SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-Q

QUARTERLY REPORT UNDER SECTION 13 OF

THE SECURITIES EXCHANGE ACT OF 1934

For Quarter Ended June 30, 2001 Commission file number 1-4858

INTERNATIONAL FLAVORS & FRAGRANCES INC.

(Exact Name of Registrant as specified in its charter)

New York	13-1432060
(State or other jurisdiction of incorporation or organization)	(IRS Employer identification No.)

521 West 57th Street, New York, N.Y.	10019-2960
(Address of principal executive offices)	(Zip Code)

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

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Sections 13 or 15 (d) of the Securities Exchange Act of 1934 during the preceding twelve months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes X No

Number of shares outstanding as of August 7, 2001: 95,563,457

PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

INTERNATIONAL FLAVORS & FRAGRANCES INC.

CONSOLIDATED BALANCE SHEET
(Dollars in thousands)
(Unaudited)

	6/30/01	12/31/00
Assets		
Current Assets:		
Cash & Cash Equivalents	$ 60,689	$ 128,869
Short-term Investments	408	369
Trade Receivables	379,586	343,294
Allowance For Doubtful Accounts	(12,111)	(11,074)
Inventories: Raw Materials	218,463	243,327
Work in Process	17,749	21,212
Finished Goods	182,406	170,773
Total Inventories	418,618	435,312
Deferred Income Taxes	68,780	62,057
Other Current Assets	60,612	60,113
Total Current Assets	976,582	1,018,940
Property, Plant & Equipment, At Cost	1,043,161	1,141,301
Accumulated Depreciation	(458,532)	(461,427)
	584,629	679,874
Intangible Assets, net	780,544	755,923
Other Assets	43,551	34,296
Total Assets	$ 2,385,306	$ 2,489,033
Liabilities and Shareholders' Equity		
Current Liabilities:		
Bank Loans	$ 22,579	$ 43,633
Commercial Paper	422,673	809,352
Accounts Payable-Trade	86,957	75,021
Dividends Payable	14,357	14,614
Income Taxes	33,154	61,073
Other Current Liabilities	196,970	175,324
Total Current Liabilities	776,690	1,179,017
Other Liabilities:		
Deferred Income Taxes	71,892	103,151
Long-term Debt	816,278	417,402
Retirement and Other Liabilities	181,837	158,204
Total Other Liabilities	1,070,007	678,757
Shareholders' Equity:		
Common Stock (115,761,840 shares issued)	14,470	14,470
Capital in Excess of Par Value	129,076	133,041
Restricted Stock	(1,525)	-
Retained Earnings	1,229,116	1,204,561
Accumulated Other Comprehensive Income (Loss):		
Cumulative Translation Adjustment	(155,164)	(77,578)
Accumulated Losses on Derivatives Qualifying as Hedges	(1,776)	-
	1,214,197	1,274,494
Treasury Stock, at cost - 20,112,158 shares in '01 and 18,335,796 in '00	(675,588)	(643,235)
Total Shareholders' Equity	538,609	631,259
Total Liabilities and Shareholders' Equity	$ 2,385,306	$ 2,489,033

See Notes to Consolidated Financial Statements

INTERNATIONAL FLAVORS & FRAGRANCES INC.

CONSOLIDATED STATEMENT OF INCOME
(Amounts in thousands except per share amounts)
(Unaudited)

	3 Months Ended 6/30	
	2001	2000
Net Sales	$ 478,216	$ 368,759
Cost of Goods Sold	269,506	203,562
Research and Development Expenses	35,502	26,945
Selling and Administrative Expenses	81,001	61,754
Amortization of Goodwill and Other Intangibles	11,400	-
Nonrecurring Charges	8,780	-
Interest Expense	17,634	3,074
Other (Income) Expense, Net	1,006	203
	424,829	295,538
Income Before Taxes on Income	53,387	73,221
Taxes on Income	20,382	24,305
Net Income	33,005	48,916
Other Comprehensive Income (Loss):		
Foreign Currency Translation Adjustments	(8,793)	(186)
Accumulated Losses on Derivatives Qualifying as Hedges	(179)	-
Comprehensive Income	$ 24,033	$ 48,730
Net Income Per Share - Basic	$0.34	$0.48
Net Income Per Share - Diluted	$0.34	$0.48
Average Number of Shares Outstanding - Basic	95,756	102,359
Average Number of Shares Outstanding - Diluted	96,735	102,387
Dividends Paid Per Share	$0.15	$0.38

	6 Months Ended 6/30	
	2001	2000
Net Sales	$ 961,877	$ 738,671
Cost of Goods Sold	553,645	408,239
Research and Development Expenses	70,908	53,757
Selling and Administrative Expenses	166,846	123,503
Amortization of Goodwill and Other Intangibles	22,755	-
Nonrecurring Charges	21,200	9,354
Interest Expense	39,934	5,211
Other (Income) Expense, Net	766	(126)
	876,054	599,938
Income Before Taxes on Income	85,823	138,733
Taxes on Income	32,546	46,041
Net Income	53,277	92,692
Other Comprehensive Income (Loss):		
Foreign Currency Translation Adjustments	(77,586)	(15,228)
Accumulated Losses on Derivatives Qualifying as Hedges	(1,776)	-
Comprehensive Income (Loss)	$ (26,085)	$ 77,464
Net Income Per Share - Basic	$0.55	$0.90
Net Income Per Share - Diluted	$0.55	$0.90
Average Number of Shares Outstanding - Basic	96,370	103,311
Average Number of Shares Outstanding - Diluted	97,161	103,336
Dividends Paid Per Share	$0.30	$0.76

See Notes to Consolidated Financial Statements

INTERNATIONAL FLAVORS & FRAGRANCES INC.

CONSOLIDATED STATEMENT OF CASH FLOWS
(Dollars in thousands)
(Unaudited)

	6 Months Ended 6/30	
	2001	2000
Cash Flows From Operating Activities:		
Net Income	$ 53,277	$ 92,692
Adjustments to Reconcile to Net Cash Provided by Operations:		
Depreciation and Amortization	62,330	29,694
Deferred Income Taxes	(2,031)	(8,102)
Changes in Assets and Liabilities:		
Current Receivables	(52,108)	(50,320)
Inventories	(260)	38,671
Current Payables	(31,353)	1,608
Other, Net	(3,108)	11,211
Net Cash Provided by Operations	26,747	115,454
Cash Flows From Investing Activities:		
Proceeds from Investments	5,420	124
Purchases of Investments	(15,546)	(273)
Additions to Property, Plant & Equipment	(20,160)	(36,562)
Proceeds from Disposal of Assets	2,522	4,272
Net Cash Used in Investing Activities	(27,764)	(32,439)
Cash Flows From Financing Activities:		
Cash Dividends Paid to Shareholders	(28,979)	(79,035)
(Decrease) Increase in Bank Loans	(14,648)	15,680
Net Change in Commercial Paper Outstanding	(386,880)	81,087
Net Proceeds from Long-term Debt	429,013	13,747
Repayments of Long-term Debt	(20,926)	(541)
Proceeds From Issuance of Stock Under Stock Option Plans	1,151	1,319
Purchase of Treasury Stock	(39,967)	(125,213)
Net Cash Used in Financing Activities	(61,236)	(92,956)
Effect of Exchange Rate Changes on Cash and Cash Equivalents	(5,927)	209
Net Change in Cash and Cash Equivalents	(68,180)	(9,732)
Cash and Cash Equivalents at Beginning of Year	128,869	62,135
Cash and Cash Equivalents at End of Period	$ 60,689	$ 52,403
Interest Paid	$ 33,895	$ 4,195
Income Taxes Paid	$ 58,150	$ 45,039

See Notes to Consolidated Financial Statements

Notes to Consolidated Financial Statements

These interim statements and management's related discussion and analysis should be read in conjunction with the consolidated financial statements and their related notes, and management's discussion and analysis of results of operations and financial condition included in the Company's 2000 Annual Report to Shareholders. These interim statements are unaudited. In the opinion of the Company's management, all normal recurring adjustments necessary for a fair presentation of the results for the interim periods have been made.

New Accounting Pronouncements:

Statement of Financial Accounting Standards No. 141 (FAS 141), Business Combinations, was issued in June 2001. FAS 141 establishes accounting and reporting standards for business combinations. The provisions of FAS 141 will apply to all business combinations initiated after June 30, 2001.

Statement of Financial Accounting Standards No. 142 (FAS 142), Goodwill and Other Intangible Assets, was issued in June 2001 and is effective for fiscal years beginning after December 15, 2001. FAS 142 eliminates goodwill amortization from the income statement and requires an evaluation of goodwill impairment upon adoption of this standard, as well as subsequent evaluations on an annual basis, and more frequently if circumstances indicate a possible impairment. Impairment, if any, resulting from the initial application of the new standard will be classified as a cumulative effect of a change in accounting principle. Subsequent impairments, if any, would be classified as an operating expense. Under this standard, other intangible assets that meet certain criteria will qualify for recording on the balance sheet and will continue to be amortized in the income statement.

The Company is currently evaluating the impact of adoption of FAS 142 on its recorded amount of goodwill and other intangible assets. Based on the preliminary acquisition accounting at June 30, 2001, adoption of this standard would eliminate annual amortization expense associated with goodwill of approximately $33.0 million. Although this standard will increase the Company's results of operations in the future due to the elimination of goodwill amortization from the Company's income statement, any impairment would result in a charge as discussed above.

Derivative Instruments and Hedging Activities:

Effective January 1, 2001, the Company adopted Statement of Financial Accounting Standards No. 133 (FAS 133), Accounting for Derivative Instruments and Hedging Activities. FAS 133 establishes accounting and reporting standards for derivative instruments, and for hedging activities. It requires that an entity recognize all derivatives as either assets or liabilities in the statement of financial position and measure those instruments at fair value. The effect of adopting this Standard was not material.

