance standards of the NYSE as they impact the Audit Committee, the financial reporting process and internal controls procedures; and
- received from PwC written disclosures and the letter regarding its independence as required by Independence Standards Board Standard No. 1 (Independence Discussions with Audit Committees), describing all relationships between PwC and the Company that might bear on PwC's independence from management and the Company, and discussed this information with PwC; thereafter the Committee concluded that the independence of PwC was not compromised by the provision of non-audit services.

Management is responsible for the preparation, presentation and integrity of the Company's financial statements, accounting and financial reporting principles, internal controls and procedures designed to ensure compliance with accounting standards, applicable laws and regulations. The Company's Independent Accountant, PwC, annually performs an independent audit of the financial statements and expresses an opinion on the conformity of those financial statements with generally accepted accounting principles.

In reliance on the reviews and discussions referred to above, the Audit Committee recommended to the Board of Directors that the audited financial statements be included in the Annual Report on Form 10-K for the year ended December 31, 2004 for filing with the SEC. The Audit Committee also evaluated and selected PwC as the Company's Independent Accountant for 2005, subject to shareholder ratification.

Audit Committee

J. Michael Cook
 Chairman
 Margaret Hayes Adame
 Henry W. Howell, Jr.
 Arthur C. Martinez

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PERFORMANCE GRAPH*

International Flavors & Fragrances Inc.

Total Cumulative Shareholder Return for Five-Year Period Ending December 31, 2004(1)

Annual Return Percentage

December 31	1999	2000	2001	2002	2003	2004
International Flavors & Fragrances	100.00	-43.17	49.69	20.27	1.42	24.89
S&P 500 Index	100.00	-9.10	-11.89	-22.10	28.68	10.88
Peer Group(2)	100.00	2.34	-6.76	-2.44	17.04	9.48

(1) Total Cumulative Shareholder Return assumes that the value of an investment in the Company's Common Stock and each index was \$100 on December 31, 1999, and that all dividends were reinvested.

(2) The companies in the Peer Group are Alberto-Culver Company, Avon Products, Inc., Campbell Soup Company, Church & Dwight Co., Inc., The Clorox Company, The Coca-Cola Company, Colgate-Palmolive Company, ConAgra Foods, Inc., The Dial Corporation (included through 2003 due to its acquisition by Henkel KGAA in April 2004), The Estee Lauder Companies Inc., General Mills, Inc., The Gillette Company, H.J. Heinz Company, Hershey Foods Corporation, Hormel Foods Corporation, Kellogg Company, McCormick & Company, Incorporated, McDonald's Corporation, Nestle S.A., PepsiCo, Inc., The Procter & Gamble Company, Revlon, Inc., Sara Lee Corporation, Sensient Technologies Corp., Unilever N.V., Wm. Wrigley Jr. Company and Yum! Brands, Inc. Due to the international scope and breadth of its business, the Company believes that a Peer Group comprised of

international public companies which are representative of the customer group to which it sells its products, with market capitalizations ranging from \$900 million to \$135 billion, is the most appropriate group against which to compare shareholder returns.

*This Comparison of Five Year Cumulative Total Return shall not be deemed incorporated by reference by any general statement incorporating by reference this proxy statement into any filing under the Securities Act or the Securities Exchange Act, except to the extent that the Company specifically incorporates this information by reference, and shall not otherwise be deemed filed under either of such Acts.

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ITEM 2. RATIFICATION OF SELECTION OF INDEPENDENT ACCOUNTANT

The Audit Committee has selected PricewaterhouseCoopers LLP to be the Company's Independent Accountant for 2005 and the Board of Directors has directed that management submit the selection of Independent Accountant for ratification by the Company's shareholders at the 2005 Annual Meeting. Representatives of PricewaterhouseCoopers LLP are expected to be present at the 2005 Annual Meeting with the opportunity to make a statement if they desire to do so and are expected to be available to respond to appropriate questions.

