Section 1: 10-K (FORM 10-K)

Table of Contents

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-K

☒ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the Fiscal Year Ended December 31, 2007

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

Commission File Number 1-7626

Sensient Technologies Corporation

WISCONSIN	**39-0561070**
(State of Incorporation)	(IRS Employer Identification Number)

777 EAST WISCONSIN AVENUE
MILWAUKEE, WISCONSIN 53202-5304
(414) 271-6755
(Address of Principal Executive Offices)

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

TITLE OF EACH CLASS	NAME OF EACH EXCHANGE ON WHICH REGISTERED
Common Stock, $0.10 par value	**New York Stock Exchange, Inc.**

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☒ No ☐

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☒

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for at least the past 90 days. Yes ☒ 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 amendment to this Form 10-K. ☒

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer ☒ Accelerated filer ☐ Non-accelerated filer ☐ Smaller Reporting Company ☐

Indicate by check mark if the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act. Yes ☐ No ☒

The aggregate market value of the voting Common Stock held by non-affiliates of the Registrant as of June 30, 2007 was $1,179,372,101. For purposes of this computation only, the Registrant's directors and executive officers were considered to be affiliates of the Registrant. Such characterization shall not be construed to be an admission or determination for any other purpose that such persons are affiliates of the Registrant.

There were 47,820,632 shares of Common Stock outstanding as of February 15, 2008.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of: (1) the Company's Annual Report to Shareholders for the fiscal year ended December 31, 2007 (see Parts I, II and IV of this Form 10-K), and (2) the Company's Notice of Annual Meeting and Proxy Statement of the Company dated March 14, 2008 (see Part III of this Form 10-K).

Table of Contents

SENSIENT TECHNOLOGIES CORPORATION—FORM 10-K FOR YEAR ENDED DECEMBER 31, 2007 INDEX

PART I	3
Item 1. Business	3
General	3
Description of Business	3
Flavors & Fragrances Group	4
Color Group	4
Asia Pacific Group	5
Research and Development/Quality Assurance	5
Products and Application Activities	6
Raw Materials	6
Competition	6
Foreign Operations	7
Patents, Formulae and Trademarks	7
Employees	7
Regulation	7
Item 1A. Risk Factors	7
Item 1B. Unresolved Staff Comments	10
Item 2. Properties	10
Item 3. Legal Proceedings	14
Item 4. Submission of Matters to a Vote of Security Holders	15
Executive Officers of the Registrant	15
PART II	16
Item 5. Market for the Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities	16
Item 6. Selected Financial Data	17
Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations	17
Item 7A. Quantitative and Qualitative Disclosures about Market Risk	17
Item 8. Financial Statements and Supplementary Data	17
Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure	17
Item 9A. Controls and Procedures	17
Item 9B. Other Information	18
PART III	18
Item 10. Directors and Executive Officers of the Registrant	18
Item 11. Executive Compensation	18
Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters	18
Item 13. Certain Relationships and Related Transactions	18
Item 14. Principal Accountant Fees and Services	19
PART IV	19
Item 15. Exhibits and Financial Statement Schedules	19
Financial Statements	19
Financial Statement Schedules	19
Reports of Independent Registered Public Accounting Firms	20
Schedule II	21
SIGNATURES	22
EXHIBIT INDEX	E-1

FORWARD-LOOKING STATEMENTS

This document contains forward-looking statements that reflect management's current assumptions and estimates of future economic circumstances, industry conditions, Company performance and financial results. The Private Securities Litigation Reform Act of 1995 provides a safe harbor for such forward-looking statements. Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties and other factors that could cause actual events to differ materially from those expressed in those statements. A variety of factors could cause the Company's actual results and experience to differ materially from the anticipated results. These factors and assumptions include the pace and nature of new product introductions by the Company and the Company's customers; the Company's ability to successfully implement its growth strategies; the outcome of the Company's various productivity-improvement and cost-reduction efforts; changes in costs of raw materials, including energy; industry and economic factors related to the Company's domestic and international business; growth in markets for products in which the Company competes; industry and customer acceptance of price increases; actions by competitors; currency exchange rate fluctuations; and the matters discussed below under the heading "Risk Factors" and under Part II, including the critical accounting policies described therein. The Company does not undertake to publicly update or revise its forward-looking statements even if experience or future changes make it clear that any projected results expressed or implied therein will not be realized.

Table of Contents

PART I

Item 1. Business

General

Sensient Technologies Corporation (the “Company”) was incorporated in 1882 in Wisconsin. Its principal executive offices are located at 777 East Wisconsin Avenue, Suite 1100, Milwaukee, Wisconsin 53202-5304, telephone (414) 271-6755.

The Company is subject to the informational and reporting requirements of the Securities Exchange Act of 1934, as amended (the “Act”), and, in accordance with the Act, has filed annual, quarterly and current reports, proxy statements and other information with the Securities and Exchange Commission (the “Commission”). These reports and other information may be read and copied at the public reference facilities of the Commission at its principal offices at 100 F Street, N.E., Washington, D.C. 20549, and can also be accessed from the website maintained by the Commission at http://www.sec.gov. The public may obtain information on operations of the public reference room by calling the Commission at (800) SEC-0330.

The Company’s common stock is listed on the New York Stock Exchange under the ticker symbol “SXT.” Information about the Company may be obtained at the offices of the New York Stock Exchange, 20 Broad Street, New York, New York 10005.

The Company can also be reached at its website at www.sensient-tech.com. The Company’s web address is provided as an inactive textual reference only, and the contents of that website are not incorporated in or otherwise to be regarded as part of this annual report. The Company makes available free of charge on its website its proxy statement, its annual report on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, and amendments to these reports filed or furnished pursuant to Section 13(a) or 15(d) of the Act as soon as reasonably practicable after such documents are electronically filed with or furnished to the Commission. Charters for the Audit, Compensation and Development, and Nominating and Corporate Governance Committees of the Company’s Board of Directors, as well as the Company’s Code of Conduct, Standards of Conduct for International Employees, Code of Ethics for Senior Financial Officers, and Corporate Governance Guidelines are also available on the Company’s website, and are available in print to any shareholder, free of charge, upon request. If there are any amendments to the Code of Conduct, the Standards of Conduct, the Code of Ethics or the Corporate Governance Guidelines, or if waivers from any of them are granted for executive officers or directors, those amendments or waivers also will be posted on the Company’s website.

Description of Business

Sensient Technologies Corporation is a global manufacturer and marketer of colors, flavors and fragrances. Sensient uses advanced technologies at facilities around the world to develop specialty food and beverage systems, cosmetic and pharmaceutical systems, inkjet and specialty inks and colors, and other specialty chemicals. The Company’s customers include major international manufacturers representing some of the world’s best-known brands.

The Company’s principal products include:

- flavors, flavor enhancers and bionutrients;
- fragrances and aroma chemicals;
- dehydrated vegetables and other food ingredients;
- natural and synthetic food colors;
- cosmetic and pharmaceutical additives;
- technical colors, inkjet colors and inks, and specialty dyes and pigments; and
- chemicals for laser printing and flat screen displays.

On July 19, 2007, the Company announced an increase in its cash dividend on its common stock from an annual rate of 64 cents per share to an annual rate of 72 cents per share, commencing with the quarterly dividend paid on September 4, 2007 to shareholders of record on August 9, 2007.

The Company's operations, except for the Asia Pacific Group, are managed on a products-and-services basis. The Company's two reportable segments are the Flavors & Fragrances Group and the Color Group. The Company realigned its segments in 2005. As a result, Japan and China, previously included in the Asia Pacific Group, are now reported as part of the Flavors & Fragrances Group. Financial information regarding the Company's two reportable segments is incorporated by reference to the information set forth on pages 39 through 41 of the Company's 2007 Annual Report to Shareholders under the heading "Segment and Geographic Information."

Flavors & Fragrances Group

The Company is a global developer, manufacturer and supplier of flavor and fragrance systems for the food, beverage, pharmaceutical, personal care and household-products industries. The Company's flavor formulations are used in many of the world's best-known consumer products. Under the unified brand names of Sensient Flavors, Sensient Dehydrated Flavors and Sensient Fragrances, the Group is a supplier to multinational companies.

The Flavors & Fragrances Group produces flavor and fragrance products that impart a desired taste, texture, aroma and/or other characteristics to a broad range of consumer and other products. This Group includes the Company's dehydrated flavors business, which produces ingredients for food processors. The main products of the Group are systems products, including flavor-delivery systems, and compounded and blended products. In addition, the Group has strong positions in selected ingredient products such as essential oils, natural and synthetic flavors, and aroma chemicals. The Group serves food and non-food industries. In food industries, markets include savory, beverage, dairy, confectionery and bakery flavors. In non-food industries, the Group supplies fragrance products to the personal and home care-markets and supplies flavor products to the pharmaceuticals market.

In 2000, the Company integrated its former Dehydrated Products Division into the Flavors & Fragrances Group. Operating through its Sensient Dehydrated Flavors business, the Company believes it is the second largest producer (by sales) of dehydrated onion and garlic products in the United States. The Company is also one of the largest producers and distributors of chili powder, paprika, chili pepper and dehydrated vegetables such as parsley, celery and spinach. Domestically, the Company sells dehydrated products to food manufacturers for use as ingredients and also for repackaging under private labels for sale to the retail market and to the food service industry. In addition, Sensient Dehydrated Flavors is one of the leading dehydrators of specialty vegetables in Europe. Advanced dehydration technologies utilized by Sensient Dehydrated Flavors permit fast and effective rehydration of ingredients used in many of today's popular convenience foods.

The Flavors & Fragrances Group operates principally through the Company's subsidiaries Sensient Flavors LLC and Sensient Dehydrated Flavors LLC. The Group's principal manufacturing plants are located in California, Illinois, Indiana, Michigan, Wisconsin, Belgium, Canada, China, France, Germany, Italy, Japan, Mexico, the Netherlands, Spain and the United Kingdom.

Color Group

The Company is a developer, manufacturer and supplier of colors for businesses worldwide. The Company provides natural and synthetic color systems for use in foods, beverages and pharmaceuticals; colors and other ingredients for cosmetics and pharmaceuticals; and technical colors for industrial applications and digital imaging.

The Company believes that it is one of the world's largest producers (by sales) of synthetic and natural colors, and that it is the world's largest manufacturer (by sales) of certified food colors. The Company sells its synthetic and natural colors to domestic and international producers of beverages, bakery products, processed foods, confections, pet foods, cosmetics and pharmaceuticals. The Company also makes inkjet inks and other dyes and pigments used in a variety of non-food applications.

The Color Group operates principally through the Company's subsidiary Sensient Colors Inc., which has its principal manufacturing plants in Missouri, California, New Jersey, Canada, Mexico, France, Germany, Hungary, Italy, Switzerland and the United Kingdom.

The Color Group operates under the following trade names:

- Sensient Food Colors (food and beverage colors);
- Sensient Pharmaceutical Technologies (pharmaceutical colors and coatings);
- Sensient Paper Colors (paper dyes and colorants);
- Sensient Cosmetic Technologies (cosmetic colors and ingredients and systems); and
- Sensient Technical Colors (including paper colors; industrial colors for plastics, leather, wood stains, antifreeze and other uses; inkjet colors and inks; specialty inks; and display imaging).

The Company believes that its advanced process technology, state-of-the-art laboratory facilities and equipment, and a complete range of synthetic and natural color products constitute the basis for its market leadership position.

Asia Pacific Group

The Asia Pacific Group focuses on marketing the Company's diverse product line in the Pacific Rim under one name. Through its Asia Pacific Group, the Company offers a full range of products from its Flavors & Fragrances Group and Color Group, as well as products developed by regional technical teams to appeal to local preferences. Sales, marketing and technical functions are managed through the Asia Pacific Group's headquarters in Australia. Manufacturing operations are located in Australia, New Zealand and the Philippines.

The Company maintains an office for research and development, as well as sales, in Jakarta, Indonesia. Additional sales offices are located in Australia, India, Singapore and Thailand.

As indicated above, operations in China and Japan are included in the Company's Flavors and Fragrances Group.

Research and Development/Quality Assurance

The development of specialized products and services is a complex technical process calling upon the combined knowledge and talents of the Company's research, development and quality assurance personnel. The Company believes that its competitive advantage lies in its ability to work with its customers to develop and deliver high-performance products that address the distinct needs of those customers.

The Company's research, development and quality assurance personnel support the Company's efforts to improve existing products and develop new products tailored to customer needs, while providing on-going technical support and know-how to the Company's manufacturing activities. As of December 31, 2007, the Company employed approximately 447 people in research, development and quality assurance.

Expenditures for research and development related to continuing operations in calendar year 2007 were $25.7 million, compared with $24.8 million in the year ended December 31, 2006 and $26.4 million in the year ended December 31, 2005. As part of its commitment to quality as a competitive advantage, the Company holds certifications under the requirements established by the International Organization for Standardization in Geneva, Switzerland, through its ISO 9000 series of quality standards. Certified sites include Flavors & Fragrances Group plants in the United States, Spain, Italy, Mexico, Belgium, Germany, the United Kingdom, Canada, the Netherlands and France, and Color Group plants in the United States, Mexico and the United Kingdom. In December 2007, the Flavors & Fragrances Group plant in Spain received additional certification through the ISO 14001 and 18001 quality standards.

Products and Application Activities

The Company's strategic focus is on the manufacture and marketing of high-performance components that bring life to products. Accordingly, the Company devotes considerable attention and resources to the development of product applications and processing improvements to support its customers' numerous new and reformulated products. Many of the proprietary processes and formulae developed by the Company are maintained as trade secrets and under confidentiality agreements with customers.

Within the Flavors & Fragrances Group, development activity is focused on ingredients, flavors and flavor systems that are responsive to consumer trends and the processing needs of our food and beverage customers. These activities include the development of functional ingredient systems for foods and beverages, savory flavors, and ingredient systems for prepared foods and flavors and ingredients for dairy, confectionery and other applications. The Company believes that the development of yeast derivatives and other specialty ingredients also provides growth opportunities in bionutrients and biotechnology markets, such as pharmaceuticals, vitamins, vaccines and bioremediation.

Within the Color Group, development activity for food and beverage product lines is focused on value-added products derived from synthetic dyes and pigments and natural food and beverage colors and on color systems. The Company also produces a diverse line of colors and ingredients for cosmetics and pharmaceutical applications and technical colors for industrial applications, specialty chemicals for digital imaging, and photographic chemicals.

Raw Materials

The Company uses a wide range of raw materials in producing its products. Chemicals used to produce certified colors are obtained from several domestic and foreign suppliers. Raw materials for natural colors, such as carmine, beta-carotene, annatto and turmeric, are purchased from overseas and U.S. sources. In the production of flavors and fragrances, the principal raw materials include essential oils, aroma chemicals, botanicals, fruits and juices, and are primarily obtained from local vendors. Flavor enhancers and secondary flavors are produced from yeast and vegetable materials such as corn and soybeans. Chili peppers, onion, garlic and other vegetables are acquired under annual contracts with numerous growers in the western United States and Europe. The Company has expanded its sources of vegetables to include growers in China and expects to add growers in other Asian countries.

The Company believes that alternate sources of materials are available to enable it to maintain its competitive position in the event of an interruption in the supply of raw materials from a single supplier.

Competition

All Company products are sold in highly competitive markets. While no single factor is determinative, the Company's competitive position is based principally on process and applications expertise, quality, technological advances resulting from its research and development, and customer service and support. Because of its highly differentiated products, the Company competes with only a few companies across multiple product lines, and is more likely to encounter competition specific to an individual product.

- *Flavors and Fragrances.* Competition to supply the flavors and fragrances industries has taken on an increasingly global nature. Most of the Company's customers do not buy their entire flavor and/or fragrance products from a single supplier and the Company does not compete with a single supplier in all product categories. Competition for the supply of flavors and fragrances is based on the development of customized ingredients for new and reformulated customer products, as well as on quality, customer service and price. Competition to supply dehydrated vegetable products is present through several large and small domestic competitors, as well as competitors in other countries. Competition for the supply of dehydrated vegetables is based principally on product quality, customer service and price.

- *Color.* Competition in the color market is diverse, with the majority of the Company's competitors specializing in either synthetic dyes or natural colors. The Company believes that it gains a competitive advantage as the only major basic manufacturer of a full range of color products, including synthetic dyes and pigments as well as natural colors. Competition in the supply of inkjet inks is based principally upon price, quality and service, as well as product development and technical capabilities. The Company competes against a number of large and small suppliers of inkjet inks.
- *Asia Pacific.* Because of the broad array of products available to customers of the Asia Pacific Group, the Company believes that it is able to offer a wider product base than many of its competitors. Competition is based upon reliability in product quality, service and price as well as technical support available to customers.

Foreign Operations

The information appearing under the heading "Geographic Information" in Note 8 to the Consolidated Financial Statements of the Company, which appears on page 41 of the 2007 Annual Report to Shareholders, is incorporated herein by reference.

