SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-K

ANNUAL REPORT PURSUANT TO SECTION 13 OF THE SECURITIES EXCHANGE ACT OF 1934

FOR THE FISCAL YEAR ENDED DECEMBER 31, 1998

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
(Address of principal executive offices)	(Zip Code)

REGISTRANT'S TELEPHONE NUMBER, INCLUDING AREA CODE (212) 765-5500

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

Title of each class	Name of each exchange on which registered
Common Stock, par value 12 1/2 (cent) per share	New York Stock Exchange

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

NONE
(Title of Class)

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months, and (2) has been subject to such filing requirements for the past 90 days.

Yes X   No ___

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of Registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendments to this Form 10-K. [ ]

The Registrant denies that any of its common stock is held by an "affiliate" of the Registrant within the meaning of Rule 405 of the Securities and Exchange Commission. See "Stock Ownership" in proxy statement incorporated by reference herein. The aggregate market value of all of the outstanding voting stock of Registrant as of March 19, 1999 was $4,016,446,724.

Indicate the number of shares outstanding of each of the Registrant's classes of common stock, as of March 19, 1999.

106,044,798 SHARES OF COMMON STOCK, PAR VALUE 12 1/2 (CENT) PER SHARE

DOCUMENTS INCORPORATED BY REFERENCE

The information called for by Part III [Items 10, 11, 12 and 13] is hereby incorporated by reference from the Registrant's definitive proxy statement for the 1999 Annual Meeting of Shareholders to be filed pursuant to Regulation 14A.

PART I

ITEM 1. BUSINESS.

International Flavors & Fragrances Inc., incorporated in New York in 1909, is a leading creator and manufacturer of flavor and fragrance products used by other manufacturers to impart or improve flavor or fragrance in a wide variety of consumer products. Fragrance products are sold principally to manufacturers of perfumes, cosmetics, soaps and detergents, and flavor products to manufacturers of prepared foods, beverages, dairy foods, pharmaceuticals and confectionery products.

The present world-wide scope of the Company's business is in part the result of the combination in December 1958 of the business theretofore conducted primarily in the United States by the Company under the name van Ameringen-Haebler, Inc. ("VAH") with the business conducted primarily in Europe by N. V. Polak & Schwarz's Essencefabrieken, a Dutch corporation ("P & S"). The P & S enterprise, founded in Holland in 1889, was also engaged in the manufacture and sale of flavor and fragrance products, with operations in a number of countries where VAH was not an important factor.

The major manufacturing facilities of the Company are located in the United States, Holland, France, Germany, Great Britain, Ireland, Spain, Switzerland, Argentina, Brazil, Mexico, Australia, China, Hong Kong, Indonesia and Japan. Manufacturing facilities are also located in six other countries. The Company maintains its own sales and distribution facilities in 35 countries and is represented by sales agents in additional countries. The Company's principal executive offices are located at 521 West 57th Street, New York, New York 10019 (Tel. No. 212-765-5500). Except as the context otherwise indicates, the term "the Company" as used herein refers to the Registrant and its subsidiaries.

MARKETS

Fragrance products are used by customers in the manufacture of such consumer products as soaps, detergents, cosmetic creams, lotions and powders, lipsticks, after-shave lotions, deodorants, hair preparations and air fresheners, as well as in other consumer products designed solely to appeal to the sense of smell, such as perfumes and colognes. The cosmetics industry, including perfumes and toiletries, is one of the Company's two largest customer groups. Most of the major United States companies in this industry are customers of the Company, and five of the largest United States cosmetics companies are among its principal customers. The household products industry, including soaps and detergents, is the other important customer group. Four of the largest United States household product manufacturers are major customers of the Company. In the five years ended December 31, 1998, sales of fragrance products accounted for approximately 59%, 57%, 57%, 58% and 58%, respectively, of the Company's total sales.

Flavor products are sold principally to the food and beverage industries for use in such consumer products as soft drinks, candies, baked goods, desserts, prepared foods, dietary foods, dairy products, drink powders, pharmaceuticals and alcoholic beverages. Two of the Company's largest customers for flavor products are major producers of prepared foods and beverages in the United States. In the five years ended December 31, 1998, sales of flavor products accounted for approximately 41%, 43%, 43%, 42% and 42%, respectively, of the Company's total sales.

PRODUCTS

The Company's principal fragrance and flavor products consist of compounds of large numbers of ingredients blended by it under formulas created by its perfumers and flavorists. Most of these compounds contribute the total fragrance or flavor to the consumer products in which they are used. This fragrance or flavor characteristic is often a major factor in the public selection and acceptance of the consumer end product. A smaller amount of compounds is sold to manufacturers who further blend them to achieve the finished fragrance or flavor in their consumer products. Thousands of compounds are produced by the Company, and new compounds are constantly being created in order to meet the many and changing characteristics of its customers' end products. Most of the fragrance compounds and many of the flavor compounds are created and produced for the exclusive use of particular customers. The Company's flavor products also include extractives, concentrated juices and concentrates derived from various fruits, vegetables, nuts, herbs and spices as well as microbiologically derived ingredients. The Company's products are sold in solid and liquid forms and in amounts ranging from a few pounds to many tons, depending upon the nature of the product.

The ingredients used by the Company in its compounds are both synthetic and natural. Most of the synthetic ingredients are manufactured by the Company. While the major part of the Company's production of synthetic ingredients is used by it in its compounds, a substantial portion is sold to others. The natural ingredients are derived from flowers, fruits and other botanical products as well as from animal products. They contain varying numbers of organic chemicals, which are responsible for the fragrance or flavor of the natural product. The natural products are purchased for the larger part in processed or semi-processed form. Some are used in compounds in the state in which they are purchased and others after further processing. Natural products, together with various chemicals, are also used as raw materials for the manufacture of synthetic ingredients by chemical processes.

MARKET DEVELOPMENTS

The demand for consumer products utilizing flavors and fragrances has been stimulated and broadened by changing social habits resulting from such factors as increases in personal income, employment of women, teen-age population, leisure time, health concerns and urbanization and by the continued growth in world population. In the fragrance field, these developments have expanded the market for colognes, toilet waters, deodorants, soaps with finer fragrance quality, men's toiletries and other products beyond traditional luxury items such as perfumes. In the flavor field, similar market characteristics have stimulated the demand for such products as convenience foods, soft drinks and low-cholesterol and low-fat food products that must conform to expected tastes. New and improved methods of packaging, application and dispensing have been developed for many consumer products which utilize some of the Company's flavor or fragrance products. These developments have called for the creation by the Company of many new compounds and ingredients compatible with the newly introduced materials and methods of application used in consumer end products.

PRODUCT DEVELOPMENT AND RESEARCH

The development of new fragrance and flavor compounds is a complex artistic and technical process calling upon the combined knowledge and talents of the Company's creative perfumers and flavorists and its application chemists and research chemists. Through long experience the perfumers and flavorists develop and refine their skill for creating fragrances or flavors best suited to the market requirements of the customers' products.

An important contribution to the creation of new fragrance and flavor products is the development in the Company's research laboratories of new ingredients having fragrance or flavor value. The principal functions of the fragrance research program are to isolate and synthesize fragrance components found in natural substances and through chemical synthesis to develop new materials and better techniques for utilization of such materials. The principal functions of the flavor research program are to isolate and produce natural flavor ingredients utilizing improved processes.

The work of the perfumers and flavorists is conducted in 29 fragrance and flavor laboratories in 23 countries. The Company maintains a research center at Union Beach, New Jersey. The Company spent $98,438,000 in 1998, $94,411,000 in 1997 and $93,545,000 in 1996 on its research and development activities, all of which were financed by the Company. These expenditures are expected to increase in 1999 to approximately $106,000,000. Of the amount expended in 1998 on such activities, 60% was for fragrances and the balance was for flavors. The Company employed 820 persons in 1998 and 811 persons in 1997 in such activities.

The business of the Company is not materially dependent upon any patents, trademarks or licenses.

DISTRIBUTION

Most of the Company's sales are made through its own sales force, operating from eight sales offices in the United States and 45 sales offices in 34 foreign countries. Sales in other countries are made through sales agencies. For the year ended December 31, 1998, 32% of the Company's sales were to customers in North America, 40% in Europe, Africa and the Middle East, 17% in Latin America and 11% in the Far East. See Note 10 of the Notes to the Consolidated Financial Statements for other information with respect to the Company's segment operations.

The Company estimates that during 1998 its 30 largest customers accounted for about 54% of its sales, its four largest customers and their affiliates accounted for about 11%, 7%, 6% and 4%, respectively, of its sales, and no other single customer accounted for more than 3% of sales.

GOVERNMENTAL REGULATION

Manufacture and sale of the Company's products are subject to regulation in the United States by the Food and Drug Administration, the Agriculture Department, the Alcohol, Tobacco and Firearms Bureau of the Treasury

Department, the Environmental Protection Agency, the Occupational Safety and Health Administration and state authorities. The foreign subsidiaries are subject to similar regulation in a number of countries. Compliance with existing governmental requirements regulating the discharge of materials into the environment has not materially affected the Company's operations, earnings or competitive position. The Company expects to spend in 1999 approximately $2,600,000 in capital projects and $10,500,000 in operating expenses and governmental charges for the purpose of complying with such requirements. The Company expects that in 2000 capital expenditures, operating expenses and governmental charges for such purpose will not be materially different.

RAW MATERIAL PURCHASES

Some 5,000 different raw materials are purchased from many sources all over the world. The principal natural raw material purchases consist of essential oils, extracts and concentrates derived from fruits, vegetables, flowers, woods and other botanicals, animal products and raw fruits. The principal synthetic raw material purchases consist of organic chemicals. The Company believes that alternate sources of materials are available to enable it to maintain its competitive position in the event of any interruption in the supply of raw materials from present sources.

COMPETITION

The Company has more than 50 competitors in the United States and world markets. While no single factor is responsible, the Company's competitive position is based principally on the creative skills of its perfumers and flavorists, the technological advances resulting from its research and development and the customer service and support provided by its marketing and application groups. Although statistics are not available, the Company believes that it is one of the four largest companies producing and marketing on an international basis a wide range of fragrance and flavor products of the types manufactured by it for sale to manufacturers of consumer products. In particular countries and localities, the Company faces the competition of numerous companies specializing in certain product lines, among which are some larger than the Company and some more important in a particular product line or lines. Most of the Company's customers do not buy all their fragrance or flavor products from the same supplier, and some customers make their own fragrance or flavor compounds with ingredients supplied by the Company or others.

EMPLOYEE RELATIONS

The Company at December 31, 1998 employed approximately 4,670 persons, of whom about 1,440 were employed in the United States. The Company has never experienced a work stoppage or strike and it considers that its employee relations are satisfactory.

ITEM 2. PROPERTIES.

The principal manufacturing and research properties of the Company are as follows:

Location	Operation
UNITED STATES	
New York, NY	Fragrance laboratories.
Augusta, GA	Production of fragrance chemical ingredients.
Hazlet, NJ	Production of fragrance compounds; fragrance laboratories.
South Brunswick, NJ	Production of flavor ingredients and compounds and fruit preparations; flavor laboratories.
Union Beach, NJ	Research and development center.
Salem, OR	Production of fruit and vegetable concentrates, fruit and vegetable preparations and flavor ingredients.
Menomonee Falls, WI	Production of flavor compounds, flavor ingredients, bacterial cultures and fruit preparations.
HOLLAND	
Hilversum	Flavor and fragrance laboratories.
Tilburg	Production of flavor and fragrance compounds and flavor ingredients.
FRANCE	
Bois-Colombes	Flavor and fragrance laboratories.
Dijon	Production of fragrance ingredients and compounds, flavor ingredients and compounds and fruit preparations.
GERMANY	
Emmerich/Rhein	Production of fruit preparations and flavor ingredients and compounds; flavor laboratories.
GREAT BRITAIN	
Haverhill	Production of flavor compounds and ingredients, fruit preparations and fragrance chemical ingredients; flavor laboratories.
IRELAND	
Drogheda	Production of fragrance compounds.
SPAIN	
Benicarlo	Production of fragrance chemical ingredients.
SWITZERLAND	
Reinach-Aargau	Production of fruit preparations and flavor ingredients and compounds; flavor laboratories.
ARGENTINA	
Garin	Production of fruit preparations and flavor ingredients and compounds; production of fragrance compounds; flavor laboratories.
BRAZIL	
Rio de Janeiro	Production of flavor ingredients and compounds, fruit preparations and fragrance compounds; flavor laboratories.
Sao Paulo	Fragrance laboratory.
Taubate	Production of flavor compounds.
MEXICO	

Tlalnepantla	Production of flavor compounds, fruit preparations and fragrance compounds; flavor and fragrance laboratories.
AUSTRALIA	
Dee Why	Production of flavor compounds; flavor and fragrance laboratories.

Location	Operation
CHINA	
Guangzhou	Production of flavor and fragrance compounds; flavor laboratories.
Xin'anjiang	Production of fragrance chemical ingredients.
HONG KONG	Production of fragrance compounds; fragrance laboratories.
INDONESIA	
Jakarta	Production of flavor and fragrance compounds and ingredients; flavor and fragrance laboratories.
JAPAN	
Tokyo	Flavor and fragrance laboratories.
Gotemba	Production of flavor and fragrance compounds.