The Company enters into various interest rate swaps with the objective of managing and optimizing its interest rate exposure. On May 7, 2001, the Company realized a net gain of $3.5 million on the $700.0 million notional amount of U.S. Treasury lock hedges, which had been taken out in anticipation of the issuance of the 6.45% Notes due 2006. These swaps were designated as qualified cash flow hedges and the net gain is being amortized over the life of the Notes. Following the five-year Notes offering, the Company entered into a $700.0 million notional amount swap on May 18, 2001 to effectively convert the 6.45% coupon interest rate on the Notes to a short-term rate based upon three-month LIBOR (London Interbank Borrowing Rate) plus an interest mark-up. The all-in rate for the initial three-month setting is 4.81% and the Company has an interest benefit of approximately $1.3 million reflected in the current quarter interest expense. Since notional amount and the interest setting periods match the $700.0 million Note and coupon dates, this swap was designated as a fully effective, qualified hedge. Subsequently, on July 18, 2001 the Company terminated the swap and simultaneously entered into a new swap arrangement, which changed the short-term basis period from three-month LIBOR to six-month LIBOR, set as of the end of the period. As a result of market conditions and this change in swap basis period, the counterparty paid, and the Company received in cash, $7.8 million on July 20, 2001, the settlement date. The settlement will be amortized over the remaining life of the Notes. In addition, the Company received a small reduction in the interest rate markup going forward on the six-month, in arrears, basis. The Company has also designated this new swap as a fully effective, qualified hedge. The Company does not currently have any ineffective interest rate swaps nor did it have any ineffective interest rate swaps at June 30, 2001.

The Company enters into foreign currency forward contracts with the objective of reducing exposure to cash flow volatility arising from foreign currency fluctuations associated with certain foreign currency receivables and payables. The notional amount and maturity dates of these contracts match those of the underlying receivables or payables. The Company also enters into foreign currency forward contracts to reduce cash flow volatility associated with anticipated purchases of certain raw materials used in operations. At June 30, 2001, the Company had outstanding foreign currency forward contracts of approximately $68.6 million. The Company has designated these contracts as qualified fair value and cash flow hedges. Accordingly, the effective portion of the gain or loss on the derivative instrument is reported as a component of other comprehensive income and recognized in earnings in the same period or periods during which the hedged transaction affects earnings. The Company did not have any ineffective foreign currency forward contracts at June 30, 2001.

Nonrecurring and Other Charges:

As described in Note 2 of the Notes to the Consolidated Financial Statements included in the Company's 2000 Annual Report to Shareholders, in October 2000, the Company announced a reorganization, including management changes, further consolidation of production facilities and related actions. In connection with this program, the Company recorded a nonrecurring charge of $8.8 million ($5.7 million after tax) in the second quarter 2001, related primarily to employee separation costs and other reorganization activities. $2.5 million of this charge in North America related to a non-cash asset write-off. The majority of the pretax nonrecurring charges recorded in the second quarter 2001 relate to operations in North America, including corporate ($5.1 million) and Asia-Pacific ($2.0 million). For Europe and CAME, second quarter 2001 charges totaled $.3 million and $1.4 million, respectively. For the first half 2001, the Company recorded nonrecurring charges of $21.2 million ($13.4 million after tax). The year to date June 30, 2001 nonrecurring charges by area were North America including corporate $9.3 million, Asia-Pacific $6.5 million, Europe $2.0 million, CAME $2.2 million and Latin America $1.2 million. During the first half 2001, approximately 250 employees were affected by the program. The total pretax cost of actions taken in connection with the reorganization, including $31.9 million recorded in 2000, is expected to approximate $90.0 million to $100.0 million through the end of 2002. Certain costs associated with the merger and the integration of BBA operations are accounted for as part of the acquisition cost, and do not affect current earnings.

Movements in the reserves related to the nonrecurring charges were as follows (in thousands):

	Employee-Related	Asset-Related and Other	Total
Balance December 31, 2000	$ 24,379	$ 2,053	$ 26,432
Additional Charges	8,821	12,379	21,200
Asset Write-offs and Cash Costs in 2001	(8,951)	(12,919)	(21,870)
Balance June 30, 2001	$ 24,249	$ 1,513	$ 25,762

The balance of the reserve is expected to be utilized in 2001 and 2002 in connection with the final decommissioning and disposal of affected equipment and as severance and other benefit obligations to affected employees are satisfied. There have been no reversals of previously established reserves.

Segment Information:

The Company acquired Bush Boake Allen ("BBA"), effective November 3, 2000, and BBA operating results are included in the Company's consolidated results from that date.

As previously announced, effective January 1, 2001 the Company was reorganized into five geographic regions with an individual manager responsible for each region. The five regions include North America, Europe, the newly-constituted Central Asia, Middle East ("CAME"), Latin America and Asia-Pacific; previously Europe and CAME had been combined as one geographic region - Europe, Africa and the Middle East ("EAME"). North and Latin

America and Asia-Pacific were unaffected by the geographic reorganization.

The Company's reportable segment information, based on geographic area, follows. Certain prior year amounts have been reclassified for comparative purposes to reflect the separation of EAME into the regions of Europe and CAME. The Company evaluates the performance of its geographic areas based on operating profit, excluding interest expense, other income and expense, certain unallocated expenses, amortization of goodwill and other intangibles, the effects of nonrecurring items and accounting changes, and income tax expense.

Three Months Ended June 30, 2001

(Dollars in thousands)	North America	Europe	CAME	Latin America	Asia-Pacific	Eliminations	Consolidated
Sales to unaffiliated customers	$164,181	$163,172	$ 20,453	$ 61,758	$ 68,652	$ -	$ 478,216
Transfers between areas	20,637	38,255	2,119	272	4,658	(65,941)	-
Total sales	$184,818	$201,427	$ 22,572	$ 62,030	$ 73,310	$(65,941)	$ 478,216
Operating profit	$ 25,302	$ 42,322	$ 5,188	$ 13,859	$ 17,356	$ 149	$ 104,176
Corporate and other unallocated expenses							(11,969)
Amortization of goodwill and other intangibles							(11,400)
Nonrecurring charges							(8,780)
Interest expense							(17,634)
Other income (expense), net							(1,006)
Income before taxes on income							$ 53,387

Three Months Ended June 30, 2000

(Dollars in thousands)	North America	Europe	CAME	Latin America	Asia-Pacific	Eliminations	Consolidated
Sales to unaffiliated customers	$121,199	$131,968	$ 5,181	$ 57,770	$ 52,641	$ -	$ 368,759
Transfers between areas	15,239	28,182	2	456	3,212	(47,091)	-
Total sales	$136,438	$160,150	$ 5,183	$ 58,226	$ 55,853	$(47,091)	$ 368,759
Operating profit	$ 17,755	$ 42,745	$ 957	$ 12,471	$ 11,890	$ 1,587	$ 87,405
Corporate and other unallocated expenses							(10,907)
Nonrecurring charges							-
Interest expense							(3,074)
Other income (expense), net							(203)
Income before taxes on income							$ 73,221

Six Months Ended June 30, 2001

(Dollars in thousands)	North America	Europe	CAME	Latin America	Asia-Pacific	Eliminations	Consolidated
Sales to unaffiliated customers	$321,763	$338,459	$40,347	$123,248	$138,060	$ -	$961,877
Transfers between areas	44,002	72,591	2,343	657	8,567	(128,160)	-
Total sales	$365,765	$411,050	$42,690	$123,905	$146,627	$(128,160)	$961,877
Operating profit	$44,010	$ 85,420	$7,847	$27,281	$32,916	$ (1,047)	$196,427
Corporate and other unallocated expenses							(25,949)
Amortization of goodwill and other intangibles							(22,755)
Nonrecurring charges							(21,200)
Interest expense							(39,934)
Other income (expense), net							(766)
Income before taxes on income							$85,823

Six Months Ended June 30, 2000

(Dollars in thousands)	North America	Europe	CAME	Latin America	Asia-Pacific	Eliminations	Consolidated
Sales to unaffiliated customers	$235,946	$276,125	$11,091	$113,014	$102,495	$ -	$738,671
Transfers between areas	27,616	62,600	4	768	6,193	(97,181)	-
Total sales	$263,562	$338,725	$11,095	$113,782	$108,688	$ (97,181)	$738,671
Operating profit	$34,382	$90,310	$2,292	$23,066	$22,322	$ 323	$172,695
Corporate and other unallocated expenses							(19,523)
Nonrecurring charges							(9,354)
Interest expense							(5,211)
Other income (expense), net							126
Income before taxes on income							$138,733

Net Income Per Share:

Options to purchase 5,291,376 and 4,920,300 shares were outstanding for the second quarter and the first half of 2001, respectively, and for 4,978,728 and 4,748,767 for the second quarter and first half of 2000, respectively, but were not included in the computation of diluted net income per share because the options' exercise prices were greater than the average market price of the common shares in the respective periods.

Comprehensive Income:

The accumulated comprehensive income component of Shareholders' Equity, comprised principally of the cumulative translation adjustment, at June 30, 2001, was ($156.9 million) compared to ($77.6 million) at December 31, 2000. Changes in the cumulative translation adjustment component result from translating the net assets of the majority of the Company's foreign subsidiaries into U.S. dollars at current exchange rates as required by the Statement of Financial Accounting Standards No. 52 on accounting for foreign currency translation. Included in the cumulative translation adjustment at June 30, 2001 is the effect of the previously disclosed change in functional currency for certain subsidiaries from the U.S. dollar to local currency, effective January 1, 2001. Accumulated losses on derivatives qualifying as hedges totaled $1.8 million at June 30, 2001 and are also included in the accumulated comprehensive income component of Shareholders' Equity.

Acquisition of Bush Boake Allen Inc.:

On November 3, 2000, the Company acquired all of the outstanding shares of Bush Boake Allen Inc. ("BBA") for $48.50 per share in cash; total consideration paid, including transaction costs, approximated $970.0 million.