Shareholder ratification of the selection of PricewaterhouseCoopers LLP as the Company's Independent Accountant is not required by the Company's By-laws or otherwise. However, the Board is submitting the selection of PricewaterhouseCoopers LLP to shareholders for ratification as a matter of good corporate practice. If shareholders fail to ratify the selection, the Audit Committee will reconsider whether or not to retain that firm. Except as stated below (See "Other Matters" at page 32), the shares of Common Stock represented by the proxies being solicited will be voted FOR the ratification of the selection of PricewaterhouseCoopers LLP as the Company's Independent Accountant for 2005.

Principal Accountant Fees and Services

Aggregate fees for professional services rendered for the Company by PricewaterhouseCoopers LLP as of or for the years ended December 31, 2004 and 2003 were:

	2004	2003
Audit Fees	\$ 3,742,700	\$ 3,049,400
Audit-Related Fees	592,000	774,300
Tax Fees	1,703,700	2,171,500
All Other Fees	52,100	33,500
Total	\$ 6,090,500	\$ 6,028,700

The Audit Fees for the years ended December 31, 2004 and 2003, respectively, were for professional services rendered for the audits of the consolidated financial statements of the Company and statutory and subsidiary audits, consents and assistance with review of documents filed with the SEC. The year ended December 31, 2004 included the fees associated with an annual audit of the Company's internal control over financial reporting, as required by Section 404 of the Sarbanes-Oxley Act of 2002, integrated with the audit of the Company's annual financial statements.

The Audit-Related Fees for the years ended December 31, 2004 and 2003, respectively, were for assurance and related services with respect to employee benefit plan audits, accounting consultations and audits in connection with specific transactions, information technology control and security reviews, attest services that are not required by statute or regulation and consultations concerning financial accounting and reporting standards.

Tax Fees for the years ended December 31, 2004 and 2003, respectively, were for services related to tax compliance, including the preparation of tax returns and claims for refund; and tax planning and tax advice, including assistance with and representation in tax audits and appeals, tax services for employee benefit plans and expatriate tax compliance services.

All Other Fees for the years ended December 31, 2004 and 2003, respectively, were for software license fees and other professional services.

Audit Committee Pre-Approval Policies and Procedures

The Audit Committee has adopted a formal policy concerning the pre-approval of audit and non-audit services to be provided by the Independent Accountant to the Company. The policy requires that all services to be performed by PricewaterhouseCoopers LLP, the Company's Independent Accountant, including audit services, audit-related services and permitted non-audit services, be pre-approved by the Audit Committee. Specific services being provided by the Independent Accountant are regularly reviewed in accordance with the pre-approval policy. At subsequent Audit Committee meetings, the Committee receives updates on services being provided by the Independent Accountant,

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and management may present additional services for approval. All services rendered by PricewaterhouseCoopers LLP to the Company are permissible under applicable laws and regulations. During 2004, all services performed by PricewaterhouseCoopers LLP were approved in advance by the Audit Committee in accordance with the pre-approval policy.

Shareholder Proposals

Any shareholder proposal intended to be presented at the next annual meeting of shareholders must be received by the Secretary of the Company for inclusion in the Company's proxy statement, notice of meeting and form of proxy with respect to that meeting by November 25, 2005. Section 3 of the By-laws of the Company provides that in order for a shareholder to transact business or nominate any director at an annual meeting of shareholders, the shareholder must satisfy the provisions of the By-laws, including giving written notice to the Secretary of the Company not less than 60 days nor more than 90 days prior to the anniversary date of the immediately preceding annual meeting of shareholders. The notice must contain specified information about the proposed business or candidate and the shareholder making the proposal. If the annual meeting is called for a date that is not within 30 days before or after such anniversary date, the notice given by the shareholder must be received not later than the close of business on the tenth day following the day on which the notice of the date of such annual meeting was mailed or public disclosure of the date of such annual meeting was made, whichever first occurs.

Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Exchange Act requires the Company's executive officers and directors to file reports regarding beneficial ownership of the Company's Common Stock with the Commission, and to furnish the Company with copies

of all such filings. Based on a review of these filings, the Company believes all such filings were timely made, although Mr. Hernan Vaisman, Vice President, Latin America, amended his Form 3 to include a restricted stock unit award which had inadvertently been omitted.