The principal executive offices of the Company and its New York laboratory facilities are located at 521 West 57th Street, New York City. Such offices and all of the above facilities of the Company are owned in fee, except those in China, Hong Kong, and the Indonesian landsite, which are leased. The Company believes that the remaining facilities meet its present needs, but that additional facilities will be required to meet anticipated growth in sales.

ITEM 3. LEGAL PROCEEDINGS.

Various Federal and State authorities and private parties claim that the Company is a potentially responsible party as a generator of waste materials for alleged pollution at a total of 10 waste sites operated by third parties located principally in New Jersey and Pennsylvania. The governmental authorities seek to recover costs incurred and to be incurred to clean up the sites. The private suits generally seek damages for alleged injuries and, in one current case, a waste site's former owner/operator seeks contribution and indemnification from generators and others for remedial action costs incurred and to be incurred at the site.

The waste site claims and suits usually involve million dollar amounts, and most of them are asserted against many potentially responsible parties. Remedial activities typically consist of several phases carried out over a period of years. Most site remedies begin with investigation and feasibility studies, followed by physical removal, destruction, treatment or containment of contaminated soil and debris, and sometimes by groundwater monitoring and treatment. To date, the Company's financial responsibility for some sites has been settled through agreements granting the Company, in exchange for one or more cash payments made or to be made, either complete release of liability or, for certain sites, release from further liability for early and/or later remediation phases, subject to certain "re-opener" clauses for later-discovered conditions. Settlements in respect of some sites involve, in part, payment by the Company, and other parties, of a percentage of the site's future remediation costs over a period of years.

The Company believes that the amounts it has paid and probably will have to pay for clean-up costs and damages at all sites are and will not be material to the Company's financial condition, results of operations or liquidity, because of the involvement of other large potentially responsible parties at most sites, because payment will be made over an extended time period and because, pursuant to an agreement reached in July 1994 with three of the Company's liability insurers, defense costs and indemnity amounts payable by the Company in respect of the sites will be shared by the insurers up to an agreed amount.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS.

Not applicable.

EXECUTIVE OFFICERS OF REGISTRANT:

Name	Office and Other Business Experience(2)	Age	Year First Became Officer
Eugene P. Grisanti(1)	President, Chairman of the Board and Chief Executive Officer	69	1964
Stephen A. Block	Vice-President, Law and Regulatory Affairs, and Secretary	54	1993
Robert G. Corbett	Vice-President since May 1997; Director; employed by the Company in other positions prior thereto	44	1997
Ronald S. Fenn	Vice-President	61	1986
Philip P. Gaetano	Vice-President since December 1998; a human resources executive with the following companies: Alumax Incorporated, an aluminum manufacturer, from 1997 to 1998; Marcam Corp., a software manufacturer, from 1996 to 1997; Fisher Scientific, a scientific products manufacturer, from 1995 to 1996; and GE Capital Corporation, financial services, from 1994 to 1995	39	1998
Judith C. Giordan	Vice-President since November 1997; Research and development executive with The Pepsi-Cola Co., affiliate of PepsiCo, Inc., soft drink and snack food manufacturer, from 1996 to 1997, and Henkel Corporation, consumer product and specialty chemical manufacturer, from 1989 to 1996	45	1997
Carlos A. Lobbosco	Vice-President	59	1993
Lewis G. Lynch, Jr.	Vice-President	63	1975
Stuart R. Maconochie	Vice-President; Director	59	1989
Jose A. Rodriguez	Vice-President since May 1998; employed by the Company in other positions prior thereto	55	1998
Timothy Schaffner	Vice-President since May 1997; employed by the Company in other positions prior thereto	49	1997
Douglas J. Wetmore	Vice-President and Chief Financial Officer since April 1998; Director; Controller prior thereto	41	1992

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(1) Chairman of Executive Committee of the Board of Directors.

(2) Employed by the Company or an affiliated company for the last five years, except as otherwise indicated.

PART II

ITEM 5. MARKET FOR THE REGISTRANT'S COMMON STOCK AND RELATED SECURITY HOLDER MATTERS.

(a) Market Information.

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

	1998		1997	
Quarter	High	Low	High	Low
First	$51.88	$42.06	$47.13	$42.50
Second	50.31	42.25	52.50	40.00
Third	44.50	32.06	53.44	48.50
Fourth	45.44	32.56	51.88	45.06

(b) Approximate Number of Equity Security Holders.

(A) Title of Class	(B) Number of record holders as of December 31, 1998
Common stock, par value 12 1/2 (cent) per share	4,653

(c) Dividends.

Cash dividends declared per share for each quarter since January 1997 were as follows:

	1999	1998	1997
First	$.38	$.37	$.36
Second		.37	.36
Third		.37	.36
Fourth		.38	.37

ITEM 6. SELECTED FINANCIAL DATA.

(Dollars in thousands except per share amounts)

	1998	1997	1996	1995	1994
Net sales	$1,407,349	$1,426,791	$1,436,053	$1,439,487	$1,315,237
Net income*	$ 203,785	$ 218,229	$ 189,894	$ 248,817	$ 226,022
Earnings per share:					
Net income per share--basic	$1.90	$2.00	$1.71	$2.24	$2.03
Net income per share--diluted	$1.90	$1.99	$1.70	$2.22	$2.02
Total assets	$1,388,064	$1,422,261	$1,506,913	$1,534,269	$1,399,725
Long-term debt	$ 4,341	$ 5,114	$ 8,289	$ 11,616	$ 14,342
Cash dividends declared per share	$1.49	$1.45	$1.38	$1.27	$1.12

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* Reflects nonrecurring charge ($31,315 after tax) in 1996 resulting from the Registrant's program to phase out and close certain aroma chemical facilities.

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

Operations

In 1998, worldwide net sales were $1,407,349,000 compared to $1,426,791,000 and $1,436,053,000 in 1997 and 1996, respectively. Sales of fragrance products were $820,149,000, $821,592,000 and $813,918,000 in 1998, 1997 and 1996, respectively. Fragrance sales were flat in 1998 in comparison to 1997, following an increase of 1% in 1997 in comparison to 1996. Flavor sales were $587,200,000, $605,199,000 and $622,135,000 in 1998, 1997 and 1996, respectively. Flavor sales decreased 3% in 1998 in comparison to 1997, following a similar decrease of 3% in 1997 in comparison to 1996.

Sales outside the United States represented approximately 70% of total sales in 1998, 1997 and 1996. The following table shows net sales on a geographic basis:

Sales by Destination (Dollars in thousands)	1998	Percent Change	1997	Percent Change	1996
North America	$ 448,885	6%	$ 423,876	-1%	$ 427,219
Europe, Africa and the Middle East (EAME)	556,911	-4%	577,576	-3%	596,610
Latin America	239,472	8%	222,708	8%	206,803
Far East	162,081	-20%	202,631	-1%	205,421
Total net sales	$1,407,349	-1%	$1,426,791	-1%	$1,436,053

For the full year 1998, sales growth was strong in North America, in both flavors and fragrances. Although economic difficulties unfavorably impacted Latin America flavor sales, fragrance sales in the area achieved double-digit sales growth for the year. Sales in the Far East, in both flavors and fragrances, were down 20% for the year, affected by the ongoing economic disruption in Japan and Southeast Asia. In 1998, reported sales were also unfavorably impacted by the stronger U.S. dollar, most notably against the major European currencies; had the dollar exchange rates remained the same during 1998 and 1997, sales would have been approximately 2% higher than reported.

During 1997, the strongest sales growth, for both flavors and fragrances, was achieved in the EAME area, particularly Eastern Europe and the Middle East. In 1997, reported sales were unfavorably impacted by the stronger U.S. dollar; had the dollar exchange rates remained the same during 1997 and 1996, sales would have increased approximately 4% worldwide. Sales were also affected, mainly in the fourth quarter, by the economic slowdowns in the Far East and Brazil.

Although the Company's reported sales and earnings are affected by the weakening or strengthening of the U.S. dollar, this has no long-term effect on the underlying strength of our business.

The percentage relationship of cost of goods sold and other operating expenses to sales was as follows:

	1998	1997	1996
Cost of goods sold	54.2%	54.2%	54.2%
Research and development expenses	7.0%	6.6%	6.5%
Selling and administrative expenses	17.0%	15.9%	15.6%

Cost of goods sold, which includes cost of materials and internal manufacturing expenses, has remained constant as a percentage of sales over the years 1998, 1997 and 1996.

Research and development expenses have consistently been between 6% and 7% of sales. The expenses are for the development of new and improved products, technical product support, compliance with governmental regulations and help in maintaining our relationships with our customers who are often dependent on technical advances. These activities contribute in a significant way to the Company's business.

Selling and administrative expenses are necessary to support the Company's sales and operating levels and have remained relatively constant as a percentage of net sales. In 1998, administrative costs include approximately $12.5

million of expense incurred in connection with the Company's Year 2000 program, for which there were no comparable costs incurred in 1997 or 1996. In addition, administrative expenses also include certain costs incurred in connection with the Company's project to implement the enterprise requirements planning ("ERP") software package, SAP. Excluding these costs, selling and administrative expenses would have represented approximately 15.9% of sales, in line with the 1997 and 1996 levels.

Operating profit, as shown in Note 10 of the Notes to the Consolidated Financial Statements, was $312,728,000 in 1998, $338,339,000 in 1997 and $346,163,000 in 1996. Operating profit results reflect the level of sales achieved. In 1998, operating profit reflected the effects of the Year 2000 related expenses. Operating profit in 1996 excludes a nonrecurring charge of $49,707,000.

Interest expense amounted to $2,042,000, $2,420,000 and $2,740,000 in 1998, 1997 and 1996, respectively. This expense relates primarily to bank loans taken out by some of the Company's subsidiaries and may be significantly affected by high interest rates in countries where local bank borrowing is used as a hedge against devaluations. Interest expense decreased in 1998 compared to 1997 mainly due to lower average borrowing levels during the year; the decrease in 1997 compared to 1996 was due to lower average interest rates, partially offset by somewhat higher average borrowing levels outstanding during the year. More details on bank loans and long-term debt are contained in Note 6 of the Notes to the Consolidated Financial Statements.

Other income was $6,356,000 in 1998, compared to $10,442,000 in 1997 and $11,405,000 in 1996. The decrease in other income in 1998 compared to 1997, and 1997 compared to 1996, was primarily due to lower interest income due to lower average interest rates, and lower levels of investments.

Net income in 1998 totaled $203,785,000, a decrease of $14,444,000 or 7% from the prior year. Net income in 1997 totaled $218,229,000, and in 1996 was $221,209,000. The 1996 amount excludes the effect of the nonrecurring charge to earnings relating to the Company's aroma chemical operations; including this charge, net income was $189,894,000.

During 1996, the Company undertook a program to phase out aroma chemical production at its Union Beach, New Jersey plant at the end of 1997, and to close smaller capacity aroma chemical facilities in Mexico and Brazil that year. Most of the volume produced at Union Beach was transferred to the Company's facility in Augusta, Georgia; production capacity in Benicarlo, Spain was also expanded.

The program resulted in a nonrecurring pretax charge to 1996 earnings of $49,707,000 ($31,315,000 after tax or $.29 per share). Of the charge, approximately $33,000,000 represented asset writedowns and other non-cash related costs. Approximately 220 employees were affected by this program, all of whom had left the Company at December 31, 1998.

Movements in the reserve resulting from the nonrecurring charge were as follows:

(Dollars in thousands)	Employee Related	Plant Closure	Total
Original reserve	$10,629	$39,078	$49,707
Utilized in 1996	560	6,446	7,006
Balance December 31, 1996	10,069	32,632	42,701
Utilized in 1997	8,045	16,654	24,699
Balance December 31, 1997	2,024	15,978	18,002
Utilized in 1998	1,503	13,778	15,281
Balance December 31, 1998	$ 521	$ 2,200	$ 2,721

The balance of the reserve will be utilized in 1999 in connection with the final decomissioning and disposal of plant equipment, and as severance obligations to affected employees are satisfied.

Effective January 1, 1997, the Company adopted Statement of Position 96-1 (SOP 96-1), Accounting for Environmental Remediation Liabilities. SOP 96-1 establishes guidance for when environmental liabilities should be recorded and the factors to be considered in determining amounts recognized. The effect of adopting this Standard was not material.

Effective January 1, 1998, the Company adopted Statement of Position 98-1 (SOP 98-1), Accounting for the Costs of Computer Software Developed or Obtained for Internal Use. SOP 98-1 establishes guidance on when costs incurred for internal-use software are capitalized. In accordance with this SOP, in 1998, the Company capitalized approximately $28,000,000, included in construction in progress, related to the acquisition and development of the SAP software package.

Effective January 1, 1998, the Company adopted Statement of Financial Accounting Standards No. 130 (FAS 130), Reporting Comprehensive Income. FAS 130 establishes standards for the reporting of comprehensive income, and requires that an enterprise classify items of other comprehensive income by their nature in a financial statement, and display the accumulated balance of other comprehensive income in the statement of financial position. Other comprehensive income consists of movements in the Company's cumulative translation adjustment.