Patents, Formulae and Trademarks

The Company owns or controls many patents, formulae and trademarks related to its businesses. The businesses are not materially dependent upon patent or trademark protection; however, trademarks, patents and formulae are important to the business of the Company.

Employees

As of December 31, 2007, the Company employed 3,623 persons worldwide.

Regulation

Compliance with government provisions regulating discharges into the environment, or otherwise relating to the protection of the environment, did not have a material adverse effect on the Company's operations for the year covered by this report. Current compliance is not expected to have a material adverse effect in the next two years. Certain legal proceedings discussed in Item 3 of this Report pertain to environmental compliance. The production, packaging, labeling and distribution of certain of the products of the Company are subject to the regulations of various federal, state and local governmental agencies, in particular the U.S. Food & Drug Administration.

Item 1A. Risk Factors.

As with any business, the Company's business and operations involve risks and uncertainties. In addition to the other discussions in, and incorporated by reference in, this Report, particularly those in "Management's Discussion & Analysis of Operations & Financial Condition" incorporated by reference from pages 17 through 24 of the 2007 Annual Report to Shareholders and "Forward Looking Statements" on page 2 of this Report, the following factors should be considered:

- *In some product lines, most of our sales are made to a relatively small number of customers; if we lose any of those customers, sales and operating results could decline.*

In some of our product lines, our sales are concentrated to a small number of customers. While we do not currently have any single customer that we consider to be significant to us as a whole, the loss of a significant customer of a product line could substantially affect the sales and profitability of that line, which may cause us to need to re-evaluate that line. Those developments could affect our results.

[Table of Contents](#)

- *Many of our products are used in items for human consumption and contact. We may be subject to product liability claims and product recalls, which could negatively impact our profitability and corporate image.*

We sell flavors and colors which are used in foods, drugs, cosmetics, and other items for human consumption or contact. These products involve risks such as product contamination or spoilage, product tampering and other adulteration. We may be subject to liability if the consumption or use of our flavors and colors, or products which incorporate ingredients we manufacture, cause injury, illness or death. In addition, we or our customers may need to recall products in the event of contamination or damage.

A significant product defect, product liability judgment or product recall may negatively impact our profitability for a period of time depending on publicity, product availability, scope, competitive reaction and consumer attitudes. Even if a product liability claim is unsuccessful or is not fully pursued, the negative publicity surrounding any assertion that our products caused illness, injury or death could adversely affect our reputation with existing and potential customers and our corporate image.

- *Consolidation has resulted in customers with increased buying power, which can affect our profitability.*

Many of our customers have consolidated in recent years and we expect the combination trend to continue. These consolidations have often produced large, sophisticated customers with increased buying power who are more capable of resisting price increases. If the larger size or greater buying power of those customers results in additional negotiating strength, the prices we are able to charge could be negatively affected and our profitability could decline.

- *Intense competition may result in reduced sales and profitability.*

The industries and markets in which we operate are highly competitive. That competition can reduce both our sales and the prices at which we are able to sell our products, which can in turn negatively affect our profitability.

- *Our sales and profitability are affected by changing consumer preferences.*

Although we do not generally make or sell proprietary consumer products, many of our products are sold to companies which develop and market consumer products. Sales of these flavors, fragrances, colors and inks depend in part upon our customers' ability to identify and meet consumer preferences and their sales and marketing efforts, all of which are beyond our control. Therefore, we depend upon our customers' ability to create markets for the consumer products which incorporate many of the flavors, fragrances, colors and inks which we manufacture.

- *If we do not maintain an appropriate cost structure, our profitability could decrease.*

Our success depends in part on our ability to maintain an efficient cost structure. We regularly initiate cost-reduction measures that could impact our manufacturing, sales, operations and information systems functions. If we do not continue to manage costs and achieve additional efficiencies, or we do not successfully implement related strategies, our competitiveness and our profits could decrease.

- *Commodity and energy price increases or material shortages may reduce our profits.*

We use many different commodities as raw ingredients. We also use petroleum-based raw materials and other raw materials whose production is energy intensive. In addition, various energy sources are used in our production and distribution processes. Commodity and energy prices are subject to significant volatility caused by market fluctuations, supply and demand, currency fluctuation, production and transportation disruption, world events, and changes in governmental programs.

Table of Contents

Commodity and energy price increases will raise both our raw material costs and operating costs. We may not be able to increase our product prices enough to offset these increased costs. Increasing our prices also may reduce sales volume and related profitability.

In addition, we obtain some of the raw materials that we use from a single supplier or a limited number of suppliers, and problems with those suppliers could affect the availability of those materials. Even if there are multiple suppliers of a particular raw material, there are occasional shortages. An unavailability or shortage of a raw material could negatively affect our operations using that raw material and thus our results.

- *There are many laws and regulations applicable to our industries. Compliance with those requirements is costly to us and can affect our operations. Failure to comply could also be costly and disruptive.*

Our facilities and products are subject to many laws and regulations relating to the processing, packaging, storage, distribution, quality and safety of food, drugs and other consumer products. These laws and regulations are administered in the United States by the Department of Agriculture, the Food and Drug Administration, and other federal and state governmental agencies. We are subject to similar governmental regulation and oversight abroad. Compliance with these laws and regulations can be costly and affect our operations. Also, if we fail to comply with applicable laws and regulations, we could be subject to administrative penalties and injunctive relief, civil remedies, fines and recalls of our products.

- *Environmental compliance may be costly to us.*

Our operations are subject to extensive and increasingly stringent laws and regulations which pertain to the discharge of materials into the environment and the handling and disposition of wastes. These rules operate at both the federal and state levels in the United States, and there are analogous laws at many of our overseas locations. We are currently involved in disputes relating to compliance with environmental laws. Environmental regulations, and the potential failure to comply with them, can have serious consequences, including the costs of compliance and defense, interference with our operations, civil and administrative penalties and negative publicity.

- *Operating in foreign countries exposes us to increased risks, including foreign currency risks.*

We operate and sell our products in many foreign countries. The international aspects of our business subject us to risks that could materially impact our operating results, including: foreign exchange rate fluctuations; difficulties in staffing and managing foreign personnel in diverse cultures; transportation delays or interruptions; and the effects of international political developments, and political and economic instability. In addition, changes in policies by the United States or foreign governments could negatively affect our operating results due to changes in duties, tariffs, trade regulations, taxes or limitations on currency or fund transfers.

- *We depend on certain key personnel, and the loss or retirement of these persons may harm our business.*

Our success depends in large part on the continued service and availability of our key management and technical personnel, and on our ability to attract and retain qualified new personnel. The competition for these individuals can be significant, and the loss of key employees could harm our business. In addition, as some of these persons approach retirement age, we need to provide for smooth transitions, and our operations and results may be negatively affected if we are not able to do so.

- *We may not successfully complete and integrate future acquisitions, which could adversely affect our operating results.*

We have acquired many companies and operations in the past and may resume growth by acquisition in the future. Our future growth through acquisitions could involve significant risks that may have a material adverse effect on us. We may also be at risk for factors associated with acquisitions that the Company has made in the past. These risks include: inability to integrate successfully our acquired operations' businesses and personnel; the inability to realize anticipated synergies, economies of scale or other value; difficulties coordinating management of operations at new sites; the strain placed on our personnel, systems and resources; possible loss of an acquired business' customer base; and the loss of key employees of acquired businesses. Acquired companies may also have significant latent liabilities which may not be discovered before an acquisition or fully reflected in the price we pay.

Table of Contents

We may also need to finance future acquisitions, and the terms of any financing, and the need to ultimately repay or refinance any indebtedness, may have negative effects on us. Acquisitions also could have a dilutive effect on our financial results. Acquisitions also generally result in goodwill, which would need to be written off against earnings in the future if it becomes impaired.

- *World events and natural disasters are beyond our control and could affect our results.*

World events, such as the attacks of September 11, 2001 and their aftermath, the Iraq conflict and the situations in North Korea and Iran, can adversely affect national, international and local economies. Economies can also be affected by other events such as natural disasters, such as the recent typhoons in the Philippines, the Southeast Asian tsunami and Hurricane Katrina, or epidemics such as the avian flu. These events and conditions, which are beyond our control, could adversely affect our revenues and profitability if they affect the economy, and could particularly affect us if they occur in locations in which we or our customers have significant operations.

Item 1B. Unresolved Staff Comments.

None.

Item 2. Properties

The following table sets forth information as to the principal properties of the Company and its subsidiaries. All properties are owned except as otherwise indicated below. All facilities are considered to be in good condition (ordinary wear and tear excepted) and suitable and adequate for the Company's requirements.

LOCATION	GROUP/DIVISION	FUNCTION
UNITED STATES		
California		
Escondido	Color	Sales and R&D/inkjet products and specialty inks
Greenfield	Flavors & Fragrances	Production/dehydrated flavors
Livingston (2)	Flavors & Fragrances	Production and R&D/dehydrated flavors
Turlock	Flavors & Fragrances	Production, R&D and sales/dehydrated flavors
Illinois		
Amboy	Flavors & Fragrances	Production/ingredients and flavors
Indiana		
Indianapolis	Flavors & Fragrances	Production, sales and R&D/flavors
Michigan		
Harbor Beach	Flavors & Fragrances	Production/flavors and flavor enhancers
Missouri		
St. Louis	Color	Production, R&D and sales/food colors

Table of Contents

UNITED STATES (Continued)		
New Jersey		
South Plainfield (2) **	Color	Production, R&D and sales/cosmetic and pharmaceutical colors and ingredients
Wisconsin		
Juneau	Flavors & Fragrances	Production/flavor enhancers and extracts
Milwaukee*	Headquarters	Administrative offices
INTERNATIONAL		
Argentina		
Buenos Aires*	Color	Sales/food colors
Australia		
Keysborough	Asia Pacific	Production, R&D and sales/colors and flavors
Sydney*	Asia Pacific	Sales/food colors and flavors
Belgium		
Brussels*	Flavors & Fragrances	Production and sales/natural health ingredients
Heverlee	Flavors & Fragrances	Production and sales/ingredients and flavors
Brazil		
São Paulo*	Color	Production and sales/food colors
São Paulo*	Flavors & Fragrances	Production and sales/flavors
Canada		
Cornwall, Ontario	Flavors & Fragrances	Production/flavor enhancers and extracts
Delta, British Columbia	Flavors & Fragrances	Production/ingredients and flavors
Halton Hills, Ontario	Flavors & Fragrances	Production/ingredients and flavors
Kingston, Ontario	Color	Production and sales/food colors
Mississauga, Ontario (2)	Flavors & Fragrances	R&D and sales/flavors
Rexdale, Ontario *	Flavors & Fragrances	Production/ingredients and flavors
Tara, Ontario	Flavors & Fragrances	Production/ingredients and flavors
China		
Beijing*	Flavors & Fragrances	Sales/colors and flavors
Guangzhou*	Flavors & Fragrances	Production, R&D and sales/flavors and food and pharmaceutical colors
Hong Kong*	Flavors & Fragrances	Sales/colors and flavors
Qingdao*	Flavors & Fragrances	Production/dehydrated flavors
Shanghai*	Flavors & Fragrances	R&D and sales/colors and flavors
Costa Rica		
San Jose*	Flavors & Fragrances	Sales/flavors

INTERNATIONAL (Continued)		
Czech Republic		
Prague*	Color	Sales/food colors
England		
Kings Lynn *	Color	Production/food colors and dyes
Milton Keynes	Flavors & Fragrances	Production and sales/flavors and extracts
France		
Marchais	Flavors & Fragrances	Production/dehydrated flavors
Saint-Denis*	Color	Sales/food colors
Saint Ouen L'Aumone*	Color	Production, R&D and sales/cosmetic colors and ingredients
Strasbourg	Flavors & Fragrances	Production and sales/flavor enhancers and extracts
Germany		
Bremen *	Flavors & Fragrances	Production and sales/flavors, flavored products and essential oils
Geesthacht	Color	Production, R&D and sales/food colors
Wolfen	Color	Production, R&D and sales/specialty dyes and chemicals
Guatemala		
Guatemala City*	Flavors & Fragrances	Sales/fragrances
Hungary		
Budapest	Color	Production/food colors
India		
Mumbai*	Asia Pacific	R&D and sales/colors and flavors
Indonesia		
Jakarta*	Asia Pacific	R&D and sales/fragrances and cosmetic colors
Italy		
Milan	Flavors & Fragrances	Production, R&D and sales/flavors
Reggio Emilia (2)	Color	Production and sales/natural colors
Japan		
Osaka*	Flavors & Fragrances	Sales/flavors and colors
Hitachi	Flavors & Fragrances	Production/flavors and colors
Tokyo*	Flavors & Fragrances	R&D and sales/flavors and colors
Korea		
Seoul*	Flavors & Fragrances	Sales/flavors, colors and display-imaging chemicals
Mexico		
Celaya	Flavors & Fragrances	Production and sales/flavor enhancers and extracts
Lerma	Color	Production, R&D and sales/food and cosmetic colors
Tijuana*	Color	Production/inkjet inks
Tlalnepantla (2)*	Flavors & Fragrances	Production, R&D, distribution and sales/ingredients, flavors and fragrances

Table of Contents

INTERNATIONAL (Continued)		
The Netherlands		
Elburg	Flavors & Fragrances	Production/dehydrated flavors
Naarden	Flavors & Fragrances	Sales/food colors and dehydrated and other flavors
New Zealand		
Auckland	Asia Pacific	Production, R&D and sales/flavors
Philippines		
Manila*	Asia Pacific	Production, R&D and sales/flavors, fragrances cosmetic ingredients and color blending
Poland		
Warsaw*	Color	Sales/food colors
Romania		
Morazia*	Color	Sales/food colors
Serbia		
Zenta	Color	Sales/food colors
Singapore		
Singapore*	Asia Pacific	R&D and sales/food colors and flavors
South Africa		
Johannesburg*	Color	Production and sales/food colors
Spain		
Barcelona*	Flavors & Fragrances	Sales/flavors
Granada	Flavors & Fragrances	Production, R&D and sales/fragrances and aromatic chemicals
Sweden		
Kristianstad*	Flavors & Fragrances	Sales/flavors
Switzerland		
Morges*	Color	Production, R&D and sales/ technical colors
Thailand		
Bangkok*	Asia Pacific	R&D and sales/colors and flavors
Wales		
Ceredigion	Flavors & Fragrances	Production, R&D and sales/flavors and flavor enhancers

( ) Indicates number of properties at the locations, if more than one.
* Indicates one leased property at the location.
** Indicates two leased properties at the location.

Item 3. Legal Proceedings

Superfund Claim

On July 6, 2004, the EPA notified the Company's Sensient Colors Inc. subsidiary that it may be a potentially responsible party ("PRP") under the Comprehensive Environmental Response, Compensation and Liability Act ("CERCLA") for activities at the General Color Company Superfund Site in Camden, New Jersey (the "Site"). The EPA requested reimbursement of $10.9 million in clean-up costs, plus interest. Sensient Colors Inc. advised the EPA that the Site had been expressly excluded from the Company's 1988 stock purchase of H. Kohnstamm & Company, Inc. (now Sensient Colors). The selling shareholders had retained ownership of and liability for the Site, and some became owners of General Color Company, which continued to operate there until the mid-1990s. In a letter to the EPA dated January 31, 2005, the Company outlined legal challenges to the recoverability of certain costs and urged the EPA to pursue General Color Company and related parties. The EPA subsequently informed Sensient Colors Inc. that it was unwilling to discuss these legal challenges without prior conditions. In 2006, the EPA issued a news release stating that a private developer, Westfield Acres Urban Renewal Association II, LP, pursuant to an agreement with the EPA, began redevelopment efforts at the site (construction of affordable housing) by demolishing buildings thereon. Thereafter, the EPA removed allegedly contaminated soil from the locations where the buildings once stood. Documents received pursuant to a Freedom of Information Act request indicate that the EPA incurred additional alleged response costs of approximately $4 million.

On March 16, 2007, the United States filed a complaint in the U.S. District Court in New Jersey against Sensient Colors Inc. claiming "over $16 million" in response costs allegedly incurred and to be incurred by the EPA pursuant to CERCLA. On May 21, 2007, Sensient Colors Inc. filed a motion to dismiss the complaint. The motion was fully briefed in anticipation of a July 6, 2007 motion return date. On October 30, 2007, the Court issued a memorandum opinion and order denying the motion. Sensient Colors, Inc. filed a timely answer to the complaint and a third-party complaint against the current owner and former owner and operator of the site. More recently, the United States moved to dismiss Sensient Colors Inc.'s affirmative defenses. Sensient Colors Inc. has opposed the motion and awaits the Court's determination. The Court has ordered that requests for written discovery be served by March 17, 2008, with responses to be served by May 2, 2008. The deadline for completion of all discovery is currently set for October 31, 2008. A case management conference has been scheduled for June 12, 2008. Sensient Colors Inc. intends to vigorously defend its interests in the litigation. It is evaluating, among other things, additional challenges to the EPA's right to recover its claimed response costs. The Company's legal defense costs are being paid, in part, by an insurer with a reservation of coverage rights. Litigation to resolve coverage rights is pending.