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OTHER MATTERS

As of the date of this proxy statement the Board is not aware that any matters other than those specified above are to be presented for action at the 2005 Annual Meeting. If any other matters should come before the meeting, proxies in the enclosed form will be voted on such matters in accordance with the judgment of the person or persons voting the proxies, unless otherwise specified. In accordance with the Board's recommendations, executed proxies returned by shareholders will be voted, if no contrary instruction is indicated, FOR the election of the 9 nominees described herein and FOR the ratification of the selection of PricewaterhouseCoopers LLP as the Company's Independent Accountant for 2005.

A quorum at the 2005 Annual Meeting is established if the holders of a majority of the votes that shareholders are entitled to cast are present at the meeting, either in person or by proxy. Broker non-votes and abstentions are counted for purposes of determining a quorum, but are not counted for purposes of determining the approval of the proposals to be acted upon. Shares of Common Stock represented by executed proxies received by the Company will be counted for purposes of establishing a quorum at the meeting, regardless of how or whether such shares are voted on any specific proposal. All executed proxies will be voted in accordance with the instructions contained therein. The 9 nominees for director receiving a plurality of the votes cast at the meeting in person or by proxy will be elected as directors. A majority of the votes cast is required to ratify the appointment of Independent Accountant. Under New York law, abstentions and broker non-votes, if any, will not be counted as votes cast. Therefore, they will have no effect on the outcome of the matters to be voted on at the meeting.

A broker non-vote occurs when a brokerage firm or other nominee holding shares for a beneficial owner does not vote on a particular proposal because the nominee does not have authority to vote on that particular proposal without receiving voting instructions from the beneficial owner. Under the NYSE rules, certain proposals, such as the election of directors and the ratification of the selection of independent registered public accounting firms, are considered "routine" matters and brokers generally may vote on behalf of beneficial owners who have not furnished voting instructions, subject to the rules of the NYSE concerning transmission of proxy materials to beneficial owners, and subject to any proxy voting policies and procedures of such brokerage firms. For "non-routine" proposals, such as proposals on equity compensation plans, brokers may not vote on the proposals unless they have received voting instructions from the beneficial owner, and these are called "broker non-votes". An "abstention" is a properly signed proxy card which is marked abstain. If a person is a participant in the Company's Retirement Investment Fund (401(k)) plan or employee stock purchase plan and has Common Stock in a plan account, the proxy also serves as voting instructions for the plan trustee.

The Company will on a request in writing provide without charge to each person from whom proxies are being solicited for the Company's 2005 Annual Meeting a copy of the Company's Annual Report on Form 10-K for the year ended December 31, 2004, including the financial statements and any schedules thereto, required to be filed with the Securities and Exchange Commission. A request for the Company's Annual Report on Form 10-K should be made to Secretary, International Flavors & Fragrances Inc., 521 West 57th Street, New York, N.Y. 10019. The Company's Annual Report on Form 10-K is also available free of charge through the Investor Relations link on the Company's website, www.iff.com.

The Board of Directors invites you to attend the meeting in person. Whether or not you plan to attend, please sign, date and return the enclosed proxy promptly in the enclosed envelope, so that your shares will be represented at the meeting.

By Order of the Board of Directors,
Dennis M. Meany
Senior Vice President, General Counsel
and Secretary

March 17, 2005

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EXHIBIT A

INTERNATIONAL FLAVORS & FRAGRANCES INC.
CHARTER OF THE AUDIT COMMITTEE OF THE BOARD OF DIRECTORS
(as adopted December 15, 2004)

I. Purpose. The Audit Committee (the "Committee") of the Board of Directors (the "Board") of International Flavors & Fragrances Inc. (the "Corporation") assists the Board in fulfilling its oversight responsibilities. The Audit Committee oversees and reviews the financial reporting process and the integrity of the Corporation's financial statements and related financial information, the Corporation's internal control environment, systems and performance, the audit process of the independent accountant and the internal auditor, the qualifications, independence and performance of the independent accountant and the internal auditor, and the procedures for monitoring compliance with laws and regulations and with the Corporation's Code of Business Conduct and Ethics (the "Code"). In performing its duties, the Committee maintains effective working relationships with the Board, management and the Corporation's independent accountant and internal auditors.