Effective January 1, 1998, the Company adopted Statement of Financial Accounting Standards No. 131 (FAS 131), Disclosures about Segments of an Enterprise and Related Information. FAS 131 establishes standards for the way public business enterprises report information about operating segments in reports to shareholders. The adoption of FAS 131 did not affect results of operations or financial position but did affect the disclosure of segment information. Prior year data has been restated for comparability purposes. More details on segment information are contained in Note 10 of the Notes to the Consolidated Financial Statements.

In 1998, the Company adopted Statement of Financial Accounting Standards No. 132 (FAS 132), Employers' Disclosures about Pensions and Other Postretirement Benefits. FAS 132 standardizes disclosures about pension and other postretirement plans; it does not change the accounting measurement or recognition of such plans. More details on retirement benefits are contained in Note 11 of the Notes to the Consolidated Financial Statements.

Statement of Financial Accounting Standards No. 133 (FAS 133), Accounting for Derivative Instruments and Hedging Activities, issued in June 1998, is effective for fiscal years beginning after June 15, 1999. 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 Company is currently evaluating the Standard, and the accounting and reporting implications thereof.

Statement of Position 98-5 (SOP 98-5), Reporting on the Costs of Start-Up Activities, issued in April 1998, is effective for fiscal years beginning after December 15, 1998. SOP 98-5 requires that costs of start-up activities, including organization costs, be expensed as incurred. The impact of adopting this Standard is not expected to be material.

Compliance with existing governmental requirements regulating the discharge of materials into the environment has not materially affected the Company's operations, earnings or competitive position. In 1998, the Company spent approximately $2,700,000 on capital projects and about $10,000,000 in operating expenses and governmental charges for the purpose of complying with such regulations. Expenditures for these purposes will continue for the foreseeable future. In addition, the Company is party to a number of proceedings brought under the Comprehensive Environmental Response, Compensation and Liability Act or similar state statutes. It is expected that the impact of any judgments in or voluntary settlements of such proceedings will not be material to the Company's financial condition, results of operations or liquidity.

Financial Condition

The financial condition of the Company remained strong during 1998. Cash, cash equivalents and short-term investments totaled $115,999,000 at December 31, 1998, compared to $260,446,000 and $317,983,000 at December 31, 1997 and 1996, respectively. Short-term investments are high-quality, readily marketable instruments. Working capital totaled $575,120,000 at year-end 1998, compared to $670,598,000 and $725,892,000 at December 31, 1997 and 1996, respectively. Gross additions to property, plant and equipment were $91,690,000, $59,284,000 and $80,782,000 in 1998, 1997 and 1996, respectively, and are expected to approximate $90,000,000 in 1999.

In September 1996, the Company announced a plan to repurchase an additional 7.5 million shares of its common stock. An existing program to purchase 7.5 million shares, in effect since 1992, was completed in 1997. 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 December 31, 1998, approximately 4.3 million shares of common stock had been repurchased under the 1996 program. Under these plans, the Company purchased $134,448,000, $70,988,000 and $59,763,000 of treasury stock in 1998, 1997 and 1996, respectively.

The Company has almost no long-term debt and anticipates that its growth and capital expenditure programs, and the above share repurchase plan, will continue to be funded mainly from internal sources.

During 1998, the Company paid dividends to shareholders totaling $159,619,000 while $157,674,000 was paid in 1997, and $150,864,000 in 1996. In January 1999, the cash dividend was increased to an annual rate of $1.52 per share, from $1.48 in 1998; the annual cash dividend was $1.44 in 1997. The Company believes these increases in dividends to its shareholders can be made without limiting future growth and expansion.

Year 2000 Issue

The Company has instituted a comprehensive program to address its "Year 2000" needs (the "Y2K Program"). The Y2K Program is currently on schedule to be completed prior to January 1, 2000, and in most cases no later than September 30, 1999.

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

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

The Y2K Program focuses on Company Y2K Code in three principal areas: (1) infrastructure; (2) applications software; and (3) facility operations, where the great majority of embedded technology is found. The infrastructure area involves hardware and systems software other than applications software. As hardware and systems software is repaired, upgraded or replaced, they are tested to ensure that they are Year 2000 Capable. The Company expects the infrastructure portion of the Y2K Program to be completed by June 30, 1999.

Significant portions of the Company's application software will be replaced by new software, principally SAP, an ERP software package. At December 31, 1998, the global design for the SAP project was complete, and the first implementation, encompassing the Company's North American operations, is scheduled to take place in May 1999, the scheduled date under the SAP project plans. Applications software Y2K Code not being replaced as part of the SAP project is being repaired, upgraded or replaced (where an upgrade or replacement is available from the supplier of such software) to make such Y2K Code Year 2000 Capable. This portion of the Y2K Program is expected to be completed by September 30, 1999, consistent with the schedule established by the Y2K Program.

Facility operations include hardware, software and associated embedded computer chips used in the operation of all facilities owned by the Company, including, but not limited to, equipment used in manufacturing and research and development, as well as security and other systems that may have date sensitive operating controls. The Company is currently completing the assessment of these systems and has commenced testing of critical systems to ensure Y2K capability. This portion of the Y2K Program is on schedule, and the Company expects it to be completed in the fourth quarter of 1999.

The Company has identified its key suppliers of inventory and non-inventory goods and services and has contacted them, in writing and in some cases through face-to-face discussions, to ascertain the extent of their Year

2000 Capability. Similarly, the Company has also been communicating with significant customers about their and the Company's Year 2000 Capability plans and progress. This portion of the Y2K Program is expected to be completed in the third quarter of 1999.

The total cost to the Company of the Y2K Program is estimated to approximate $45 million of which $24 million has been expended at December 31, 1998. Of the Y2K Program costs, approximately $21 million represents capital expenditures associated with replacement hardware, software and associated items. The remaining amount, totaling $24 million, represents the costs of repair, testing and related efforts, and is being expensed as incurred. Of the $24 million spent as at December 31, 1998, approximately $11.5 million related to capital and the balance of $12.5 million was expensed. These amounts do not include the estimated cost of the SAP project.

The failure to make Y2K Code Year 2000 Capable could result in an interruption in, or failure of, certain business activities or operations, which could materially and adversely affect the Company's results of operations, liquidity and/or financial condition. The Company currently expects that the Company's Y2K Code will be Year 2000 Capable on or before December 31, 1999. Due to general uncertainty about the overall extent of the Year 2000 problem, however, including, but not limited to, uncertainty about the extent of Year 2000 Capability of the Company's suppliers and customers, the Company is currently unable to determine whether the consequences of the failure of entities other than the Company to be Year 2000 Capable will have a material impact on the Company's results of operations, liquidity or financial condition.

Subject to the above uncertainties, however, the Company believes that, with the completion of the Y2K Program as scheduled, and with the implementation of SAP, the likelihood of material interruptions of the Company's normal business should be reduced. Notwithstanding the Company's belief, the Company is currently unable to predict, and thus to describe, its most likely worst case Year 2000 scenario. To address the possibility that the Company or its suppliers, customers, or other third parties are not successful in becoming Year 2000 Capable, the Company has commenced to develop contingency plans for the critical aspects of its operations. Such plans will be designed to avoid or mitigate potential serious disruptions in the Company's business and will be refined and modified as the Company monitors and evaluates the progress of its Y2K Program.

Euro Currency Adoption

As part of the European Economic and Monetary Union, a single currency (the "Euro") will replace the national currencies of most of the European countries in which the Company conducts business. The conversion rates between the Euro and the participating nations' currencies were fixed irrevocably as of January 1, 1999, with the participating national currencies scheduled to be removed from circulation between January 1, and June 30, 2002, and replaced by Euro notes and coinage. During the transition period from January 1, 1999 through December 31, 2001, public and private entities as well as individuals may pay for goods and services using either checks, drafts, or wire transfers denominated in Euros or the participating country's national currency.

The Company's systems and processes were "Euro capable" (able to enter into Euro-denominated transactions) on January 1, 1999. The effects of the Euro conversion on the Company's revenues, costs and competitive position, while currently still being assessed, are not expected to be significant. The cost of systems and business process conversion was not material.

Other Information

The Company is currently evaluating its selling, administrative, manufacturing and distribution functions with the intention of further streamlining operations and reducing operating expenses. The Company anticipates that decisions based on this evaluation will be made in the first half of 1999. Ensuing actions may result in certain nonrecurring charges during 1999; the extent of such charges is not yet quantifiable.

Cautionary Statement Under the Private Securities Litigation Reform Act of 1995

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

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

See Note 12 of the Notes to the Consolidated Financial Statements for a discussion of the Company's exposure to, and management of, market risk.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA.

INDEX TO FINANCIAL STATEMENTS:

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

QUARTERLY FINANCIAL DATA (Unaudited)

	Net Sales		Gross Profit		Net Income		Net Income Per Share Basic		Net Income Per Share Diluted	
Quarter	1998	1997	1998	1997	1998	1997	1998	1997	1998	1997
	(DOllars in thousands except per share amounts)									
First	$ 373,411	$ 382,813	$175,204	$175,520	$ 62,626	$ 63,244	$0.58	$0.58	$0.58	$0.58
Second	365,253	381,470	169,983	177,415	55,907	63,309	0.52	0.58	0.52	0.57
Third	349,846	356,242	156,670	164,264	50,249	56,715	0.47	0.52	0.47	0.52
Fourth	318,839	306,266	142,010	136,447	35,003	34,961	0.33	0.32	0.33	0.32
	$1,407,349	$1,426,791	$643,867	$653,646	$203,785	$218,229	$1.90	$2.00	$1.90	$1.99

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE.

None.

CONSOLIDATED STATEMENTS OF INCOME AND RETAINED EARNINGS

	Year Ended December 31, 1998	1997	1996
	(Dollars in thousands except per share amounts)		
CONSOLIDATED STATEMENT OF INCOME			
Net sales	$1,407,349	$1,426,791	$1,436,053
Cost of goods sold	763,482	773,145	778,816
Research and development expenses	98,438	94,411	93,545
Selling and administrative expenses	238,675	227,066	223,547
Nonrecurring charge	--	--	49,707
Interest expense	2,042	2,420	2,740
Other (income) expense, net	(6,356)	(10,442)	(11,405)
	1,096,281	1,086,600	1,136,950
Income before taxes on income	311,068	340,191	299,103
Taxes on income	107,283	121,962	109,209
NET INCOME	203,785	218,229	189,894
Other comprehensive income:			
Foreign currency translation adjustments	27,721	(84,406)	(27,494)
COMPREHENSIVE INCOME	$ 231,506	$ 133,823	$ 162,400
NET INCOME PER SHARE--BASIC	$1.90	$2.00	$1.71
NET INCOME PER SHARE--DILUTED	$1.90	$1.99	$1.70
CONSOLIDATED STATEMENT OF RETAINED EARNINGS			
At beginning of year	$1,166,348	$1,106,572	$1,069,421
Net income	203,785	218,229	189,894
	1,370,133	1,324,801	1,259,315
Cash dividends declared	159,513	158,453	152,743
At end of year	$1,210,620	$1,166,348	$1,106,572

See Notes to Consolidated Financial Statements

CONSOLIDATED BALANCE SHEET

ASSETS

	December 31, 1998	December 31, 1997
	(Dollars in thousands)	
CURRENT ASSETS:		
Cash and cash equivalents	$ 114,960	$ 216,994
Short-term investments	1,039	43,452
Receivables:		
Trade	264,352	242,791
Allowance for doubtful accounts	(9,517)	(8,101)
Other	28,645	33,844
Inventories	403,961	360,074
Prepaid and deferred charges	44,588	46,405
Total Current Assets	848,028	935,459
PROPERTY, PLANT AND EQUIPMENT, NET	498,784	446,509
OTHER ASSETS	41,252	40,293
TOTAL ASSETS	$1,388,064	$1,422,261

LIABILITIES AND SHAREHOLDERS' EQUITY

	1998	1997
CURRENT LIABILITIES:		
Bank loans	$ 29,072	$ 10,490
Accounts payable	60,331	57,832
Accrued payrolls and bonuses	16,507	19,410
Dividends payable	40,301	40,407
Income taxes	46,647	56,070
Other current liabilities	80,050	80,652
Total Current Liabilities	272,908	264,861
OTHER LIABILITIES:		
Long-term debt	4,341	5,114
Deferred income taxes	30,730	23,139
Retirement and other liabilities	135,034	128,659
Total Other Liabilities	170,105	156,912
SHAREHOLDERS' EQUITY:		
Common stock 12 1/2 (cent) par value; authorized 500,000,000 shares; issued 115,761,840 shares	14,470	14,470
Capital in excess of par value	136,443	137,418
Restricted stock	(6,750)	(9,000)
Retained earnings	1,210,620	1,166,348
Accumulated other comprehensive income:		
Cumulative translation adjustment	(9,130)	(36,851)
	1,345,653	1,272,385
Treasury stock, at cost--9,715,775 shares in 1998 and 6,630,911 shares in 1997	(400,602)	(271,897)
Total Shareholders' Equity	945,051	1,000,488
Total Liabilities and Shareholders' Equity	$1,388,064	$1,422,261

