

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-Q

QUARTERLY REPORT UNDER SECTION 13 OF

THE SECURITIES EXCHANGE ACT OF 1934

For Quarter Ended March 31, 2002 Commission file number 1-4858

INTERNATIONAL FLAVORS & FRAGRANCES INC.

(Exact Name of Registrant as specified in its charter)

New York

13-1432060

(State or other jurisdiction of incorporation  
or organization)

(IRS Employer  
identification No.)

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

10019-2960

(Address of principal executive offices)

(Zip Code)

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

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

Yes X

No \_\_\_\_\_

Number of shares outstanding as of May 3, 2002: 94,245,851

## Item 1. Financial Statements

## INTERNATIONAL FLAVORS &amp; FRAGRANCES INC.

CONSOLIDATED BALANCE SHEET  
(Dollars in thousands)  
(Unaudited)

	3/31/02	12/31/01
	-----	-----
Assets		
- - - - -		
Current Assets:		
Cash & Cash Equivalents	\$ 34,472	\$ 48,521
Short-term Investments	396	384
Trade Receivables	350,295	328,858
Allowance For Doubtful Accounts	(10,667)	(10,835)
Inventories: Raw Materials	205,270	212,270
Work in Process	10,217	10,853
Finished Goods	192,761	192,861
Total Inventories	408,248	415,984
Deferred Income Taxes	57,168	77,449
Other Current Assets	44,644	36,000
Total Current Assets	884,556	896,361
Property, Plant & Equipment, At Cost	961,599	975,630
Accumulated Depreciation	(434,715)	(443,157)
	526,884	532,473
Intangible Assets, net	786,442	795,920
Other Assets	41,466	43,297
Total Assets	\$ 2,239,348	\$ 2,268,051
	=====	=====
Liabilities and Shareholders' Equity		
- - - - -		
Current Liabilities:		
Bank Loans and Current Portion of Long-term Debt	\$ 27,337	\$ 23,716
Commercial Paper	195,244	204,229
Accounts Payable-Trade	101,875	85,659
Dividends Payable	14,188	14,215
Income Taxes	53,829	49,841
Other Current Liabilities	161,730	182,554
Total Current Liabilities	554,203	560,214
Other Liabilities:		
Deferred Income Taxes	18,789	44,553
Long-term Debt	930,728	939,404
Retirement and Other Liabilities	197,979	199,710
Total Other Liabilities	1,147,496	1,183,667
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	119,961	126,170
Restricted Stock	(624)	(1,440)
Retained Earnings	1,291,103	1,263,344
Accumulated Other Comprehensive Income (Loss):		
Cumulative Translation Adjustment	(166,224)	(156,266)
Accumulated Gains/(Losses) on Derivatives		
Qualifying as Hedges	2,135	(2,261)
Minimum pension liability adjustment	(20,009)	(20,009)
	1,240,812	1,224,008
Treasury Stock, at cost - 21,148,751 shares in '02 and 20,996,954 in '01	(702,176)	(698,851)
Note Receivable from Officer	(987)	(987)
Total Shareholders' Equity	537,649	524,170
Total Liabilities and Shareholders' Equity	\$ 2,239,348	\$ 2,268,051
	=====	=====

See Notes to Consolidated Financial Statements

## INTERNATIONAL FLAVORS &amp; FRAGRANCES INC.

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

	3 Months Ended 3/31	
	2002	2001
	-----	-----
Net Sales	\$ 445,844	\$ 483,661
	-----	-----
Cost of Goods Sold	259,864	284,139
Research and Development Expenses	35,170	35,406
Selling and Administrative Expenses	75,386	85,845
Amortization of Goodwill and Other Intangibles	3,158	11,355
Nonrecurring Charges	-	12,420
Interest Expense	10,427	22,300
Other (Income) Expense, Net	(1,965)	(240)
	-----	-----
	382,040	451,225
	-----	-----
Income Before Taxes on Income	63,804	32,436
Taxes on Income	21,857	12,164
	-----	-----
Net Income	41,947	20,272
Other Comprehensive Income (Loss):		
Foreign Currency Translation Adjustments	(9,958)	(68,793)
Accumulated Gains (Losses) on Derivatives Qualifying as Hedges	4,396	(1,597)
	-----	-----
Comprehensive Income	\$ 36,385	\$ (50,118)
	=====	=====
Net Income Per Share - Basic	\$ 0.44	\$ 0.21
Net Income Per Share - Diluted	\$ 0.44	\$ 0.21
Average Number of Shares Outstanding - Basic	94,534	96,984
Average Number of Shares Outstanding - Diluted	96,182	97,586
Dividends Paid Per Share	\$ 0.15	\$ 0.15

See Notes to Consolidated Financial Statements

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

	3 Months Ended 3/31	
	2002	2001
<b>Cash Flows From Operating Activities:</b>		
-----		
Net Income	\$ 41,947	\$ 20,272
Adjustments to Reconcile to Net Cash		
Provided by Operations:		
Depreciation and Amortization	20,474	29,413
Deferred Income Taxes	1,889	(1,606)
Changes in Assets and Liabilities:		
Current Receivables	(29,923)	(25,641)
Inventories	5,877	5,456
Current Payables	1,483	(33,470)
Other, Net	(5,093)	(17,496)
Net Cash Provided by (Used in) Operations	36,654	(23,072)
-----		
<b>Cash Flows From Investing Activities:</b>		
-----		
Proceeds from Investments	-	328
Purchases of Investments	(14)	(5,492)
Additions to Property, Plant and Equipment	(19,605)	(9,353)
Proceeds from Disposal of Assets	5,064	1,474
Net Cash Used in Investing Activities	(14,555)	(13,043)
-----		
<b>Cash Flows From Financing Activities:</b>		
-----		
Cash Dividends Paid to Shareholders	(14,215)	(14,614)
Net Change in Bank Loans	851	(12,445)
Net Change in Commercial Paper Outstanding	(8,985)	(391,474)
Proceeds from Long-term Debt	-	429,208
Repayments of Long-term Debt	(4,409)	(2,869)
Proceeds From Issuance of Stock Under Stock Option Plans	8,294	-
Purchase of Treasury Stock	(17,031)	(34,109)
Net Cash Used in Financing Activities	(35,495)	(26,303)
-----		
Effect of Exchange Rate Changes on Cash and Cash Equivalents	(653)	(517)
-----		
Net Change in Cash and Cash Equivalents	(14,049)	(62,935)
Cash and Cash Equivalents at Beginning of Year	48,521	128,869
-----		
Cash and Cash Equivalents at End of Period	\$ 34,472	\$ 65,934
=====		
Interest Paid	\$ 3,287	\$ 21,844
Income Taxes Paid	\$ 12,491	\$ 35,379