Pleasant Gardens Realty Corp. v. H. Kohnstamm & Co., et al.

The owner of Pleasant Gardens ("Property"), an apartment complex adjacent to the General Color Superfund Site, filed a complaint in New Jersey state court in November 2003 against H. Kohnstamm & Co. (now Sensient Colors Inc.), the Company, General Color Company, and unknown defendants. Plaintiff seeks to hold defendants liable, in an unspecified amount, for damages related to the alleged contamination of the Property. Plaintiff voluntarily dismissed the Company without prejudice. Sensient Colors Inc. filed an answer denying liability and asserting affirmative defenses. Limited discovery has occurred. In November 2006, the Camden Redevelopment Agency ("Agency") filed condemnation litigation against plaintiff (and other purported interested parties) to take the Property. Sensient Colors Inc. is not a party to the condemnation litigation. In advance of its filing, the Agency notified plaintiff that its appraiser had assessed the fair market value of the Property at $7.7 million and that its environmental consultant had estimated the costs for environmental cleanup, purportedly to meet requirements of the New Jersey Department of Environmental Protection ("DEP"), at $7.5 million. Sensient Colors Inc. and plaintiff have pursued a reduction in the scope and cost of the Agency's proposed environmental cleanup in meetings with the DEP, the Agency and another party involved in the condemnation, the New Jersey Schools Construction Corporation ("NJSCC"). On March 29, 2007, plaintiff filed an amended complaint naming the Agency, the NJSCC and the DEP as additional defendants in furtherance of this effort. On April 20, 2007, Sensient Colors Inc. filed its answer to the amended complaint, including cross claims against these newly added parties. The Agency, the DEP and the New Jersey Schools Development Authority ("NJSDA") (which replaced the NJSCC as a state agency effective August 7, 2007) each filed answers, cross-claims and counter-claims; Sensient Colors Inc. has responded to all three cross-claims. Fact discovery is on-going. A case management conference has been scheduled for March 3, 2008 to establish a schedule for, among other things, expert discovery. To the extent that there is a reduction in the condemnation value of the Property due to the Agency's remediation of contamination for which Sensient Colors Inc. is allegedly responsible, such reduction may become a part of the damages claimed by plaintiff.

Table of Contents

Kuiper et al. v. Sensient Flavors Inc. et al.

In late January 2006, the Company's subsidiary, Sensient Flavors Inc., certain other flavor manufacturers, a flavor industry trade association and its management company were sued in the Federal District Court for the Northern District of Iowa, Western Division, by Ronald Kuiper and his spouse, Conley Kuiper. Mr. Kuiper claims that while working at the American Popcorn Company in Sioux City, Iowa, he was exposed to butter flavoring vapors that caused injury to his respiratory system. Ms. Kuiper's claim is for loss of consortium. The allegations of this complaint are virtually identical to those contained in another complaint that was filed against Sensient Flavors Inc., involving another worker at the same facility. That lawsuit was ultimately dismissed and Sensient Flavors Inc. paid nothing to the plaintiff. In late October of 2007, Sensient settled the Kuipers' claim for a confidential amount with Sensient making no admission of liability.

Gill et al. v. Sensient Flavors Inc. et al.

On August 2, 2007, the Company's subsidiary, Sensient Flavors Inc., certain other flavor manufacturers, certain manufacturers of the chemical diacetyl, and a flavor industry trade association were sued in the Marion County State Court in Indianapolis, Indiana, by Sarah Gill, Judy and Wayne Hults, Shelly Moore, Matthew Niebauer, Terry Reynolds, and Betty and Paul Stapleton. Plaintiffs Gill, Judy Hults, Moore, Niebauer, Reynolds and Betty Stapleton claim that while working at the Weaver Popcorn Company of Van Buren, Indiana, they were exposed to vapors from butter flavoring and other products that contain the chemical diacetyl. They allege that this exposure caused injury to their respiratory systems. Wayne Hults and Paul Stapleton's claims are for loss of consortium. The allegations of this complaint are virtually identical to those contained in other complaints that have been filed against Sensient Flavors Inc., in other jurisdictions over the use of diacetyl in butter flavoring for microwave popcorn. The defendants, including Sensient Flavors Inc., removed the matter to Federal Court and filed motions for dismissal. An analysis of its sales records by Sensient Flavors Inc. reveals that it did not sell any diacetyl containing products to the Weaver Popcorn facility. By order dated January 15, 2008, the District Court dismissed Sensient Flavors Inc. from the case, without prejudice.

The Company is involved in various other claims and litigation arising in the normal course of business. In the judgment of management, which relies in part on information from Company counsel, the ultimate resolution of these actions will not materially affect the consolidated financial statements of the Company except as described above.

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

There were no matters submitted to a vote of security holders during the fourth quarter of the year ended December 31, 2007.

Executive Officers of the Registrant

The executive officers of the Company and their ages as of February 29, 2008 are as follows:

Name	Age	Position
Kenneth P. Manning	66	Chairman and Chief Executive Officer
Peter G. Bradley	49	President - Color Group
James J. Clarke	58	Assistant Secretary and Assistant General Counsel
John F. Collopy	38	Treasurer
Neil G. Cracknell	46	President - Flavors & Fragrances Group
Robert J. Edmonds	51	President and Chief Operating Officer
John L. Hammond	61	Vice President, Secretary and General Counsel
Richard F. Hobbs	60	Vice President and Chief Financial Officer

Table of Contents

Richard J. Malin	41	Assistant Controller
Douglas S. Pepper	55	Vice President - Administration
Stephen J. Rolfs	43	Vice President, Controller and Chief Accounting Officer

The Company has employed all of the individuals named above, in their current positions, for at least the past five years except as follows. Mr. Bradley has held his present office since July 2005 and previously served as President-Asia Pacific Group (2004-2005) and General Manager-Food Colors UK (2003-2004). Mr. Clarke has served as Assistant Secretary since October 2006 and as Assistant General Counsel since 2003 and previously practiced law in Illinois. Mr. Collopy has held his present office since October 2006, and previously served as Assistant Treasurer (February 2006 - October 2006), Director, Treasury Operations (2004-2006), and Manager, Corporate Development (1999-2004). Mr. Cracknell has held his present office since December 20, 2007 and previously served as Vice President and Deputy Group Executive of the Flavors & Fragrances Group (October 18 - December 19, 2007) and as President - Dehydrated Flavors (February 2002 - October 2007). Mr. Edmonds has held his present position since August 2007 and previously served as General Manager - Food Colors North America (July 2005 - August 2007) and as a consultant to Sensient Colors Inc. (September 2004 - July 2005) and as a Vice President for Marketing and Process Technologies of Engelhard Corporation (January 2003 - September 2004). Mr. Malin has held his present office since April 2005 and previously served as Assistant Treasurer (2001-2005). Mr. Pepper has held his current position since February 7, 2008 and previously served as Vice President - Human Resources (September 2007 - January 2008), Chief Financial Officer - Color Group (December 2005 - September 2007), and as regional Chief Financial Officer for Omnicare, Inc. (January 2000 - December 2005).

PART II

Item 5. Market for the Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

The only market in which the common stock of the Company is traded is the New York Stock Exchange. The range of the high and low sales prices as quoted in the New York Stock Exchange - Composite Transaction tape for the common stock of the Company and the amount of dividends declared for the fiscal years 2006 and 2007 appearing under "Common Stock Prices and Dividends" on page 47 of the 2007 Annual Report to Shareholders are incorporated by reference. In 2007, common stock dividends were paid on a quarterly basis, and it is expected that quarterly dividends will continue to be paid in the future.

On February 10, 2000, the Board of Directors established a share-repurchase program that authorized the Company to repurchase up to five million shares of the Company's common stock, all of which have been repurchased. On April 27, 2001, the Board of Directors authorized the repurchase of an additional five million shares. As of February 15, 2008, 2,012,990 shares had been repurchased under the latter authorization. The following table provides the specified information about share repurchases by the Company during the fourth quarter of 2007:

Period	Total number of shares purchased	Average price paid per share	Total number of shares purchased as part of publicly announced plans or programs	Maximum number of shares that may be purchased under recent plans or programs
October 2007	—	—	—	3,034,110
November 2007	47,100	$ 26.8577	47,100	2,987,010
December 2007	—	—	—	2,987,010
Total	47,100	$ 26.8577	47,100	

The number of shareholders of record on February 15, 2008 was 3,259.

On July 19, 2007, the Company announced an increase in its cash dividend on its common stock from an annual rate of 64 cents per share to an annual rate of 72 cents per share, commencing with the quarterly dividend paid on September 4, 2007 to shareholders of record on August 9, 2007.

Information regarding the Company's equity compensation plans appears in Item 12 of Part III of this annual report.

Item 6. Selected Financial Data

The selected financial data required by this item is incorporated by reference from the "Five Year Review" and the notes thereto on pages 48 and 49 of the 2007 Annual Report to Shareholders.

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

The information required by this item is set forth under "Management's Discussion & Analysis of Operations & Financial Condition" on pages 17 through 24 of the 2007 Annual Report to Shareholders and is incorporated by reference.

Item 7A. Quantitative and Qualitative Disclosures about Market Risk

The information required by this item is set forth under "Market Risk Factors" on pages 22 and 23 of the 2007 Annual Report to Shareholders and is incorporated by reference.

Item 8. Financial Statements and Supplementary Data

The financial statements and supplementary data required by this item are set forth on pages 25 through 43 and page 47 of the 2007 Annual Report to Shareholders and are incorporated by reference.

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

None.

Item 9A. Controls and Procedures

Evaluation of Disclosure Controls and Procedures. The Company carried out an evaluation, under the supervision and with the participation of management, including the Company's Chairman and Chief Executive Officer, and its Vice President and Chief Financial Officer, of the effectiveness, as of December 31, 2007, of the design and operation of the disclosure controls and procedures, as defined in Rule 13a-15(e) of the Exchange Act. Based upon that evaluation, the Company's Chairman and Chief Executive Officer, and its Vice President and Chief Financial Officer have concluded that the disclosure controls and procedures were effective as of December 31, 2007.

Management's Report on Internal Control over Financial Reporting. The management of the Company is responsible for establishing and maintaining adequate internal control over financial reporting, as defined in Rule 13a-15(f) under the Exchange Act. The Company's internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. Management has assessed the effectiveness of the Company's internal control over financial reporting as of December 31, 2007. In making its assessment of internal control over financial reporting, management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission in *Internal Control — Integrated Framework*. Based on that assessment, management has concluded that the Company's internal control over financial reporting was effective as of December 31, 2007. Management's report on internal control over financial reporting, which appears on page 44 of the 2007 Annual Report to Shareholders, is incorporated by reference.

Table of Contents

The Company’s internal control over financial reporting as of December 31, 2007, has been audited by Ernst & Young LLP, an independent registered public accounting firm. Their opinion on the Company’s internal control over financial reporting, set forth on page 46 of the 2007 Annual Report to Shareholders, is incorporated by reference.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Changes in Internal Control over Financial Reporting. There has been no change in the Company’s internal control over financial reporting during the quarter ended December 31, 2007 that has materially affected, or is reasonably likely to materially affect, the Company’s internal control over financial reporting.

Item 9B. Other Information

None.

PART III

Item 10. Directors and Executive Officers of the Registrant

Information regarding directors and officers appearing under “Election of Directors” and “Section 16(a) Beneficial Ownership Reporting Compliance” in the Proxy Statement for the Annual Meeting of Shareholders of the Company dated March 14, 2008 (“Proxy Statement”), is incorporated by reference. Additional information regarding executive officers appears at the end of Part I above, and information regarding codes of conduct and ethics for officers appears at the beginning of Part I above.

Item 11. Executive Compensation

Information relating to compensation of directors and officers is incorporated by reference from the “Director Compensation and Benefits,” “Executive Compensation,” “Equity Compensation Plan Information” and “Employment Agreements and Other Arrangements” portions of the Proxy Statement. Information relating to the Compensation and Development Committee of the Company’s Board of Directors is incorporated by reference from the third paragraph under the heading “Committees of the Board of Directors” in the Proxy Statement.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

The discussion of security ownership of certain beneficial owners and management and related stockholder matters appearing under “Principal Shareholders” in the Proxy Statement is incorporated by reference. The discussion appearing under “Equity Compensation Plan Information” in the Proxy Statement is incorporated by reference.

Item 13. Certain Relationships and Related Transactions

There are no family relationships between any of the directors or director nominees and the officers of the Company, nor any arrangement or understanding between any director or officer or any other person pursuant to which any of the nominees has been nominated. No director, nominee for director or officer had any material interest, direct or indirect, in any material business transaction of the Company or any subsidiary during the period January 1, 2007 through December 31, 2007, or in any such proposed transaction. In the ordinary course of business, the Company may engage in business transactions with companies whose officers or directors are also directors of the Company. These transactions are routine in nature and are conducted on an arm’s-length basis. The terms of any such transactions are comparable at all times to those obtainable in business transactions with unrelated persons.

Item 14. **Principal Accountant Fees and Services**

The disclosure regarding principal accountant fees and services appearing under “Audit Committee Report” in the Proxy Statement is incorporated by reference.

PART IV

Item 15. **Exhibits and Financial Statement Schedules**

Documents filed:

1 and 2: Financial Statements and Financial Statement Schedules. See below for “List of Financial Statements and Financial Statement Schedules.”

3: See Exhibit Index following this report. With the exceptions of Exhibits 4.2 and 4.3, no other instruments defining the rights of holders of long-term debt of the Company and its consolidated subsidiaries are exhibits hereto because no other debt instrument authorizes securities exceeding 10% of the total consolidated assets of the Company. The Company agrees to furnish a copy of any such instrument to the Securities and Exchange Commission upon request.

List of Financial Statements and Financial Statement Schedules

1. Financial Statements	Page Reference in 2007 Annual Report To Shareholders
The following consolidated financial statements of Sensient Technologies Corporation and subsidiaries are incorporated by reference from the Annual Report to Shareholders for the year ended December 31, 2007:	
Reports of Independent Registered Public Accounting Firms	45-46
Consolidated Balance Sheets - December 31, 2007 and 2006	26
Consolidated Statements of Earnings - Years ended December 31, 2007, 2006 and 2005	25
Consolidated Statements of Shareholders’ Equity - Years ended December 31, 2007, 2006 and 2005	28-29
Consolidated Statements of Cash Flows - Years ended December 31, 2007, 2006 and 2005	27
Notes to Consolidated Financial Statements	30-43

2. Financial Statement Schedules	Page Reference in Form 10-K
Reports of Independent Registered Public Accounting Firms	20
Schedule II - Valuation and Qualifying Accounts	21

All other schedules are omitted because they are inapplicable, not required by the instructions or the information is included in the consolidated financial statements or notes thereto.

Report of Independent Registered Public Accounting Firm

To the Board of Directors and Shareholders of
Sensient Technologies Corporation
Milwaukee, Wisconsin

We have audited the consolidated financial statements of Sensient Technologies Corporation and subsidiaries (the "Company") as of December 31, 2007 and 2006 and for the years then ended and the effectiveness of the Company's internal control over financial reporting as of December 31, 2007, and have issued our reports thereon dated February 13, 2008. Such consolidated financial statements and reports are included in your 2007 Annual Report to Shareholders and are incorporated herein by reference. Our audits also included the consolidated financial statement schedule of the Company listed in Item 15. That consolidated financial statement schedule is the responsibility of the Company's management. Our responsibility is to express an opinion based on our audits.

In our opinion, that consolidated financial statement schedule referred to above, when considered in relation to the basic consolidated financial statements taken as a whole, presents fairly in all material respects the information set forth therein.

/s/ ERNST & YOUNG LLP
Milwaukee, Wisconsin
February 13, 2008

Report of Independent Registered Public Accounting Firm

To the Board of Directors and Shareholders of Sensient Technologies Corporation
Milwaukee, Wisconsin

We have audited the consolidated statements of earnings, shareholders' equity, and cash flows of Sensient Technologies Corporation and subsidiaries (the "Company") for the year ended December 31, 2005, and have issued our report thereon dated February 17, 2006. Such consolidated financial statements and report are included in your 2007 Annual Report to Shareholders and are incorporated herein by reference. Our audit also included the consolidated financial statement schedule of the Company listed in Item 15. That consolidated financial statement schedule is the responsibility of the Company's management. Our responsibility is to express an opinion based on our audit. In our opinion, that consolidated financial statement schedule as it relates to information for the year ended December 31, 2005, when considered in relation to the basic consolidated financial statements taken as a whole, presents fairly, in all material respects, the information set forth therein.