See Notes to Consolidated Financial Statements

CONSOLIDATED STATEMENT OF CASH FLOWS

	Year Ended December 31, 1998	1997	1996
	(Dollars in thousands)		
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net income	$ 203,785	$ 218,229	$ 189,894
Adjustments to reconcile to net cash provided by operations:			
Nonrecurring charge	--	--	49,707
Depreciation	49,006	50,278	47,764
Deferred income taxes	15,877	8,201	(2,271)
Changes in assets and liabilities:			
Current receivables	(3,887)	(32,949)	(2,433)
Inventories	(31,354)	(20,524)	30,179
Current payables	(15,816)	11,473	(14,530)
Other, net	(1,185)	4,440	9,689
Net cash provided by operations	216,426	239,148	307,999
CASH FLOWS FROM INVESTING ACTIVITIES:			
Proceeds from sales/maturities of short-term investments	41,766	23,056	44,646
Purchases of short-term investments	--	(9,851)	(57,289)
Additions to property, plant and equipment, net of minor disposals	(89,741)	(58,211)	(79,425)
Net cash used in investing activities	(47,975)	(45,006)	(92,068)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Cash dividends paid to shareholders	(159,619)	(157,674)	(150,864)
Increase (decrease) in bank loans	16,570	(7,305)	7,144
Decrease in long-term debt	(1,380)	(2,357)	(2,230)
Proceeds from issuance of stock under stock option plans	4,569	15,356	9,622
Purchase of treasury stock	(134,448)	(70,988)	(59,763)
Net cash used in financing activities	(274,308)	(222,968)	(196,091)
Effect of exchange rate changes on cash and cash equivalents	3,823	(15,550)	(9,900)
NET CHANGE IN CASH AND CASH EQUIVALENTS	(102,034)	(44,376)	9,940
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	216,994	261,370	251,430
CASH AND CASH EQUIVALENTS AT END OF YEAR	$ 114,960	$ 216,994	$ 261,370

See Notes to Consolidated Financial Statements

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

NATURE OF OPERATIONS

The Company is the leading creator and manufacturer of flavors and fragrances used by others to impart or improve flavor or fragrance in a wide variety of consumer products. Fragrance products are sold principally to makers of perfumes and cosmetics, hair and other personal care products, soaps and detergents, household and other cleaning products and area fresheners. Flavors are sold primarily to makers of dairy, meat and other processed foods, beverages, snacks and savory foods, confectionery, sweet and baked goods, pharmaceutical and oral care products and animal foods.

PRINCIPLES OF CONSOLIDATION

The consolidated financial statements include the accounts of the Company and all subsidiaries.

CURRENCY TRANSLATION

The assets and liabilities of non-U.S. subsidiaries which operate in a local currency environment are translated into U.S. dollars at year-end exchange rates. Income and expense items are translated at average exchange rates during the year. Cumulative translation adjustments are shown as a separate component of shareholders' equity.

For those subsidiaries which operate in U.S. dollars, or which operate in a highly inflationary environment, inventory and property, plant and equipment are translated using the approximate exchange rates at the time of acquisition. All other assets and liabilities are translated at year-end exchange rates. Except for inventories charged to cost of goods sold and depreciation, which are remeasured for historical rates of exchange, all income and expense items are translated at average exchange rates during the year. Gains and losses as a result of remeasurements are included in income.

INVENTORIES

Inventories are stated at the lower of cost (generally on an average basis) or market.

CASH EQUIVALENTS

Highly liquid investments with maturities of three months or less at date of purchase are considered to be cash equivalents.

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are recorded at cost. Depreciation is calculated on a straight-line basis, principally over the following estimated useful lives: buildings and improvements, 10 to 30 years; machinery and equipment, 3 to 10 years; and leasehold improvements, the shorter of 10 years or the remaining life of the lease.

When properties are retired or otherwise disposed of, the asset and related accumulated depreciation are removed from the accounts and the resultant gain or loss is included in income.

Long-lived assets are reviewed for impairment when events or changes in business conditions indicate that their full carrying value may not be recovered. Assets are considered to be impaired and written down to estimated fair value if expected associated cash flows are less than the carrying amounts.

INCOME TAXES

Deferred income taxes reflect the impact of temporary differences between the amount of assets and liabilities recognized for financial reporting purposes and such amounts recognized for tax purposes, based on tax laws as currently enacted. Additional taxes which would result from dividend distributions by subsidiary companies to the parent company are provided to the extent such dividends are anticipated. No provision is made for additional taxes on undistributed earnings of subsidiary companies which are intended to be permanently invested in such subsidiaries. As a result, no income tax effect is attributable to the currency translation component of other comprehensive income.

RETIREMENT BENEFITS

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

FINANCIAL INSTRUMENTS

The fair value of financial instruments is determined by reference to various market data and other valuation techniques, as appropriate. Unless otherwise disclosed, the fair values of financial instruments approximate their recorded values.

RISKS AND UNCERTAINTIES

The diversity of the Company's products, customers and geographic operations significantly reduces the risk that a severe impact will occur in the near term as a result of changes in its customer base, competition, sources of supply or markets. It is unlikely that any one event would have a severe impact on the Company's operating results.

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses. Actual results could differ from those estimates.

NEW ACCOUNTING PRONOUNCEMENTS

Effective January 1, 1997, the Company adopted Statement of Position 96-1 (SOP 96-1), Accounting for Environmental Remediation Liabilities. SOP 96-1 establishes guidance for when environmental liabilities should be recorded and the factors to be considered in determining amounts recognized. The effect of adopting this Standard was not material.

Effective January 1, 1998, the Company adopted Statement of Position 98-1 (SOP 98-1), Accounting for the Costs of Computer Software Developed or Obtained for Internal Use. SOP 98-1 establishes guidance on when costs incurred for internal-use software are capitalized.

Effective January 1, 1998, the Company adopted Statement of Financial Accounting Standards No. 130 (FAS 130), Reporting Comprehensive Income. FAS 130 establishes standards for the reporting of comprehensive income, and requires that an enterprise classify items of other comprehensive income by their nature in a financial statement, and display the accumulated balance of other comprehensive income separately in the statement of financial position.

Effective January 1, 1998, the Company adopted Statement of Financial Accounting Standards No. 131 (FAS 131), Disclosures about Segments of an Enterprise and Related Information. FAS 131 establishes standards for the way public business enterprises report information about operating segments in reports to shareholders. The adoption of FAS 131 did not affect results of operations or financial position but did affect the disclosure of segment information. Prior year data has been restated for comparability purposes.

In 1998, the Company adopted Statement of Financial Accounting Standards No. 132 (FAS 132), Employers' Disclosures about Pensions and Other Postretirement Benefits. FAS 132 standardizes disclosures about pension and other postretirement plans; it does not change the accounting measurement or recognition of such plans.

Statement of Financial Accounting Standards No. 133 (FAS 133), Accounting for Derivative Instruments and Hedging Activities, issued in June 1998, is effective for fiscal years beginning after June 15, 1999. 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 Company is currently evaluating the Standard, and the accounting and reporting implications thereof.

Statement of Position 98-5 (SOP 98-5), Reporting on the Costs of Start-Up Activities, issued in April 1998, is effective for fiscal years beginning after December 15, 1998. SOP 98-5 requires that costs of start-up activities, including organization costs, be expensed as incurred. The impact of adopting this Standard is not expected to be material.

NET INCOME PER SHARE

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

	Number of Shares		
(Shares in thousands)	1998	1997	1996
Basic EPS	107,122	109,065	110,773
Dilution under stock plans	308	560	613
Diluted EPS	107,430	109,625	111,386

Net income used in the computation of basic and diluted net income per share is not affected by the assumed issuance of stock under the Company's stock plans and is therefore the same for both calculations.

Options to purchase 2,295,667, 944,959 and 1,107,000 shares were outstanding in 1998, 1997 and 1996, 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 years.

NOTE 2. NONRECURRING CHARGE

During 1996, the Company undertook a program to phase out aroma chemical production at its Union Beach, New Jersey plant at the end of 1997, and to close smaller capacity aroma chemical facilities in Mexico and Brazil that year. Most of the volume produced at Union Beach was transferred to the Company's facility in Augusta, Georgia; production capacity in Benicarlo, Spain was also expanded.

The program resulted in a nonrecurring pretax charge to 1996 earnings of $49,707,000 ($31,315,000 after tax or $.29 per share). Of the charge, approximately $33,000,000 represented asset writedowns and other non-cash related costs. Approximately 220 employees were affected by this program, all of whom had left the Company at December 31, 1998.

Movements in the reserve resulting from the nonrecurring charge were as follows:

(Dollars in thousands)	Employee Related	Plant Closure	Total
Original reserve	$10,629	$39,078	$49,707
Utilized in 1996	560	6,446	7,006
Balance December 31, 1996	10,069	32,632	42,701
Utilized in 1997	8,045	16,654	24,699
Balance December 31, 1997	2,024	15,978	18,002
Utilized in 1998	1,503	13,778	15,281
Balance December 31, 1998	$ 521	$ 2,200	$ 2,721

The balance of the reserve will be utilized in 1999 in connection with the final decommissioning and disposal of plant equipment, and as severance obligations to affected employees are satisfied.

NOTE 3. MARKETABLE SECURITIES

Marketable securities are included in cash equivalents and short-term investments, as appropriate. At December 31, 1998 and 1997, marketable securities totaling $2,655,000 and $122,931,000, respectively, were available for sale and recorded at fair value which approximated cost. Realized gains and losses on the sale of marketable securities were not material.

NOTE 4. INVENTORIES

	December 31, 1998	December 31, 1997
	(Dollars in thousands)	
Raw materials	$235,552	$193,136
Work in process	8,251	13,593
Finished goods	160,158	153,345
	$403,961	$360,074

NOTE 5. PROPERTY, PLANT AND EQUIPMENT, NET

	December 31, 1998	December 31, 1997
	(Dollars in thousands)	
Land	$ 33,784	$ 29,676
Buildings and improvements	284,861	271,407
Machinery and equipment	526,859	471,456
Construction in progress	67,893	38,362
	913,397	810,901
Accumulated depreciation	414,613	364,392
	$498,784	$446,509

In 1998, construction in progress includes approximately $28,000,000 related to the acquisition and development of internal-use software.

NOTE 6. BORROWINGS

Bank loans (all foreign) averaged $16,912,000 in 1998, $19,639,000 in 1997 and $15,007,000 in 1996. The highest levels were $29,636,000 in 1998, $28,736,000 in 1997 and $18,925,000 in 1996. The 1998 weighted average annual interest rate on these loans (based on balances outstanding at the end of each month) was approximately 8% and the average rate on loans outstanding at December 31, 1998 was 7%. These rates compare to 7% and 10%, respectively, in 1997, and 9% and 7%, respectively, in 1996.

Long-term debt (all foreign) consists of various loans from financial institutions, with interest rates ranging between 2.1% to 2.5%, and with original terms of between five and seven years. Aggregate payments for the next five years of long-term debt outstanding at December 31, 1998 are $1,683,000 in 1999 and $886,000 annually through 2003. At December 31, 1998 and 1997, the estimated fair value of long-term debt, based on borrowing rates currently available to the Company with similar terms and maturities, approximated the recorded amount.

Cash payments for interest were $1,774,000 in 1998, $2,330,000 in 1997 and $2,688,000 in 1996.

At December 31, 1998, the Company and its subsidiaries had available unused lines of bank credit approximating $96,000,000.

NOTE 7. INCOME TAXES

	1998	1997	1996
	(Dollars in thousands)		
U.S. income before taxes	$ 54,745	$ 63,719	$ 19,860
Foreign income before taxes	256,323	276,472	279,243
Total income before taxes	$311,068	$340,191	$299,103

The following table shows the components of current and deferred income tax expense by taxing jurisdiction, both domestic and foreign:

	1998	1997	1996
	(Dollars in thousands)		
Current			
Federal	$ 4,830	$ 18,149	$ 15,138
State and local	578	2,210	2,835
Foreign	85,998	93,402	93,507
	91,406	113,761	111,480
Deferred			
Federal	13,350	6,478	(10,640)
State and local	1,847	235	(2,356)
Foreign	680	1,488	10,725
	15,877	8,201	(2,271)
Total income taxes	$107,283	$121,962	$109,209

At December 31, 1998 and 1997, gross deferred tax assets were $56,000,000 and $61,300,000, respectively; gross deferred tax liabilities were $64,800,000 and $55,400,000, respectively. No valuation allowance was required for deferred tax assets. The principal components of deferred tax assets (liabilities) were:

	1998	1997
	(Dollars in thousands)	
Employee and retiree benefits	$ 33,000	$ 35,400
Inventory	8,200	9,100
Property, plant and equipment	(34,800)	(25,400)
Other, net	(15,200)	(13,200)
	$ (8,800)	$ 5,900

A reconciliation between the U.S. federal income tax rate and the effective tax rate is:

	1998	1997	1996
Statutory tax rate	35.0%	35.0%	35.0%
Difference in effective tax rate on foreign earnings and remittances	(0.5)	0.8	1.8
State and local taxes	0.5	0.5	0.1
Other, net	(0.5)	(0.4)	(0.4)
Effective tax rate	34.5%	35.9%	36.5%

Income taxes paid were $99,894,000 in 1998, $110,594,000 in 1997 and $124,435,000 in 1996.

Undistributed earnings of foreign subsidiaries for which no deferred taxes have been provided approximated $518,000,000 at December 31, 1998. Any additional U.S. taxes payable on these foreign earnings, if remitted, would be substantially offset by credits for foreign taxes already paid.