See Notes to Consolidated Financial Statements

## Notes to Consolidated Financial Statements

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These interim statements and management's related discussion and analysis should be read in conjunction with the consolidated financial statements and their related notes, and management's discussion and analysis of results of operations and financial condition included in the Company's 2001 Annual Report to Shareholders. These interim statements are unaudited. In the opinion of the Company's management, all normal recurring adjustments necessary for a fair presentation of the results for the interim periods have been made.

## Derivative Instruments and Hedging Activities:

The Company has entered into a series of swaps for a \$700.0 million notional amount which effectively converts the 6.45% coupon interest rate on the Notes to a short-term rate based upon the London InterBank Offered Rate (LIBOR) plus an interest markup. These swaps are designated as qualified cash flow hedges. The Company had no ineffective interest rate swaps at March 31, 2002.

The Company enters into foreign currency forward contracts with the objective of reducing exposure to cash flow volatility associated with foreign currency receivables and payables, and with anticipated purchases of certain raw materials used in operations. The notional amount and maturity dates of such contracts match those of the underlying receivables, payables and anticipated purchases. At March 31, 2002, the Company had outstanding foreign currency forward contracts of approximately \$267.0 million. The Company has designated these contracts as qualified fair value and cash flow hedges. Accordingly, the effective portion of the gain or loss on the derivative instrument is reported as a component of other comprehensive income and recognized in earnings in the same period or periods during which the hedged transaction affects earnings. The Company had no ineffective foreign currency forward contracts at March 31, 2002.

## Net Income Per Share:

Options to purchase 2,721,001 shares and 4,549,224 shares were outstanding for the first quarter of 2002 and 2001, respectively, but were not included in the computation of diluted net income per share because the options' exercise prices were greater than the average market price of the common shares in the respective periods.



Nonrecurring and Other Charges:

As described in Note 2 of the Notes to the Consolidated Financial Statements included in the Company's 2001 Annual Report to Shareholders, in October 2000, the Company announced a reorganization, including management changes, further consolidation of production facilities and related actions. The total pretax cost of actions taken in connection with the reorganization, including \$31.9 million and \$30.1 million recorded in 2000 and 2001, respectively, is expected to approximate \$90.0 million to \$100.0 million through the end of 2002. Certain costs associated with the merger and the integration of Bush Boake Allen Inc. ("BBA") operations were accounted for as part of the acquisition cost, and did not affect current earnings.

Movements in the liabilities related to the nonrecurring charges were as follows (in millions):

	Employee- Related	Asset-Related And Other	Total
Balance December 31, 2001	\$ 7.0	\$ .7	\$ 7.7
Utilized in 2002	(.7)	(.4)	(1.1)
Balance March 31, 2002	\$ 6.3	\$ .3	\$ 6.6
	====	===	=====

The balance of the liabilities will be utilized by early 2003 in connection with the final decommissioning and disposal of affected equipment and as severance and other benefit obligations to affected employees are satisfied.

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

Movements in acquisition accounting accruals were as follows (in millions):

	Employee- Related	Asset-Related And Other	Total
Balance December 31, 2001	\$ 13.8	\$ 9.9	\$ 23.7
Utilized in 2002	(2.0)	(1.4)	(3.4)
Balance March 31, 2002	\$ 11.8	\$ 8.5	\$ 20.3
	=====	=====	=====

Restricted Stock:

In January 2001, the Company awarded approximately 190,000 IFF Stock Units ("Units") to eligible employees in exchange for surrender of their "under water" stock options. The Units vest, in four equal installments, over not more than a seven-year period, upon the Company's Common Stock attaining successively higher market price targets beginning at \$22.50 per share, and earn dividend equivalents as and when cash dividends are paid. Compensation expense is recognized over the Unit's vesting period. In the first quarter 2002, the third price target of \$31.50 was achieved and the Company recognized expense of \$.8 million which is included in operating expenses. The remaining unvested Units are reported as Restricted Stock on the Company's Consolidated Balance Sheet.

Comprehensive Income:  
Changes in the accumulated other comprehensive income component of shareholders' equity were as follows:

2002 (Dollars in thousands)	Translation adjustments	Accumulated gains(losses) on derivatives qualifying as hedges	Minimum Pension Obligation, net of tax	Total
Balance December 31, 2001	\$(156,266)	\$ (2,261)	\$(20,009)	\$(178,536)
Change	(9,958)	4,396	--	(5,562)
Balance March 31, 2002	\$(166,224)	\$ 2,135	\$(20,009)	\$(184,098)

2001 (Dollars in thousands)	Translation adjustments	Accumulated gains(losses) on derivatives qualifying as hedges	Minimum Pension Obligation, net of tax	Total
Balance December 31, 2000	\$ (77,578)	\$ --	--	\$(77,578)
Change	(68,793)	(1,597)	--	(70,390)
Balance March 31, 2001	\$(146,371)	\$ (1,597)	--	\$(147,968)

Borrowings:  
Debt consists of the following (Dollars in thousands):

	Rate	Maturities	March 31, 2002	December 31, 2001
Commercial paper (U.S.)			\$ 195,244	\$ 204,229
Bank loans			26,574	21,916
Current portion of long-term debt			763	1,800
Total current debt			222,581	227,945
U.S. dollars	6.45%	2006	698,914	698,800
Euro facility	4.79%	2005-06	100,602	101,500
Japanese Yen notes	2.45%	2008-11	115,590	115,300
Japanese Yen notes	1.74%	2005	9,125	9,100
Other		2003	1,981	6,404
Interest rate swaps			926,212	931,104
			4,516	8,300
Total long-term debt			930,728	939,404
Total debt			\$1,153,309	\$1,167,349

At March 31, 2002, commercial paper maturities did not extend beyond May 3, 2002. The weighted average interest rate on total borrowings was 3.7% compared to 4.1% at December 31, 2001. The Company records capitalized interest on all projects with a total project value greater than \$1.0 million. In the first quarter \$2 million was capitalized which reduced interest expense and increased fixed asset additions.