The acquisition was accounted for under the purchase method and, accordingly, the purchase price has been preliminarily allocated to the assets acquired and liabilities assumed based on their estimated fair values at the date of acquisition. Final determination of the purchase price, as well as its allocation to the net assets acquired, is not complete as of June 30, 2001 pending the final valuation of tangible and intangible assets acquired and the quantification of certain liabilities assumed. The excess of the purchase price over the estimated value of tangible and identified intangible assets acquired is recorded as goodwill, and is being amortized on a straight-line basis over 20 years. Other intangible assets include patents, trademarks and other intellectual property owned or developed by BBA, the value of which is being amortized over periods ranging from 7 to 20 years. At June 30, 2001, goodwill and other intangible assets, net of accumulated amortization, was $780.5 million compared to $755.9 million at December 31, 2000. The increase in goodwill and other intangible assets relates to further quantification of certain liabilities assumed in connection with the merger, primarily associated with the integration of the BBA operations into the Company.

The Company has established reserves relating primarily to employee separation costs, facility closure costs and other actions relating to the integration of certain BBA operations into IFF. Costs associated with these integration actions are recognized as a component of the purchase accounting resulting in an increase to goodwill; such costs do not directly impact current earnings.

Movements in the reserves related to the acquisition accounting effects were as follows (in thousands):

	Employee-Related	Asset-Related and Other	Total
Balance December 31, 2000	$ 4,103	$ 10,330	$ 14,433
Additional Charges	40,333	57,600	97,933
Asset Write-offs and Cash Costs in 2001	(11,856)	(2,375)	(14,231)
Balance June 30, 2001	$ 32,580	$ 65,555	$ 98,135

The following unaudited pro-forma results of operations give effect to the BBA acquisition as if it had occurred as of January 1, 2000. These pro-forma results do not purport to be indicative of the results that would have actually been obtained if the BBA acquisition had occurred as of the beginning of the period presented or that may be obtained in the future.

(Dollars in thousands except per share amounts)	3 Months Ended 6/30/00	6 Months Ended 6/30/00
Net sales	$ 490,889	$ 976,707
Net income	36,024	65,748
Net income per share-basic	$0.35	$0.64
Net income per share-diluted	$0.35	$0.64

Restricted Stock:

In January 2001, the Company awarded approximately 190,000 IFF Stock Units ("Units") to eligible employees in exchange for surrender of their "under water" stock options. The Units vest, in four equal installments, over not more than a seven-year period, upon the Company's Common Stock attaining successively higher market price targets beginning at $22.50 per share, and earn dividend equivalents as and when cash dividends are paid. Compensation expense is recognized over the Units' vesting period. In the second quarter, the first two market price targets were achieved and, accordingly, 50% of these Units vested. Compensation expense of $1.6 million was recognized in the first half and is included in operating expenses. The remaining unvested Units are reported

as Restricted Stock on the Company's Consolidated Balance Sheet.

Borrowings:

At June 30, 2001, the Company's total debt outstanding was $1,261.5 million, consisting of $816.3 million long-term debt and $445.2 million short-term debt. Long-term debt included $700.0 million of 6.45% Notes due May 15, 2006, which were issued May 2, 2001 in the U.S. 144A private placement market. The Company has in place a five-year EURO 140 million credit facility underwritten by a major European financial institution. The facility has a four-year fixed term component and a five-year revolving credit component. The Company's intent is to have the borrowing in place for the full term of the agreement. Long term debt included $103.2 million (EURO 120.0 million) under this facility. This amount represents a decrease in the second quarter, as cash was available to repay EURO 20.0 million of the revolving credit outstanding. Interest on this debt will not exceed the applicable LIBOR base rate plus 1.4%. Proceeds from the issuance of long-term debt were used to reduce commercial paper outstanding. Short-term debt included $422.6 million of commercial paper outstanding at June 30, 2001 at an average interest rate of 4.29%. Commercial paper maturities at June 30, 2001 did not extend beyond October 10, 2001. Additional short-term bank borrowing of $22.6 million were held in various countries, primarily in the Europe and Asia-Pacific regions.

Intangible Assets, net:

(Dollars in thousands)	6/30/01	12/31/00
Goodwill	$648,935	$563,897
Trademarks and other	161,173	199,058
	810,108	762,955
Accumulated amortization	29,564	7,032
	$780,544	$755,923

Changes in the value of intangibles reflect adjustments of the preliminary allocation of the BBA purchase price as recorded at December 31, 2000.

Reclassifications:

Certain reclassifications have been made to the prior year's financial statements to conform to 2001 classifications.

Item 2. Management's Discussion and Analysis of Results of Operations and Financial Condition

Operations

Worldwide net sales for the second quarter of 2001 were $478.2 million, compared to reported sales in the second quarter 2000 of $368.8 million. The Company acquired BBA effective November 3, 2000; BBA's sales and operating results are included in the Company's consolidated results. On a pro-forma basis, second quarter 2000 sales of the combined Company totaled $490.9 million.

On a local currency basis, consolidated second quarter 2001 sales increased approximately 1% in comparison to the second quarter 2000 pro-forma sales. However, the local currency sales gains were unfavorably impacted on translation into the continuing strong U.S. dollar, resulting in a decrease of 3% in reported dollars on a pro-forma basis. For the quarter, there was an approximate 5% unfavorable exchange effect on translating European results into the U.S. dollar, and a 7% unfavorable effect on translation of Asia-Pacific results. Local currency sales increases were strongest in North America and Europe, with each region growing 2%. Asia-Pacific was flat in local currency reflecting weak economic conditions in Japan as well as political uncertainties in the Philippines and Indonesia. Latin America sales declined 4% for the quarter reflecting continued weakness in Argentina and Brazil.

For the first six months of 2001, worldwide net sales totaled $961.9 million, compared to prior year comparable period reported sales of $738.7 million. On a pro-forma basis, net sales for the six month period ended June 30, 2000 totaled $976.7 million. Local currency sales for the six months ended June 30, 2001 were strongest in Europe where sales increased 4% and Asia-Pacific which reported a 3% increase. North America sales were up 1% and Latin America sales declined 1% in relation to the comparable 2000 period. Had exchange rates been the same for the first six months of 2001 and 2000, on a pro-forma basis, sales would have increased 2%.

The percentage relationship of cost of goods sold and other operating expenses to sales for the second quarter 2001 and 2000, respectively, are detailed below. The pro-forma information presented in the table below reflects operating expenses as a percent of sales as though the acquisition of BBA had taken place as of January 1, 2000.

	Second Quarter		
	2001	IFF Alone 2000	Pro-Forma 2000
Cost of Goods Sold	56.4%	55.2%	57.4%
Research and Development Expenses	7.4%	7.3%	6.9%
Selling and Administrative Expenses	16.9%	16.7%	17.6%

The above table reflects the reclassification of shipping and handling costs for 2000 (both reported and pro-forma) from Selling expense to Cost of goods sold in accordance with guidance established by Emerging Issues Task Force Issue No. 00-10, "Accounting for Shipping and Handling Fees and Costs." The amount reclassified in the second quarter 2000 was $4.3 million.

Cost of goods sold, as a percentage of net sales, decreased from the prior year pro-forma percentage by 1% as sales volumes in North America increased and the effects of the Company's integration efforts began to yield manufacturing efficiencies.

Research and development expenses in the second quarter were somewhat higher due to increased activities in this area. Selling and administrative expenses on a pro-forma basis declined in the second quarter as the benefits of the BBA integration were realized.

Net income for the second quarter of 2001, totaled $33.0 million compared to reported net income of $48.9 million in the second quarter of 2000. The results for 2001 include the effects of certain nonrecurring charges discussed below. Excluding such charges, net income for the second quarter 2001 was $38.7 million. On a pro-forma basis, second quarter 2000 net income totaled $36.0 million.

The effective tax rate for the second quarter of 2001 was 38.2% compared to reported 33.2% for the second quarter 2000. The pro-forma effective tax rate was 38.0% for the second quarter 2000. The higher effective tax rate in 2001 compared to the 2000 reported rate results from the amortization of goodwill which is not deductible for purposes of determination of the Company's taxable income.

The percentage relationship of cost of goods sold and other operating expenses to sales for the first six months 2001 and 2000, respectively, are detailed below. The pro-forma information presented in the table below reflects operating expenses as a percent of sales as though the acquisition of BBA had taken place as of January 1, 2000.

	First Six Months		
	2001	IFF Alone 2000	Pro-Forma 2000
Cost of Goods Sold	57.6%	55.3%	57.3%
Research and Development Expenses	7.4%	7.3%	6.9%
Selling and Administrative Expenses	17.3%	16.7%	17.6%

The above table reflects the reclassification of shipping and handling costs for 2000 (both reported and pro-forma) from Selling expense to Cost of goods sold in accordance with guidance established by Emerging Issues Task Force Issue No. 00-10, "Accounting for Shipping and Handling Fees and Costs." The amount reclassified in the first six months of 2000 was $7.9 million.

Cost of goods sold, as a percentage of net sales, increased from the prior year pro-forma percentage primarily due to the unfavorable absorption of manufacturing costs resulting from the relative weakness in the North America flavors business, and partially due to changes in product mix.

Research and development expenses for the six-month period were somewhat higher due to increased activities in this area. Selling and administrative expenses on a pro-forma basis declined in the six-month period as the benefits of the BBA integration were realized.

Net income for the first six months of 2001 totaled $53.3 million compared to net income in the first half 2000 of $92.7 million. The amounts for the first six months of 2001 and 2000 include the effects of certain nonrecurring charges discussed below. Excluding such charges, net income for the first half 2001 and 2000 was $66.7 million and $98.9 million, respectively. Pro-forma net income for the first half 2000 was $65.7 million including nonrecurring charges, and $72.0 million excluding such charges.

The effective tax rate was 37.9% for the first half 2001 compared to reported 33.2% for the first half 2000, and the pro-forma effective tax rate was 38.3% for the first half 2000. The higher effective tax rate in 2001 compared to the 2000 reported rate results from the amortization of goodwill which is not deductible for purposes of determination of the Company's taxable income.