NOTE 8. SHAREHOLDERS' EQUITY

Transactions in treasury shares resulted in net charges to capital in excess of par value of $3,996,000, $1,062,000 and $975,000 in 1996, 1997 and 1998, respectively.

The following table shows treasury shares acquired and, as appropriate, the use of treasury shares for stock plans:

	Number of Shares	Amount
	(Dollars in thousands)	
Balance January 1, 1996	4,808,005	$184,856
Acquisitions	1,407,667	62,815
Used for stock plans	(425,349)	(17,131)
Balance December 31, 1996	5,790,323	230,540
Acquisitions	1,633,034	73,869
Used for stock plans	(792,446)	(32,512)
Balance December 31, 1997	6,630,911	271,897
Acquisitions	3,222,900	134,448
Used for stock plans	(138,036)	(5,743)
Balance December 31, 1998	9,715,775	$400,602

Under an employment contract dated January 1, 1997, the Company awarded 250,000 restricted shares of the Company's common stock. The restrictions expire, subject to certain performance goals, over a five-year period. Compensation expense is recognized over the restricted period.

Changes in the cumulative translation adjustment, included in other comprehensive income, were (in thousands):

Balance January 1, 1996	$ 75,049
Translation adjustments	(27,494)
Balance December 31, 1996	47,555
Translation adjustments	(84,406)
Balance December 31, 1997	(36,851)
Translation adjustments	27,721
Balance December 31, 1998	$(9,130)

On February 13, 1990, the Company adopted a shareholder protection rights agreement (the "Rights Agreement") and declared a dividend of one right on each share of common stock outstanding on February 28, 1990 or issued thereafter.

Under the Rights Agreement, as amended, until a person or group acquires 20% or more of the Company's common stock or commences a tender offer that will result in such person or group owning 20% or more, the rights will be evidenced by the common stock certificates, will automatically trade with the common stock and will not be exercisable. Thereafter, separate rights certificates will be distributed and each right will entitle its holder to purchase one share of common stock for an exercise price of $250.

If any person or group acquires 20% or more of the Company's common stock, then ten business days thereafter (the "Flip-in Date") each right (other than rights beneficially owned by holders of 20% or more of the common stock or transferees thereof, which rights become void) will entitle its holder to purchase, for the exercise price, a number of shares of common stock having a market value of twice the exercise price.

If the Company is involved in a merger or sells more than 50% of its assets or earning power, each right will entitle its holder to purchase, for the exercise price, a number of shares of common stock of the acquiring company having a market value of twice the exercise price. If any person or group acquires between 20% and 50% of common stock, the Company's Board of Directors may, at its option, exchange one share of common stock for each right. The rights may be redeemed by the Board of Directors for $0.01 per right prior to the Flip-in Date. The rights will expire on February 20, 2000, unless previously redeemed by the Board in accordance with the terms of the Rights Agreement.

Dividends paid per share were $1.48, $1.44 and $1.36 in 1998, 1997 and 1996, respectively.

NOTE 9. STOCK OPTIONS

The Company has various stock option plans under which the Company's officers, directors and key employees may be granted options to purchase the Company's common stock at 100% of the market price on the day the option is granted.

Except for certain options granted to foreign employees which can be exercised immediately, options generally become exercisable no earlier than two years from the date of grant. All options expire ten years after date of grant.

During 1998, options to purchase common stock were granted at exercise prices ranging from $40.50 to $49.69 per share. At December 31, 1998, the price range for shares under option was $19.30 to $49.88; options for 1,983,676 shares were exercisable at that date. During 1998, 138,036 shares of common stock under option were exercised at prices ranging from $19.30 to $36.21.

Stock option transactions were:

	Shares of Common Stock		Weighted Average
	Available for Option	Under Option	Exercise Price
Balance January 1, 1996	863,166	3,285,632	$37.09
Granted	(639,500)	639,500	48.06
Exercised	--	(425,349)	29.78
Terminated	13,428	(13,428)	38.21
Balance December 31, 1996	237,094	3,486,355	39.98
Granted	(781,250)	781,250	43.38
Exercised	--	(542,446)	33.61
Terminated	94,485	(94,485)	39.67
Increase under 1997 plan	3,500,000	--	--
Balance December 31, 1997	3,050,329	3,630,674	41.67
Granted	(941,000)	941,000	48.93
Exercised	--	(138,036)	33.10
Terminated	397,719	(397,719)	46.26
Balance December 31, 1998	2,507,048	4,035,919	$43.21

The following table summarizes information concerning currently outstanding and exercisable options:

	Range of Exercise Prices	
	$10-$30	$30-$50
Number outstanding	231,473	3,804,446
Weighted average remaining contractual life, in years	1.7	7.1
Weighted average exercise price	$24.31	$44.36
Number exercisable	231,473	1,752,203
Weighted average exercise price	$24.31	$41.21

The Company applies Accounting Principles Board Opinion No. 25, Accounting for Stock Issued to Employees, and related interpretations in accounting for its plans. Had compensation cost for the Company's stock option plans been determined based upon the fair value at the grant date, consistent with the methodology prescribed under Statement of Financial Accounting Standards No. 123, Accounting for Stock-Based Compensation, the Company's net income and basic earnings per share would have been reduced by approximately $4,700,000 ($.04 per share) in 1998, $3,500,000 ($.03 per share) in 1997 and $2,700,000 ($.02 per share) in 1996. These pro forma amounts may not be representative of future disclosures because the estimated fair value of stock options is amortized to expense over the vesting period, and additional options may be granted in future years.

Using the Black-Scholes option valuation model, the estimated fair values of options granted during 1998, 1997 and 1996 were $9.74, $8.19 and $9.98, respectively. The Black-Scholes model was developed for use in estimating the fair value of traded options which have no vesting restrictions. In addition, such models require the use of subjective assumptions, including expected stock price volatility. In management's opinion, such valuation models do not necessarily provide a reliable single measure of the fair value of its employee stock options.

Principal assumptions used in applying the Black-Scholes model were as follows:

	1998	1997	1996
Risk-free interest rate	5.6%	6.6%	6.6%
Expected life, in years	5	5	5
Expected volatility	19.5%	16.4%	16.8%
Expected dividend yield	3.0%	3.3%	2.8%

NOTE 10. SEGMENT INFORMATION

The Company's reportable segments are based on geographic area; accounting policies used for segment reporting are the same as those described in Note 1. The Company evaluates the performance of its geographic areas based on operating profit, excluding interest expense, other income and expense, certain unallocated expenses, the effects of nonrecurring items and accounting changes, and income tax expense. Transfers between geographic areas are accounted for at prices which approximate arm's length market prices. The North America area includes the United States and Canada, and the EAME area includes Europe, Africa and the Middle East. Unallocated assets are principally cash and short-term investments.

	1998 (Dollars in thousands)					
	North America	EAME	Latin America	Far East	Eliminations	Consolidated
Sales to unaffiliated customers	$474,481	$569,894	$211,235	$151,739	$ --	$1,407,349
Transfers between areas	58,355	114,258	841	14,626	(188,080)	--
Total sales	$532,836	$684,152	$212,076	$166,365	$(188,080)	$1,407,349
Operating profit	$ 66,207	$172,392	$ 47,005	$ 26,954	$ 170	$ 312,728
Unallocated expenses						(5,974)
Interest expense						(2,042)
Other income (expense), net						6,356
Income before taxes on income						$ 311,068
Segment assets	$494,783	$509,006	$164,434	$166,915	$ (50,008)	$1,285,130
Unallocated assets						102,934
Total assets						$1,388,064
Capital expenditures	$ 47,737	$ 29,424	$ 10,130	$ 4,399	$ --	$ 91,690
Depreciation	19,252	21,026	4,077	4,651	--	49,006

	1997 (Dollars in thousands)					
	North America	EAME	Latin America	Far East	Eliminations	Consolidated
Sales to unaffiliated customers	$449,671	$589,308	$197,165	$190,647	$ --	$1,426,791
Transfers between areas	68,188	101,922	1,205	15,789	(187,104)	--
Total sales	$517,859	$691,230	$198,370	$206,436	$(187,104)	$1,426,791
Operating profit	$ 73,220	$186,113	$ 43,219	$ 36,663	$ (876)	$ 338,339
Unallocated expenses						(6,170)
Interest expense						(2,420)
Other income (expense), net						10,442
Income before taxes on income						$ 340,191
Segment assets	$448,416	$451,784	$153,698	$159,725	$ (36,356)	$1,177,267
Unallocated assets						244,994
Total assets						$1,422,261
Capital expenditures	$ 16,724	$ 29,024	$ 8,617	$ 4,919	$ --	$ 59,284
Depreciation	21,255	20,983	3,415	4,625	--	50,278

	1996 (Dollars in thousands)					
	North America	EAME	Latin America	Far East	Eliminations	Consolidated
Sales to unaffiliated customers	$448,650	$610,467	$183,096	$193,840	$ --	$1,436,053
Transfers between areas	64,353	94,150	3,459	9,275	(171,237)	--
Total sales	$513,003	$704,617	$186,555	$203,115	$(171,237)	$1,436,053
Operating profit	$ 77,989	$195,696	$ 35,591	$ 38,294	$ (1,407)	$ 346,163
Unallocated expenses						(6,018)
Nonrecurring charge						(49,707)
Interest expense						(2,740)
Other income (expense), net						11,405
Income before taxes on income						$ 299,103
Segment assets	$452,352	$475,017	$133,114	$189,630	$ (48,555)	$1,201,558
Unallocated assets						305,355
Total assets						$1,506,913

						==========
Capital expenditures	$ 39,650	$ 24,180	$ 9,780	$ 7,172	$ --	$ 80,782
Depreciation	19,104	21,993	3,262	3,405	--	47,764
	========	========	========	========	=========	==========

Sales of fragrance products were $820,149,000, $821,592,000 and $813,918,000 in 1998, 1997 and 1996, respectively. Sales of flavor products were $587,200,000, $605,199,000 and $622,135,000 in 1998, 1997 and 1996, respectively. Sales in the United States, based on the final country of destination of the Company's products, were $432,035,000, $407,824,000 and $413,591,000 in 1998, 1997 and 1996, respectively. No other individual country of destination exceeded 8% of consolidated sales. Sales to the Company's largest customer in 1998, 1997 and 1996 accounted for 11%, 11% and 12% of worldwide net sales, respectively. Total long-lived assets consist of net property, plant and equipment and amounted to $498,784,000, $446,509,000 and $467,797,000 at December 31, 1998, 1997 and 1996, respectively; of the respective totals $204,430,000, $186,888,000 and $181,761,000 were located in the United States. No other individual country had long-lived assets that exceeded 10% of total long-lived assets.

Net foreign exchange gains of $943,000 in 1998 and $1,231,000 in 1997 and net losses of $668,000 in 1996 are included in other income.

NOTE 11. RETIREMENT BENEFITS

The Company and most of its subsidiaries have pension and/or other retirement benefit plans covering substantially all employees. Pension benefits are generally based on years of service and on compensation during the final years of employment. Plan assets consist primarily of equity securities and corporate and government fixed income securities. Substantially all pension benefit costs are funded as accrued; however, such funding is limited, where applicable, to amounts deductible for income tax purposes. Certain other retirement benefits are provided by balance sheet accruals. Contributions to defined contribution plans are mainly determined as a percentage of profits.

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

Pension expense included the following components:

	U.S. Plans			Non-U.S. Plans		
	1998	1997	1996	1998	1997	1996
	(Dollars in thousands)					
Service cost for benefits earned	$ 5,886	$ 3,914	$ 4,516	$ 6,137	$ 5,819	$ 5,379
Interest cost on projected benefit obligation	11,690	10,623	10,180	10,116	9,989	10,572
Expected return on plan assets	(12,972)	(11,383)	(10,757)	(11,980)	(10,621)	(11,128)
Net amortization and deferrals	(98)	(231)	(198)	712	495	312
Defined benefit plans	4,506	2,923	3,741	4,985	5,682	5,135
Defined contribution and other retirement plans	2,386	2,360	2,297	2,121	1,655	3,447
Total pension expense	$ 6,892	$ 5,283	$ 6,038	$ 7,106	$ 7,337	$ 8,582

Expense recognized for postretirement benefits included the following components:

	1998	1997	1996
	(Dollars in thousands)		
Service cost for benefits earned	$1,505	$1,070	$1,368
Interest on benefit obligation	3,371	3,097	3,377
Net amortization and deferrals	28	(9)	138
Total postretirement benefit expense	$4,904	$4,158	$4,883

Changes in pension and postretirement benefit obligations were:

	U.S. Pension Plans		Non-U.S. Pension Plans		Postretirement Benefits	
	1998	1997	1998	1997	1998	1997
	(Dollars in thousands)					
Benefit obligation at beginning of year	$158,736	$133,968	$153,758	$156,827	$46,808	$45,939
Service cost for benefits earned	5,886	3,914	6,137	5,819	1,505	1,070
Interest cost on projected benefit obligation	11,690	10,623	10,116	9,989	3,371	3,097
Actuarial (gain) loss	18,623	12,595	10,999	1,123	5,953	(2,470)
Plan amendments	--	3,132	--	4,331	--	200
Plan participants' contributions	--	--	88	94	--	--
Benefits paid	(6,840)	(5,496)	(6,253)	(6,055)	(1,704)	(1,028)
Translation adjustments	--	--	10,065	(18,370)	--	--
Benefit obligation at end of year	$188,095	$158,736	$184,910	$153,758	$55,933	$46,808