## Intangible Assets, net:

Effective January 1, 2002 the Company adopted Statement of Financial Accounting Standards No. 142 (FAS 142), Goodwill and Other Intangible Assets. FAS 142 eliminates goodwill amortization and requires an evaluation of potential goodwill impairment upon adoption, as well as subsequent annual valuations, or more frequently if circumstances indicate a possible impairment. The standard also prescribes that other indefinite lived intangibles be included with goodwill. Adoption of FAS 142 eliminated annual goodwill amortization expense of approximately \$33 million. The following tables reflect the reclassification of other indefinite lived intangibles from Trademarks and other to Goodwill at adoption of FAS 142 and the Earnings per share effect of this change for the first quarter 2002 and 2001. The amortization for the first quarter 2002 was \$3.2 million and the estimated amortization for 2002 and the subsequent four years is \$12.6 million per year. The Company is in the process of evaluating the impact of adopting FAS 142 but does not believe it has a material impairment of goodwill at adoption.

	March 31, 2002 Gross Carrying Value -----	March 31, 2002 Accumulated Amortization -----
Goodwill	\$684,189	\$41,534
Other indefinite lived intangibles	19,200	1,184
Trademarks and other	144,051	18,280
	-----	-----
Total	\$847,440 =====	\$60,998 =====
	December 31, 2001 Gross Carrying Value -----	December 31, 2001 Accumulated Amortization -----
Goodwill	\$690,509	\$41,534
Other indefinite lived intangibles	-	-
Trademarks and other	163,251	16,306
	-----	-----
Total	\$853,760 =====	\$57,840 =====

## For the three months ended March 31,

(\$000's except per share amounts)	2002	2001
Reported net income	\$ 41,947	\$ 20,272
Add back: Goodwill amortization	-	7,875
Add back: Assembled workforce amortization	-	128
Adjusted net income	\$ 41,947	\$ 28,275
Basic Earnings Per Share		
Reported net income	\$ 0.44	\$ 0.21
Goodwill amortization	-	0.08
Assembled workforce amortization	-	-
Adjusted net income	\$ 0.44	\$ 0.29
Diluted Earnings Per Share		
Reported net income	\$ 0.44	\$ 0.21
Goodwill amortization	-	0.08
Assembled workforce amortization	-	-
Adjusted net income	\$ 0.44	\$ 0.29

## Reclassifications:

Certain reclassifications have been made to the prior year's financial statements to conform to fiscal 2002 classifications.

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

Financial Condition

Operations

Worldwide net sales for the first quarter of 2002 were \$445.8 million, compared to reported sales in the first quarter 2001 of \$483.7 million. The Company disposed of certain non-core businesses in the fourth quarter 2001. On a pro-forma basis reflecting the businesses disposed of, first quarter 2001 sales were \$464.0 million.

Excluding sales from non-core businesses disposed of during 2001, local currency sales for the first quarter 2002 decreased 1.6% in comparison to the 2001 quarter, in line with the Company's expectations. On a similar basis, reported sales declined 3.9%. Translation was unfavorable due to the relative strength of the U.S. dollar versus the Euro, the Japanese Yen and the Australian dollar; these currencies declined versus the U.S. dollar by approximately 4%, 12% and 6%, respectively, in comparison to the prior year.

Excluding sales associated with those businesses disposed of during 2001:

- ... First quarter sales performance was strongest in North America where flavors sales increased by 2% and fragrances were flat;
- ... Local currency fragrance sales in Europe increased 3% although this increase was offset by a 7% local currency decline in flavors with the overall region declining by 1%;
- ... Asia-Pacific was flat and the Indian sub-continent declined 3% in local currency reflecting continued weak economic conditions throughout each of these regions;
- ... Latin America declined by 9% mainly due to Argentina but also slowing economies in both Brazil and Mexico.

The percentage relationship of cost of goods sold and other operating expenses to sales for the first three months 2002 and 2001 are detailed below. The pro-forma information presented in the table below reflects operating expenses as a percent of sales excluding the non-core businesses disposed of in the fourth quarter of 2001.

	First Three Months		
	2002	Reported 2001	Pro-Forma 2001
Cost of Goods Sold	58.3%	58.7%	57.2%
Research and Development Expenses	7.9%	7.3%	7.6%
Selling and Administrative Expenses	16.9%	17.7%	18.3%

Cost of goods sold, as a percentage of net sales, increased from the prior year pro-forma percentage primarily due to the unfavorable mix related to weakness in the North America and Europe fine fragrance business.

Research and development expenses were somewhat higher due to increased activities in this area. Selling and administrative expenses are substantially reduced due to the integration and reorganization savings achieved during the quarter.

Other income in the quarter amounted to \$2.0 million primarily related to exchange gains most significantly in Argentina. Interest expense declined from 2001 levels due to the interest rate swap entered into in 2001, reduced borrowing levels and a general decline in interest rates.

Net income for the first quarter of 2002, totaled \$41.9 million compared to reported net income in the first quarter 2001 of \$20.3 million. The amount for the first three months of 2001 includes the effects of the nonrecurring charge discussed below. Excluding this charge, net income for the first quarter 2001 was \$28.0 million. On a pro-forma basis excluding the businesses disposed of in the fourth quarter 2001 and the effects of adopting FAS 142 which reduced amortization expense, first quarter 2001 net income totaled \$27.5 million including nonrecurring charges, and \$35.3 million excluding such charges.