The Committee serves in an oversight capacity and is not part of the Corporation's operational or managerial decision-making process. The Corporation's management is responsible for preparing the Corporation's financial statements and the independent accountant is responsible for auditing the financial statements. Additionally, the Committee recognizes that the Corporation's financial management, including the internal auditors, and the independent accountant have more time, knowledge and detailed information concerning the Corporation than Committee members. As a result, in carrying out its oversight responsibilities, the Committee is not providing any expert or special assurance as to the Corporation's financial statements or any certification as to the work of the independent accountant.

II. Membership. The Committee is comprised of at least three members, including a Chairperson, all of whom are selected by, and who serve at the pleasure of, the Board. All members of the Committee must be "independent directors," meaning directors who are independent of management of the Corporation, who are free from any relationship that, in the opinion of the Board, would interfere with the exercise of independent judgment as Committee members, and who otherwise satisfy the "independence" requirements of the United States Securities and Exchange Commission ("SEC") and the New York Stock Exchange ("NYSE"), or any other exchange on which shares of the common stock of the Corporation are listed. No member of the

Audit Committee is permitted to receive any consulting, advisory or other compensation payments directly or indirectly from the Corporation, other than the compensation received for service as a director and as a member of any committee of the Board. All members of the Committee must be financially literate (as determined by the Board in its business judgment) or must become financially literate within a reasonable period of time after appointment to the Committee. At least one member of the Committee must have in the Board's judgment such accounting or related financial management expertise as to satisfy NYSE requirements and qualify as an "audit committee financial expert" in accordance with applicable SEC rules. In addition, no person may be a member of the Committee if his or her service on the Committee would violate any restriction on service imposed by any SEC or NYSE rule or standard.

Additionally, if a Committee member simultaneously serves on the audit committee of more than three public companies, then the Board shall determine whether or not such simultaneous service would impair the ability of such member to effectively serve on the Committee, and the Corporation will disclose such determination in the annual proxy statement.

III. Meetings. The Committee meets seven or more times each year as circumstances warrant. The Committee may ask members of management, the Corporation's independent accountant and/or internal auditors, or others whose advice and counsel are relevant to the issues then being considered by the Committee, to attend any meetings and to provide such pertinent information as the Committee may request, in either open or executive session. The Committee keeps written minutes of its meetings. The Committee may, when appropriate, delegate authority to one or more of its members or to one or more subcommittees of its members.

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IV. Committee Responsibilities. The Committee has the following responsibilities:

• **Independent Accountant**

- a. To appoint on behalf of the Corporation the independent accountant to conduct an annual audit and interim reviews of the financial statements of the Corporation as well as an annual audit of the Corporation's internal control over financial reporting integrated with such audit of the financial statements of the Corporation, and to assure that the independent accountant is ultimately accountable and reports directly to the Committee; to oversee the services of the independent accountant; to establish the terms of the retention of the independent accountant, including all fees and other payments to the independent accountant, all of which shall be funded by the Corporation; to resolve any disagreements between management and the independent accountant concerning financial reporting; to establish policies and procedures for the pre-approval by the Committee of all audit and non-audit services to be provided by the independent accountant, consistent with rules of the SEC and NYSE, and designed to assure the continued independence of the independent accountant; to evaluate the qualifications, performance and independence of the independent accountant, including a review and evaluation of the lead partner; to ensure the regular rotation of the lead audit partner and the concurring audit partner, as required, and to periodically consider, in order to assure continuing independence, rotation of the independent accountant; to present annually to the Board the Committee's conclusions concerning the independence of the independent accountant; and, where appropriate, to discharge the independent accountant.
- b. To review the scope and plans for the independent accountant's annual audit and quarterly reviews.