Changes in pension plan assets were:

	U.S. Plans		Non-U.S. Plans	
	1998	1997	1998	1997
	(Dollars in thousands)			
Fair value of plan assets at beginning of year	$202,417	$164,334	$148,067	$148,094
Actual return on plan assets	38,044	37,598	8,341	17,565
Employer contributions	2,847	5,981	5,551	5,319
Plan participants' contributions	--	--	88	94
Benefits paid	(6,840)	(5,496)	(6,253)	(6,055)
Translation adjustments	--	--	9,009	(16,950)
Fair value of plan assets at end of year	$236,468	$202,417	$164,803	$148,067

The funded status of pension and postretirement plans at December 31 was:

	U.S. Pension Plans		Non-U.S. Pension Plans		Postretirement Benefits	
	1998	1997	1998	1997	1998	1997
	(Dollars in thousands)					
Plan assets in excess of (less than) projected benefit obligation	$48,373	$43,681	$(20,107)	$(5,691)	$(55,933)	$(46,808)
Remaining balance of unrecognized net (asset) liability established at adoption of FAS 87	(2,856)	(3,477)	1,589	1,526	--	--
Unrecognized prior service cost	4,505	4,904	6,371	6,585	174	187
Unrecognized net (gain) loss	(45,384)	(38,811)	10,996	(3,841)	6,348	410
Net asset (liability)	$ 4,638	$ 6,297	$ (1,151)	$(1,421)	$(49,411)	$(46,211)

Pension assets and liabilities included in the Consolidated Balance Sheet at December 31 were:

	U.S. Plans		Non-U.S. Plans	
	1998	1997	1998	1997
	(Dollars in thousands)			
Prepaid benefit cost	$ 20,331	$ 19,845	$ 6,191	$ 5,291
Accrued benefit liability	(15,693)	(13,548)	(7,342)	(6,712)

Principal weighted average actuarial assumptions used to determine the above pension data were:

	U.S. Plans		Non-U.S. Plans	
	1998	1997	1998	1997
Discount rate	6.7%	7.2%	5.3%	6.6%
Weighted average rate of compensation increase	4.5%	4.5%	2.8%	3.5%
Long-term rate of return on plan assets	8.0%	8.0%	7.3%	7.9%

Principal actuarial assumptions used to determine the above postretirement data were:

	1998	1997
Discount rate	6.7%	7.2%
Initial medical cost trend rate	7.0%	8.0%
Ultimate medical cost trend rate	5.0%	5.0%
Medical cost trend rate decreases to ultimate rate in year	2003	2001

The effect of a 1% increase in the assumed medical rate of inflation would increase the accumulated postretirement benefit obligation, and the annual postretirement expense, by approximately $9,900,000 and $1,100,000, respectively; a 1% decrease in the rate would decrease the obligation and expense by approximately $7,800,000 and $800,000, respectively.

NOTE 12. FINANCIAL INSTRUMENTS AND CONCENTRATIONS OF CREDIT RISK

The Company uses forward exchange contracts to reduce its exposure to fluctuations in foreign currency exchange rates. These contracts, the counterparties to which are major international financial institutions, generally involve the exchange of one currency for a second currency at a future date, and have maturities which do not exceed six months. Gains and losses on such contracts are recognized in income as incurred, effectively offsetting the losses and gains on the foreign currency transactions that are hedged. At December 31, 1998 and 1997, the value of outstanding foreign currency exchange contracts was not material.

The Company has no significant concentrations of risk in financial instruments. Temporary cash investments are made in a well-diversified portfolio of high-quality, liquid obligations of government, corporate and financial institutions. There are also limited concentrations of credit risk with respect to trade receivables because of the large number of customers spread across many industries and geographic areas.

NOTE 13. CONTINGENT LIABILITIES

There are various lawsuits and claims pending against the Company. Management believes that any liability resulting from those actions or claims will not have a material adverse effect on the Company's financial condition, results of operations or liquidity.

REPORT OF INDEPENDENT ACCOUNTANTS

To the Board of Directors and Shareholders of
INTERNATIONAL FLAVORS & FRAGRANCES INC.

In our opinion, the consolidated financial statements listed in the index appearing under Item 8 on page 13 present fairly, in all material respects, the financial position of International Flavors & Fragrances Inc. and its subsidiaries at December 31, 1998 and 1997, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 1998, in conformity with generally accepted accounting principles. These financial statements are the responsibility of the Company's management; our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements in accordance with generally accepted auditing standards which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for the opinion expressed above.

PRICEWATERHOUSECOOPERS LLP
1301 Avenue of the Americas
New York, New York 10019
January 28, 1999

PART IV

ITEM 14. EXHIBITS, FINANCIAL STATEMENT SCHEDULES AND REPORTS ON FORM 8-K.

(a) See Item 8 on page 13.

(b) A report on Form 8-K was filed during the last quarter of the year ended December 31, 1998 on October 5, 1998.

(c) Exhibits.

(d) Not applicable.

Number	
2	Not applicable.
3	Restated Certificate of Incorporation of Registrant, incorporated by reference to Exhibit 3 to Registrant's Report on Form 10-K for fiscal year ended December 31, 1993 (File No. 1-4858).
3(b)	By-laws of Registrant, incorporated by reference to Exhibit 3(b) to Registrant's Report on Form 10-K for fiscal year ended December 31, 1993 (File No. 1-4858).
3(c)	Amendment to By-laws adopted December 12, 1996, incorporated by reference to Exhibit 3(c) to Registrant's Report on Form 10-K for the fiscal year ended December 31, 1996 (File No. 1-4858).
3(d)	Amendment to By-laws adopted May 8, 1997, incorporated by reference to Exhibit 3(a) to Registrant's Report on Form 10-Q dated August 13, 1997 (File No. 1-4858).
3(e)	Amendments to By-laws adopted March 10, 1998, incorporated by reference to Exhibit 3(a) to Registrant's Report on Form 10-Q dated May 14, 1998 (File No. 1-4858).
4(a)	Shareholder Protection Rights Agreement dated as of February 20, 1990 between Registrant and The Bank of New York, as Rights Agent, incorporated by reference to Exhibit 4(a) to Registrant's Report on Form 10-Q dated May 14, 1997 (File No. 1-4858).
4(b)	Amendment No. 1 dated as of April 6, 1990 to Shareholder Protection Rights Agreement, incorporated by reference to Exhibit 4(b) to Registrant's Report on Form 10-Q dated May 14, 1997 (File No. 1-4858).
4(c)	Amendment No. 2 dated as of March 8, 1994 to Shareholder Protection Rights Agreement, incorporated by reference to Exhibit 4(c) to Registrant's Report on Form 10-K for fiscal year ended December 31, 1993 (File No. 1-4858).
4(cc)	Amended and Restated Shareholder Protection Rights Agreement dated as of September 25, 1998, incorporated by reference to Exhibit (4) to Registrant's Report on Form 8-K dated September 25, 1998.
4(ccc)	First Amendment dated as of March 9, 1999 to the Amended and Restated Shareholder Protection Rights Agreement.
4(d)	Specimen certificates of Registrant's Common Stock bearing legend notifying of Shareholder Protection Rights Agreement, incorporated by reference to Exhibit 4(d) to Registrant's Report on Form 10-Q dated May 14, 1997 (File No. 1-4858).
9	Not applicable.
10(a)	Agreement dated as of January 1, 1997 between Registrant and Eugene P. Grisanti, Chairman and President of Registrant, incorporated by reference to Exhibit 10(a) to Registrant's Report on Form 10-Q dated May 14, 1997 (File No. 1-4858).
10(b)	Form of Executive Severance Agreement approved by Registrant's Board of Directors on February 14, 1989 incorporated by reference to Exhibit 10(b) to Registrant's Report on Form 10-Q dated May 14, 1997 (File No. 1-4858).
10(c)	Registrant's Executive Death Benefit Plan effective July 1, 1990, incorporated by reference to Exhibit 10(c) to Registrant's Report on Form 10-Q dated May 14, 1997 (File No. 1-4858).
10(d)	Supplemental Retirement Investment Plan adopted by Registrant's Board of Directors on November 14, 1989 incorporated by reference to Exhibit 10(d) to Registrant's Report on Form 10-Q dated May 14, 1997 (File No. 1-4858).
10(e)	Supplemental Retirement Plan adopted by Board of Directors on October 29, 1986, incorporated by reference to Exhibit 10(e) to Registrant's Report on Form 10-Q dated May 14, 1997 (File

No. 1-4858).

Number	
10(f)	Restated Management Incentive Compensation Plan of Registrant, incorporated by reference to Exhibit A to the Registrant's Proxy Statement dated March 28, 1995 (File No. 1-4858).
10(h)	Stock Option Plan for Non-Employee Directors, incorporated by reference to Exhibit 10(h) to Registrant's Report on Form 10-Q dated May 14, 1997 (File No. 1-4858).
10(i)	Registrant's Directors' Deferred Compensation Plan adopted by Registrant's Board of Directors on September 15, 1981, incorporated by reference to Exhibit 10(i) to Registrant's Report on Form 10-Q dated May 14, 1997 (File No. 1-4858).
10(j)	Director Charitable Contribution Program adopted by the Board of Directors on February 14, 1995 incorporated by reference to Exhibit 10(j) to Registrant's Report on Form 10-K for the fiscal year ended December 31, 1994 (File No. 1-4858).
10(k)	Agreement dated as of July 22, 1996 between Registrant and Hugh R. Kirkpatrick, former Senior Vice-President and Director of Registrant incorporated by reference to Exhibit 10(k) to Registrant's Report on Form 10-K for the fiscal year ended December 31, 1996 (File No. 1-4858).
10(l)	1997 Employee Stock Option Plan, incorporated by reference to Exhibit A to the Registrant's Proxy Statement dated March 27, 1997 (File No. 1-4858).
10(m)	Agreement dated June 19, 1997 between Registrant and Hendrik C. van Baaren, former Senior Vice-President and Director of Registrant, incorporated by reference to Exhibit 10(m) to Registrant's Report on Form 10-K for the fiscal year ended December 31, 1997 (File No. 1-4858).
10(n)	Agreement dated September 2, 1998 between Registrant and David G. Bluestein, former Director and Senior Vice-President of Registrant, incorporated by reference to Exhibit 10(c) to Registrant's Report on Form 10-Q dated November 13, 1998 (File No. 1-4858).
10(o)	Agreement dated July 27, 1998 between Registrant and Stuart R. Maconochie, Vice-President of Registrant, incorporated by reference to Exhibit 10(b) to Registrant's Report on Form 10-Q dated November 13, 1998 (File No. 1-4858).
10(p)	Agreement dated June 23, 1998 between Registrant and Carlos A. Lobbosco, Vice-President of Registrant, incorporated by reference to Exhibit 10(a) to Registrant's Report on Form 10-Q dated November 13, 1998 (File No. 1-4858).
10(q)	Agreement dated July 2, 1998 between Registrant and Brian D. Chadbourne, former Director and Senior Vice-President of Registrant, incorporated by reference to Exhibit 10(a) to Registrant's Report on Form 10-Q dated August 14, 1998 (File No. 1-4858).
10(r)	Agreement dated February 25, 1998 between Registrant and Thomas H. Hoppel, former Vice-President, Chief Financial Officer and Director of Registrant, incorporated by reference to Exhibit 10(a) to Registrant's Report on Form 10-Q dated May 14, 1998 (File No. 1-4858).
11	Not applicable.
12	Not applicable.
13	Not applicable.
16	Not applicable.
18	Not applicable.
21	List of Principal Subsidiaries. See page E-1 of this Form 10-K.
22	Not applicable.
23	Consent of PricewaterhouseCoopers LLP. See page 33 of this Form 10-K.
24	Powers of Attorney authorizing George Rowe, Jr. and Stephen A. Block to sign this report and amendments thereto on behalf of certain directors and officers of the Registrant.
27	Financial Data Schedule (EDGAR version only).
28	Not applicable.
99	None.

PURSUANT TO THE REQUIREMENTS OF SECTION 13 OF THE SECURITIES EXCHANGE ACT OF 1934, THE REGISTRANT HAS DULY CAUSED THIS REPORT TO BE SIGNED ON ITS BEHALF BY THE UNDERSIGNED HEREUNTO DULY AUTHORIZED.

INTERNATIONAL FLAVORS & FRAGRANCES INC.
(REGISTRANT)

By: /s/ DOUGLAS J. WETMORE

Douglas J. Wetmore
Vice-President and Chief Financial Officer

Dated: March 30, 1999

PURSUANT TO THE REQUIREMENTS OF THE SECURITIES EXCHANGE ACT OF 1934, THIS REPORT HAS BEEN SIGNED BELOW BY THE FOLLOWING PERSONS ON BEHALF OF THE REGISTRANT AND IN THE CAPACITIES AND ON THE DATE INDICATED:

PRINCIPAL EXECUTIVE OFFICER:

EUGENE P. GRISANTI
President, Chairman of the Board
and Chief Executive Officer

PRINCIPAL FINANCIAL AND ACCOUNTING OFFICER:

DOUGLAS J. WETMORE Vice-President and Chief Financial Officer and Director	By: /s/ STEPHEN A. BLOCK ------------------------------------ Stephen A. Block Attorney-in-fact

DIRECTORS:

MARGARET HAYES ADAME	
ROBERT G. CORBETT	
ROBIN CHANDLER DUKE	
RICHARD M. FURLAUD	
STUART R. MACONOCHIE	March 30, 1999
GEORGE ROWE, JR.	
STANLEY M. RUMBOUGH, JR.	
HENRY P. VAN AMERINGEN	
WILLIAM D. VAN DYKE, III	

ORIGINAL POWERS OF ATTORNEY AUTHORIZING GEORGE ROWE, JR. AND STEPHEN A. BLOCK, AND EACH OF THEM, TO SIGN THIS REPORT ON BEHALF OF CERTAIN DIRECTORS AND OFFICERS OF THE REGISTRANT HAVE BEEN FILED WITH THE SECURITIES AND EXCHANGE COMMISSION.