The effective tax rate for the first quarter of 2002 was 34.3% compared to 37.5% for the comparable period in 2001. The lower effective rate in 2002 principally results from the discontinuance of goodwill amortization, which was not deductible for purposes of determination of the Company's taxable income.

#### Nonrecurring and Other Charges:

As described in Note 2 of the Notes to the Consolidated Financial Statements included in the Company's 2001 Annual Report to Shareholders, in October 2000, the Company announced a reorganization, including management changes, further consolidation of production facilities and related actions. In connection with this program, the Company recorded a nonrecurring charge of \$12.4 million (\$7.8 million after tax) in the first quarter 2001, related primarily to employee separation costs and other reorganization activities. There were no significant non-cash related elements included in the first quarter 2001 charge. The majority of the pretax nonrecurring charges recorded in the first quarter 2001 relate to operations in Asia-Pacific (\$4.5 million) and North America, including corporate (\$4.2 million). For Europe and Latin America, first quarter 2001 charges totaled \$2.5 million and \$1.2 million, respectively. The total pretax cost of actions taken in connection with the reorganization, including \$31.9 million and \$30.1 million recorded in 2000 and 2001, respectively, is expected to approximate \$90.0 million to \$100.0 million through the end of 2002. There were no nonrecurring charges in the first quarter of 2002.

Movements in the liabilities related to the nonrecurring charges were as follows (in millions):

	Employee- Related	Asset-Related and Other	Total
	-----	-----	-----
Balance December 31, 2001	\$ 7.0	\$ .7	\$ 7.7
Utilized in 2002	(.7)	(.4)	(1.1)
	-----	-----	-----
Balance March 31, 2002	\$ 6.3	\$ .3	\$ 6.6
	=====	=====	=====

The balance of the liabilities will be utilized by early 2003 in connection with the final decommissioning and disposal of affected equipment and as severance and other benefit obligations to affected employees are satisfied.

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

Movements in acquisition accounting accruals were as follows (in millions):

	Employee- Related	Asset-Related and Other	Total
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Balance December 31, 2001	\$ 13.8	\$ 9.9	\$ 23.7
Utilized in 2002	(2.0)	(1.4)	(3.4)
	-----	-----	-----
Balance March 31, 2002	\$ 11.8	\$ 8.5	\$ 20.3
	=====	=====	=====

Financial Condition  
 -----

Cash, cash equivalents and short-term investments totaled \$34.9 million at March 31, 2002. Working capital, at March 31, 2002 was \$330.4 million compared to \$336.1 million at December 31, 2001. Gross additions to property, plant and equipment during the first three months of 2002 were \$19.6 million.

At March 31, 2002, the Company's outstanding commercial paper had an average interest rate of 2.34%. Commercial paper maturities did not extend beyond May 3, 2002. Bank borrowings were \$27.3 million and long-term debt, including \$4.5 million related to the interest rate swaps totaled \$930.7 million. The weighted average interest rate on total borrowings was 3.7%.

In January 2002, the Company paid a quarterly cash dividend of \$.15 per share to shareholders. This amount is unchanged from the 2001 dividend. The Company repurchased approximately 0.6 million shares in the first quarter 2002. 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 March 31, 2002, the Company had approximately \$53.0 million authorized under its September 2000 repurchase plan.

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

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

Item 3. Quantitative and Qualitative Disclosures about Market Risk  
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There are no material changes from the disclosures in Form 10-K filed with the Securities and Exchange Commission as of December 31, 2001.

## PART II. OTHER INFORMATION

## Item 6. Exhibits and Reports on Form 8-K

## (a) Exhibits

- 99(a) International Flavors & Fragrances Inc. Board of Directors Corporate Governance Guidelines adopted by the Board of Directors of the Company on May 7, 2002.
- 99(b) International Flavors & Fragrances Inc. Charter of the Nominating and Governance Committee of the Board of Directors adopted by the Board of Directors of the Company on May 7, 2002.
- 99(c) International Flavors & Fragrances Inc. Charter of the Compensation Committee of the Board of Directors adopted by the Board of Directors of the Company on May 7, 2002.
- 99(d) International Flavors & Fragrances Inc. Charter of the Executive Committee of the Board of Directors adopted by the Board of Directors of the Company on May 7, 2002.

## (b) Reports on Form 8-K

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

- . Report on Form 8-K dated April 24, 2002 containing a description of, and certain unaudited pro-forma financial statements relating to, the reorganization of Registrant's geographic reporting regions effective January 1, 2002, businesses disposed of during 2001 and the effects of adopting FAS 142, Goodwill and Other Intangible Assets.

SIGNATURES

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

INTERNATIONAL FLAVORS & FRAGRANCES INC.

Dated: May 10, 2002

By: /S/ DOUGLAS J. WETMORE

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

Dated: May 10, 2002

By: /S/ STEPHEN A. BLOCK

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

Exhibit Index

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Number      Description

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- 99(a)      International Flavors & Fragrances Inc. Board of Directors Corporate Governance Guidelines adopted by the Board of Directors of the Company on May 7, 2002
  
- 99(b)      International Flavors & Fragrances Inc. Charter of the Nominating and Governance Committee of the Board of Directors adopted by the Board of Directors of the Company on May 7, 2002
  
- 99(c)      International Flavors & Fragrances Inc. Charter of the Compensation Committee of the Board of Directors adopted by the Board of Directors of the Company on May 7, 2002
  
- 99(d)      International Flavors & Fragrances Inc. Charter of the Executive Committee of the Board of Directors adopted by the Board of Directors of the Company on May 7, 2002



INTERNATIONAL FLAVORS & FRAGRANCES INC.