/s/ DELOITTE & TOUCHE LLP
Milwaukee, Wisconsin
February 17, 2006

Table of Contents

Schedule II
Valuation and Qualifying Accounts (in thousands); Years Ended December 31, 2007, 2006, 2005

Valuation Accounts Deducted in the Balance Sheet From the Assets To Which They Apply	Balance at Beginning of Period	Additions Charged to Costs and Expenses	Additions Recorded During Acquisitions	Deductions (A)	Balance At End of Period
2005					
Allowance for losses:	$ 6,629	$ 2,465	$ 0	$ 1,767	$ 7,327
Trade accounts receivable					
2006					
Allowance for losses:	$ 7,327	$ 1,901	$ 0	$ 1,557	$ 7,671
Trade accounts receivable					
2007					
Allowance for losses:	$ 7,671	$ 646	$ 0	$ 4,075	$ 4,242
Trade accounts receivable					

(A) Accounts written off, net of recoveries.

Table of Contents

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

SENSIENT TECHNOLOGIES CORPORATION

/s/ John L. Hammond
John L. Hammond
Vice President, Secretary & General Counsel

Dated: February 29, 2008

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below as of February 29, 2008, by the following persons on behalf of the Registrant and in the capacities indicated.

/s/ Kenneth P. Manning
Kenneth P. Manning
Chairman of the Board and Chief Executive Officer

/s/ Richard F. Hobbs
Richard F. Hobbs
Vice President and Chief Financial Officer

/s/ Stephen J. Rolfs
Stephen J. Rolfs
Vice President, Controller and Chief Accounting Officer

/s/ Hank Brown
Hank Brown
Director

/s/ Fergus M. Clydesdale
Fergus M. Clydesdale
Director

/s/ James A.D. Croft
James A.D. Croft
Director

/s/ William V. Hickey
William V. Hickey
Director

/s/ Peter M. Salmon
Peter M. Salmon
Director

/s/ Elaine R. Wedral
Elaine R. Wedral
Director

/s/ Essie Whitelaw
Essie Whitelaw
Director

Table of Contents

SENSIENT TECHNOLOGIES CORPORATION
EXHIBIT INDEX
2007 ANNUAL REPORT ON FORM 10-K

Exhibit Number	Description	Incorporated by Reference From	Filed Herewith
3.1	Amended and Restated Articles of Incorporation adopted January 21, 1999 as amended as of April 21, 2005	Exhibit 3.1 to Quarterly Report on Form 10-Q for the quarter ended March 31, 2005 (Commission File No.1-7626)	
3.2	Amended and Restated By-Laws of Sensient Technologies Corporation as amended as of April 26, 2007	Exhibit 3.2 to Quarterly Report on Form 10-Q for the quarter ended March 31, 2007 (Commission File No.1-7626)	
4.2	Indenture dated as of November 9, 1998 between Registrant and The First National Bank of Chicago, as Trustee	Exhibit 4.1 to Registration Statement on Form S-3 dated November 9, 1998 (Commission File No. 333-67015)	
4.3	Note Purchase Agreement dated as of November 29, 2001, between the Registrant and Various Lenders	Exhibit 4.3 to Annual Report on Form 10-K for the fiscal year ended December 31, 2001 (Commission File No. 1-7626)	
4.4	Note Purchase Agreement dated as of June 27, 2006	Exhibit 10.1 to Current Report on Form 8-K dated June 27, 2006 (Commission File No. 1-7626)	
10	Material Contracts		
10.1	Management Contracts or Compensatory Plans		
10.1(a)(1)	Executive Employment Contract between Registrant and Kenneth P. Manning dated December 1, 2005 (superseded)	Exhibit 10.2 to Current Report on Form 8-K dated December 1, 2005 (Commission File No. 1-7626)	
10.1(a)(2)	Amended and Restated Executive Employment Contract dated August 17, 2007 between Registrant and Kenneth P. Manning	Exhibit 10.1 to Current Report on Form 8-K dated August 17, 2007 (Commission File No. 1-7626)	

SENSIENT TECHNOLOGIES CORPORATION
EXHIBIT INDEX
2007 ANNUAL REPORT ON FORM 10-K

Exhibit Number	Description	Incorporated by Reference From	Filed Herewith
10.1(b)	Form of Amended and Restated Change of Control Employment and Severance Agreement for Executive Officers (“Executive Change in Control Agreement”)	Exhibit 10.1(b) to Annual Report on Form 10-K for the fiscal year ended December 31, 2001 (Commission File No. 1-7626)	
10.1(b)(1)	Form of Amendment No. 1 to Executive Change in Control Agreement, dated October 14, 2004	Exhibit 10.3 to Current Report on Form 8-K dated October 14, 2004 (Commission File No. 1-7626)	
10.1(b)(2)	Form of Amendment No. 2 to Executive Change in Control Agreement, dated December 1, 2005	Exhibit 10.5 to Current Report on Form 8-K dated December 1, 2005 (Commission File No. 1-7626)	
10.1(c)	Sensient Technologies Corporation 2002 Non-Employee Directors Stock Plan	Appendix C to Definitive Proxy Statement filed on Schedule 14A on March 15, 2004 (Commission File No. 1-7626)	
10.1(d)	Universal Foods Corporation 1990 Employee Stock Plan, as amended September 10, 1998	Exhibit 10.2(d) to Annual Report on Form 10-K for the fiscal year ended September 30, 1998 (Commission File No. 1-7626)	
10.1(d)(1)	Amendment of 1990 Employee Stock Plan dated as of November 6, 2000	Exhibit 10.1(d)(1) to Annual Report on Form 10-K for the fiscal year ended December 31, 2000 (Commission File No. 1-7626)	
10.1(e)	Universal Foods Corporation 1994 Employee Stock Plan, as amended September 10, 1998	Exhibit 10.2(f) Annual Report on Form 10-K for the fiscal year ended September 30, 1998 (Commission File No. 1-7626)	
10.1 (e)(1)	Amendment of 1994 Employee Stock Plan dated as of November 6, 2000	Exhibit 10.1(e)(1) to Annual Report on Form 10-K for the fiscal year ended December 31, 2000 (Commission File No. 1-7626)	
10.1(f)	Universal Foods Corporation 1998 Stock Option Plan, as amended September 10, 1998	Exhibit 10.2(h) to Annual Report on Form 10-K for the fiscal year ended September 30, 1998 (Commission File No. 1-7626)	
10.1(f)(1)	Amendment of 1998 Stock Option Plan dated as of November 6, 2000	Exhibit 10.1(f)(1) to Annual Report on Form 10-K for the fiscal year ended December 31, 2000 (Commission File No. 1-7626)	
10.1(g)	1999 Non-Employee Director Stock Option Plan	Appendix A to Definitive Proxy Statement filed on Schedule 14A on December 17, 1999. (Commission File No. 1-7626)	

Table of Contents

SENSIENT TECHNOLOGIES CORPORATION
EXHIBIT INDEX
2007 ANNUAL REPORT ON FORM 10-K

Exhibit Number	Description	Incorporated by Reference From	Filed Herewith
10.1(g)(1)	Amendment of 1999 Non-Employee Director Stock Option Plan dated as of November 6, 2000	Exhibit 10.1(g)(1) to Annual Report on Form 10-K for the fiscal year ended December 31, 2000 (Commission File No. 1-7626)	
10.1(h)	Sensient Technologies Corporation 2002 Stock Option Plan	Appendix B to Definitive Proxy Statement filed on Schedule 14A on March 22, 2002	
10.1(h)(1)	Form of Restricted Stock Agreement thereunder	Exhibit 10.1 to Current Report on Form 8-K dated December 1, 2005 (Commission File No. 1-7626)	
10.1(i)	Amended and Restated Directors Deferred Compensation Plan	Appendix B to Definitive Proxy Statement filed on Schedule 14A on December 17, 1999 (Commission File No. 1-7626)	
10.1(i)(1)	Amendment No. 1 to the Directors Deferred Compensation Plan dated December 12, 2000	Exhibit 10.1(h)(1) to Annual Report on Form 10-K for the fiscal year ended December 31, 2000 (Commission File No. 1-7626)	
10.1(i)(2)	Amendment No. 2 to the Directors Deferred Compensation Plan, dated July 17, 2003	Exhibit 10.1 to Quarterly Report on Form 10-Q for the quarter ended June 30, 2003 (Commission File No. 1-7626)	
10. 1(j)	Amended and Restated Management Income Deferral Plan, dated December 31, 2002	Exhibit 10.1(j) to Annual Report on Form 10-K for the fiscal year ended December 31, 2002 (Commission File No. 1-7626)	
10.1(k)	Amended and Restated Executive Income Deferral Plan, dated December 31, 2002	Exhibit 10.1(k) to Annual Report on Form 10-K for the fiscal year ended December 31, 2002 (Commission File No. 1-7626)	
10. 1(l)	Amended and Restated Sensient Technologies Corporation Rabbi Trust "A" Agreement dated March 1, 2002 between the Registrant and Marshall & Ilsley Trust Company	Exhibit 10.1(k) to Annual Report on Form 10-K for the fiscal year ended December 31, 2001	
10.1(m)	Trust Agreement, including Changes upon Appointment of Successor Trustee dated as of February 1, 1998 between Registrant and Firstar Bank, Milwaukee, N.A. ("Rabbi Trust B")	Exhibit 10.2(p) to Annual Report on Form 10-K for the fiscal year ended September 30, 1998 (Commission File No. 1-7626)	
10.1(n)(1)	Amendment No. 1 to Rabbi Trust B dated January 1, 2000 between Registrant and Marshall & Ilsley Trust Company	Exhibit 10.1(m)(1) to Annual Report on Form 10-K for the fiscal year ended December 31, 2000 (Commission File No- 1-7626)	

SENSIENT TECHNOLOGIES CORPORATION
EXHIBIT INDEX
2007 ANNUAL REPORT ON FORM 10-K

Exhibit Number	Description	Incorporated by Reference From	Filed Herewith
10.1(n)(2)	Changes upon Appointment of Successor Trustee for Rabbi Trust B dated as of January 1, 2000	Exhibit 10.1(m)(2) to Annual Report on Form 10-K for the fiscal year ended December 31, 2000 (Commission File No. 1-7626)	
10.1(o)	Trust Agreement, including Changes upon Appointment of Successor Trustee, dated as of February 1, 1998 between Registrant and Firstar Bank, Milwaukee N.A. (“Rabbi Trust C”)	Exhibit 10.2(q) to Annual Report on Form 10-K for the fiscal year ended September 30, 1998 (Commission File No. 1-7626)	
10.1(o)(1)	Amendment No. 1 to Rabbi Trust C dated as of January 1, 2001 between Registrant and Marshall & Ilsley Trust Company	Exhibit 10.1(n)(1) to Annual Report on Form 10-K for the fiscal year ended December 31, 2000 (Commission File No. 1-7626)	
10.1(o)(2)	Changes upon Appointment of Successor Trustee for Rabbi Trust C dated as of January 1, 2001	Exhibit 10.1(n)(2) to Annual Report on Form 10-K for the fiscal year ended December 31, 2000 (Commission File No. 1-7626)	
10.1(p)	Amended and Restated Sensient Technologies Corporation Incentive Compensation Plan for Elected Corporate Officers dated as of February 12, 2004	Appendix D to Definitive Proxy Statement filed on Schedule 14A on March 15, 2004 (Commission File No. 1-7626)	
10.1(q)	Form of Management Incentive Plan for Group and Division Presidents	Exhibit 10.2 (s) to Annual Report on Form 10-K for the fiscal year ended September 30, 1998 (Commission File No. 1-7626)	
10.1(q)(1)	Amendment No. 1 to the Management Incentive Plan for Group and Division Presidents dated December 12, 2000	Exhibit 10.1(p)(1) to Annual Report on Form 10-K for the fiscal year ended December 31, 2000 (Commission File No. 1-7626)	
10.1(r)	Form of Management Incentive Plan for Corporate Management	Exhibit 10.2(t) to Annual Report on Form 10-K for the fiscal year ended September 30, 1998 (Commission File No. 1-7626)	

SENSIENT TECHNOLOGIES CORPORATION
EXHIBIT INDEX
2007 ANNUAL REPORT ON FORM 10-K

Exhibit Number	Description	Incorporated by Reference From	Filed Herewith
10.1(r)(1)	Amendment No. 1 to Management Incentive Plan for Corporate Management dated December 12, 2000	Exhibit 10.1(q)(1) to Annual Report on Form 10-K for the fiscal year ended December 31, 2000 (Commission File No. 1-7626)	
10.1(s)	Form of Management Incentive Plan for Group and Division Management	Exhibit 10.2(u) to Annual Report on Form 10-K for the fiscal year ended September 30, 1998 (Commission File No. 1-7626)	
10.1(s)(1)	Amendment No. 1 to Management Incentive Plan for Group and Division Management dated December 12, 2000	Exhibit 10.1(r)(1) to Annual Report on Form 10-K for the fiscal year ended December 31, 2000 (Commission File No. 1-7626)	
10.1(t)	Form of Agreement for Executive Officers (Supplemental Executive Retirement Plan A)	Exhibit 10.1(s) to Annual Report on Form 10-K for the fiscal year ended December 31, 2001 (Commission File No. 1-7626)	
10.1(t)(1)	Amendment No. 1 to Supplemental Executive Retirement Plan A dated October 14, 2004	Exhibit 10.1 to Current Report on Form 8 K filed October 14, 2004 (Commission File No. 1-7626)	
10.1(t)(2)	Amendment No. 2 to Supplemental Executive Retirement Plan A dated December 1, 2005	Exhibit 10.3 to Current Report on Form 8-K dated December 1, 2005 (Commission File No. 1-7626)	
10.1(u)	Form of Agreement for Executive Officers (Supplemental Executive Retirement Plan B)	Exhibit 10.1(t) to Annual Report on Form 10-K for the fiscal year ended December 31, 2001 (Commission File No. 1-7626)	
10.1(u)(1)	Amendment No. 1 to Supplemental Executive Retirement Plan B dated October 14, 2004	Exhibit 10.1 to Current Report on Form 8 K filed October 14, 2004 (Commission File No. 1-7626)	
10.1(u)(2)	Amendment No. 2 to Supplemental Executive Retirement Plan B dated December 1, 2005	Exhibit 10.4 to current Report on Form 8-K dated December 1, 2005 (Commission File No. 1-7626)	
10.1(v)	Universal Foods Corporation Supplemental Benefit Plan, including Amendment No. 1 thereto dated September 10, 1998	Exhibit 10.2(w) to Annual Report on Form 10-K for the fiscal year ended September 30, 1998 (Commission File No. 1-7626)	
10.1(v)(1)	Amendment No. 2 to Supplemental Benefit Plan dated December 12, 2000	Exhibit 10.1(u)(1) to Annual Report on Form 10-K for the fiscal year ended December 31, 2000 (Commission File No. 1-7626)	

Table of Contents

SENSIENT TECHNOLOGIES CORPORATION
EXHIBIT INDEX
2007 ANNUAL REPORT ON FORM 10-K

Exhibit Number	Description	Incorporated by Reference From	Filed Herewith
10.1(x)	Sensient Technologies Corporation 2007 Restricted Stock Plan	Appendix B to the Proxy Statement for the Annual Meeting of Shareholders of the Company dated March 15, 2007	
10.1(y)	Letter Agreement dated December 18, 2007 between Registrant and Ralph G. Pickles		X
10.1(z)	Retirement Agreement and Release dated January 14, 2008 between Registrant and Richard Carney		X
10.2(a)	Credit Agreement dated as of September 2, 2004 (superseded)	Exhibit 10.1 to Current Report on Form 8-K filed September 8, 2004 (Commission File No. 1-7626)	
10.2(b)	First Amendment to Credit Agreement dated as of August 18, 2005 (superseded)	Exhibit 10.1 to Current Report on Form 8-K dated August 18, 2005 (Commission File No. 1-7626)	
10.3	Credit Agreement dated as of June 15, 2007	Exhibit 10.1 to Current Report on Form 8-K dated June 15, 2007 (Commission File No. 1-7626)	
13.1	Annual Report to Shareholders for the year ended December 31, 2007		X
14	Code of Ethics for Senior Financial Officers	Exhibit 14 to Annual Report on Form 10-K for the fiscal year ended December 31, 2003 (Commission File No. 1-7626)	
21	Subsidiaries of the Registrant		X
23.1	Consent of Ernst & Young LLP		X
23.2	Consent of Deloitte & Touche LLP		X
31	Certifications of Sensient's Chairman and Chief Executive Officer and Vice President and Chief Financial Officer, pursuant to Rule 13a-14(a) of the Exchange Act		X
32	Certifications of Sensient's Chairman and Chief Executive Officer and Vice President and Chief Financial Officer, pursuant to 18 United States Code § 1350		X

(Back To Top)

Section 2: EX-10.1(Y) (LETTER AGREEMENT)

Exhibit 10.1(y)

December 18, 2007

Mr. Ralph G. Pickles
Bellmount Farm
Aislaby
Eaglescliffe
Stockton-on-Tees
TS16 0QJ
England

Dear Ralph,

I am writing to confirm the key features of the agreement between you and Sensient Technologies Corporation (the "Company") through the calendar year 2008. I am confident the two of us can handle any smaller issues less formally in conversations between us. As you know, this is all subject to the approval of the Executive Committee of the Company's Board of Directors, which will be meeting later this month.