CONSENT OF INDEPENDENT ACCOUNTANTS

We hereby consent to the incorporation by reference in the Registration Statements on Form S-3 (No. 333-59689, No. 33-66756 and No. 33-47856) and the Registration Statement on Form S-8 (No. 33-54423) of International Flavors & Fragrances Inc. of our report dated January 28, 1999 relating to the financial statements and financial statement schedules, which appears on page 29 of this Form 10-K.

PRICEWATERHOUSECOOPERS LLP
1301 Avenue of the Americas
New York, New York 10019
March 30, 1999

INTERNATIONAL FLAVORS & FRAGRANCES INC. AND SUBSIDIARIES

SCHEDULE VIII--VALUATION AND QUALIFYING ACCOUNTS AND RESERVES
(In thousands of dollars)

FOR THE YEAR ENDED DECEMBER 31, 1998

	Balance at beginning of period	Additions charged to costs and expenses	Accounts written off	Translation adjustments	Balance at end of period
Allowance for doubtful accounts	$8,101	$2,228	$1,053	$ 241	$9,517

FOR THE YEAR ENDED DECEMBER 31, 1997

	Balance at beginning of period	Additions charged to costs and expenses	Accounts written off	Translation adjustments	Balance at end of period
Allowance for doubtful accounts	$8,733	$1,506	$1,304	($ 834)	$8,101

FOR THE YEAR ENDED DECEMBER 31, 1996

	Balance at beginning of period	Additions charged to costs and expenses	Accounts written off	Translation adjustments	Balance at end of period
Allowance for doubtful accounts	$8,602	$1,564	$1,290	($ 143)	$8,733

EXHIBIT 21

LIST OF REGISTRANT'S PRINCIPAL SUBSIDIARIES

There is furnished below a list of the principal subsidiaries of Registrant. All the voting stock of each subsidiary, other than directors' qualifying shares, if any, is wholly owned by Registrant or a subsidiary of Registrant, except that International Flavors & Fragrances I.F.F. (France) S.a.r.1. is owned 70% by International Flavors & Fragrances I.F.F. (Nederland) B.V. and 30% by Registrant, I.F.F. Essencias e Fragrancias Ltda. is owned 63% by Registrant and 37% by International Flavors & Fragrances I.F.F. (Nederland) B.V., and International Flavours & Fragrances I.F.F. (Great Britain) Ltd. is owned 49% by International Flavors & Fragrances I.F.F. (Nederland) B.V. and 51% by Aromatics Holdings Limited.

Name of Company	Organized under laws of
International Flavors & Fragrances Inc.	New York
International Flavors & Fragrances I.F.F. (Nederland) B.V.	The Netherlands
Aromatics Holdings Limited	Ireland
IFF-Benicarlo, S.A.	Spain
International Flavours & Fragrances (China) Ltd.	China
Irish Flavours and Fragrances Limited	Ireland
International Flavours & Fragrances I.F.F. (Great Britain) Ltd.	England
International Flavors & Fragrances I.F.F. (Italia) S.r.l.	Italy
International Flavors & Fragrances I.F.F. (Deutschland) G.m.b.H.	Germany
International Flavors & Fragrances I.F.F. (Switzerland) A.G.	Switzerland
International Flavors & Fragrances I.F.F. (France) S.a.r.l.	France
International Flavors & Fragrances (Hong Kong) Ltd.	Hong Kong
International Flavors & Fragrances (Japan) Ltd.	Japan
International Flavors & Fragrances S.A.C.I.	Argentina
I.F.F. Essencias e Fragrancias Ltda.	Brazil
International Flavours & Fragrances (Australia) Pty. Ltd.	Australia
P.T. Essence Indonesia	Indonesia
International Flavors & Fragrances (Mexico) S.A. de C.V.	Mexico
International Flavors & Fragrances I.F.F. (Espana) S.A.	Spain
ALVA Insurance Limited	Bermuda

EXHIBIT INDEX

EXHIBIT	DESCRIPTION
2	Not applicable.
3	Restated Certificate of Incorporation of Registrant, incorporated by reference to Exhibit 3 to Registrant's Report on Form 10-K for fiscal year ended December 31, 1993 (File No. 1-4858).
3(b)	By-laws of Registrant, incorporated by reference to Exhibit 3(b) to Registrant's Report on Form 10-K for fiscal year ended December 31, 1993 (File No. 1-4858).
3(c)	Amendment to By-laws adopted December 12, 1996, incorporated by reference to Exhibit 3(c) to Registrant's Report on Form 10-K for the fiscal year ended December 31, 1996 (File No. 1-4858).
3(d)	Amendment to By-laws adopted May 8, 1997, incorporated by reference to Exhibit 3(a) to Registrant's Report on Form 10-Q dated August 13, 1997 (File No. 1-4858).
3(e)	Amendments to By-laws adopted March 10, 1998, incorporated by reference to Exhibit 3(a) to Registrant's Report on Form 10-Q dated May 14, 1998 (File No. 1-4858).
4(a)	Shareholder Protection Rights Agreement dated as of February 20, 1990 between Registrant and The Bank of New York, as Rights Agent, incorporated by reference to Exhibit 4(a) to Registrant's Report on Form 10-Q dated May 14, 1997 (File No. 1-4858).
4(b)	Amendment No. 1 dated as of April 6, 1990 to Shareholder Protection Rights Agreement, incorporated by reference to Exhibit 4(b) to Registrant's Report on Form 10-Q dated May 14, 1997 (File No. 1-4858).
4(c)	Amendment No. 2 dated as of March 8, 1994 to Shareholder Protection Rights Agreement, incorporated by reference to Exhibit 4(c) to Registrant's Report on Form 10-K for fiscal year ended December 31, 1993 (File No. 1-4858).
4(cc)	Amended and Restated Shareholder Protection Rights Agreement dated as of September 25, 1998, incorporated by reference to Exhibit (4) to Registrant's Report on Form 8-K dated September 25, 1998.
4(ccc)	First Amendment dated as of March 9, 1999 to the Amended and Restated Shareholder Protection Rights Agreement.
4(d)	Specimen certificates of Registrant's Common Stock bearing legend notifying of Shareholder Protection Rights Agreement, incorporated by reference to Exhibit 4(d) to Registrant's Report on Form 10-Q dated May 14, 1997 (File No. 1-4858).
9	Not applicable.
10(a)	Agreement dated as of January 1, 1997 between Registrant and Eugene P. Grisanti, Chairman and President of Registrant, incorporated by reference to Exhibit 10(a) to Registrant's Report on Form 10-Q dated May 14, 1997 (File No. 1-4858).
10(b)	Form of Executive Severance Agreement approved by Registrant's Board of Directors on February 14, 1989 incorporated by reference to Exhibit 10(b) to Registrant's Report on Form 10-Q dated May 14, 1997 (File No. 1-4858).
10(c)	Registrant's Executive Death Benefit Plan effective July 1, 1990, incorporated by reference to Exhibit 10(c) to Registrant's Report on Form 10-Q dated May 14, 1997 (File No. 1-4858).
10(d)	Supplemental Retirement Investment Plan adopted by Registrant's Board of Directors on November 14, 1989 incorporated by reference to Exhibit 10(d) to Registrant's Report on Form 10-Q dated May 14, 1997 (File No. 1-4858).
10(e)	Supplemental Retirement Plan adopted by Board of Directors on October 29, 1986, incorporated by reference to Exhibit 10(e) to Registrant's Report on Form 10-Q dated May 14, 1997 (File No. 1-4858).

EXHIBIT	
10(f)	Restated Management Incentive Compensation Plan of Registrant, incorporated by reference to Exhibit A to the Registrant's Proxy Statement dated March 28, 1995 (File No. 1-4858).
10(h)	Stock Option Plan for Non-Employee Directors, incorporated by reference to Exhibit 10(h) to Registrant's Report on Form 10-Q dated May 14, 1997 (File No. 1-4858).
10(i)	Registrant's Directors' Deferred Compensation Plan adopted by Registrant's Board of Directors on September 15, 1981, incorporated by reference to Exhibit 10(i) to Registrant's Report on Form 10-Q dated May 14, 1997 (File No. 1-4858).
10(j)	Director Charitable Contribution Program adopted by the Board of Directors on February 14, 1995 incorporated by reference to Exhibit 10(j) to Registrant's Report on Form 10-K for the fiscal year ended December 31, 1994 (File No. 1-4858).
10(k)	Agreement dated as of July 22, 1996 between Registrant and Hugh R. Kirkpatrick, former Senior Vice-President and Director of Registrant incorporated by reference to Exhibit 10(k) to Registrant's Report on Form 10-K for the fiscal year ended December 31, 1996 (File No. 1-4858).
10(l)	1997 Employee Stock Option Plan, incorporated by reference to Exhibit A to the Registrant's Proxy Statement dated March 27, 1997 (File No. 1-4858).
10(m)	Agreement dated June 19, 1997 between Registrant and Hendrik C. van Baaren, former Senior Vice-President and Director of Registrant, incorporated by reference to Exhibit 10(m) to Registrant's Report on Form 10-K for the fiscal year ended December 31, 1997 (File No. 1-4858).
10(n)	Agreement dated September 2, 1998 between Registrant and David G. Bluestein, former Director and Senior Vice-President of Registrant, incorporated by reference to Exhibit 10(c) to Registrant's Report on Form 10-Q dated November 13, 1998 (File No. 1-4858).
10(o)	Agreement dated July 27, 1998 between Registrant and Stuart R. Maconochie, Vice-President of Registrant, incorporated by reference to Exhibit 10(b) to Registrant's Report on Form 10-Q dated November 13, 1998 (File No. 1-4858).
10(p)	Agreement dated June 23, 1998 between Registrant and Carlos A. Lobbosco, Vice-President of Registrant, incorporated by reference to Exhibit 10(a) to Registrant's Report on Form 10-Q dated November 13, 1998 (File No. 1-4858).
10(q)	Agreement dated July 2, 1998 between Registrant and Brian D. Chadbourne, former Director and Senior Vice-President of Registrant, incorporated by reference to Exhibit 10(a) to Registrant's Report on Form 10-Q dated August 14, 1998 (File No. 1-4858).
10(r)	Agreement dated February 25, 1998 between Registrant and Thomas H. Hoppel, former Vice-President, Chief Financial Officer and Director of Registrant, incorporated by reference to Exhibit 10(a) to Registrant's Report on Form 10-Q dated May 14, 1998 (File No. 1-4858).
11	Not applicable.
12	Not applicable.
13	Not applicable.
16	Not applicable.
18	Not applicable.
21	List of Principal Subsidiaries. See page E-1 of this Form 10-K.
22	Not applicable.
23	Consent of PricewaterhouseCoopers LLP. See page 33 of this Form 10-K.
24	Powers of Attorney authorizing George Rowe, Jr. and Stephen A. Block to sign this report and amendments thereto on behalf of certain directors and officers of the Registrant.
27	Financial Data Schedule (EDGAR version only).
28	Not applicable.
99	None.

FIRST AMENDMENT TO THE AMENDED AND RESTATED SHAREHOLDER PROTECTION RIGHTS AGREEMENT

This FIRST AMENDMENT to the AMENDED AND RESTATED SHAREHOLDER PROTECTION RIGHTS AGREEMENT (this "Amendment"), is made as of March 9, 1999, between International Flavors & Fragrances Inc., a New York corporation (the "Company"), and The Bank of New York, a New York banking corporation, as Rights Agent (the "Rights Agent"), which term shall include any successor Rights Agent hereunder). All capitalized terms used herein and not otherwise defined in this Amendment shall have the meanings set forth in the Shareholder Protection Rights Agreement (as defined below), as amended by this Amendment.

WHEREAS, the Company and the Rights Agent entered into a Shareholder Protection Rights Agreement (the "Shareholder Protection Rights Agreement"), dated as of February 20, 1990 (as amended and restated as of September 25, 1998); and

WHEREAS, the Board of Directors has the authority pursuant to Section 5.4(iii) of the Shareholder Protection Rights Agreement to amend the Shareholder Protection Rights Agreement in order to cure any ambiguity or to correct or supplement any provision contained therein which may be inconsistent with any other provisions therein or otherwise defective.

NOW, THEREFORE, in consideration of $10.00 and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. The Shareholder Protection Rights Agreement is hereby amended by replacing the third clause of the definition of "Expiration Time" contained in Section 1.1 in its entirety with the following sentence:

   "(iii) the close of business on the tenth-year anniversary of the date hereof (February 20, 2000) and".