BOARD OF DIRECTORS

CORPORATE GOVERNANCE GUIDELINES

-----  
(as adopted May 7, 2002)

1. Role of the Board

The Board of Directors (the "Board") of International Flavors & Fragrances Inc. (together with its subsidiaries, the "Company") represents the interests of the Company's shareholders in maintaining and enhancing the success of the Company's business, including optimizing long-term returns to increase shareholder value. The Board has responsibility for overseeing the management of the Company. In fulfilling this obligation the Board regularly monitors the development and execution of management's strategies and the effectiveness of its policies and decisions, including the identification and evaluation of its strengths, weaknesses, opportunities and risks.

In addition to its duty to the Company's shareholders, the Board also considers the interests of the Company's other stakeholders, including customers, employees and suppliers and the communities in which the Company operates, all of whom are essential to the success of the Company's business. The Board fulfills these responsibilities by overseeing the successful perpetuation of the Company's business.

2. Board Membership Criteria

The Nominating and Governance Committee, with the input of the Chief Executive Officer, is responsible for recommending to the Board (a) nominees for Board membership to fill vacancies or newly created positions and (b) the persons to be nominated by the Board for election by shareholders at the Company's Annual Meeting of Shareholders. The Nominating and Governance Committee and the Board also consider recommendations made by shareholders. In connection with the selection process, and at least on an annual basis, the Nominating and Governance Committee reviews the desired experience, mix of skills and other qualities to assure appropriate Board composition, taking into account the current Board members and the specific needs of the Company and the Board. This process is designed to assure that the Board includes members with diverse backgrounds, skills and experience, including appropriate technical and financial expertise relevant to the business of the Company. Each Director is required to notify the Chair of the Nominating and Governance Committee of changes in his or her status. The Nominating and Governance Committee is responsible for facilitating Board discussion and dialogue with respect to these matters.

### 3. Director Independence

It is the Board's policy that the members of the Board other than the Chief Executive Officer and up to one other director be "Independent." For this purpose a Director is deemed to be "Independent" if he or she: (a) is not and has not been employed by the Company; (b) is not (and is not affiliated with a company or firm that is) a significant advisor or consultant to the Company; (c) is not affiliated with a significant customer or supplier of the Company; (d) does not have significant personal services contract(s) with the Company; (e) is not affiliated with a tax-exempt entity that has received significant contributions from the Company; and (f) receives no compensation from the Company other than as a Director.

It is also Board policy that interlocking directorates--where an officer of the Company serves on the board of a company an executive of which serves on the Board--should be discouraged. In addition, as a general rule, former executives of the Company should not serve on the Board.

### 4. Selection of the Chair of the Board and Chief Executive Officer

The Board is free to choose its Chair in any way that seems best for the Company at any time. As a result, the Board does not have a policy that requires the roles of Chair of the Board and Chief Executive Officer should be separate and, if the Board determines at any time that they should be separate, whether the Chair of the Board should be selected from the non-employee directors or be an employee of the Company.

### 5. Board Size

To ensure independence and to provide the breadth of needed expertise and diversity on the Board, the Board is to be comprised of between 7 and 12 members. Directors are selected on the basis of their qualifications and the needs of the Company. The Board periodically reviews its size and makes appropriate adjustments.

### 6. Term Limits/Mandatory Retirement

The Board does not believe that it should establish term limits for Directors. Although term limits can promote the inclusion on the Board of people with new perspectives, the process described in Section 2 can achieve the same result. Moreover, term limits have the disadvantage of arbitrarily causing the Company to lose the contributions of Directors who have been able to develop, over a period of time, increasing insight into the Company and its operations, thereby increasing their contributions to the Board and the Company.

The Board has determined, however, that Directors must retire at the Annual Meeting of Shareholders following their 72nd birthdays.

The Board does not believe that non-employee Directors who retire or change the positions they held when they became members of the Board should necessarily leave the Board. In that event, the Nominating and Governance Committee will review the continued appropriateness of Board membership and the affected Director will be requested and expected to act in accordance with the Nominating and Governance Committee's recommendation.

7. Executive Sessions of Independent Directors

The Independent Directors of the Board meet in Executive Session at such times as they may determine. The Chair of any Board Committee may call such a meeting if he or she concludes it is appropriate. The Chair of the Committee calling the meeting is responsible for developing the agenda and chairing such session of the Independent Directors.

8. Board Meetings and Agendas

The Chairman of the Board establishes the agenda for each Board Meeting. Each Board member is free to suggest the inclusion of item(s) on the agenda. The Board meets at least six times each year.

9. Board Materials and Presentations

Information that is important to the Board's understanding of the business to be conducted at the meeting should be distributed in writing or electronically to the Board before each Board meeting. In addition, presentations on specific subjects should generally be sent to Directors in advance to allow Directors to familiarize themselves with the subject matter before the Board meeting, thus conserving Board meeting time and allowing discussion time to focus on questions that the Directors have about the matters that are the subject of the presentations.

10. Attendance of Non-Directors at Board Meetings

It is Board policy that executive officers and other members of senior management who report directly to the Chief Executive Officer be present at Board meetings. The Board encourages such executive officers and senior management to cause to make presentations, or to include in discussions at Board meetings managers and other employees who (a) can provide insight into the matters being discussed because of their functional expertise and/or personal involvement in such matters, and/or (b) are individuals with high potential whom such executive officers and senior management believe the Directors should meet and have the opportunity to evaluate.

11. Number, Structure and Independence of Committees

The current Committees of the Board are the Executive Committee, the Nominating and Governance Committee, the Audit Committee and the Compensation Committee. The Board evaluates and determines the circumstances under which to form new Committees. Committee membership consists only of Independent Directors, except that (a) in all cases the Chairman of the Board is a member of the Executive Committee, and (b) in appropriate circumstances the Board may determine otherwise. The Chief Executive Officer recommends the Chairs of Board Committees to the Nominating and Governance Committee, which, after consideration of such recommendations, makes recommendations for approval by the Board.