Nonrecurring and Other Charges:

As described in Note 2 of the Notes to the Consolidated Financial Statements included in the Company's 2000 Annual Report to Shareholders, in October 2000, the Company announced a reorganization, including management changes, further consolidation of production facilities and related actions. In connection with this program, the Company recorded a nonrecurring charge of $8.8 million ($5.7 million after tax) in the second quarter 2001, related primarily to employee separation costs and other reorganization activities. $2.5 million of this charge in North America related to a non-cash asset write-off. The majority of the pretax nonrecurring charges recorded in the second quarter 2001 relate to operations in North America, including corporate ($5.1 million) and Asia-Pacific ($2.0 million). For Europe and CAME, second quarter 2001 charges totaled $.3 million and $1.4 million, respectively. For the first half 2001, the Company recorded nonrecurring charges of $21.2 million ($13.4 million after tax). The year to date June 30, 2001 nonrecurring charges by area were North America including corporate $9.3 million, Asia-Pacific $6.5 million, Europe $2.0 million, CAME $2.2 million and Latin America $1.2 million. During the first half 2001, approximately 250 employees were affected by the program. The total pretax cost of actions taken in connection with the reorganization, including $31.9 million recorded in 2000, is expected to approximate $90.0 million to $100.0 million through the end of 2002. Certain costs associated with the merger and the integration of BBA operations are accounted for as part of the acquisition cost, and do not affect current earnings.

Movements in the reserves related to the nonrecurring charges were as follows (in thousands):

	Employee-Related	Asset-Related and Other	Total
Balance December 31, 2000	$ 24,379	$ 2,053	$ 26,432
Additional Charges	8,821	12,379	21,200
Asset Write-offs and Cash Costs in 2001	(8,951)	(12,919)	(21,870)
Balance June 30, 2001	$ 24,249	$ 1,513	$ 25,762

The balance of the reserve is expected to be utilized in 2001 and 2002 in connection with the final decommissioning and disposal of affected equipment and as severance and other benefit obligations to affected employees are satisfied. There have been no reversals of previously established reserves.

Acquisition of Bush Boake Allen Inc.:

On November 3, 2000, the Company acquired all of the outstanding shares of Bush Boake Allen Inc. ("BBA") for $48.50 per share in cash; total consideration paid, including transaction costs, approximated $970.0 million.

The acquisition was accounted for under the purchase method and, accordingly, the purchase price has been preliminarily allocated to the assets acquired and liabilities assumed based on their estimated fair values at the date of acquisition. Final determination of the purchase price, as well as its allocation to the net assets acquired, is not complete as of June 30, 2001 pending the final valuation of tangible and intangible assets acquired and the quantification of certain liabilities assumed. The excess of the purchase price over the estimated value of tangible and identified intangible assets acquired is recorded as goodwill, and is being amortized on a straight-line basis over 20 years. Other intangible assets include patents, trademarks and other intellectual property owned or developed by BBA, the value of which is being amortized over periods ranging from 7 to 20 years. At June 30, 2001, goodwill and other intangible assets, net of accumulated amortization, was $780.5 million compared to $755.9 million at December 31, 2000. The increase in goodwill and other intangible assets relates to further quantification of certain liabilities assumed in connection with the merger, primarily associated with the integration of the BBA operations into the Company.

The Company has established reserves relating primarily to employee separation costs, facility closure costs and other actions relating to the integration of certain BBA operations into IFF. Costs associated with these integration actions are recognized as a component of the purchase accounting resulting in an increase to goodwill; such costs do not directly impact current earnings.

Movements in the reserves related to the acquisition accounting effects were as follows (in thousands):

	Employee-Related	Asset-Related and Other	Total
Balance December 31, 2000	$ 4,103	$ 10,330	$ 14,433
Additional Charges	40,333	57,600	97,933
Asset Write-offs and Cash Costs in 2001	(11,856)	(2,375)	(14,231)
Balance June 30, 2001	$ 32,580	$ 65,555	$ 98,135

Pro-Forma Financial Data:

The following unaudited pro-forma income statement gives effect to the BBA acquisition as if it had occurred as of January 1, 2000. These pro-forma results do not purport to be indicative of the results that would have actually been obtained if the BBA acquisition had occurred as of the beginning of the period presented or that may be obtained in the future.

(Amounts in thousands)	Pro-Forma 3 Months Ended 6/30/00	Pro-Forma 6 Months Ended 6/30/00
Net Sales	$490,889	$976,707
Cost of Goods Sold	281,649	559,735
Research and Development Expenses	33,831	67,748
Selling and Administrative Expenses	86,189	172,368
Amortization of Goodwill and Other Intangibles	10,548	21,096
Nonrecurring Charges	-	9,354
Interest Expense	19,789	38,712
Other (income) expense, net	817	1,141
	432,823	870,154
Income Before Taxes on Income	58,066	106,553
Taxes on Income	22,042	40,805
Net Income	$ 36,024	$ 65,748
Net Income per share-basic	$0.35	$0.64
Net Income per share-diluted	$0.35	$0.64

The Company's pro-forma reportable segment information, based on geographic area, for the three months ended June 30, 2000 follows. The pro-forma reportable segment information gives effect to the BBA acquisition as if it had occurred as of January 1, 2000.

Pro-Forma (includes BBA) 2000 (Dollars in thousands)	North America	Europe	CAME	Latin America	Asia-Pacific	Eliminations	Consolidated
Sales to unaffiliated customers	$164,123	$166,981	$ 21,279	$ 63,343	$75,163	$ -	$ 490,889
Transfers between areas	21,850	35,222	237	456	3,225	(60,990)	-
Total sales	$185,973	$202,203	$ 21,516	$ 63,799	$78,388	$(60,990)	$ 490,889
Operating profit	$ 25,688	$ 44,443	$ 4,368	$ 12,755	$15,751	$ 1,648	$ 104,653
Corporate and other unallocated expenses							(15,433)
Amortization of goodwill and other intangibles							(10,548)
Nonrecurring charges							-
Interest expense							(19,789)
Other income (expense), net							(817)
Income before taxes on income							$ 58,066

The Company's pro-forma reportable segment information, based on geographic area, for the first half 2000 follows. The pro-forma reportable segment information gives effect to the BBA acquisition as if it had occurred as of January 1, 2000.

Pro-Forma (includes BBA) 2000 (Dollars in thousands)	North America	Europe	CAME	Latin America	Asia-Pacific	Eliminations	Consolidated
Sales to unaffiliated customers	$318,981	$346,618	$42,724	$123,689	$144,695	$ -	$976,707
Transfers between areas	40,734	76,774	533	768	6,217	(125,026)	-
Total sales	$359,715	$423,392	$43,257	$124,457	$150,912	$(125,026)	$976,707
Operating profit	$ 48,671	$ 95,180	$ 8,480	$ 23,474	$ 28,910	$ 445	$205,160
Corporate and other unallocated expenses							(28,304)
Amortization of goodwill and other intangibles							(21,096)
Nonrecurring charges							(9,354)
Interest expense							(38,712)
Other income (expense), net							(1,141)
Income before taxes on income							$106,553

Financial Condition

Cash, cash equivalents and short-term investments totaled $61.1 million at June 30, 2001. Working capital, at June 30, 2001 was $199.9 million compared to $409.9 million at December 31, 2000, excluding commercial paper used to finance the BBA acquisition. Gross additions to property, plant and equipment during the second quarter and first half of 2001 were $10.8 million and $20.2 million, respectively.

At June 30, 2001, the Company's outstanding commercial paper had an effective interest rate of 4.29%. Commercial paper maturities did not extend beyond October 10, 2001. Long-term debt increased $429.0 million in the first half of 2001 due to the issuance of $700.0 million of 6.45% five-year notes in the 144A private placement market on May 2, 2001, offset by commercial paper classified as noncurrent at December 31, 2000. The notes mature May 15, 2006. The Company has in place a five-year EURO 140 million credit facility underwritten by a major European financial institution. The facility has a four-year fixed term component and a five-year revolving credit component. The Company's intent is to have the borrowing in place for the full term of the agreement. Long term debt included $103.2 million (EURO 120.0 million) under this facility. This amount represents a decrease in the second quarter, as cash was available to repay EURO 20.0 million of the revolving credit outstanding. Interest on this debt will not exceed the applicable LIBOR base rate plus 1.4%. Proceeds from long-term debt were used to reduce commercial paper outstanding. As discussed in Note 8 of the Notes to the Consolidated Financial Statements in the Company's 2000 Annual Report to Shareholders, the Company classified $400.0 million of commercial paper as noncurrent in the December 31, 2000 consolidated balance sheet.

In each of January and April 2001, the Company paid a quarterly cash dividend of $.15 per share to shareholders. The Company repurchased approximately 1.9 million shares in the first half of 2001. Repurchases will be made from time to time on the open market or through private transactions as market and business conditions warrant. The repurchased shares will be available for use in connection with the Company's employee benefit plans and for other general corporate purposes. At June 30, 2001, the Company has approximately $100.0 million available under its September 2000 repurchase plan.

The Company anticipates that its financing requirements will be funded from internal sources and credit facilities currently in place.

Cautionary Statement Under the Private Securities Litigation Reform Act of 1995

Statements in this Management's Discussion and Analysis which are not historical facts or information are "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995, and are subject to risks and uncertainties that could cause the Company's actual results to differ materially from those expressed or implied by such forward-looking statements. Risks and uncertainties with respect to the Company's business include general economic and business conditions, interest rates, the price and availability of raw materials, and political and economic uncertainties, including the fluctuation or devaluation of currencies in countries in which the Company does business. The Company intends its forward-looking statements to speak only as of the time of such statements, and does not undertake to update or revise them as more information becomes available.

Item 3. Quantitative and Qualitative Disclosures about Market Risk

There are no material changes from the disclosures in Form 10-K filed with the Securities and Exchange Commission as of December 31, 2000.