2. Except as amended hereby, all of the terms of the Shareholder Protection Rights Agreement shall remain and continue in full force and effect and are hereby confirmed in all respects.

3. THIS AMENDMENT SHALL BE GOVERNED AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK AND APPLICABLE FEDERAL LAW WITHOUT REGARD TO CHOICE OF LAW RULES.

4. This Amendment may be executed in any number of counterparts and by the different parties hereto on separate counterparts, each of which, when so executed and delivered, shall be an original, but all the counterparts shall together constitute one and the same instrument.

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be duly executed as of the date first above written.

INTERNATIONAL FLAVORS & FRAGRANCES INC.

By: /s/ STEPHEN A. BLOCK

Name: Stephen A. Block
Title: Vice President & Secretary

THE BANK OF NEW YORK, as Rights Agent

By: /s/ LESLIE A. DeLUCA

Name: Leslie A. DeLuca
Title: Vice President

POWER OF ATTORNEY

The undersigned director and/or officer of International Flavors & Fragrances Inc., a New York corporation, which is about to file with the Securities and Exchange Commission, under the provisions of Section 13 or 15(d) of the Securities Exchange Act of 1934, as amended, an Annual Report on Form 10-K for the Year Ended December 31, 1998, hereby constitutes and appoints George Rowe, Jr. and Stephen A. Block his (her) attorneys, and each of them his (her) attorney with power to act without the other, with full power of substitution and resubstitution, for him (her) and in his (her) name, place and stead to sign in any and all capacities such Annual Report, and any and all amendments thereto, and to file the same with all exhibits thereto and other documents in connection therewith, granting unto said attorneys, and each of them, full power and authority to do so and to perform all and every act necessary to be done in connection therewith, as fully to all intents and purposes as he (she) might or could do if personally present, hereby ratifying the acts of his (her) said attorneys and each of them.

IN WITNESS WHEREOF, the undersigned has hereunto set his (her) hand and seal this 9th day of February 1999.

/s/ MARGARET HAYES ADAME (L.S.)

Margaret Hayes Adame

POWER OF ATTORNEY

The undersigned director and/or officer of International Flavors & Fragrances Inc., a New York corporation, which is about to file with the Securities and Exchange Commission, under the provisions of Section 13 or 15(d) of the Securities Exchange Act of 1934, as amended, an Annual Report on Form 10-K for the Year Ended December 31, 1998, hereby constitutes and appoints George Rowe, Jr. and Stephen A. Block his (her) attorneys, and each of them his (her) attorney with power to act without the other, with full power of substitution and resubstitution, for him (her) and in his (her) name, place and stead to sign in any and all capacities such Annual Report, and any and all amendments thereto, and to file the same with all exhibits thereto and other documents in connection therewith, granting unto said attorneys, and each of them, full power and authority to do so and to perform all and every act necessary to be done in connection therewith, as fully to all intents and purposes as he (she) might or could do if personally present, hereby ratifying the acts of his (her) said attorneys and each of them.

IN WITNESS WHEREOF, the undersigned has hereunto set his (her) hand and seal this 9th day of February 1999.

/s/ ROBERT G. CORBETT (L.S.)

Robert G. Corbett

POWER OF ATTORNEY

The undersigned director and/or officer of International Flavors & Fragrances Inc., a New York corporation, which is about to file with the Securities and Exchange Commission, under the provisions of Section 13 or 15(d) of the Securities Exchange Act of 1934, as amended, an Annual Report on Form 10-K for the Year Ended December 31, 1998, hereby constitutes and appoints George Rowe, Jr. and Stephen A. Block his (her) attorneys, and each of them his (her) attorney with power to act without the other, with full power of substitution and resubstitution, for him (her) and in his (her) name, place and stead to sign in any and all capacities such Annual Report, and any and all amendments thereto, and to file the same with all exhibits thereto and other documents in connection therewith, granting unto said attorneys, and each of them, full power and authority to do so and to perform all and every act necessary to be done in connection therewith, as fully to all intents and purposes as he (she) might or could do if personally present, hereby ratifying the acts of his (her) said attorneys and each of them.

IN WITNESS WHEREOF, the undersigned has hereunto set his (her) hand and seal this 9th day of February 1999.

/s/ ROBIN CHANDLER DUKE (L.S.)

Robin Chandler Duke

POWER OF ATTORNEY

The undersigned director and/or officer of International Flavors & Fragrances Inc., a New York corporation, which is about to file with the Securities and Exchange Commission, under the provisions of Section 13 or 15(d) of the Securities Exchange Act of 1934, as amended, an Annual Report on Form 10-K for the Year Ended December 31, 1998, hereby constitutes and appoints George Rowe, Jr. and Stephen A. Block his (her) attorneys, and each of them his (her) attorney with power to act without the other, with full power of substitution and resubstitution, for him (her) and in his (her) name, place and stead to sign in any and all capacities such Annual Report, and any and all amendments thereto, and to file the same with all exhibits thereto and other documents in connection therewith, granting unto said attorneys, and each of them, full power and authority to do so and to perform all and every act necessary to be done in connection therewith, as fully to all intents and purposes as he (she) might or could do if personally present, hereby ratifying the acts of his (her) said attorneys and each of them.

IN WITNESS WHEREOF, the undersigned has hereunto set his (her) hand and seal this 9th day of February 1999.

/s/ RICHARD M. FURLAUD (L.S.)

Richard M. Furlaud

POWER OF ATTORNEY

The undersigned director and/or officer of International Flavors & Fragrances Inc., a New York corporation, which is about to file with the Securities and Exchange Commission, under the provisions of Section 13 or 15(d) of the Securities Exchange Act of 1934, as amended, an Annual Report on Form 10-K for the Year Ended December 31, 1998, hereby constitutes and appoints George Rowe, Jr. and Stephen A. Block his (her) attorneys, and each of them his (her) attorney with power to act without the other, with full power of substitution and resubstitution, for him (her and in his (her) name, place and stead to sign in any and all capacities such Annual Report, and any and all amendments thereto, and to file the same with all exhibits thereto and other documents in connection therewith, granting unto said attorneys, and each of them, full power and authority to do so and to perform all and every act necessary to be done in connection therewith, as fully to all intents and purposes as he (she) might or could do if personally present, hereby ratifying the acts of his (her) said attorneys and each of them.

IN WITNESS WHEREOF, the undersigned has hereunto set his (her) hand and seal this 9th day of February 1999.

/s/ EUGENE P. GRISANTI

Eugene P. Grisanti

POWER OF ATTORNEY

The undersigned director and/or officer of International Flavors & Fragrances Inc., a New York corporation, which is about to file with the Securities and Exchange Commission, under the provisions of Section 13 or 15(d) of the Securities Exchange Act of 1934, as amended, an Annual Report on Form 10-K for the Year Ended December 31, 1998, hereby constitutes and appoints George Rowe, Jr. and Stephen A. Block his (her) attorneys, and each of them his (her) attorney with power to act without the other, with full power of substitution and resubstitution, for him (her) and in his (her) name, place and stead to sign in any and all capacities such Annual Report, and any and all amendments thereto, and to file the same with all exhibits thereto and other documents in connection therewith, granting unto said attorneys, and each of them, full power and authority to do so and to perform all and every act necessary to be done in connection therewith, as fully to all intents and purposes as he (she) might or could do if personally present, hereby ratifying the acts of his (her) said attorneys and each of them.

IN WITNESS WHEREOF, the undersigned has hereunto set his (her) hand and seal this 9th day of February 1999.

/s/ STUART R. MACONOCHIE (L.S.)

Stuart R. Maconochie

POWER OF ATTORNEY

The undersigned director and/or officer of International Flavors & Fragrances Inc., a New York corporation, which is about to file with the Securities and Exchange Commission, under the provisions of Section 13 or 15(d) of the Securities Exchange Act of 1934, as amended, an Annual Report on Form 10-K for the Year Ended December 31, 1998, hereby constitutes and appoints George Rowe, Jr. and Stephen A. Block his (her) attorneys, and each of them his (her) attorney with power to act without the other, with full power of substitution and resubstitution, for him (her) and in his (her) name, place and stead to sign in any and all capacities such Annual Report, and any and all amendments thereto, and to file the same with all exhibits thereto and other documents in connection therewith, granting unto said attorneys, and each of them, full power and authority to do so and to perform all and every act necessary to be done in connection therewith, as fully to all intents and purposes as he (she) might or could do if personally present, hereby ratifying the acts of his (her) said attorneys and each of them.

IN WITNESS WHEREOF, the undersigned has hereunto set his (her) hand and seal this 9th day of February 1999.

/s/ GEORGE ROWE, JR. (L.S.)

George Rowe, Jr.

POWER OF ATTORNEY

The undersigned director and/or officer of International Flavors & Fragrances Inc., a New York corporation, which is about to file with the Securities and Exchange Commission, under the provisions of Section 13 or 15(d) of the Securities Exchange Act of 1934, as amended, an Annual Report on Form 10-K for the Year Ended December 31, 1998, hereby constitutes and appoints George Rowe, Jr. and Stephen A. Block his (her) attorneys, and each of them his (her) attorney with power to act without the other, with full power of substitution and resubstitution, for him (her) and in his (her) name, place and stead to sign in any and all capacities such Annual Report, and any and all amendments thereto, and to file the same with all exhibits thereto and other documents in connection therewith, granting unto said attorneys, and each of them, full power and authority to do so and to perform all and every act necessary to be done in connection therewith, as fully to all intents and purposes as he (she) might or could do if personally present, hereby ratifying the acts of his (her) said attorneys and each of them.

IN WITNESS WHEREOF, the undersigned has hereunto set his (her) hand and seal this 9th day of February 1999.

/s/ STANLEY M. RUMBOUGH, JR.(L.S.)

Stanley M. Rumbough, Jr.

POWER OF ATTORNEY

The undersigned director and/or officer of International Flavors & Fragrances Inc., a New York corporation, which is about to file with the Securities and Exchange Commission, under the provisions of Section 13 or 15(d) of the Securities Exchange Act of 1934, as amended, an Annual Report on Form 10-K for the Year Ended December 31, 1998, hereby constitutes and appoints George Rowe, Jr. and Stephen A. Block his (her) attorneys, and each of them his (her) attorney with power to act without the other, with full power of substitution and resubstitution, for him (her) and in his (her) name, place and stead to sign in any and all capacities such Annual Report, and any and all amendments thereto, and to file the same with all exhibits thereto and other documents in connection therewith, granting unto said attorneys, and each of them, full power and authority to do so and to perform all and every act necessary to be done in connection therewith, as fully to all intents and purposes as he (she) might or could do if personally present, hereby ratifying the acts of his (her) said attorneys and each of them.

IN WITNESS WHEREOF, the undersigned has hereunto set his (her) hand and seal this 9th day of February 1999.

/s/ HENRY P. VAN AMERINGEN (L.S.)

Henry P. van Ameringen

POWER OF ATTORNEY

The undersigned director and/or officer of International Flavors & Fragrances Inc., a New York corporation, which is about to file with the Securities and Exchange Commission, under the provisions of Section 13 or 15(d) of the Securities Exchange Act of 1934, as amended, an Annual Report on Form 10-K for the Year Ended December 31, 1998, hereby constitutes and appoints George Rowe, Jr. and Stephen A. Block his (her) attorneys, and each of them his (her) attorney with power to act without the other, with full power of substitution and resubstitution, for him (her) and in his (her) name, place and stead to sign in any and all capacities such Annual Report, and any and all amendments thereto, and to file the same with all exhibits thereto and other documents in connection therewith, granting unto said attorneys, and each of them, full power and authority to do so and to perform all and every act necessary to be done in connection therewith, as fully to all intents and purposes as he (she) might or could do if personally present, hereby ratifying the acts of his (her) said attorneys and each of them.

IN WITNESS WHEREOF, the undersigned has hereunto set his (her) hand and seal this 9th day of February 1999.

/s/ WILLIAM D. VAN DYKE, III (L.S.)

William D. van Dyke, III

POWER OF ATTORNEY

The undersigned director and/or officer of International Flavors & Fragrances Inc., a New York corporation, which is about to file with the Securities and Exchange Commission, under the provisions of Section 13 or 15(d) of the Securities Exchange Act of 1934, as amended, an Annual Report on Form 10-K for the Year Ended December 31, 1998, hereby constitutes and appoints George Rowe, Jr. and Stephen A. Block his (her) attorneys, and each of them his (her) attorney with power to act without the other, with full power of substitution and resubstitution, for him (her) and in his (her) name, place and stead to sign in any and all capacities such Annual Report, and any and all amendments thereto, and to file the same with all exhibits thereto and other documents in connection therewith, granting unto said attorneys, and each of them, full power and authority to do so and to perform all and every act necessary to be done in connection therewith, as fully to all intents and purposes as he (she) might or could do if personally present, hereby ratifying the acts of his (her) said attorneys and each of them.

IN WITNESS WHEREOF, the undersigned has hereunto set his (her) hand and seal this 9th day of February 1999.

/s/ DOUGLAS J. WETMORE (L.S.)

Douglas J. Wetmore

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

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12-MOS
DEC-31-1998
DEC-31-1998
114,960
1,039
264,352
9,517
403,961
848,028
913,397
414,613
1,388,064
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1,407,349
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2,228
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203,785
1.90
1.90