- c. To require the independent accountant to submit to the Committee at least annually a formal written statement delineating all relationships between the independent accountant and the Corporation, including but not limited to non-audit services provided by the independent accountant and related fees; to discuss with the independent accountant all such relationships and, based on such written statement and discussions, to review and assess the independence of the independent accountant in accordance with the requirements of the SEC and the NYSE; and, where appropriate, take action in response to the independent accountant's statement to enable the Committee to satisfy itself of the independent accountant's independence.
 - d. To obtain from the independent accountant at least annually, and review, (a) a report by the independent accountant describing the independent accountant's internal quality-control procedures and any material issues raised by the most recent internal quality-control review, or review by the Public Company Accounting Oversight Board "PCAOB", of the independent accountant, or by an inquiry or investigation by governmental or professional authorities, within the preceding five years, respecting one or more independent audits carried out by the independent accountant, and any steps taken to deal with any such issues; and (b) other required reports from the independent accountant.
- **Internal Audit**
 - a. To review and concur in the appointment or replacement and oversee the evaluation and compensation of the Corporation's Director of Internal Audit in order to ensure the independence of the internal audit function.
 - b. To consider at least annually, in consultation with the independent accountant, the Director of Internal Audit, and financial management of the Corporation, the audit program and projects, plan, staffing and budget of the internal auditors.
 - c. To receive and review periodic reports of the results of and follow-ups to internal audits.

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- **Financial Reporting**
 - a. To discuss with financial management and with the independent accountant any significant financial reporting issues and judgments made in connection with the preparation of the Corporation's financial statements, including any significant changes in the Corporation's selection or application of accounting principles; the effect of regulatory or accounting initiatives; the development, selection and disclosure of critical accounting policies and the effect of alternative assumptions, estimates or generally accepted accounting principles ("GAAP") and methods on the Corporation's financial statements; and all material written communications between the independent accountant and management.
 - b. To meet to review and discuss with the independent accountant and financial management of the Corporation at the conclusion of the year-end audit and each quarterly review and prior to finalizing and filing, each annual or interim report of the Corporation, including, as applicable:
 - i. the Corporation's annual and interim financial statements and related footnotes;
 - ii. disclosure under management's discussion and analysis of financial condition and results of operations ("MD&A");
 - iii. the independent accountant's audit or review of and report on such financial statements, including any significant accounting matters and findings and management's responses to them;
 - iv.

- any significant changes in the audit or review scope or plan from that previously presented to the Committee;
 - v. any significant transactions not a normal part of the Corporation's business and the manner in which they were accounted for in such financial statements;
 - vi. the independent accountant's qualitative judgments and recommendations about the appropriateness of the Corporation's accounting principles and practices, any proposed changes in such accounting principles and practices and the Corporation's implementation of previously recommended changes in accounting principles and practices;
 - vii. the independent accountant's communications with respect to any significant deficiencies or material weaknesses in the Corporation's internal controls (which, for purposes of this Charter, will include disclosure controls where appropriate);
 - viii. any lack of cooperation, disputes or disagreements with management, audit problems or other difficulties encountered by the independent accountant during the course of the audit or review, including any restrictions on the scope of its work or access to requested information, and management's responses thereto;
 - ix. the process conducted by the Chief Executive Officer and Chief Financial Officer with respect to the certifications required to be filed by them with the SEC and NYSE; and
 - x. other matters related to the conduct of the audit of the annual financial statements or the review of the interim financial statements or the review and attestation concerning the Corporation's internal control over financial reporting that are to be communicated to the Committee under generally accepted auditing standards ("GAAS") or the rules and standards of the PCAOB, the SEC and NYSE.
- c. To recommend to the Board whether the audited financial statements are to be included in the annual report of the Corporation to be filed with the SEC.
 - d. To prepare the report required to be included in the Corporation's annual proxy statement disclosing whether the Committee has reviewed and discussed the audited financial statements with management and has discussed matters specified by GAAS and by SEC rules and regulations with the independent accountant, and has taken whatever action and prepared such other reports and letters as may be required from time to time by the SEC and/or the NYSE.