PART II. OTHER INFORMATION

Item 4. Submission of Matters to a Vote of Security Holders

2001 Annual Meeting

At the annual meeting of Registrant's shareholders held Wednesday, May 16, 2001, at which 79,109,517 shares, or 82.61%, of Registrant's Common Stock, were represented in person or by proxy, the ten nominees for director of Registrant, as listed in Registrant's proxy statement dated March 30, 2001 previously filed with the Commission, were duly elected to Registrant's Board of Directors. There was no solicitation of proxies in opposition to these nominees.

At such annual meeting, the shareholders also voted with respect to one other matter submitted for shareholder consideration as follows, the votes being legally sufficient to adopt the proposal:

Proposal to approve Registrant's Global Employee Stock Purchase Plan

	No. of Shares
FOR	60,238,360
AGAINST	10,323,070
ABSTAIN AND NON-VOTING	8,548,087

Item 6. Exhibits and Reports on Form 8-K

(a) Exhibits

10(a) Letter Amendment dated as of December 31, 2000 to the 364-day Credit Agreement dated as of November 28, 2000 among Registrant, as Borrower, certain Initial Lenders, Citibank, N.A., as Agent, First Union National Bank and Bank of Tokyo-Mitsubishi Trust Company, as Syndication Agents, Fortis (USA) Finance LLC., as Co-Agent, and Salomon Smith Barney Inc., as Arranger.

10(b) Letter Agreement dated July 25, 2001 between Registrant and Carlos A. Lobbosco, Executive Vice President, Global Business Development.

10(c) Separation Agreement dated as of July 16, 2001 between Registrant and William S. Kane, Vice President, Human Resources.

(b) Reports on Form 8-K

Registrant filed the following reports on Form 8-K since the beginning of the quarter for which this report on Form 10-Q is filed:

- Report on Form 8-K dated April 27, 2001 containing a description of, and certain unaudited pro-forma financial statements relating to, the reorganization of Registrant's geographic reporting regions effective January 1, 2001.

- Report on Form 8-K dated April 27, 2001 containing as an exhibit Press Release dated April 27, 2001 announcing Registrant's offering of $500.0 million in five-year notes to repay a portion of outstanding commercial paper borrowings.

- Report on Form 8-K dated May 4, 2001 containing as an exhibit Press Release dated May 3, 2001 announcing Registrant's agreement to sell $700.0 million in 6.45% notes due 2006 to repay a portion of outstanding commercial paper borrowings.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

INTERNATIONAL FLAVORS & FRAGRANCES INC.

Dated: August 14, 2001	By: /S/ DOUGLAS J. WETMORE -- Douglas J. Wetmore, Senior Vice President and Chief Financial Officer
Dated: August 14, 2001	By: /S/ STEPHEN A. BLOCK -- Stephen A. Block, Senior Vice President, General Counsel and Secretary

EXHIBIT 10(a)

LETTER AMENDMENT

Dated as of December 31, 2000

To the banks, financial institutions and
other institutional lenders
(collectively, the "Lenders") parties to
the Credit Agreement referred to below
and to Citibank, N.A., as agent (the
"Agent") for the Lenders

Ladies and Gentlemen:

We refer to the 364-Day Credit Agreement dated as of November 28, 2000 (as amended, supplemented or otherwise modified through the date hereof, the "Credit Agreement") among the undersigned and you. Capitalized terms not otherwise defined in this Letter Amendment have the same meanings as specified in the Credit Agreement.

We refer to our acquisition of Bush Boake Allen Inc. pursuant to the Merger Agreement and to the financial covenant set forth in Section 5.03 of the Credit Agreement. It has come to our attention that said financial covenant was calculated without giving appropriate effect to the EBITDA of Bush Boake Allen Inc. We hereby request that the Required Lenders agree to amend the definition of EBITDA to give pro forma effect to the acquisition of Bush Boake Allen Inc.

You have indicated your willingness, on the terms and conditions stated below, to so agree. Accordingly, it is hereby agreed by you and us as follows:

The definition of EBITDA in Section 1.01 of the Credit Agreement is, effective as of the date of this Letter Amendment, hereby amended in full to read as follows:

"EBITDA" means, for any period, net income (or net loss) plus the sum of (a) interest expense, (b) income tax expense, (c) depreciation expense, (d) amortization expense and all other non-cash charges and (e) extraordinary or unusual losses deducted in calculating net income less extraordinary or unusual gains added in calculating net income, in each case determined in accordance with GAAP for such period, provided, that for purposes of determining compliance with Section 5.03 for each period ended prior to the first anniversary of the Borrower's acquisition of Bush Boake Allen Inc., EBITDA of the Borrower and its Subsidiaries shall be deemed to be the pro forma amount calculated as if such acquisition had been consummated on the first day of such period.

This Letter Amendment shall become effective as of the date first above written when, and only when, the Agent shall have received counterparts of this Letter Amendment executed by the undersigned and the Required Lenders or, as to any of the Lenders, advice satisfactory to the Agent that such Lender has executed this Letter Amendment This Letter Amendment is subject to the provisions of Section 8.01 of the Credit Agreement.

On and after the effectiveness of this Letter Amendment, each reference in the Credit Agreement to "this Agreement", "hereunder", "hereof" or words of like import referring to the Credit Agreement, and each reference in the Notes to "the Credit Agreement", "thereunder", "thereof" or words of like import referring to the Credit Agreement, shall mean and be a reference to the Credit Agreement, as amended by this Letter Amendment.

The Credit Agreement and the Notes, as specifically amended by this Letter Amendment, are and shall continue to be in full force and effect and are hereby in all respects ratified and confirmed. The execution, delivery and effectiveness of this Letter Amendment shall not, except as expressly provided herein, operate as a waiver of any right, power or remedy of any Lender or the Agent under the Credit Agreement, nor constitute a waiver of any provision of the Credit Agreement.

If you agree to the terms and provisions hereof, please evidence such agreement by executing and returning at least two counterparts of this Letter Amendment to Susan L. Hobart, Shearman & Sterling, 599 Lexington Avenue, New York, New York 10022.

This Letter Amendment may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute one and the same agreement. Delivery of an executed counterpart of a signature page to this Letter Amendment by telecopier shall be effective as delivery of a manually executed counterpart of this Letter Amendment.

This Letter Amendment shall be governed by, and construed in accordance with, the laws of the State of New York.

Very truly yours,

INTERNATIONAL FLAVORS & FRAGRANCES INC.

By

Title:

Agreed as of the date first above written:

CITIBANK, N.A.,
as Agent and as Lender

By

Title:

- --
{Type or print name of institution}

By

Title:

EXHIBIT 10(b)

July 25, 2001

Mr. Carlos A. Lobbosco
Avda Alvear 1654, 4th Floor
1014 Buenos Aires
Argentina

Dear Carlos,

This letter will outline the understandings you and International Flavors & Fragrances Inc. ("IFF" or the "Company") have reached in respect of your continuing employment with the Company through June 30, 2004 (the "Retirement Date"), as well as the terms of your retirement. This letter supersedes the letter agreement between you and IFF dated as of October 1, 1999.

We have agreed as follows:

1. You will continue to serve as Executive Vice President, Global Business Development, through May 31, 2002 (the "Pre-Retirement Date"), at your current annual salary of $550,000.

2. You will continue to participate for the years 2001, 2002 and 2003 in the IFF Annual Incentive Plan (the "AIP") under the 2000 Stock Award and Incentive Plan ("SAIP"). Your target AIP awards for each year will be as follows:

Year	AIP Target as a Percentage of Base Salary
2001	50
2002	37.5
2003	25

3. You will continue to participate in Cycle I of the IFF Long-Term Incentive Plan under the SAIP. If no payment is made until after the completion of Cycle I, your target award will be 75% of your weighted average base salary during Cycle I. If pursuant to the terms of the LTIP the Compensation Committee determines that the Company's performance against the LTIP objectives through June 30, 2002 is superior, and elects to make a partial payout of the Cycle I target award, your target award for that partial payout will be 50% of your weighted average base salary during the period January 1, 2001 through June 30, 2002. Your target award for the remainder of Cycle I will be 50% of your weighted average base salary from July 1, 2002 through the Retirement Date.

4. You will not receive any stock option grant in 2002 or in any subsequent year. You will be entitled to exercise options under the stock option grants previously made to you pursuant to the terms of your outstanding Stock Option Agreements.

5. Until the Retirement Date you will continue to participate in the IFF TCN Pension Plan (the "TCN Plan"). You have requested, and IFF has agreed, that in lieu of any benefits to which you might otherwise be entitled under the TCN Plan or any other IFF pension or retirement plan or program, the Company will make to you upon your retirement seven annual payments of $604,527 (the "Pension"). Except as set forth below in this Section 5, the Pension will not be reduced by an offset for Argentine Social

Security,as is contemplated by the TCN Plan. You warrant and represent to the Company that at age 65 based on your actual compensation to date and the compensation contemplated by this Agreement through June 30, 2004, your Argentine Social Security benefit will be no greater than Argentine Peso equivalent, at today's exchange rate, of $1,500 per month. You understand and agree that, in the event that the Argentine Social Security benefit exceeds $1,500 per month, and/or there are offsets contemplated by the TCN Plan that, including the Argentine Social Security benefit, aggregate more than $1,500 per month, such additional amounts will be used to offset the Pension, which will be recalculated using the methodology then applicable under the General Agreement on Tariffs and Trade.

The first annual installment of the Pension will be paid to you in July 2004, and subsequent installments will be paid in July of each subsequent year until all seven installments have been paid. The Pension will be paid to you in your then country of residence (which you anticipate to be either Argentina or Uruguay) in US Dollars, with payments coming from IFF in either the United States or the United Kingdom.

You acknowledge and agree that the payment of the Pension in seven installments of $604,527 is and will be the only obligation of IFF to pay you any pension benefit, and you waive any right to any other pension benefit from IFF.