(1) You will cease to be an elected officer and will become an appointed officer of the Company with the title "Vice President—Special Assistant to the Chairman" from the date of that appointment through December 31, 2008, at which time you will retire.

(2) With respect to 2007, your salary and benefits will continue through December 31, 2007, and you will receive any bonus earned under the Management Incentive Plan ("MIP").

(3) With respect to 2008, you will receive a 3% salary increase effective January 1, 2008, paid in the U.S.A. Consistent with past practice, you will continue to participate in Sensient's Supplemental Executive Retirement Plan ("SERP") and the company's UK pension plan. However, for 2008, you will not receive any MIP bonus nor will you receive any other benefits, such as a housing allowance, company car, health insurance or any expatriate benefits, except that you will be reimbursed for travel and other expenses for you and your wife to close the apartment in Indianapolis, cancel the lease and ship your possessions

back to the UK. You will continue in Sensient's UK BUPA at personal expense, consistent with past practice. You will also have access to standard Sensient tax consultants for 2007 and 2008 U.S. tax returns, at a level comparable to previous years.

(4) You will be available to provide transition-related assistance to management and will perform assignments which may be requested. You will be reimbursed for business expenses related to these activities.

(5) Subject to Sensient's prior written approval, which approval shall be in Sensient's sole discretion, you will be able to accept third party consulting projects and outside directorships.

(6) Upon your retirement, effective December 31, 2008: (a) your SERP pension will be paid to you in a lump sum as you have requested, subject to applicable law and SERP plan provisions; (b) you will be entitled to such benefits as you may have accrued under the UK pension plan; and (c) you will be entitled to all of your stock options and any restricted stock which may have vested, all in accordance, of course, with their terms.

(7) Your change of control employment and severance agreement will terminate upon approval of this Agreement by the Executive Committee and your acceptance, below.

(8) You agree to execute such documents as may be necessary to accomplish the purposes of this Agreement.

(9) This Agreement shall be governed by the internal laws of Wisconsin, excluding its conflicts of laws provisions. If a dispute requiring litigation arises under this Agreement, you hereby consent to personal jurisdiction and venue in the courts of the State of Wisconsin.

Sincerely,

/s/ Richard Carney

Accepted:

/s/ Ralph G. Pickles
Ralph G. Pickles

(Back To Top)

Section 3: EX-10.1(Z) (RETIREMENT AGREEMENT AND RELEASE)

Exhibit 10.1(z)

RETIREMENT AGREEMENT AND RELEASE

AGREEMENT made as of January 14, 2008 (the "Retirement Date"), by Richard Carney ("Mr. Carney") and Sensient Technologies Corporation (the "Company").

WHEREAS Mr. Carney will retire from his employment with the Company on August 15, 2008 (the "Retirement Date"); and

WHEREAS Mr. Carney and the Company desire to resolve all aspects of their employment relationship and to provide in writing for certain compensation and benefits to Mr. Carney in excess of those to which he would otherwise be entitled by law.

NOW, THEREFORE, IN CONSIDERATION OF the mutual promises hereinafter set forth, the sufficiency of which is hereby acknowledged, the parties agree as follows:

1. **Resignation; Retirement.** Effective as of the date hereof (the "Effective Date"), Mr. Carney resigns from the office of Vice President-Administration of the Company and becomes an employee on inactive status until the Retirement Date, at which time he will retire from the Company.

2. **Compensation and Benefits.** Subject to Mr. Carney's compliance with the terms and conditions of this Agreement, the Company will provide the compensation and benefits set forth in this Section 2. Except as set forth in this Section 2 or as required by applicable law or regulation, Mr. Carney will not receive or participate in any further compensation or benefit from the Company.

2.1 **Compensation.** For the period from the Effective Date through the Retirement Date (the "Compensation Period"), the Company will make payments to Mr. Carney at the semi-monthly rate of Twelve Thousand Seven Hundred Sixty-Two Dollars and Fifty Cents ($12,762.50), in accordance with the Company's standard payroll practices.

2.2 **Incentive Compensation Plan.** On or before February 29, 2008, Mr. Carney will be paid an amount equal to the bonus award to which he is entitled under Incentive Compensation Plan for Elected Corporate Officers (the "Incentive Plan") for fiscal year 2007. Mr. Carney shall not be eligible for any further participation in the Incentive Plan.

2.3 **Medical Benefits.** Until the Retirement Date, Mr. Carney will continue to receive medical, dental and vision coverage as provided to employees of the Company. Upon retirement, if Mr. Carney elects to receive medical, dental and vision coverage in accordance with the provisions of the Consolidated Omnibus Budget Reconciliation Act ("COBRA") for himself and his eligible dependents, that coverage will be provided at the non-employee rate during the 18-month COBRA period. Mr. Carney will be eligible to participate in medical insurance plans generally available to the Company's retirees from time to time if and to the extent permitted by the terms and conditions of such plans.

2.4 **ESOP/Savings Plan.** Mr. Carney will not be eligible to participate in the Company's contributions to the Sensient Technologies Corporation Retirement Employee Stock Ownership Plan ("ESOP") or the Sensient Technologies Corporation Savings Plan ("Savings Plan") after the Effective Date.

2.5 **Automobile.** The Company will transfer to Mr. Carney clear title to the automobile currently provided by the Company for his use, if so requested by Mr. Carney, at a purchase price equal to its fair market value as determined by the Company. On or before January 31, 2008, Mr. Carney will either pay the purchase price to the Company or return the automobile to the Company.

2.6 **Stock Options and Restricted Stock.** As of the Retirement Date, Mr. Carney's rights with respect to stock options and restricted stock will be as provided in the applicable stock option plan or restricted stock plan for employees who have terminated employment through retirement.

2.7 **SERP.** Mr. Carney will be eligible to receive retirement benefits under the Company's Supplemental Executive Retirement Plan, subject to all the terms and conditions thereof and applicable law.

2.8 **Vacation.** On the Retirement Date, the Company will pay Mr. Carney all accrued vacation pay.

2.9 **Change of Control.** Mr. Carney's rights under the Change of Control and Severance Agreement terminate as of the Effective Date.

3. **Deductions.** The Company will deduct from payments made under this Agreement any federal, state or local withholdings or other taxes or charges which the Company is from time to time required to deduct under applicable law, and all amounts payable to Mr. Carney under this Agreement are stated herein before any such deduction(s).

4. **Releases.**

Release by Mr. Carney. In consideration of the Company's agreement to provide Mr. Carney compensation and benefits in excess of those to which he would otherwise be entitled by law and of the release set forth in subsection 4.2 below, Mr. Carney, an adult individual, for himself, his heirs, personal representatives, successors and assigns, does hereby remise, release and forever discharge the Company and all its past, present and future officers, directors, agents, employees, shareholders, partners, employee benefit plans, insurers, attorneys, divisions, parent corporations, subsidiary corporations, affiliated corporations, successors, assigns and all persons acting by, through, under or in concert with any of them (such entities and individuals are referred to hereinafter collectively as the "Released Parties") of and from any and all manner of action or actions, cause or causes of action, suits, debts, covenants, contracts, agreements, judgments, executions, claims, demands and expenses (including attorneys' fees and costs) whatsoever in law or equity, whether known or unknown, which he has had, now has or may have against the Released Parties, or any of them, for or by reason of any transaction, matter, event, cause or thing whatsoever occurring prior to or on the date of this Agreement, whether

based on tort, express or implied contract, or any federal, state or local law, statute or regulation, specifically including but not limited to (i) any and all claims arising out of or related to any employment, change in control or other agreement (whether oral or written) between Mr. Carney and the Company; and (ii) any and all claims arising out of or related to Mr. Carney's employment with the Company, including but not limited to claims under the Wisconsin Family and Medical Leave Act, the Federal Family and Medical Leave Act, the Wisconsin Fair Employment Act, Title VII of the Civil Rights Act of 1964, as amended, the Age Discrimination in Employment Act of 1967, as amended, the Americans With Disabilities Act, the Civil Rights Act of 1991, and the Employee Retirement Income Security Act, as amended. Nothing in the waiver or release set forth in this subsection will be construed to constitute any waiver or release by Mr. Carney of any rights or claims under this Agreement.

Release by the Company. In consideration of the release set forth in subsection 4.1 above, and subject to the limitations stated herein, the Company does hereby remise, release and forever discharge Mr. Carney of and from any and all manner of action or actions, cause or causes of action, suits, debts, covenants, contracts, agreements, judgments, executions, claims, demands and expenses (including attorneys' fees and costs) whatsoever in law or equity, whether known or unknown, which it has had, now has or may have against him, for or by reason of any transaction, matter, event, cause or thing whatsoever occurring prior to or on the date of this Agreement, whether based on tort, express or implied contract, or any federal, state or local law, statute or regulation; provided, however, that this subsection 4.2 will not constitute a release of Mr. Carney by the Company for any liability (as defined in Wis. Stat. § 180.0850 (4)) incurred because Mr. Carney breached or failed to perform a duty he owed to the Company and the breach or failure constitutes any of the circumstances described in Wis. Stat. § 180.0851 (2)(a). Nothing in the waiver or release set forth in this subsection will be construed to constitute any waiver or release by the Company of any rights or claims under this Agreement.

5. **Entire Agreement.** This Agreement supersedes all other agreements or understandings (whether oral or written) between Mr. Carney and the Company and constitutes the entire agreement of the parties.

6. **Sole Liability.** Mr. Carney acknowledges and agrees that the compensation and benefits stated above constitute the sole liability of the Company to him and that he will have no right to receive any other compensation or benefits of any kind except as expressly set forth in this Agreement.

7. **Prohibited Activities.** To induce the Company to enter into this Agreement and to protect the Company from unfair competition, Mr. Carney (a) represents and warrants that he did not engage in any Prohibited Activities prior to the Effective Date, and (b) covenants that he will not engage in any Prohibited Activities in the future. If Mr. Carney engages in Prohibited Activities at any time, then notwithstanding any other terms of this Agreement, the Company's duty to provide the compensation and benefits identified in Section 2 above will automatically terminate and Mr. Carney agrees that he will repay to the Company as liquidated damages an amount equal to all of the compensation provided to Mr. Carney by the Company pursuant to Section 2.1 between the date of this Agreement and the date of such violation, the parties agreeing that such measure of liquidated damages is reasonable and appropriate and the amount of the damages the Company would experience as a result of Mr. Carney's breach of such obligations would not otherwise be readily calculable. The Company will provide written notice to Mr. Carney of such violation. Such remedy will be in addition to any other remedy to which the Company may be entitled. For the purposes hereof, "Prohibited Activities" means any (i) violation of the provisions of Section 8 hereof; (ii) inducement or attempted inducement of any employee, officer, director, sales representative, consultant or other personnel of the Company, to terminate his or her employment or breach his or her agreements with the Company; (iii) Disparagement, as defined in Section 19 hereof; or (iv) Adverse Litigation Assistance, as defined in Section 22 hereof.

8. **Confidential Information.** The parties agree that the Company's customer lists, long-range plans, budgets, acquisition strategies, procedures, operations, methods of operation, pricing, financial performance, techniques, formulas, marketing plans, contemplated product improvements or new product developments, computer software and programs, proprietary information and other data relating to aspects of its business (collectively, "Confidential Information") are established and protected at great expense and provide the Company with substantial competitive advantage in conducting its business. The parties further agree that by virtue of Mr. Carney's employment with the Company, he has had and has access to, and is entrusted with Confidential Information, and that the Company would suffer great loss and injury if he would disclose this information or use it to compete with the Company. Therefore, Mr. Carney agrees that he will not, directly or indirectly, either individually or as an employee, officer, agent, partner, shareholder, owner, trustee, beneficiary, co-venturer, distributor, consultant or in any other capacity, use or disclose, or cause to be used or disclosed, any Confidential Information, without the Company's consent. The restrictions set forth in this Section will apply so long as the Confidential Information has not by legitimate means become generally known and in the public domain.

9. **Company Property.** Mr. Carney warrants that on or before the Effective Date, he returned to the Company all property of the Company then in his possession, including without limitation Company credit cards, keys, security access cards, and all records, drawings, manuals, reports, files, memoranda, correspondence, financial data, vendor and customer lists, papers and documents kept or made by Mr. Carney in connection with his employment as an employee or officer of the Company, as well as any copies thereof, in whatsoever form they may be.

10. **No Admission of Liability.** It is understood and agreed that this Agreement is intended to provide for the amicable separation of Mr. Carney from employment with the Company and that neither this Agreement nor the furnishing of the consideration provided for in this Agreement will be deemed or construed at any time or for any purpose as an admission of liability by the Released Parties. Liability for any and all claims for relief is expressly denied by the Released Parties.

11. **Nondisclosure.** Mr. Carney agrees not to disclose the terms of this Agreement to any person or entity, other than his spouse, attorney or accountant, without the written consent of the Company.

12. **Acknowledgment.** Mr. Carney hereby acknowledges and agrees that the compensation and benefits provided for in this Agreement, including but not limited to the compensation and benefits described in Section 2 above, are greater than those to which he is entitled by any contract, employment policy or otherwise. Mr. Carney further acknowledges that he was and hereby is advised by the Company to consult with an attorney prior to executing this Agreement, and he was also advised by the Company that he had at least twenty-one (21) days within which to consider this Agreement.

13. **Governing Law and Forum.** This Agreement will be governed by and construed under the laws of the State of Wisconsin without regard to its conflict-of-laws principles. Mr. Carney submits to the exclusive jurisdiction and venue of the state courts located in Milwaukee County, Wisconsin and waives any objection to such jurisdiction or venue, including any objection that Milwaukee County is an inconvenient forum.

14. **Notices.** Any notice or other communication under this Agreement will be given in writing and sent by certified or registered mail, postage prepaid, or by FedEx or other overnight delivery service for next-day delivery, to the following addresses, or such other addresses as the parties shall provide in accordance with this Section 14:

(a) If to Mr. Carney, then to:

Mr. Richard Carney
389 Church Street
Burlington, WI 53105

(b) If to the Company, then to:

Mr. Doug Arnold
Director - Human Resources
Sensient Technologies Corporation
777 East Wisconsin Avenue
Milwaukee, WI 53202-5304

15. **Severability.** The provisions of this Agreement are severable. If any provision is adjudged void, unenforceable or contrary to law, it is the intention of the

parties that such provision shall not thereby be terminated, but shall be deemed amended to the extent required to render it valid and enforceable, such amendment to apply only in the jurisdiction of the court which has made such adjudication. The balance of the Agreement nonetheless will remain in full force and effect; provided, however, that if Section 7 of this Agreement is adjudged void, unenforceable or contrary to law as a result of any action initiated by or on behalf of Mr. Carney, the Company will have the option either to terminate the Agreement in its entirety, in which case the Company will be entitled to the return of all payments and benefits previously paid or provided hereunder, or to require that the balance of the Agreement remain in full force and effect.

16. **Voluntary Agreement.** Mr. Carney acknowledges that he has read this Agreement, that he is fully aware of its contents and its legal effect, that he understands all of its terms including the release contained in Section 4.1, that the preceding paragraphs recite the sole consideration for this Agreement, that all agreements and understandings between the parties are embodied and expressed herein, and that he has been afforded ample opportunity to consider this Agreement and enters into this Agreement freely, knowingly and without coercion and not in reliance upon any representations or promises made by the Company or its counsel or the Released Parties, other than those contained herein.

17. **Binding Agreement.** This Agreement will be binding upon and inure to the benefit of Mr. Carney's personal or legal representatives and heirs and will be binding upon and insure to the benefit of the Company's successors and assigns.

18. **Right to Revoke.** For a period of seven (7) days following the execution of this Agreement, Mr. Carney may revoke this Agreement, and the Agreement will not become effective or enforceable until this seven (7) day revocation period has expired.

19. **No Disparagement.** Mr. Carney represents and warrants that he has not heretofore made any comments to the media or to others in any form, including all internet message postings and all other written and oral media, that are disparaging, derogatory or detrimental to the good name or business reputation of any of the Released Parties ("Disparagement").

20. **Post-Employment Inquiries.** Mr. Carney will direct persons seeking information concerning his employment with the Company to send their inquiries, in

writing, to the attention of Mr. Doug Arnold, Director - Human Resources. In accordance with its policy, the Company will limit its response to such written inquiries to Mr. Carney's dates of employment, last position held and final rate of compensation. A copy of any written response by the Company to such an inquiry will be sent to Mr. Carney.

21. **No Reemployment or Reinstatement.** Mr. Carney waives any right to reinstatement to employment or re-employment with the Company. Mr. Carney acknowledges and agrees that neither the Company nor any of the Released Parties has any contractual or other obligation to rehire, reemploy or recall him to employment or to otherwise accept application from or consider him for employment in the future and Mr. Carney agrees that he will not apply for employment with the Company or any Released Party.