12. Rotation and Assignment of Committee Members

It is the sense of the Board that consideration should be given to rotating Committee Chairs and members periodically at approximately five-year intervals, except where a Director's specific expertise or the requirements of applicable rules or regulations of the Internal Revenue Service, the United States Securities and Exchange Commission or any exchange on which shares of the common stock of the Company are traded require otherwise. Notwithstanding the foregoing, the Board has not made rotation a mandated policy since circumstances may warrant a Director's serving on a Committee for a different period.

13. Committee Meeting Frequency, Length and Agenda

Unless otherwise provided in the Charter of a Committee, each Committee Chair, in consultation with his or her Committee's members, determines the frequency and length of the meetings of the Committee. The Chair of the Committee, in consultation with appropriate members of management, develops the Committee's agenda. Each Committee periodically reports to the full Board on its actions and recommendations.

14. Internal Controls

The Board has overall responsibility for overseeing management's reporting of operating and other results of the Company. In order effectively to fulfill this responsibility the Board, through the Audit Committee, monitors the effectiveness of the Company's financial and reporting systems and internal controls. Senior management of the Company, with the review of the Audit Committee and the Board, is responsible for the design of systems and controls that provide reasonable assurance against material misstatement or loss. These systems and controls are intended to enable the timely identification of problems that require the attention of senior management, the Audit Committee and/or the Board.

The performance of the Company is monitored through annual operating and capital budgets established by management and reviewed by the Board. Management also provides reports to the Audit Committee on a basis established by the Audit Committee with respect to issues affecting the Company in areas such as legal and regulatory compliance and tax matters. The Company's independent accountants review and test the Company's systems and controls to the extent necessary to render opinions on the Company's financial statements.

15. Evaluation of Board Performance

The Board assesses its performance periodically but no less than biennially. This assessment includes an evaluation of the Board's performance as a whole and with respect to specific areas that the Board and/or senior management has previously identified. The Board's assessment is designed to increase the effectiveness of the Board. The Nominating and Governance Committee is responsible for establishing procedures for conducting this evaluation.

16. Evaluation of Committee Performance

Each Committee should annually assess its performance to confirm that it is meeting its responsibilities under its Charter. In this review, the Committee should consider, among other things, (a) the appropriateness of the scope and content of its Charter, (b) the appropriateness of matters presented for information and approval, (c) the sufficiency of time for consideration of agenda items, (d) frequency and length of meetings, and (f) the quality of written materials and presentations.

17. Board Compensation

In order to align the interests of the Directors and the shareholders of the Company, a meaningful portion of each Director's compensation should be provided in shares of common stock of the Company. The Board believes that management is an effective monitor of trends and changes in board compensation practices, and thus management presents recommendations for changes in Board compensation to the Nominating and Governance and Compensation Committees. Either management or either of such Committees may retain an experienced independent compensation consultant to assist it in developing or evaluating management recommendations. Changes in Board compensation are recommended to the Board by the Compensation Committee and may only take place after full discussion and concurrence by the Board. Only non-employee Directors receive payment for Board service.

18. Board Relationship with/Access to Management

The management of the business of the Company is conducted by or under the supervision of the Chief Executive Officer. In order for the Board to fulfill its oversight responsibilities, Directors have access to the Company's management, including the Chief Executive Officer, and to information about the operations and business of the Company.

19. Board Communication with Third Parties

The Board believes that management speaks for the Company. Directors receiving inquiries from third parties with respect to the business or activities of the Company are to refer them to the Chief Executive Officer or his designee.

20. Evaluation of the Chief Executive Officer

The Independent Directors evaluate the Chief Executive Officer annually. The Nominating and Governance Committee establishes the procedure to be used each year for such evaluation. That process includes a self-assessment written by the Chief Executive Officer and provided to all of the Independent Directors as part of their evaluation. The Independent Directors' evaluation is based on objective criteria including the performance of the business, accomplishment of annual and long-term strategic objectives, development of management, and other criteria established by the Independent Directors and communicated to the Chief Executive Officer at or near the beginning of the period being evaluated. The Chairs of the Nominating and Governance and Compensation Committees communicate the results of the evaluation to the Chief Executive

Officer. The Compensation Committee uses the completed evaluation when considering the compensation of the Chief Executive Officer.

21. Succession Planning/Management Development

The Chief Executive Officer submits reports to the Board at least annually on succession planning and management development, particularly with respect to the executive officers and other senior managers who report to him or her. The Chief Executive Officer should at all times have identified to the Board a recommended successor should the Chief Executive Officer be unable to fulfill his or her responsibilities. The selection of the Chief Executive is the responsibility of the Independent Directors based on a procedure, including a succession plan, developed and recommended to the Board by the Nominating and Governance Committee.

22. Oversight of the Board

The Board is responsible for assuring that it complies with, and performs its duties in accordance with, the foregoing Guidelines. The Nominating and Governance Committee reviews these Guidelines annually and makes any suggested changes to the Independent Directors, who consider such recommendations and make such changes as they deem appropriate.

INTERNATIONAL FLAVORS & FRAGRANCES INC.

CHARTER OF THE NOMINATING AND GOVERNANCE COMMITTEE

OF THE BOARD OF DIRECTORS

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(as adopted May 7, 2002)

1. Purpose.

The Nominating and Governance Committee (the "Committee") of the Board of Directors (the "Board") of International Flavors & Fragrances Inc. (together with its subsidiaries, the "Company") is responsible for (i) assisting the Board in determining the desired experience, mix of skills and other qualities to assure appropriate Board composition, taking into account the current Board members and the specific needs of the Company and the Board; (ii) identifying highly qualified individuals meeting those criteria to serve on the Board; (iii) proposing to the Board a slate of nominees for election by the shareholders at the Annual Meeting of Shareholders and prospective director candidates in the event of the resignation, death or retirement of directors or a change in Board composition requirements; (iv) reviewing candidates recommended by shareholders for election to the Board; (v) developing plans regarding the size and composition of the Board and its Committees; (vi) reviewing management succession plans; and (vii) monitoring and making recommendations to the Board with respect to corporate governance issues.