In the event that you die after the Retirement Date but prior to the payment of all seven installments of the Pension, the remaining installments will be paid in full to your surviving spouse or to your or your spouse's estate, should your spouse not survive until all seven installments are paid. We have further agreed that, in the event you should die prior to the Retirement Date, IFF will make to your surviving spouse seven annual payments of $302,263.50 each, commencing in the month following your death and at 12-month intervals thereafter (the "Survivor Pension"). If your spouse dies before the payment of all seven installments of the Survivor Pension, the

remaining payments will be made to her estate. Should you die prior to the Retirement Date and should your spouse predecease you, you agree and acknowledge that no Pension or Survivor Pension will be due to your or your wife's estate.

In the event that for any reason the unfunded pension benefits of other IFF executive officers are hereafter funded through a transfer of assets to the Rabbi Trust evidenced by the Trust Agreement dated October 4, 2000 between IFF and The First Union National Bank, as Trustee (or to any successor Rabbi Trust), the Pension will also be similarly funded.

6. From the Pre-Retirement Date through the Retirement Date, you will remain an employee of IFF, based in Buenos Aires, Argentina and will perform such services for IFF as I or the then Chief Executive Officer of the Company may request. During this period your base salary will be $550,000, and you will continue to participate in the TCN Plan.

7. Until the Retirement Date, (a) you will be covered for disability and travel insurance under those programs maintained by IFF for its employees in the United States; (b) you will be covered by life insurance under IFF's basic and supplemental programs of not less than US$1,000,000; (c) you and your family will continue to be covered by the IFF Argentina medical scheme; and (d) you will also continue to be included in the IFF global medical and dental program, currently administered by CIGNA, and in the following benefit programs that IFF maintains for its senior executives: financial counseling/advice from Tittmann & Rusch and the IFF Executive Separation Policy ("ESP"). Notwithstanding the foregoing, between the Pre-Retirement Date and the Retirement Date you will be covered by the ESP only for the payments and benefits that would be due as a result of a "Change-in-Control," and for that purpose you will continue to be deemed a "Tier I" participant in the ESP. After the Retirement Date, you will be entitled to the benefits then granted by IFF to retired employees of IFF Argentina.

8. Until the Retirement Date, (a) IFF Argentina will also continue to pay your annual membership fees, up to a maximum of the equivalent in Argentine Pesos of US$9,000 per year (the "Club Fees"), in the Argentine Club in Buenos Aires. Should you currently be a member of or elect to join any other club, all fees and expenses of joining and/or maintaining your membership in such club will be your sole responsibility; and (b) you continue to use the automobile that is currently provided to you by the Company (the "Company Car"). You will not be entitled to purchase a new Company Car prior to the Retirement Date, but at your election you may elect to purchase the Company Car on the Retirement Date at its then value calculated in accordance with IFF's normal valuation procedure.

9. In the event your employment with IFF is terminated by IFF for any reason other than for "cause" prior to July 1, 2004, and in connection with such termination you are not entitled to the benefits under the ESP, you will retire from IFF employment as of the termination date, which will be deemed the Retirement Date. In such event, you may elect (a) to commence receiving the Pension immediately after the Retirement Date, or (b) in lieu of commencing to receive the Pension at the Retirement Date, to receive "Salary Continuation Payments" equal to your monthly base salary at the Retirement Date, for the shorter of (i) twenty-four (24) months or (ii) if the Retirement Date occurs on or after July 1, 2002, the number of months between the Retirement Date and July 1, 2004, after which the Pension will commence (with the amount of the Pension--including the guaranteed minimum--computed based on your years of service through the Retirement Date but with a commencement date based on your age on the actual date on which the Pension commences). "Cause" will have the same meaning in this Agreement as in the ESP.

10. The terms of our agreement represent the complete understanding between you and IFF and may not be changed orally but only in a writing signed by both you and IFF.

11. Our agreement is made and entered into, and will be subject to, governed by, and interpreted in accordance with the laws of the State of New York and will be enforceable in the courts of that state, without regard to principles of conflict of laws.

Carlos, if the terms set forth above accurately reflect our understanding, please sign the extra copy of this letter and return it to Steve Block. If you have any questions, please feel free to contact Steve or me.

Sincerely,

INTERNATIONAL FLAVORS &
FRAGRANCES INC.

By: /s/ Richard A. Goldstein

Richard A. Goldstein
Chairman and
Chief Executive Officer

AGREED AND ACCEPTED:

/s/ Carlos A. Lobbosco
- ----------------------------
Carlos A. Lobbosco

EXHIBIT 10(c)

SEPARATION AGREEMENT

This SEPARATION AGREEMENT (this "Agreement") is entered into as of the 16th day of July, 2001 between William S. Kane (the "Employee"), and International Flavors & Fragrances Inc., a New York corporation (the "Company").

W I T N E S S E T H

WHEREAS, the Employee is employed by the Company as Vice President, Human Resources; and

WHEREAS, the Company and the Employee have agreed that the Employee's employment with the Company shall terminate on December 31, 2001 (the "Separation Date"); and

WHEREAS, the Employee and the Company now desire to enter into an agreement concerning the duties and responsibilities of the Employee from the date hereof until the Separation Date and in respect of the Employee's separation from the Company as hereinafter set forth,

NOW, THEREFORE, in consideration of the mutual promises contained in this Agreement, the Employee and the Company agree as follows:

1. Continuation of Employment; Duties. Until the Separation Date, the Employee shall remain a full-time employee of the Company. Until August 31, 2001, the Employee shall continue as Vice President, Human Resources, of the Company. Effective August 31, 2001, the Employee shall resign as Vice President, Human Resources, and as a director and/or officer of all entities controlled directly or indirectly by the Company (together with the Company, the "Company Group") of which he has served as a director and/or officer prior to the date of this Agreement Effective as of the Separation Date, the Employee shall voluntarily resign as a director and/or officer of each Company Group entity of which he has served as a director and/or officer and as a member of each Administrative Committee of a Company benefit plan of which he has served as a member, in either event prior to the date of this Agreement. Thereafter, until the Separation Date the Employee shall perform such duties as Richard A. Goldstein, Chairman and Chief Executive Officer, may reasonably assign to him. The Employee understands that, from and

after August 31, 2001, the Company will no longer maintain an office for the Employee at the Company's headquarters in New York, New York or any other facility.

2. Termination of Employment Relationship; Resignation from Officerships and Directorships. On the Separation Date the Employee's employment with all members of the Company Group shall terminate.

3. Consideration to the Employee. The Company shall make the following payments and provide the following additional benefits and consideration to the Employee, subject to Section 6 hereof:

(a) Salary and Benefits through the Separation Date. Through and including the Separation Date, the Employee shall continue to be paid his current base salary of $19,583.33 per month ($235,000 per year), and shall continue to be entitled to all of the benefits that he currently enjoys.

(b) Incentive Compensation. The Employee shall be entitled to the same annual incentive compensation award in respect of 2001 under the Company's Annual Incentive Plan ("AIP"), promulgated under the Company's Stock Award and Incentive Plan ("SAIP"), that is paid to others with the same target award as the Employee. Any earned 2001 incentive compensation award shall be paid to the Employee in early 2002 at the same time as incentive compensation awards under the AIP are paid to executive employees of the Company generally. The Employee shall also be entitled to receive one-third of any award that is paid to others with the same target award as the Employee in respect of Cycle I under the Company's Long-Term Incentive Plan ("LTIP") under the SAIP. Any earned Cycle I award under the LTIP shall be paid to the Employee in early 2004 at the same time as awards under the LTIP are paid to executive employees of the Company generally. The Employee shall not be entitled to any other incentive compensation, whether under the AIP, LTIP or any other plans or programs.

(c) Severance Payments. Commencing January 1, 2002 and continuing through and including August 31, 2003 (the "Severance Period"), the Employee shall receive monthly severance payments of $31,333.33, which is equal to the sum of (i) his current monthly base salary ($19,583.33) and $11,750, which is an amount equal to one-twelfth of his target 2001 annual incentive award ($9,791.66) multiplied by 24, or $235,000, divided by 20, ("Severance Payments"). Severance Payments shall be made semi-monthly

at the same times as compensation is paid to exempt United States employees of the Company.

(d) Unused Vacation. Within thirty (30) days after the Separation Date, the Company shall pay the Employee for 12 days of vacation in respect of 2001. The Employee shall not be entitled to vacation pay in respect of any other year.

(e) Stock Options. The exercisability, lapsing and forfeiture of the Employee's stock options shall be governed by the provisions of various Stock Option Agreements between the Employee and the Company.

(f) Pension and Other Benefits. The Employee has not vested in the Company's Pension Plan and Supplemental Pension Plan, and as a result shall not be entitled to receive any pension from the Company. The Employee shall be vested in the benefits that he accrues through December 31, 2001 under the Company's Retirement Income Fund Plan (including the Company's Supplemental Retirement Income Plan) and the Company's Deferred Compensation Plan. If the Employee is participating for 2001 in the Company's Global Employee Stock Purchase Plan ("GESPP"), he shall also be eligible to have Company common stock purchased on his behalf for 2001 under the GESPP. For the shorter of the Severance Period or until the Employee becomes eligible to participate in medical, dental and/or life insurance plans upon his commencement of new "Employment," as hereinafter defined (the "Supplemental Benefits Period"), the Employee and his eligible dependents shall either (a) continue to participate in the Company's medical and dental plans and to be covered under the Company's group life insurance plan (including the Executive Death Benefit Plan), under the same terms and conditions, and at the same contribution levels, as are applicable to active employees of the Company, or (b) if such continued participation is not possible under the terms and conditions of one or more of such plans, the Company shall arrange to have issued for the benefit of the Employee and his dependents individual policies of insurance providing benefits substantially similar (on an after-tax basis) to the plan(s) as to which the Employee's continued participation is not possible. In such event the Employee shall make contributions to the cost of such policy or policies of insurance as if he were continuing to participate in the applicable Company plans. For the purpose of this Agreement, "Employment" shall mean the Employee's substantially full-time participation for monetary compensation as an officer, employee, partner, principal or individual proprietor in any entity or business. At the expiration of the Supplemental Benefits Period

the Employee shall be able to continue coverage under the Company's medical plan in accordance with the Consolidated Omnibus Budget Reconciliation Act of 1985 ("COBRA") for up to eighteen (18) months after the expiration of the Supplemental Benefits Period by paying the applicable monthly premiums.