22. **No Adverse Litigation Assistance.** Mr. Carney represents and warrants that he has not provided assistance to any person in connection with any claim, lawsuit, administrative charge or other proceeding brought against any of the Released Parties ("Litigation Assistance") and that he will not do so, unless compelled by court process. Mr. Carney represents and warrants that he is not aware of any such claim or action that has been filed or is going to be filed against the Company by any present or former employee of the Company or any other party. Mr. Carney further agrees that in the event he is served with any subpoena or other legal process that may require him to take any action prohibited by Sections 7, 8 or 11 or this Section 22, Mr. Carney will within forty-eight (48) hours give written notice of said fact to the Company, with a copy of the subpoena or other legal process, and will cooperate with the Company in any lawful effort it makes to block or limit the enforceability or scope of such subpoena or other process; provided, that notice under this Section 22 may be given by facsimile with a confirming copy by overnight mail.

23. **Further Assurances.** Mr. Carney will provide such further cooperation as the Company may reasonably request from time to time in order to carry out the purposes of this Agreement and to provide for the orderly completion of tasks and transition of responsibilities.

24. **Headings.** The headings herein are for reference purposes only and will not affect in any way the meaning and interpretation of this Agreement.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first set forth above.

Sensient Technologies Corporation

/s/ Richard Carney	/s/ John L. Hammond
Richard Carney	John L. Hammond, Vice President and General Counsel

(Back To Top)

Section 4: EX-13.1 (ANNUAL REPORT TO SHAREHOLDERS FOR THE YEAR ENDED DECEMBER 31, 2007)

EXHIBIT 13.1

STRENGTH + VISION

ANNUAL —2007— REPORT

Kenneth P. Manning,
Chairman and Chief Executive Officer,
Sensient Technologies Corporation (right)

Robert J. Edmonds,
President and Chief Operating Officer,
Sensient Technologies Corporation (left)

2007

STRENGTH + VISION

Sensient's combination of innovative, technology-based products, global reach and strong leadership resulted in a year of record revenue and profits. The Company's successful strategy continues to build value for shareholders.

Sensient Technologies Corporation is a leading global developer, manufacturer and marketer of colors, flavors and fragrances. Sensient uses advanced, proprietary technologies at facilities around the world to develop food and beverage systems, cosmetic and pharmaceutical formulations, inkjet and specialty inks and colors, and other specialty chemicals.

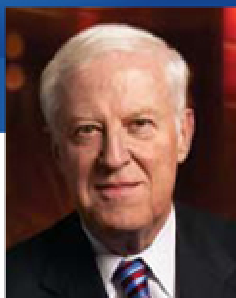
Financial Highlights

in thousands except per share, employee and shareholder data

Years ended December 31,	**2007**	**2006**	**% Change**
results of operations			
Revenue	$1,184,778	$1,098,774	7.8%
Operating Income	147,370	129,277	14.0%
Net Earnings	77,786	66,425	17.1%
per common share			
Net Earnings:			
Basic	$ 1.66	$ 1.45	14.5%
Diluted	1.65	1.44	14.6%
Dividends	0.68	0.61	11.5%
Book Value	17.10	15.12	13.1%
other information			
Capital Expenditures	$ 41,961	$ 39,314	6.7%
Depreciation and Amortization	$ 44,312	$ 43,044	2.9%
Total Debt	$ 507,108	$ 532,532	(4.8)%
Number of Employees	3,623	3,582	1.1%
Number of Shareholders of Record	3,309	3,440	(3.8)%
Average Common Shares Outstanding – Basic	46,740	45,900	1.8%
Average Common Shares Outstanding – Diluted	47,257	46,204	2.3%

letter to shareholders

2007 was a significant year for Sensient Technologies Corporation. We celebrated the Company's 125th year of business operations as we continued to strengthen and grow the Company. Sensient is prospering today and is positioned to thrive in the future.



Kenneth P. Manning
Chairman and
Chief Executive Officer

2007 Results

All of Sensient's operating Groups achieved significant revenue and profit growth in 2007. The Company's total 2007 revenue reached $1.2 billion, an increase of 7.8% over 2006 and a second consecutive year of record revenue. Net earnings were $77.8 million, an increase of 17.1% over 2006.

Sensient's strong financial position and cash flow from operating activities have provided the opportunity to pay down debt, invest in R&D and allow our shareholders to share directly in the Company's success. On July 19, 2007, the Board of Directors voted to increase the quarterly cash dividend on Sensient common stock from 16 cents per share to 18 cents per share, an increase of 12.5%.

For the year, our cash flow increased 6% to $105 million and we reduced total outstanding debt by $25.4 million. We expect to continue strengthening our balance sheet.

The Outcome of a Long-Term Strategy

In 1996, we launched a bold long-term strategy that transformed this Company. We divested commodity businesses, acquired new businesses and technologies and expanded around the globe. This strategy required fortitude, resolve and hard work at all levels of the Company.

It is clear that the Company's long-term strategy is succeeding. We have a strong product mix, a worldwide customer base and the ability to create innovative systems

used in the production of exceptional consumer products.

In 2007, a growing audience of investors and analysts took notice of our success. Investors recognized the current strength and long-term potential of Sensient and the stock price reached new record highs. It is very gratifying to me that this Company held fast to our strategy, and our investors are now seeing the rewards.

The Value of Technology

In today's global marketplace, technology, scientific expertise and intellectual property distinguish industry leaders from their competitors. At every Sensient business unit, we make technology a priority, and this enables us to create unique, higher-margin products.

Sensient's dehydrated flavors technology offers a good example. We create complex, high-performance dehydrated flavor systems that set the standard in the marketplace. Most Sensient dehydrated products begin with proprietary seed lines that produce bacteria-resistant, low-moisture raw materials. The use of satellite imagery and GPS also enhances raw material sourcing and production. Innovative processing, flavor formulation and large-scale production further extend Sensient's leadership in dehydrated flavors.

The Company's technologies also play a role in several new and fast-growing food and beverage segments. For instance, in North America and Europe, consumers increasingly want beverages that provide nutrients as well as refreshment. To meet this demand, Sensient is using proprietary extraction, encapsulation and micro-emulsion technologies to produce antioxidants, carotenoids, Omega-3 and other nutrients that can be incorporated into food and beverage systems.

New Products in a Global Marketplace

Sensient has increased revenues and margins in its traditional food and beverage business by using technology to surpass competitors and bring value to our customers. The food and beverage business also provides stability during periods of economic uncertainty.

At the same time, Sensient's ability to innovate drives growth and creates new opportunities in dynamic non-food markets. We recently developed, patented and are now marketing an innovative powder-to-cream cosmetic application technology. Sensient's new line of self-dispersing pigments improves the performance of inkjet inks. The Company's pharmaceutical technologies, including highly purified colors and coatings, provide consistency and improve efficiency for manufacturers around the globe. The Company's capabilities in fine chemical purification will create a range of new products in the coming years.

All of Sensient's new products serve a global marketplace. Rapidly growing urban centers in Asia, South America and elsewhere fuel a demand for consumer goods such as personal care and household products, fragrances and cosmetics. We see strong promise in these markets well into the future.

International Corporate Leadership

As part of our transformation, Sensient established an entirely new corporate culture. We are a unified global Company with skilled personnel at more than 70 locations in 30 nations. We draw our executives and management not only from the United States, but also from Europe, Asia, South America and Africa.

In August 2007, Sensient announced the appointment of Robert J. Edmonds as President and Chief Operating Officer. Rob has extensive international experience. He contributed significantly to the Company's success as General Manager of Sensient Food Colors, North America, and will continue to do so in his new role.

Sensient has prospered during a decade of change because we established a well-planned growth strategy and stayed the course. Shareholders who also took a long-term view have now seen their foresight rewarded. We will continue to pursue a strategy that emphasizes product development, new technologies and global expansion. I fully expect shareholders to continue reaping the benefits of this Company's strength and vision.

Sincerely,

Kenneth P. Manning
Chairman and Chief Executive Officer

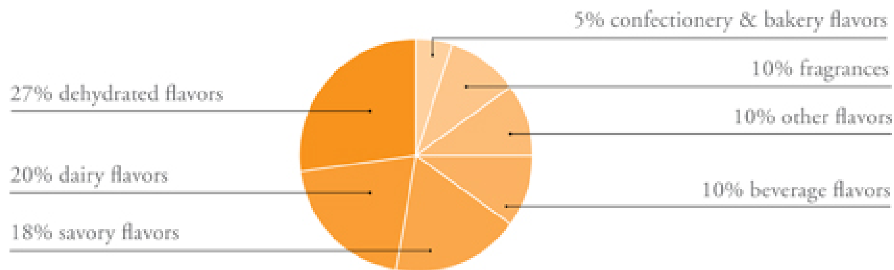
flavors & fragrances group

Sensient develops, manufactures and distributes flavor and fragrance systems that are found in thousands of consumer products worldwide. The Company's specialty systems are essential components of food, beverage, household and personal care products. Sensient's value-added flavors and fragrances enable our customers to excel in highly competitive global markets.

strategic advantages

- Worldwide facilities to meet local and multinational customer needs
- Diverse technologies to supply a wide range of market segments
- Compounding expertise to produce value-added chemical systems
- Exceptional R&D, production and logistics services

REVENUE BY PRODUCT LINE



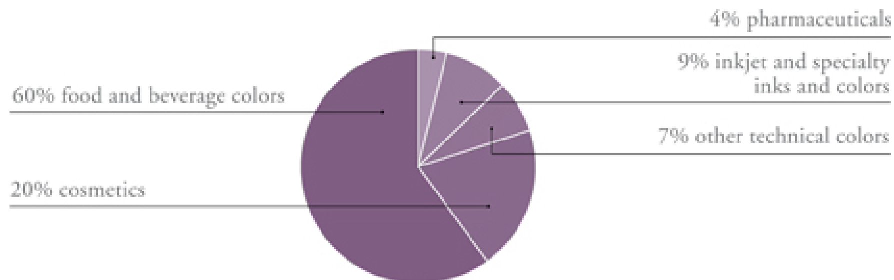
color group

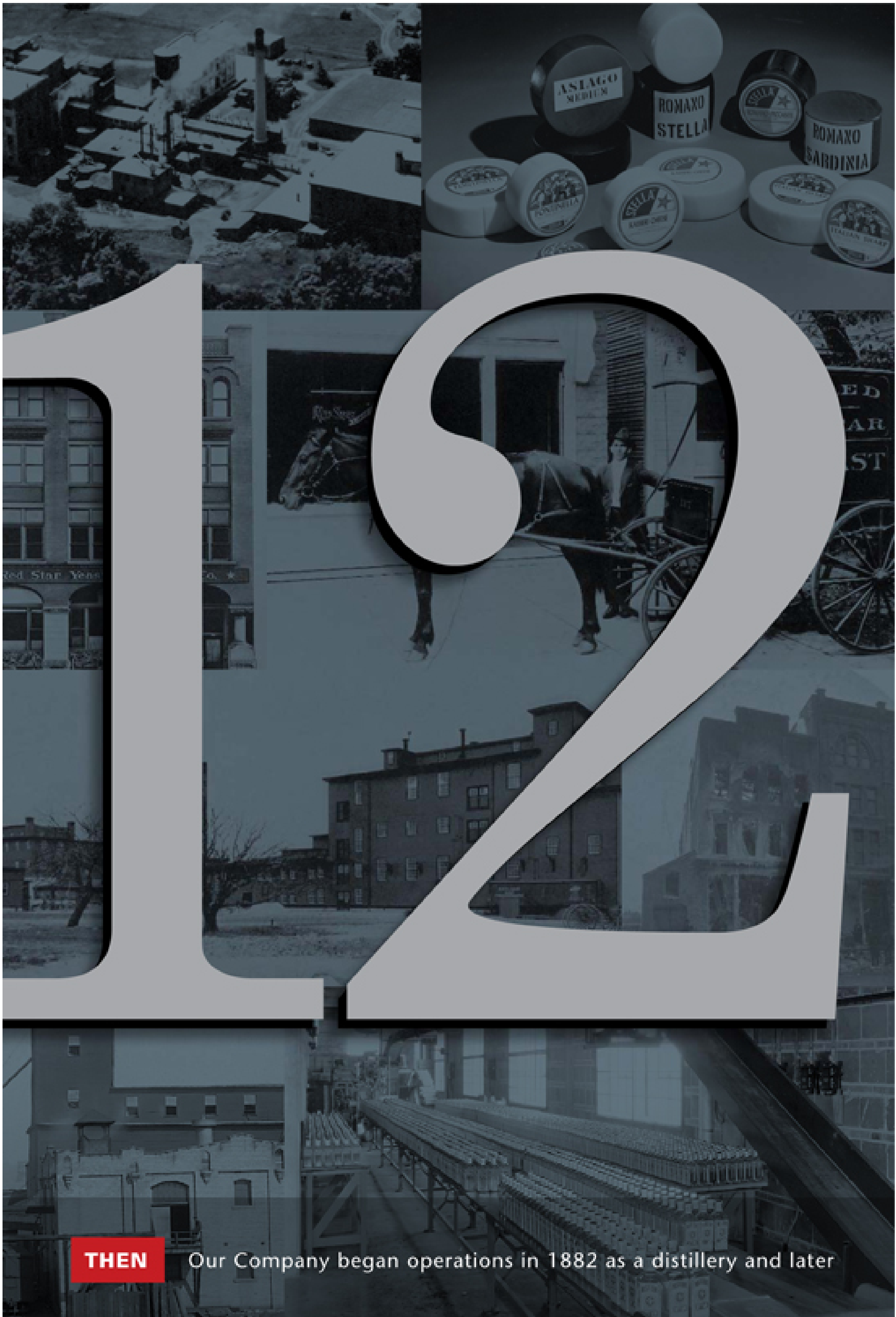
Sensient is a leading developer, producer and supplier of natural and synthetic color systems for customers around the globe. The Company's high-performance products play a central role in the manufacture of foods and beverages, cosmetics and pharmaceuticals, inkjet inks for commercial and consumer printers, and industrial colors for textiles and paper products.

strategic advantages

- A foundation of core technologies unmatched in the industry
- Broad product mix for applications in food and non-food markets
- The ability to extend product lines and develop entirely new products
- A strong presence in fast-growing, emerging markets worldwide

REVENUE BY PRODUCT LINE



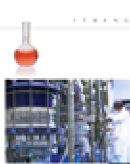

ASIAGO
MEDIUM
ROMANO
STELLA
ROMANO
SARDINIA
12
THEN
Our Company began operations in 1882 as a distillery and later

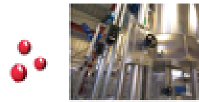
5
years
YOUR JOB
IS ESSENTIAL
GIVE US
THIS DAY
OUR DAILY
BREAD
STICK TO YOUR JOB !
HE'S DEPENDING
ON YOU TOO
STICK TO YOUR JOB
RED STAR YEAST
FOR YOUR HEALTH
BEST FOR ALL USES
EAT
RED STAR
YEAST
GENERAL OFFICES
79-83 BUFFALO STREET,
Milwaukee
expanded into commodity yeast and bulk foods that supplied a domestic market.

STRENGTH + VISION

the technology of

transformation





NOW Sensient today is a completely transformed Company. We are a leading global developer and marketer of high-performance color, flavor and fragrance systems that are found in many of the world's best-known consumer products. Our worldwide reach, unique technologies and strong leadership make Sensient a success today and position us for a bright future.

Sensient uses proprietary technologies and manufacturing processes to transform raw materials into unique value-added systems that enhance foods, beverages, cosmetics, fine fragrances and other products that are used by millions of consumers every day around the world.

state-of-the-art dehydrated flavor systems

Complex dehydrated flavor systems from Sensient enable food manufacturers around the world to develop exceptional products that stand out in the marketplace. Sensient conducts intensive research and draws on sophisticated technologies to improve our products and win new business. Today, we use proprietary seed lines, satellite crop imaging, customized agricultural equipment and innovative production technologies to extend our leadership in this market. Sensient's dehydrated flavor systems are found in soups, sauces, breading, salad dressings and many other foods.

next-generation cosmetic applications

Sensient developed, patented and is now commercializing an innovative powder-to-cream cosmetic technology. Using a sophisticated chemical engineering process, Sensient combines high-quality pigments and thickening agents to produce a fine powder that turns creamy when applied. This technology can be used in the manufacture of eye shadow, blush, foundation, face creams and other applications. The stability of the formulation enables manufacturers to incorporate fragrance without affecting performance. The end products provide a pleasant texture, blend smoothly and resist moisture.

Templar® extraction technology

Sensient continues to advance the science of extraction and to uncover new market opportunities for the Company's high-performance botanical extracts and compounds. At facilities in the United Kingdom, Sensient uses a unique liquid CO_2 extraction process that produces exceptionally pure, highly concentrated extracts that improve the performance of fine fragrances, foods and beverages. Sensient's extraction technology is also used to produce natural antioxidants that supply a growing demand for functional beverages.