In performing its duties, the Committee maintains effective working relationships with the Board and the Company's management.

2. Membership.

The Committee is comprised of at least three members, including a Chair, all of whom are "Independent Directors", as defined in the Board's Corporate Governance Guidelines, and selected by and serve at the pleasure of the Board. The Board may designate one or more Directors as alternate members of the Committee, who may replace any absent or disqualified member or members at any meetings of the Committee. No person may be made a member of the Committee if his or her service on the Committee would violate any restriction on service imposed by any rule or regulation of the United States Securities and Exchange Commission or any exchange on which shares of the common stock of the Company are traded.

3. Meetings.

The Committee meets as necessary, but at least once each year, to enable it to fulfill its responsibilities. The Committee may ask members of management or others whose advice and counsel are relevant to the issues then being considered by the Committee, to attend any meetings and to provide such pertinent information as the Committee may request. The

Committee reports its actions to the Board, and keeps written minutes of its meetings, and the minutes are recorded or filed with the books and records of the Company.

#### 4. Committee Responsibilities.

The Committee has the following responsibilities:

##### Board Candidates and Nominees

- a. To develop criteria for the selection of new directors and nominees for vacancies on the Board, including procedures for reviewing potential nominees proposed by shareholders;
- b. To review with the Board the desired experience, mix of skills and other qualities to assure appropriate Board composition, taking into account the current Board members and the specific needs of the Company and the Board;
- c. with the input of the Chief Executive Officer, to recommend to the Board qualified candidates for the Board who bring the backgrounds, knowledge, experience, skill sets and expertise that would strengthen and increase the diversity of the Board;
- d. To review the suitability for continued service as a Director of each Board member when he or she has a significant change in status, such as an employment change, and recommending whether or not the Director should be re-nominated;
- e. To review and consider the compensation and benefits of Directors who are not employees of the Company and to recommend to the Compensation Committee any changes that the Committee deems appropriate;
- f. To consider the recommendations of the Chief Executive Officer for the appointment of the other executive officers, including any replacements between annual appointment dates, and to recommend to the Board the appointment of the executive officers other than the Chief Executive Officer; and
- g. To work with senior management to provide an orientation and education program for Directors.

##### Board and Committees

- a. To review periodically the size of the Board and recommend to the Board changes as appropriate;
- b. To establish and review policies pertaining to the roles, responsibilities, retirement age, tenure and removal of directors;
- c. To review periodically, with the participation of the Chief Executive Officer, all Board Committees and recommend to the Board changes, as appropriate, in the number, responsibilities, membership and Chairs of the Committees; and
- d. To recommend that the Board establish such special committees as may be necessary or appropriate to address ethical, legal or other matters that may arise.



#### Board and Chief Executive Officer Evaluation and Management Development

- a. To develop and review periodically a process for and to conduct, not less frequently than biennially, an evaluation of the effectiveness of the Board as a whole;
- b. To develop and review periodically a process for an annual evaluation by the Board of the performance of the Chief Executive Officer and to have the Committee Chair review with the Chief Executive Officer, together with the Chair of the Compensation Committee, the results of the Board evaluation of the performance of the Chief Executive Officer;.
- c. To review the Company's management development program to help assure proper management succession planning; and
- d. To review the Chief Executive Officer's recommendations, and to make recommendations to the Board, for elected officer positions.

#### Corporate Governance

To review periodically the Company's Corporate Governance Guidelines to assure that they reflect best practices and are appropriate for the Company, and to assist the Board in achieving such best practices.

The Committee annually assesses its performance to confirm that it is meeting its responsibilities under this Charter. In this review, the Committee considers, among other things, (a) the appropriateness of the scope and content of this Charter, (b) the appropriateness of matters presented for information and approval, (c) the sufficiency of time for consideration of agenda items, (d) frequency and length of meetings, and (f) the quality of written materials and presentations. The Committee recommends to the Board such changes to this Charter as the Committee deems appropriate.

#### 5. Investigations and Studies.

The Committee may conduct or authorize investigations into or studies of matters within the Committee's scope of responsibilities as described above, and may retain, at the expense of the Company, independent counsel or other consultants necessary to assist in any such investigation or study.

INTERNATIONAL FLAVORS & FRAGRANCES INC.

CHARTER OF

THE COMPENSATION COMMITTEE OF THE BOARD OF DIRECTORS

(as adopted May 7, 2002)

1. Purpose.

The Compensation Committee (the "Committee") of the Board of Directors (the "Board") of International Flavors & Fragrances Inc. (together with its subsidiaries, the "Company") assists the Board in ensuring that a proper system of long-term and short-term compensation is in place to provide performance-oriented incentives to management, and that compensation plans are appropriate and competitive and properly reflect the objectives and performance of management and the Company. In performing its duties, the Committee maintains effective working relationships with the Board and the Company's management.

2. Membership.

The Committee is comprised of at least three members, including a Chair, all of whom are selected by, and who serve at the pleasure of, the Board. All members of the Committee must qualify as "non-employee" directors within the meaning of Rule 16b-3 under the Securities Exchange Act of 1934, as amended and must meet the "outside director" requirements of Section 162(m) of the Internal Revenue Code of 1986, as amended, and the regulations thereunder. In addition, no person may be made a member of the Committee if his or her service on the Committee would violate any restriction on service imposed by any rule or regulation of any exchange on which shares of the common stock of the Company are traded.

3. Meetings.

The Committee meets at least four times each year and more frequently if circumstances warrant. The Committee may ask members of management or others whose advice and counsel are relevant to the issues then being considered by the Committee to attend any meetings and to provide such pertinent information as the Committee may request. The Committee keeps written minutes of its meetings, and the minutes are recorded or filed with the books and records of the Company.