(g) Company Car. On the Separation Date, the Company shall arrange at its cost to have title to the Company-owned 1999 Grand Cherokee Limited automobile currently provided to the Employee by the Company (the "Company Car") transferred to him. For all periods commencing with the month of January 2002 the Employee shall be solely responsible for all costs associated with the ownership, operation and/or maintenance of the Company Car or any other automobile that the Employee may subsequently lease or own. The Employee shall not be entitled to a new Company Car between the date of this Agreement and the Separation Date, irrespective of whether, under Company policy, he would have otherwise been so entitled.

(h) Financial Planning/Advice. Until the Separation Date, the Employee may continue to use the financial planning and advice services of Tittman & Rusch under the same terms and conditions as he has been using such services during 2001. Should the Employee wish to continue such services or the services of any other financial advisor/consultant after the Separation Date, all costs and expenses in respect of such services shall be the sole responsibility of the Employee.

(i) Outplacement. The Company shall arrange for the Employee to have the outplacement services of a firm selected by the Company and reasonably acceptable to the Employee, and shall pay all fees associated therewith. The Company agrees to cause such outplacement services to be continued until the earlier of the expiration of the Severance Period or the date on which the Employee accepts new Employment.

4. Noncompetition; Nonsolicitation. During the Severance Period, the Employee agrees that he shall not engage directly or indirectly in any business which is competitive to that of the Company Group, except that Employee shall not be prevented from owning a beneficial interest in less than five percent (5%) of the outstanding capital stock of any publicly owned competitive company. Additionally, during the Severance Period, the Employee agrees that he shall not solicit, induce, or attempt to influence any individual who is an employee of the Company Group to terminate his or her employment relationship with the Company Group, or to become employed by him or his

affiliates or any person by which he is employed, or interfere in any other way with the employment, or other relationship, of the Company Group and any employee thereof. The Employee also agrees that during the Severance Period he shall not, in any way that interferes with the business of the Company or with the relationship between the Company and any such entity, solicit or canvass the trade, business or patronage of, or sell to or buy from, any persons or entities that are either (i) customers of or suppliers to the Company Group, or (ii) actual or prospective customers of or suppliers to the Company Group with respect to which a sales effort, presentation or proposal was made.

5. Entire Consideration. The Employee understands and agrees that the payments and benefits provided for in this Agreement (a) are the only ones to which he is entitled relating to his employment and/or in connection with the termination of his employment with the Company, and (b) are in excess of those to which he otherwise would be entitled, and that they are being provided to him in consideration for his signing of this Agreement and the "Release," as defined in Section 6, which consideration he agrees is adequate and satisfactory to him.

6. Release. As a condition to the Employee's entitlement to the compensation, payments and benefits provided for in Sections 1 and 3 hereof, the Employee shall have executed and delivered to the Company a release in the form attached hereto as Schedule I (the "Release"), and such Release shall have become irrevocable. If the Employee exercises his right to revoke the Release in accordance with the terms thereof, then this Agreement shall become null and void ab initio.

7. Non-Disparagement. Each of the Employee and the Company agrees that at no time will either the Employee or any officer, director, employee or other representative of the Company in any way denigrate, demean or otherwise say or do anything, whether in oral discussions or in writing, that would cause any third party, including but not limited to suppliers, customers and competitors of the Company, to lower its perception about the integrity, public or private image, professional competence, or quality of products or service, of the other or, in the case of the Company, of any officer, director, employee or other representative of the Company. If the Company is asked by a prospective employer for a reference with respect to a new position for which the Employee is being considered, without the Employee's prior written consent the Company will do no more than confirm the Employee's dates of employment and salary history.

8. Cooperation and Assistance. The Employee acknowledges that he may have historical information or knowledge that may be useful to the Company in connection with current or future legal, regulatory or administrative proceedings. The Employee will cooperate with the Company, both during the Severance Period and thereafter, in the defense or prosecution of any such claims that relate to events or occurrences that transpired during the Employee's employment with the Company. The Employee's cooperation in connection with such claims or actions shall include being reasonably available, subject to his other business and personal commitments, to meet with counsel to prepare for discovery or trial and to testify truthfully as a witness when reasonably requested by the Company at reasonable times and with reasonable advance notice to the Employee. The Company shall reimburse the Employee for any out-of-pocket expenses, including the reasonable fees of the Employee's personal attorney, which he incurs in connection with such cooperation.

9. Return of Property. Except as otherwise provided in this Section 9, the Employee expressly agrees that, on the Separation Date, he will return to the Company all property of the Company Group including, but not limited to, any and all files, computers, computer equipment and software and diskettes, documents, papers, records, accords, notes, agenda, memoranda, plans, calendars and other books and records of any kind and nature whatsoever containing information concerning the Company Group or their customers or operations. The Employee affirms that he will not retain copies of any such property or other materials. Notwithstanding the foregoing, the Employee shall not be required to return his company-provided laptop computer, or his rolodexes, personal diaries and correspondence; however, the Company may require the Employee to provide such laptop computer to the Company so that any proprietary Company information and/or programs may be purged from such laptop computer.

10. Non-Disclosure. Under the Employee's Security Agreement with the Company, a copy of which is attached to this Agreement as Schedule II, and under applicable trade secret law, the Employee is obliged to keep in confidence all trade secrets and proprietary and confidential information of the Company Group, whether patentable or not which he learned or of which he became aware or informed during his employment by the Company (except to the extent disclosure is or may be required by a statute, by a court of law, by any governmental agency having supervisory authority over the business of the Company or by any administrative or legislative body (including a committee

thereof) with apparent jurisdiction to order him to divulge, disclose or make accessible such information, and not to directly or indirectly publish, disclose, market or use, or authorize, advise, hire, counsel or otherwise procure any other person or entity, directly or indirectly, to publish, disclose, market or use, any such information. Both under such Security Agreement and under applicable law, such obligations continue not only while the Employee is employed by the Company, but after cessation of that employment. In amplification and not in limitation of the foregoing, the Employee acknowledges that during his employment with the Company, he has or may have acquired proprietary and confidential knowledge and information of the Company Group, including, but not limited to, fragrance and flavor formulae, secret processes and products, qualities and grades of flavor and fragrance ingredients and raw materials, including but not limited to aroma chemicals, perfumery and flavor and fragrance compounding "know-how" and other technical data belonging to or relating to the Company Group, and the identity of customers and suppliers of the Company Group and the quantities of products ordered by or from and the prices paid by or to those customers and suppliers. In addition, the Employee has also acquired similar confidential knowledge and information belonging to customers of the Company Group and provided to the Company Group in confidence under written and oral secrecy agreements. The Employee agrees to abide by the terms and conditions of the Security Agreement and of this Section 10 both during the Severance Period and thereafter.

11. Tax and Withholding. Any Federal, State and/or local income, personal property, franchise, excise or other taxes owed by the Employee as a result of the payments or benefits provided under the terms of this Agreement shall be the sole responsibility and obligation of the Employee. The parties hereto agree and acknowledge that Company shall have the right to withhold from any payments made or benefits provided to the Employee any and all amounts that are necessary to enable the Company to satisfy any withholding or other tax obligation that arises in connection with such payments or benefits, and the Company shall report any such amounts that it determines are compensation income on a Form W-2, including but not limited to the value of the Company Car.

12. No Oral Modification. This Agreement may not be changed orally and no modification, amendment or waiver of any provision contained in this Agreement, or any future representation, promise or condition in connection with the

subject matter of this Agreement shall be binding upon any party hereto unless made in writing and signed by such party.

13. Resolution of Disputes. Any disputes under or in connection with this Agreement shall, at the election of either party, be resolved by arbitration, to be held in New York, New York in accordance with the rules and procedures of the American Arbitration Association then in effect. Judgment upon the award rendered by the arbitrator(s) may be entered in any court having jurisdiction. Each party shall bear its own costs, including but not limited to attorneys' fees, of the arbitration or of any litigation arising out of this Agreement. Pending the resolution of any arbitration or litigation, the Company shall continue payment of all amounts due the Employee under this Agreement and all benefits to which the Employee is entitled at the time the dispute arises.

14. Severability. In the event that any provision of this Agreement or the application thereof should be held to be void, voidable, unlawful or, for any reason, unenforceable, the remaining portion and application shall remain in full force and effect, and to that end the provisions of this Agreement are declared to be severable.

15. Governing Law. This Agreement is made and entered into, and shall be subject to, governed by, and interpreted in accordance with the laws of the State of New York and shall be fully enforceable in the courts of that state, without regard to principles of conflict of laws.

16. Successors and Assigns. This Agreement shall inure to the benefit of and shall be binding upon the parties hereto and their respective heirs, administrators, representatives, executors, successors and assigns, including but not limited to (i) with respect to the Company, any entity with which the Company may merge or consolidate or to which the Company may sell all or substantially all of its assets, and (ii) with respect to the Employee, his executors, administrators, heirs and legal representatives.

17. Notices. All notices required pursuant to this Agreement shall be in writing and shall be deemed given if mailed, postage prepaid, or if delivered by fax or by hand, to a party at the address set forth below:

If to the Employee:

Mr. William S. Kane
426 Birch Place
Westfield, New Jersey 07090

If to the Company:

International Flavors & Fragrances Inc.
521 West 57th Street
New York, New York 10019

Attention: Corporate Secretary

Any change in address by either party shall be effective when notified to the other party as aforesaid.

18. Counterparts. This Agreement may be executed in counterparts, and each counterpart, when executed, shall have the effect of a signed original.