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- e. To review, together with counsel for the Corporation, legal and regulatory matters that may have a material effect on the Corporation's financial statements, accounting policies or compliance policies, including any correspondence or communications from or with regulators or governmental agencies.
 - f. To discuss with management the Corporation's earnings press releases, including the presentation of pro forma or other non-GAAP information, as well as the type of financial information or earnings guidance or type of presentation provided or to be provided to the public, the investment community or rating agencies.
- **Control Systems and Environment**
 - a. To consider and review with the independent accountant, the Director of Internal Audit and the financial management of the Corporation the adequacy of the Corporation's internal controls, including computerized information system controls and security, and any related significant findings and recommendations by the independent accountant or the Director of Internal Audit, together with management's responses.

- b. To review the annual internal control report of management as required by SEC rules promulgated under Section 404 of the Sarbanes-Oxley Act of 2002 and the attestation and report of the independent accountant as required in connection therewith, and management's quarterly and annual evaluations of and conclusions about the effectiveness of and changes to internal controls and procedures for financial reporting.
- c. To establish, monitor and review procedures for (i) the receipt, retention and treatment of complaints received by the Corporation regarding accounting, internal accounting controls or auditing matters, and (ii) the confidential, anonymous submission by employees of the Corporation of concerns regarding questionable accounting or auditing matters.
- d. To review the Corporation's program to monitor compliance with the Code, and to meet periodically with the Corporation's General Counsel, Chief Financial Officer and Director of Internal Audit to discuss compliance with the Code.
- e. To review periodically the Corporation's Global Authorization Limits or comparable document relating to approval authority and to recommend to the Board appropriate changes thereto.
- f. To review with the independent accountant, the Director of Internal Audit, and financial management, the adequacy and effectiveness of the systems of internal controls (including any significant deficiencies, material weaknesses and significant changes in internal controls reported to the Committee by the independent auditor or management), accounting practices, and disclosure controls and procedures (and management reports thereon).
- g. To discuss with management the Corporation's major risk exposures and the guidelines or policies implemented by management to monitor and control such exposures, including the Corporation's financial risk assessment and financial risk management policies.
- h. To establish with management hiring policies for employees or former employees of the independent accountant, consistent with the requirements of the SEC and/or the NYSE.
- i. To review and, if appropriate, approve all material transactions with related parties.
- j. To provide regular reports to the Board of Directors of the Corporation.
- k. To review annually the Committee's own performance.
- l. To review this Charter annually and update it when appropriate.

• **Executive Sessions**

To meet periodically with the Director of Internal Audit, with the independent accountant, and with management, in separate executive sessions, to discuss matters then being considered by the Committee or that the Committee or any of these groups concludes should be discussed privately with the Committee.

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V. Investigations and Studies; Funding. The Committee may conduct or authorize investigations into or studies of matters within the Committee's scope of responsibilities as described above, and may retain, at the expense of the Corporation, independent counsel, accountants or other advisors or consultants, as the Committee considers necessary or appropriate to assist in any such investigation or study or otherwise in connection with the performance of its responsibilities. The Corporation will provide all funding necessary for the performance by the Committee of all matters within the scope of its responsibilities.

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ADMISSION TICKET
INTERNATIONAL FLAVORS & FRAGRANCES INC.

ANNUAL MEETING OF SHAREHOLDERS

MAY 10, 2005 AT 10:00 A.M.
INTERNATIONAL FLAVORS & FRAGRANCES INC.
521 WEST 57TH STREET
NEW YORK, NY 10019

ADMITS ONE SHAREHOLDER

INTERNATIONAL FLAVORS & FRAGRANCES INC.

PROXY/VOTING INSTRUCTION CARD

THIS PROXY IS SOLICITED ON BEHALF OF THE BOARD OF DIRECTORS OF INTERNATIONAL FLAVORS & FRAGRANCES INC. FOR THE ANNUAL MEETING OF SHAREHOLDERS TO BE HELD MAY 10, 2005 OR ANY POSTPONEMENT(S) OR ADJOURNMENT(S) THEREOF.