4. Committee Responsibilities.

The Committee has responsibility for oversight of the determination, implementation and administration of remuneration, including compensation, benefits and perquisites, of all executive officers and other members of senior management whose remuneration is the

responsibility of the Board under the Company's global authorization limits or whose remuneration the Chief Executive Officer requests the Committee to review and affirm. Such responsibility includes:

- a. To review and to make periodic recommendations to the Board as to the general compensation and benefits policies and practices of the Company;
- b. To review and adopt, and to recommend for Board and /or shareholder approval where required by applicable law, the Certificate of Incorporation, as amended, of the Company, or the Board's Corporate Governance Guidelines, compensation and benefits policies, plans and programs and amendments thereto, determining eligible employees and the type, amount and timing of such compensation and benefits;
- c. To oversee the administration of such policies, plans and programs and, on an ongoing basis to monitor them to assure that they remain competitive and within the Board's compensation objectives for executive officers and such other members of senior management;
- d. To review and affirm contractual employment and compensation arrangements with executive officers and other members of senior management who are the responsibility of the Board under the Company's global authorization limits or whose compensation the Chief Executive Officer requests the Committee to review and affirm;
- e. Pursuant to the procedure established by the Nominating and Governance Committee, and after completion of the annual Chief Executive Officer performance evaluation by the Board, to have the Committee Chair, together with the Chair of the Nominating and Governance Committee, review with the Chief Executive Officer the results of the Board evaluation of the performance of the Chief Executive Officer;
- f. To review and to make recommendations to the Board at least annually with respect to the base salary and annual and long-term incentive compensation of (i) the Chief Executive Officer, after taking into account the annual evaluation of the Chief Executive Officer referred to in clause e. above, and (ii) (upon the recommendation of the Chief Executive Officer) the other executive officers and other members of senior management who are the responsibility of the Board under the Company's global authorization limits or whose compensation the Chief Executive Officer requests the Committee to review and affirm;
- g. To report annually to the shareholders of the Company in accordance with the rules and regulations of the United States Securities and Exchange Commission;
- h. To review and consider recommendations from the Nominating and Governance Committee with respect to the compensation and benefits of Directors who are not employees of the Company and to recommend any changes to the Board that the Committee deems appropriate; and
- i. To perform such other duties as the Board may assign to the Committee.

In discharging the foregoing responsibilities, the Committee considers, as appropriate and as contemplated by Company policies, plans and programs, individual, team, business unit, regional and Company-wide performance against applicable pre-established annual and long-term

performance goals, results taking into account economic and business conditions, and comparative/competitive compensation and benefit performance levels.

The Committee annually assesses its performance to confirm that it is meeting its responsibilities under this Charter. In this review, the Committee considers, among other things, (a) the appropriateness of the scope and content of this Charter, (b) the appropriateness of matters presented for information and approval, (c) the sufficiency of time for consideration of agenda items, (d) frequency and length of meetings, and (e) the quality of written materials and presentations. The Committee recommends to the Board such changes to this Charter as the Committee deems appropriate.

5. Surveys Investigations and Studies.

The Committee may conduct or authorize investigations into or studies of matters within the Committee's scope of responsibilities as described above, including but not limited to surveys and compensation practices in relevant industries to maintain the Company's competitiveness and ability to recruit and retain highly qualified personnel, and may retain, at the expense of the Company, independent counsel or other consultants necessary to assist in any such investigation or study. The Committee must, not less frequently than biennially, conduct, with the assistance of an experienced independent compensation consultant, a survey of comparative/competitive executive officer compensation.

INTERNATIONAL FLAVORS & FRAGRANCES INC.

CHARTER OF

THE EXECUTIVE COMMITTEE OF THE BOARD OF DIRECTORS

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(as adopted May 7, 2002)

1. Purpose.

The Executive Committee (the "Committee") of the Board of Directors (the "Board") of International Flavors & Fragrances Inc. (together with its subsidiaries the "Company") may exercise all of the powers of the Board when such action is required to be taken between regular meetings of the Board and time is of the essence, as a result of which it is not practicable to convene a Special Meeting of the Board. Notwithstanding the foregoing, the Executive Committee may not exercise any power of the Board if applicable law, the Certificate of Incorporation or the By-laws of the Company or any of the provisions of this Charter prohibit the exercise of such power.

2. Membership.

The Committee is comprised of the Chairman and Chief Executive Officer, who is Chair of the Committee, and the Chairs of each of the standing Committees of the Board, currently the Audit Committee, the Compensation Committee and the Nominating and Governance Committee. The Board may designate one or more Directors as alternate members of the Committee, who may replace any absent or disqualified member or members at any meetings of the Committee. No person may be a member of the Committee if his or her service on the Committee would violate any restriction on service imposed by any rule or regulation of the United States Securities and Exchange Commission or any exchange on which shares of the common stock of the Company are traded.

3. Meetings.

The Committee meets at such times as is necessary to fulfill the Committee's purpose. Committee meetings are convened by the Chair of the Committee, in consultation with Committee members. The Committee may ask members of management, or others whose advice and counsel are relevant to the issues then being considered by the Committee, to attend any meeting and to provide such pertinent information as the Committee may request. The Committee keeps written minutes of its meetings, and the minutes are recorded or filed with the books and records of the Company.

4. Committee Responsibilities.

The Committee has all the authority of the Board; provided, however, that the Committee does not have authority with respect to the following matters:

- a. The submission to shareholders of the Company of any matter requiring shareholder approval under the New York Business Corporation Law;
- b. The filling of vacancies in the Board of Directors or in any Committee;
- c. The fixing of compensation of the Directors for serving on the Board or on any Committee;
- d. The amendment or repeal of any By-law, or the adoption of any new By-law; or
- e. The amendment or repeal of any resolution of the Board that by its terms is not so amendable or repealable.

The Committee reviews this Charter not less often than annually and recommends to the Board such changes as the Committee deems appropriate.

5. Investigations and Studies.

The Committee may conduct or authorize investigations into or studies of matters within the Committee's scope of responsibilities as described above, and may retain, at the expense of the Company, independent counsel or other consultants necessary to assist in any such investigation or study.