Table of Contents

Management's Discussion & Analysis of Operations & Financial Condition	*17*
Consolidated Statements of Earnings	*25*
Consolidated Balance Sheets	*26*
Consolidated Statements of Cash Flows	*27*
Consolidated Statements of Shareholders' Equity	*28*
Notes to Consolidated Financial Statements	*30*
Management's Report on Internal Control Over Financial Reporting	*44*
Reports of Independent Registered Public Accounting Firms	*45*
Report of Independent Registered Public Accounting Firm on Internal Control Over Financial Reporting	*46*
Quarterly Data	*47*
Common Stock Prices and Dividends	*47*
Company Stock Performance	*47*
Five Year Review	*48*
Directors & Officers	*50*
Investor Information	*inside back cover*

Overview

During 2007, Sensient Technologies Corporation (the "Company") reported record revenue and operating income. Increases in earnings per share were reported in all four quarters of 2007 from the comparable quarters in 2006. The Flavors & Fragrances Group reported record revenue and operating profit in 2007, and the Color Group reported solid increases in revenue and operating profit. Each group increased operating margin from 2006. The Company also continued to strengthen its financial position in 2007. Cash flows from operating activities increased 6.0% to $105.2 million, which allowed the Company to reduce debt levels. Total debt was reduced by more than $25 million during 2007.

Revenue for 2007 increased 7.8% to $1.2 billion from $1.1 billion in 2006. Sensient's operating income was $147.4 million in 2007 versus $129.3 million in 2006. The primary factors driving higher operating income include the impact of higher volumes and prices in 2007 and the favorable impact of foreign currency translation. The increase in operating income as a result of these factors was partially offset by higher raw material costs. Additional information on these items is included in Results of Operations. Net earnings in 2007 were $77.8 million versus $66.4 million in 2006. Diluted earnings per share were $1.65 in 2007 compared to $1.44 per share in 2006.

Results of Operations

2007 vs. 2006

The Company's revenue for 2007 was $1.18 billion, an increase of 7.8% from $1.10 billion reported in 2006. The Flavors & Fragrances Group increased revenue by $50.3 million, or 6.9%, over 2006 to $783.7 million. Revenue for the Color Group increased 7.9% to $377.9 million from $350.2 million reported in 2006. Revenue for the Asia Pacific Group in 2007 increased 23.4%. Approximately one-half of this year's revenue increase is attributable to increased volumes and prices and the remainder is due to the impact of foreign currency translation. Additional information on Group results can be found in the Segment Information section.

The Company's gross margin increased 40 basis points to 30.6% in 2007, from 30.2% in 2006. The increase was primarily due to higher selling prices partially offset by higher raw material costs.

Selling and administrative expenses as a percent of revenue decreased to 18.1% in 2007 from 18.5% in 2006. The decrease of 40 basis points was primarily due to a greater percentage increase in revenue than expenses partially offset by higher salaries, wages and employee costs.

Operating income was $147.4 million in 2007 compared to $129.3 million in 2006. The increased operating income was attributable to the volume and pricing improvements partially offset by higher raw material costs discussed above. Changes in foreign exchange rates in 2007 versus 2006 increased operating income by $5.7 million.

Interest expense increased 1.1% to $36.1 million in 2007 from $35.7 million in 2006. The impact of higher interest rates more than offset the benefit of lower average debt outstanding in 2007.

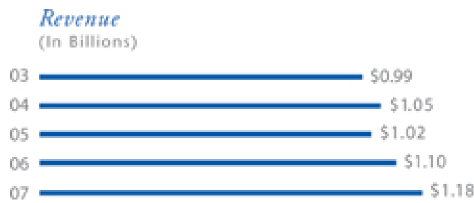
The effective income tax rate was 30.1% and 29.0% in 2007 and 2006, respectively. The effective tax rates for both 2007 and 2006 were reduced by discrete items, primarily including the favorable resolution of prior years' tax matters and the reduction of the valuation allowance related to the planned use of foreign tax losses. In addition, the 2007 reported rate was increased because of tax rate changes that reduced the future benefit of certain deferred tax assets. These net discrete items reduced the effective tax rate for 2007 and 2006 by 3.0% and 5.2%, respectively. The 2007 rate excluding discrete items decreased 110 basis points in comparison to the rate in 2006.

	2007	2006
Rate excluding discrete items	33.1%	34.2%
Discrete items	(3.0)%	(5.2)%
Reported effective tax rate	30.1%	29.0%

The effective tax rate for 2008 is expected to be approximately 33% prior to the recording of any discrete items.

Segment Information

The Company determines its operating segments based on information utilized by senior management to allocate resources and assess performance. The Company's reportable segments consist of the Flavors & Fragrances Group and the Color Group.



Flavors & Fragrances

Revenue for the Flavors & Fragrances Group for the year ended December 31, 2007, increased 6.9% to $783.7 million. The increase of $50.3 million was primarily a result of the favorable impact of currency translation ($25.0 million), increased selling prices ($14.6 million) and higher volumes ($10.7 million). The majority of the increased selling prices occurred in dehydrated and other flavors in North America. Volume increases occurred in certain North American product lines and also in Europe and Asia.

Gross margin was 26.9% in 2007, a 30 basis point increase from the 26.6% gross margin in 2006. This change was primarily a result of the increased selling prices partially offset by higher raw material costs.

Operating income of $117.3 in 2007 was an increase of 12.3% from $104.5 million in 2006. The increase in operating income was primarily due to higher sales in North America ($9.7 million) and Europe ($2.7 million) combined with the impact of foreign currency translation ($2.2 million) partially offset by lower profit in the fragrances market ($1.9 million). The increased profit in North America was primarily due to higher selling prices in dehydrated and other flavors partially offset by higher raw material costs. The increased profit in Europe was primarily attributed to higher selling prices combined with lower costs. The lower profit in fragrances was due to lower selling prices. Operating income as a percent of revenue increased 80 basis points to 15.0% from 14.2% in 2006 primarily for the reasons discussed above.

Color Revenue for the Color Group increased 7.9% to $377.9 million in 2007 from $350.2 million in 2006. The higher revenue was primarily due to increased sales of food and beverage colors in all markets ($14.5 million), increased sales of cosmetic colors ($5.1 million) and the favorable impact of foreign currency translation ($14.2 million). The increased sales of food and beverage colors and cosmetic colors were primarily due to higher volumes. These gains were partially offset by lower volumes in technical colors ($6.0 million) as a result of lower demand for inkjet inks.

Gross margin for the Color Group was 35.6% in 2007, a 30 basis point increase from the Group's 35.3% gross margin in 2006. Higher volumes combined with cost savings initiatives were the primary factors for the increase, although they were partially offset by higher raw material costs.

Operating income of $67.0 million in 2007 was an increase of 12.7% from $59.4 million in 2006. Operating income in food and beverage colors increased $2.7 million primarily due to the higher volumes. In Cosmetic Colors, higher volumes combined with lower costs increased operating income by $3.7 million. The impact of foreign currency translation increased operating profit by $2.7 million. These increases were partially offset by lower profit in technical colors ($0.9 million). The lower profits in technical colors were primarily due to lower volumes. Operating income as a percent of revenue increased 70 basis points to 17.7% from 17.0% in 2006 primarily due to the reasons described above.

2006 vs. 2005

Revenue for 2006 was $1.10 billion, an increase of 7.3% from $1.02 billion reported in 2005. Revenue for the Flavors & Fragrances Group increased by $62.8 million, or 9.4%, over 2005 to $733.4 million. The Color Group revenue increased 3.0% to $350.2 million from $339.9 million reported in 2005. The Asia Pacific Group 2006 revenue was flat with the prior year. The increase in consolidated revenue was primarily due to increased

volumes and prices, particularly in the Flavors & Fragrances Group, and the favorable impact of foreign currency translation ($9.5 million). Additional information on Group results can be found in the Segment Information section.

The Company's gross margin increased 160 basis points to 30.2% in 2006, from 28.6% in 2005. The increase was primarily due to higher sales volumes and improved mix (110 basis points) and benefits from the 2005 cost reduction program (20 basis points). Cost of products sold in 2005 also included $4.3 million of restructuring charges, which impacts the comparison of gross margin between 2006 and 2005 (40 basis points). The negative impact of increases in raw material costs in 2006 was offset by increases in selling prices.

Selling and administrative expenses as a percent of revenue decreased to 18.5% in 2006 from 18.6% in 2005. The Company's cost reduction program and increased sales contributed to a reduction in this ratio of 60 basis points and 140 basis points, respectively. The impact of higher benefit costs and performance-based incentive compensation offset approximately 160 basis points of this reduction. In addition, comparisons between the years were impacted by 40 basis points because of an expense related to an arbitration order recorded in 2005.

Operating income was $129.3 million in 2006 compared to $94.2 million in 2005. The increased operating income was attributable to the volume, pricing and cost improvements outlined above. Changes in foreign exchange rates in 2006 versus 2005 increased operating income by $1.3 million. Operating income in 2005 included restructuring and other charges of $12.8 million.

Interest expense was $35.7 million in both 2006 and 2005. The benefit of lower average debt outstanding in 2006 was offset by higher interest rates.

The effective income tax rate was 29.0% and 24.4% in 2006 and 2005, respectively. The effective tax rates for both 2006 and 2005 were reduced by discrete items, primarily including the favorable resolution of prior years' tax matters and the reduction of the valuation allowance related to the planned use of foreign tax losses. In addition, the 2005 reported rate was increased because certain costs incurred as part of the 2005 restructuring program did not generate a tax benefit. These net discrete items reduced the effective tax rate for 2006 and 2005 by 5.2% and 5.3%, respectively. The rate excluding discrete items has increased from 2005 to 2006 as a result of a reduction in tax credits and the nondeductibility of certain compensation expense due to IRS regulations.

	2006	2005
Rate excluding discrete items	34.2%	29.7%
Discrete items	(5.2)%	(5.3)%
Reported effective tax rate	29.0%	24.4%

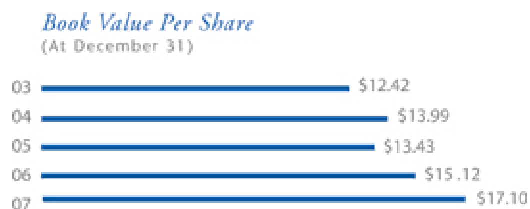
Segment Information

Flavors & Fragrances For the year ended December 31, 2006, revenue for the Flavors & Fragrances segment increased 9.4% to $733.4 million. The increase of $62.8 million was primarily as a result of increased selling prices ($33.6 million), higher volumes ($21.9 million) and the favorable impact of foreign currency translation ($7.1 million). The majority of the increased selling prices and volumes occurred in dehydrated and other flavors in North America. Volume increases also occurred in the fragrance market.

Gross margin was 26.6% in 2006, a 180 basis point increase from the 24.8% gross margin in 2005. This change was primarily a result of the increased sales prices partially offset by higher raw material and energy costs.

Operating income for 2006 increased 26.7% to $104.5 million from $82.5 million in 2005. The increase in operating income was primarily due to the higher volumes and improved pricing for dehydrated and other flavors in North America ($12.0 million) and improved costs and product mix in Europe ($6.2 million). Profit in Latin America also increased ($1.7 million) as a result

of improved selling prices and increased volumes. Operating income as a percent of revenue was 14.2%, an increase of 190 basis points from 2005. This change was primarily a result of the reasons provided above.



Color Revenue for the Color segment increased 3.0% to $350.2 million in 2006 from $339.9 million in 2005. The increase in revenue was primarily due to increased sales of food and beverage colors in all markets ($10.7 million), increased sales of cosmetic colors ($4.8 million) and the favorable impact of foreign currency translation ($1.6 million). The increased sales of food and beverage colors were primarily due to higher volumes partially offset by lower selling prices. The increased sales of cosmetic colors were primarily due to higher volumes. These gains were partially offset by lower revenue in technical colors ($6.6 million).

Gross margin was 35.3% in 2006, a 60 basis point increase from Color's 34.7% gross margin in 2005. Favorable product mix, higher volumes and benefits from the 2005 cost reduction program were the primary factors for the increase, although they were partially offset by lower prices and higher raw material costs on food and beverage colors and technical colors.

Operating income increased 9.6% in 2006 to $59.4 million from $54.2 million in 2005. Higher sales of food and beverage colors contributed $3.9 million to increased operating profit primarily due to the higher volumes and benefits from the 2005 cost reduction program partially offset by lower selling prices. Higher sales and lower raw material costs increased operating income for cosmetic colors by $3.0 million. These increases were partially offset by lower profit in technical colors ($2.2 million). The lower profits in technical colors were primarily due to lower volumes and unfavorable pricing although they were partially offset by benefits from the 2005 cost reduction program. Operating income as a percent of revenue increased 110 basis points to 17.0% from 15.9% in 2005 primarily due to the reasons described above.

Liquidity and Financial Position

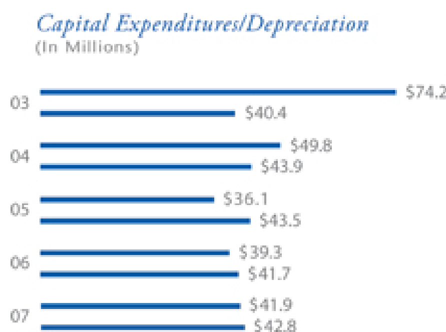
The Company's financial position remains strong, enabling it to meet cash requirements for operations, capital expansion programs and dividend payments to shareholders. The Company intends to fund working capital requirements, principal and interest payments, acquisitions (if any) and other liabilities with cash provided by operations, to the extent available, and short-term and long-term borrowings under new and existing credit facilities. The Company completed a new $300 million revolving loan agreement in June 2007 which replaced its prior $225 million facility. The new facility matures in June 2012 and is unsecured. There are currently $91.8 million of borrowings under the revolving loan agreement which were used to repay debt that matured in December 2007.

In the Consolidated Statements of Cash Flows, the changes in operating assets and liabilities are presented excluding the effects of changes in foreign currency exchange rates, as these do not reflect actual cash flows. Accordingly, the amounts in the Consolidated Statements of Cash Flows do not agree with changes in the operating assets and liabilities that are presented in the Consolidated Balance Sheets.

The Company's ratio of debt to total capital improved to 38.4% at December 31, 2007, compared to 43.1% and 47.1% at December 31, 2006 and 2005, respectively. The improvement resulted from a reduction in debt and an increase in shareholders' equity. Debt was reduced by $25.4 million since December 31, 2006, and by $46.6 million since December 31, 2005, primarily due to strong net cash provided by operating activities. The 2007 increase in shareholders' equity of $110.3 million was primarily due to net earnings and changes in other comprehensive income, partially offset by dividends paid.

Net cash provided by operating activities was $105.2 million in 2007, $99.2 million in 2006 and $110.3 million in 2005. Operating cash flow provided the primary

source of funds to finance operating needs, capital expenditures, share repurchases and shareholder dividends, and to reduce net borrowings. The increase in net cash provided by operating activities in 2007 was primarily due to an increase in net earnings.



Net cash used in investing activities was $39.2 million in 2007, $33.8 million in 2006 and $34.0 million in 2005. Cash proceeds from the sale of assets were $2.3 million in 2007, $3.3 million in 2006 and $1.1 million in 2005. Capital expenditures were $42.0 million in 2007, $39.3 million in 2006 and $36.1 million in 2005.

Net cash used in financing activities was $61.4 million in 2007, $68.7 million in 2006 and $71.2 million in 2005. The Company had net reductions in debt of $44.8 million in 2007, $43.5 million in 2006 and $28.5 million in 2005. In 2007, 2006 and 2005, the Company's net cash provided by operating activities was more than adequate to finance capital expenditures, share repurchases and dividend payments. The Company maintains debt levels it considers prudent based on its cash flows, interest coverage and percentage of total debt to total capital.

The Company has paid uninterrupted quarterly cash dividends since commencing public trading in its stock in 1962. The Company increased its quarterly dividend per share in the third quarter of 2007 to $0.18 per share from $0.16 per share. Dividends paid per share were $0.68 in 2007, $0.61 in 2006 and $0.60 in 2005. Total dividends paid were $32.0 million, $28.3 million and $28.3 million in 2007, 2006 and 2005, respectively.

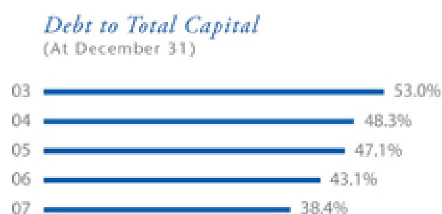
With the exception of the increase in raw material costs discussed above, the impact of inflation on both the Company's financial position and its results of operations has been minimal and is not expected to adversely affect 2008 results.