19. Acknowledgment of Knowing and Voluntary Release; Revocation Right. The Employee certifies that he has read the terms of this Agreement. The execution hereof by the Employee shall indicate that this Agreement conforms to the Employee's understandings and is acceptable to him as a final agreement. It is further understood and agreed that the Employee has had the opportunity to consult with counsel of his choice, that he has in fact consulted with his own counsel with respect to this Agreement, and that he has been given a reasonable and sufficient period of time of no less than 21 days in which to consider and return this Agreement.

WHEREFORE, intending to be legally bound, the parties have agreed to the aforesaid terms and indicate their agreement by signing below.

WILLIAM S. KANE

/s/ William S. Kane	July 16, 2001
William S. Kane	Date

INTERNATIONAL FLAVORS & FRAGRANCES INC.

By: /s/ Stephen A. Block   July 16, 2001

Stephen A. Block   Date
Senior Vice-President
General Counsel
and Secretary

SCHEDULE I

RELEASE

KNOW ALL PERSONS BY THESE PRESENTS that the undersigned, William S. Kane, of 426 Birch Place, Westfield, New Jersey 07090 (hereinafter referred to as "Employee"), for and in consideration of certain benefits heretofore paid or to be paid or provided to him by International Flavors & Fragrances Inc., a New York corporation with a place of business at 521 West 57th Street, New York, New York 10019 (hereinafter referred to as "IFF Inc."), as such benefits are set forth in a Separation Agreement dated as of July 16, 2001 (the "Separation Agreement"), DOES HEREBY IREREVOCABLY AND UNCONDITIONALLY AGREE TO RELEASE, WAIVE and FOREVER DISCHARGE, except as otherwise provided in this Release, IFF Inc. and all of its subsidiaries, affiliates, successors and assigns and their respective directors, officers, employees and agents (hereinafter referred to as "Releasees") from all "Claims", as hereinafter defined, and Employee waives, releases and covenants not to sue Releasees or to file any lawsuit or any claim with any Federal, state or local administrative agency asserting or in respect of any of such Claims.

As used in this Release, the term "Claims" means and includes all charges, complaints, claims, liabilities, obligations,

promises, agreements, damages, actions, causes of action, rights, costs, losses and expenses (including attorneys' fees and costs actually incurred) of any nature whatsoever, known or unknown, suspected or unsuspected, which Employee now has, or claims to have, or which Employee at any earlier time had, or claimed to have had, or which Employee at any future time may have, or claim to have, against each or any of the Releasees as to any matters relating to or arising out of his employment and/or service on the Board of Directors of IFF Inc. or any subsidiary or affiliate thereof or the termination of such employment or Board of Director service, and occurring or arising on or before the date this Release is executed by Employee. The Claims Employee is releasing under this Release include, but are not limited to, rights arising out of alleged violations of any contracts, express or implied, written or oral, and any Claims for wrongful discharge, fraud, misrepresentation, infliction of emotional distress, or any other tort, and any other Claims relating to or arising out of Employee's employment, compensation and benefits with IFF Inc. or the termination thereof, and any Claim for violation of any the laws of any country of the world or subdivision thereof, including but not limited to any United States Federal, state or other governmental statute, regulation or ordinance including, but not limited to, the following, each as amended to date: (1) Title VII of the Civil Rights Act of 1964, 42 U.S.C. ss.ss. 2000e et seq.; (2) Section 1981 of

the Civil Rights Act of 1866, 42 U.S.C. ss. 1981; (3) the Americans with Disabilities Act, 42 U.S.C. ss. 12101 et seq. (4) the Age Discrimination in Employment Act, 29 U.S.C. ss.ss. 621-634; (5) the Equal Pay Act of 1963, 29 U.S.C. ss. 206; (6) Executive Order 11246; (7) Executive Order 11141; (8) Section 503 of the Rehabilitation Act of 1973, 29 U.S.C. ss.ss. 701 et seq.; (9) the Employee Retirement Income Security Act of 1974, 29 U.S.C. ss.ss. 1001 et seq.; and (10) any applicable New York or New Jersey law, statute, regulation, ordinance, or constitutional or public policy provisions. Anything in this Release to the contrary notwithstanding, it is agreed that the Employee does not waive his rights to coverage under any directors and officers insurance policy, for indemnification pursuant to IFF Inc.'s By-laws as in effect on the date of this Release for acts or omissions occurring or alleged to have occurred during Employee's employment or other service to IFF Inc., or to enforce the Separation Agreement or any rights under any employee or retirement benefit plan, program or policy of IFF Inc. or any of its subsidiaries or affiliates.

Employee hereby represents that neither he nor anyone acting at his discretion or on his behalf has filed any complaints, charges, claims, demands or lawsuits with respect to any Claim (an "Action") against any Releasee with any governmental agency or any court; that he will not file or pursue any Action at any time hereafter; and that if any such agency or court assumes

jurisdiction of any Action, against any Releasee on behalf of Employee, he will request such agency or court to withdraw the matter. If any such Action is filed by the Employee, he further agrees that he will not seek any relief from the Releasees, however that relief might be called, whether reinstatement, back pay, compensatory, punitive or exemplary damages, claims for emotional distress or pain and suffering, or claims for attorneys' fees, reimbursement of expenses or otherwise, on the basis of any such claim. Neither this Release nor the undertaking in this paragraph shall limit Employee from pursuing Claims for the sole purpose of enforcing his rights under the Separation Agreement or under any employment or retiree benefit plan or program of IFF Inc. or any of its subsidiaries or affiliates.

For the purpose of implementing a full and complete release and discharge of claims, the Employee expressly acknowledges that this Release is intended to include in its effect, without limitation, all the claims described in the preceding paragraphs, whether known or unknown, apparent or concealed, and that this Release contemplates the extinction of all such claims, including claims for attorneys' fees. Employee expressly waives any right to assert after the execution of this Release that any such claim, demand, obligation, or cause of action has, through ignorance or oversight, been omitted from the scope of the Release.

This Release is made and entered into, and shall be subject to, governed by and interpreted in accordance with the laws of the State of New York and shall be fully enforceable in the courts of that state, without regard to principles of conflict of laws.

Employee hereby represents that he has been given a period of twenty-one (21) days to review and consider this Release before signing it. Employee further understands that he may use none or as much of this 21-day period as he wishes prior to signing.

Employee is advised that he has the right to and acknowledges that he has consulted with an attorney before signing this Release.

Employee may revoke this Release within seven (7) days after he signs it. Revocation can be made by delivering a written notice of revocation to Stephen A. Block, Senior Vice President, General Counsel and Secretary, IFF Inc., 521 West 57th Street, New York, New York 10019. For such revocation to be effective, written notice must be received by Mr. Block not later than the close of business on the seventh day after the day on which Employee executes this Release. If Employee revokes this Release, it shall not be effective and the Separation Agreement shall be null and void ab initio.

EMPLOYEE ACKNOWLEDGES THAT HE HAS READ THIS RELEASE, UNDERSTANDS IT AND IS VOLUNTARILY EXECUTING IT AND THAT NO REPRESENTATIONS, PROMISES OR INDUCEMENTS HAVE BEEN MADE TO EMPLOYEE

EXCEPT AS SET FORTH IN THIS RELEASE VOLUNTARILY, AND THAT HE INTENDS TO BE LEGALLY BOUND BY ITS TERMS, WITH FULL UNDERSTANDING OF ITS CONSEQUENCES.

PLEASE READ THIS RELEASE CAREFULLY. IT COVERS ALL KNOWN AND UNKNOWN CLAIMS INCLUDING CLAIMS UNDER THE FEDERAL AGE

DISCRIMINATION IN EMPLOYMENT ACT.

Executed at New York, New York on July 16, 2001.

/s/ William S. Kane

William S. Kane

SCHEDULE II

IFF SECURITY AGREEMENT

International Flavors & Fragrances, Inc.
521 West 57th Street, New York, NY 10019

WILLIAM S. KANE

In consideration of my employment by IFF or any of its subsidiaries (herein together called IFF), I hereby agree as follows:

1. I acknowledge that in the course of my employment by IFF, I may have access to, acquire or gain confidential knowledge or information (i) with respect to formulae, secret processes, plans, devices, products, computer programs and other intangible property, know-how and other data belonging or relating to IFF or belonging to a customer or supplier of IFF, or (ii) with respect to the identity of customers of IFF, and the identity of products and the quantity and prices of the same ordered by such customers. I acknowledge that all such information is the sole property of IFF or its customer or supplier, and I shall treat it as set forth below.

2. I shall keep confidential all such knowledge or information described above and shall not divulge it to others nor use it for my own private purposes or personal gain, without the express written consent of IFF. This obligation on my part shall continue during and after the period of my employment by IFF.

3. Upon termination of my employment, or at any time IFF may request, I shall deliver to IFF all notes, memoranda, formulae, records, files or other papers, tapes, discs or programs, and copies thereof, in my custody relating to any such knowledge or information described above to which I have had access or which I may have developed during the term of my employment.

4. I shall not, without the prior written permission of IFF, after leaving the employ of IFF for any reason, work for others, or for my own account, on any of the secret processes, formulae or programs on which I have worked or to which I have had access while in the employ of IFF.

5. Any invention, formula, process, product, program, idea, discovery and improvement conceived or developed by me within the period of my employment, relating to any activity engaged in by IFF, shall be the sole and exclusive property of IFF and I shall promptly communicate to IFF full information with respect to any of the foregoing conceived or developed by me. I shall execute and deliver all documents and do all other things as shall be deemed by IFF to be necessary and proper to effect the assignment to IFF of the sole and exclusive right, title, and interest in and to all such inventions, formulae, processes, products, programs, ideas, discoveries, and improvements and patent applications and patents thereon.

6. I understand and agree that IFF has no interest in and will not accept divulgence to it of any confidential knowledge or information which is the property of any previous employer or other third party. Notwithstanding any other paragraph of this agreement, I shall not communicate any such confidential knowledge or information to IFF nor use the same during the course of my employment.

6/1/99	/s/ William S. Kane
date	signature