FOLD AND DETACH HERE

The undersigned shareholder of INTERNATIONAL FLAVORS & FRAGRANCES INC. (the "Company") hereby appoints each of Messrs. RICHARD A. GOLDSTEIN, DOUGLAS J. WETMORE and DENNIS M. MEANY as the attorney and proxy of the undersigned, with full power of substitution to vote the number of shares of stock the undersigned is entitled to vote at the Annual Meeting of Shareholders to be held at the headquarters of the Company, 521 West 57th Street, New York, New York, on Tuesday, May 10, 2005 at 10:00 A.M. Eastern Time, and any postponement(s) or adjournment(s) thereof (the "Meeting").

Please indicate on the reverse side of this card how your shares of stock are to be voted. This proxy, when properly executed, will be voted in the manner directed herein by the undersigned shareholder. If no direction is given on an executed proxy, this proxy will be voted FOR each of the named nominees as a director, FOR the ratification of the selection of PricewaterhouseCoopers LLP as independent accountant for 2005, and in the discretion of the proxy committee on any other matter properly before the Meeting, unless otherwise specified.

(CONTINUED AND TO BE SIGNED ON REVERSE SIDE)

Dear Shareholder:

The Annual Meeting of Shareholders (the "Meeting") of International Flavors & Fragrances Inc. (the "Company") will be held at 10:00 A.M. Eastern Time on Tuesday, May 10, 2005 at the headquarters of the Company, 521 West 57th Street, New York, NY 10019. Shareholders have three alternative ways of voting their proxies:

<p>BY MAIL Mark, sign and date your proxy card and return it in the enclosed envelope to Wachovia Bank, N.A. Attn: Proxy Tabulation-NC 1153 PO Box 563994 Charlotte, NC 28256-9912</p>	<p>OR</p>	<p>BY TELEPHONE (Available only until 5:00 p.m. Eastern Time on May 9, 2005) Call toll free 1-866-205-9060 on any touch-tone telephone to authorize the voting of your shares. You may call 24 hours a day, 7 days a week. You will be prompted to follow simple instructions.</p>	<p>OR</p>	<p>THROUGH THE INTERNET (Available only until 5:00 p.m. Eastern Time on May 9, 2005) Access the website at https://www.proxyvotenow.com/iff to authorize the voting of your shares. You may access the site 24 hours a day, 7 days a week. Follow the instructions that appear on your computer screen.</p>
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The giving of such proxy does not affect your right to vote in person if you attend the Meeting. The prompt vote of your proxy will aid the Company in reducing the expense of additional proxy solicitation. In order to assist the Company in preparing for the Meeting, please also indicate whether you currently plan to attend the Meeting. If you wish to attend the Meeting in person, you must bring this letter and picture identification in order to be admitted to the Meeting.

If you vote by telephone or through the Internet, please **DO NOT** mail back this proxy card.

FOLD AND DETACH HERE

Please mark votes as in this example.

**THE BOARD OF DIRECTORS RECOMMENDS A VOTE
"FOR" PROPOSALS 1 AND 2.**

1. Election of directors:

(01) Margaret Hayes Adame (02) Gunter Blobel (03) J. Michael Cook
(04) Peter A. Georgescu (05) Richard A. Goldstein
(06) Alexandra A. Herzan (07) Henry W. Howell, Jr.
(08) Arthur C. Martinez (09) Burton M. Tansky

FOR all nominees
listed (except as
indicated to the
contrary)

WITHHOLD authority
to vote for all nominees

INSTRUCTIONS: To withhold authority to vote for any individual nominee(s) write the name(s) of such nominee(s) in the space provided.

2. To ratify the selection of PricewaterhouseCoopers LLP as independent accountant for 2005.

**FOR
AGAINST
ABSTAIN**

CHANGE OF ADDRESS — MARK HERE

I WILL ATTEND THE ANNUAL MEETING

Please sign this proxy and return it promptly whether or not you expect to attend the Meeting. Please sign exactly as your name or names appear(s) on this proxy. If you are signing as an attorney, trustee, executor, administrator, custodian, guardian or corporate officer, please give full title. For an account in the name of two or more persons, each person should sign, or if one signs, please attach evidence of authority.

DATED _____ SIGNED _____