Issuer Purchases of Equity Securities

During 2007, 2006 and 2005, the Company repurchased 0.05 million, 0.2 million and 1.1 million shares, respectively, of Company stock at a total cost of $1.3 million, $3.6 million and $18.9 million, respectively. On April 27, 2001, the Board approved a share repurchase program under which the Company is authorized to repurchase up to 5.0 million shares of Company stock in addition to amounts remaining from prior Board authorizations. As of December 31, 2007, 3.0 million shares were available to be repurchased under existing authorizations. The Company's share repurchase program has no expiration date.

Critical Accounting Policies

In preparing the financial statements in accordance with accounting principles generally accepted in the U.S., management is required to make estimates and assumptions that have an impact on the asset, liability, revenue and expense amounts reported. These estimates can also affect supplemental information disclosures of the Company, including information about contingencies, risk and financial condition. The Company believes, given current facts and circumstances, that its estimates and assumptions are reasonable, adhere to accounting principles generally accepted in the U.S. and are consistently applied. Inherent in the nature of an estimate or assumption is the fact that actual results may differ from estimates and estimates may vary as new facts and circumstances arise. The Company makes routine estimates and judgments in determining the net realizable value of accounts receivable, inventories, property, plant and equipment, and prepaid expenses. Management believes the Company's most critical accounting estimates and assumptions are in the following areas:



Revenue Recognition The Company recognizes revenue (net of estimated discounts, allowances and returns) when title passes, the customer is obligated to pay the Company, and the Company has no remaining obligations. Such recognition typically corresponds with the shipment of goods.

Goodwill Valuation The Company reviews the carrying value of goodwill annually utilizing several valuation methodologies, including a discounted cash flow model. Changes in estimates of future cash flows caused by items such as unforeseen events or changes in market conditions could negatively affect the reporting segments' fair value and result in an impairment charge. However, the current fair values of the reporting segments are significantly in excess of carrying values. The Company estimates that a 100 basis point increase in its weighted average cost of capital would not result in impairment. Accordingly, management believes that only significant changes in its cash flow assumptions would result in impairment.

Income Taxes The Company estimates its income tax expense in each of the taxing jurisdictions in which it operates. The Company is subject to a tax audit in each of these jurisdictions, which could result in changes to the estimated tax expense. The amount of these changes would vary by jurisdiction and would be recorded when probable and estimable. These changes could impact the Company's financial statements. Management has recorded valuation allowances to reduce its deferred tax assets to the amount that is more likely than not to be realized. In doing so, management has considered future taxable income and ongoing tax planning strategies in assessing the need for the valuation allowance. An adjustment to the recorded valuation allowance as a result of changes in facts or circumstances could result in a significant change in the Company's tax expense. The Company does not provide for deferred taxes on unremitted earnings of foreign subsidiaries which are considered to be permanently invested.

Commitments and Contingencies The Company is subject to litigation and other legal proceedings arising in the ordinary course of its businesses or arising under provisions related to the protection of the environment. Estimating liabilities and costs associated with these matters requires the judgment of management, who rely in part on information from Company counsel. When it is probable that the Company has incurred a liability associated with claims or pending or threatened litigation matters and the Company's exposure is reasonably estimable, the Company records a charge against earnings. The estimate of any exposure to the Company may change as further facts and circumstances become known.

Market Risk Factors

The Company is exposed to market risks, including changes in interest rates, currency exchange rates and commodity prices. To manage the volatility relating to these exposures on a consolidated basis, the Company nets the exposures to take advantage of natural offsets. The Company also enters into various derivative transactions for some of the remaining exposures pursuant to the Company's policies covering hedging practices. The financial impacts of these hedging instruments are offset by corresponding changes in the underlying exposures being hedged.

The Company does not hold or issue derivative financial instruments for trading purposes. Note 1 and Note 4 to the Consolidated Financial Statements include a discussion of the Company's accounting policies for financial instruments.

A key part of the Company's strategy is to expand into new geographic markets. Because the Company manufactures and sells its products throughout the world, it is exposed to movements in foreign currency exchange rates. The major foreign currency exposures involve the markets in Western Europe, Mexico and Canada. The primary purpose of the Company's foreign currency hedging activities is to protect against the volatility associated with foreign currency sales, purchases of materials and other assets and liabilities created during the normal

course of business. The Company generally utilizes foreign exchange contracts with durations of less than 12 months that qualify as cash flow hedges under Statement of Financial Accounting Standards (“SFAS”) No. 133, *Accounting for Derivative Instruments and Hedging Activities,* as amended. At December 31, 2007 and 2006, the fair values of these instruments, based on dealer quotes, were an asset of $0.1 million and a liability of $0.4 million, respectively. At December 31, 2007 and 2006, the potential gain or loss in the fair value of the Company’s outstanding foreign exchange contracts, assuming a hypothetical 10% fluctuation in the currencies of such contracts, would be approximately $5.0 million and $8.7 million, respectively. However, any change in the value of the contracts, real or hypothetical, would be significantly offset by a corresponding change in the value of the underlying hedged items. In addition, this hypothetical calculation assumes that each exchange rate would change in the same direction relative to the U.S. dollar.

The Company has certain debt denominated in Swiss Francs, Euros and British Pounds. These non-derivative debt instruments act as partial hedges of the Company’s Swiss Franc, Euro and British Pound net asset positions. The potential increase or decrease in the annual U.S. dollar interest expense of the Company’s outstanding foreign currency-denominated debt, assuming a hypothetical 10% fluctuation in the currencies of such debt, would be approximately $1.0 million and $0.7 million at December 31, 2007 and 2006, respectively. However, any change in interest expense from fluctuations in currency, real or hypothetical, would be significantly offset by a corresponding change in the value of the foreign income before interest. In addition, this hypothetical calculation assumes that each exchange rate would change in the same direction relative to the U.S. dollar.

The Company manages its debt structure and interest rate risk through the use of fixed rate and floating rate debt and through the use of derivatives. The Company’s primary exposure is to interest rates in the U.S. and Western Europe. At December 31, 2007 and 2006, the potential increase or decrease in annual interest expense, assuming a hypothetical 10% fluctuation in interest rates of floating rate debt, would be approximately $0.8 million and $0.7 million, respectively.

The Company is the purchaser of certain commodities, such as corn, sugar, soybean meal and fruits. The Company generally purchases these commodities based upon market prices that are established with the vendor as part of the purchase process. In general, the Company does not use commodity financial instruments to hedge commodity prices due to a high correlation between the commodity cost and the ultimate selling price of the Company’s products. On occasion, the Company may enter into non-cancelable forward purchase contracts, as deemed appropriate, to reduce the effect of price fluctuations on future manufacturing requirements.

Contractual Obligations

The Company is subject to certain contractual obligations, including long-term debt, operating leases, manufacturing purchases and pension benefit obligations. The Company has unrecognized tax benefits of $10.6 million as of December 31, 2007. However, the Company cannot make a reasonably reliable estimate of the period of potential cash settlement of the liabilities and, therefore, has not included unrecognized tax liabilities in the following table of significant contractual obligations as of December 31, 2007.

Payments due by period

(in thousands)	**Total**	**1 year**	**2-3 years**	**4-5 years**	**> 5 years**
Long-term debt	$449,621	$ 6,949	$177,797	$209,338	$55,537
Interest payments on long-term debt	87,436	27,504	35,093	21,258	3,581
Operating lease obligations	23,948	7,791	8,810	3,395	3,952
Manufacturing purchase commitments	54,187	33,737	13,800	6,650	—
Pension benefit obligations	45,184	3,885	22,281	5,911	13,107
Total contractual obligations	$660,376	$79,866	$257,781	$246,552	$76,177

New Pronouncements

On December 31, 2006, the Company adopted SFAS No. 158, *Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans.* This statement requires the Company to recognize the over-funded or under-funded status of a defined benefit postretirement plan as an asset or liability in the balance sheet and to recognize changes in that funded status in the year in which the changes occur through comprehensive income. Additionally, SFAS No. 158 requires the Company to measure the funded status of a plan as of the date of its fiscal year end, which has been the Company's historical practice. See Note 6 for additional information.

In the first quarter of 2007, the Company adopted Financial Accounting Standards Board ("FASB") Interpretation No. 48 ("FIN 48"), *Accounting for Uncertainty in Income Taxes.* This interpretation prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. As a result of adoption, the Company recorded a charge of $2.3 million to the January 1, 2007 balance of retained earnings. See Note 7 for additional information.

In September 2006, the FASB issued SFAS No. 157, *Fair Value Measurements.* This statement defines fair value, establishes a framework for measuring fair value and expands disclosures about fair value measurements. It also establishes a fair value hierarchy that prioritizes information used in developing assumptions when pricing an asset or liability. SFAS No. 157 will be effective for the Company beginning January 1, 2008. The Company does not believe this statement will have a material effect on its financial statements and related disclosures.

In February 2007, the FASB issued SFAS No. 159, *The Fair Value Option for Financial Assets and Financial Liabilities*. SFAS No. 159 permits companies to choose to measure many financial instruments and certain other items at fair value. This statement is effective for the Company beginning January 1, 2008. The Company does not believe SFAS No. 159 will have a material effect on its financial statements and related disclosures.

In December 2007, the FASB issued SFAS No. 141(R), *Business Combinations.* This statement applies to acquisitions by the Company after January 1, 2009. The Company is currently evaluating the impact of this statement.

Off-Balance Sheet Arrangements

The Company had no off-balance sheet arrangements as of December 31, 2007.

Forward-looking Statements

This document contains forward-looking statements that reflect management's current assumptions and estimates of future economic circumstances, industry conditions, Company performance and financial results. Forward-looking statements include statements in the future tense, statements referring to any period after December 31, 2007, and statements including the terms "expect," "believe," "anticipate" and other similar terms that express expectations as to future events or conditions. The Private Securities Litigation Reform Act of 1995 provides a safe harbor for such forward-looking statements. Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties and other factors that could cause actual events to differ materially from those expressed in those statements. A variety of factors could cause the Company's actual results and experience to differ materially from the anticipated results. These factors and assumptions include the pace and nature of new product introductions by the Company's customers; the Company's ability to successfully implement its growth strategies; the outcome of the Company's various productivity-improvement and cost-reduction efforts; changes in costs of raw materials and energy; industry and economic factors related to the Company's domestic and international business; competition from other suppliers of colors, flavors and fragrances; growth or contraction in markets for products in which the Company competes; terminations and other changes in customer relationships; industry acceptance of price increases; currency exchange rate fluctuations; and the matters discussed above including the critical accounting policies described therein. The Company does not undertake to publicly update or revise its forward-looking statements even if experience or future changes make it clear that any projected results expressed or implied therein will not be realized.

(in thousands except per share amounts) Years ended December 31,	2007	2006	2005
Revenue	$1,184,778	$1,098,774	$1,023,930
Cost of products sold (includes restructuring charges of $ 4,340 in 2005 – see Note 9)	822,479	766,506	731,253
Selling and administrative expenses	214,929	202,991	189,998
Restructuring and other charges (see Note 9)	—	—	8,465
Operating Income	147,370	129,277	94,214
Interest expense	36,127	35,748	35,737
Earnings Before Income Taxes	111,243	93,529	58,477
Income taxes	33,457	27,104	14,282
Net Earnings	$ 77,786	$ 66,425	$ 44,195
Earnings per share			
Basic	$ 1.66	$ 1.45	$ 0.95
Diluted	$ 1.65	$ 1.44	$ 0.94
Average common shares outstanding – basic	46,740	45,900	46,746
Average common shares outstanding – diluted	47,257	46,204	47,067

See notes to consolidated financial statements.

Balance Sheets

(in thousands except share and per share amounts) December 31,	2007	2006
Assets		
Current Assets:		
Cash and cash equivalents	$ 10,522	$ 5,035
Trade accounts receivable, less allowance for losses of $ 4,242 and $7,671, respectively	196,458	178,307
Inventories	361,534	333,070
Prepaid expenses and other current assets	29,705	25,356
Deferred income taxes	11,825	9,934
Total current assets	610,044	551,702
Other assets	44,404	44,059
Intangible assets – at cost, less accumulated amortization of $ 9,501 and $7,656, respectively	14,789	14,507
Goodwill	476,611	449,194
Deferred income taxes	—	3,149
Property, Plant and Equipment:		
Land	46,013	39,762
Buildings	259,830	243,734
Machinery and equipment	612,265	567,057
Construction in progress	30,335	20,225
	948,443	870,778
Less accumulated depreciation	(530,109)	(479,322)
	418,334	391,456
Total assets	$1,564,182	$1,454,067
Liabilities and Shareholders' Equity		
Current Liabilities:		
Trade accounts payable	$ 88,812	$ 80,916
Accrued salaries, wages and withholdings from employees	23,684	24,539
Other accrued expenses	56,948	49,620
Income taxes	2,342	14,309
Short-term borrowings	57,487	91,226
Current maturities of long-term debt	—	—
Total current liabilities	229,273	260,610
Deferred income taxes	12,548	—
Other liabilities	14,122	4,090
Accrued employee and retiree benefits	44,197	43,957
Long-term debt	449,621	441,306
Commitments and contingencies (See Note 10)		
Shareholders' Equity:		
Common stock, par value $0.10 a share, authorized 100,000,000 shares; issued 53,954,874 shares	5,396	5,396
Additional paid-in capital	75,233	70,420
Earnings reinvested in the business	818,180	774,677
Treasury stock, 6,603,650 and 7,385,249 shares, respectively, at cost	(132,358)	(147,662)
Accumulated other comprehensive income	47,970	1,273
	814,421	704,104
Total liabilities and shareholders' equity	$1,564,182	$1,454,067

See notes to consolidated financial statements.

(in thousands) Years ended December 31,	2007	2006	2005
Cash Flows from Operating Activities			
Net earnings	$ 77,786	$ 66,425	$ 44,195
Adjustments to arrive at net cash provided by operating activities:			
Depreciation and amortization	44,312	43,044	44,859
Share-based compensation	4,731	5,035	1,910
Restructuring and other charges	—	—	5,390
(Gain) loss on assets	(467)	795	(389)
Deferred income taxes	9,381	(278)	(10,105)
Changes in operating assets and liabilities:			
Trade accounts receivable	(6,152)	(5,104)	8,941
Inventories	(15,299)	(7,537)	(616)
Prepaid expenses and other assets	(5,115)	(3,998)	(3,460)
Accounts payable and other accrued expenses	4,217	(5,066)	6,285
Accrued salaries, wages and withholdings from employees	(1,753)	8,458	2,302
Income taxes	(8,876)	(8,125)	4,050
Other liabilities	2,440	5,568	6,928
Net cash provided by operating activities	105,205	99,217	110,290
Cash Flows from Investing Activities			
Acquisition of property, plant and equipment	(41,961)	(39,314)	(36,102)
Proceeds from sale of assets	2,291	3,321	1,101
Other investing activity	451	2,152	1,033
Net cash used in investing activities	(39,219)	(33,841)	(33,968)
Cash Flows from Financing Activities			
Proceeds from additional borrowings	136,859	247,483	80,652
Debt payments	(181,680)	(290,992)	(109,163)
Purchase of treasury stock	(1,267)	(4,563)	(18,005)
Dividends paid	(32,017)	(28,292)	(28,276)
Proceeds from options exercised and other equity transactions	16,693	7,681	3,630
Net cash used in financing activities	(61,412)	(68,683)	(71,162)
Effect of exchange rate changes on cash and cash equivalents	913	1,274	(335)
Net increase (decrease) in cash and cash equivalents	5,487	(2,033)	4,825
Cash and cash equivalents at beginning of year	5,035	7,068	2,243
Cash and cash equivalents at end of year	$ 10,522	$ 5,035	$ 7,068
Cash paid during the year for:			
Interest	$ 36,070	$ 35,988	$ 34,816
Income taxes	29,735	30,885	16,850
Capitalized interest	1,493	1,018	908

See notes to consolidated financial statements.

Consolidated Statements of Shareholders' Equity

(in thousands except share and per share amounts)	Common Stock	Additional Paid-in Capital
Balances at December 31, 2004	$ 5,396	$ 72,117
Net earnings		
Unrealized gain on cash flow hedges, arising during the period, net of tax of $529		
Reclassification adjustment for cash flow hedges included in net income, net of tax of $598		
Minimum pension liability, net of tax of $2,162		
Foreign currency translation		
Total comprehensive income		
Cash dividends paid – $0.60 a share		
Stock options exercised		(350)
Benefit plans		39
Nonvested stock		(223)
Purchase of treasury stock		
Other		(1)
Balances at December 31, 2005	5,396	71,582
Net earnings		
Unrealized loss on cash flow hedges, arising during the period, net of tax of $ 13		
Reclassification adjustment for cash flow hedges included in net income, net of tax of $2		
Minimum pension liability, net of tax of $ 904		
Foreign currency translation		
Total comprehensive income		
Cash dividends paid – $0.61 a share		
Adjustment to initially apply Statement of Financial Accounting Standards No. 158, net of tax of $4,944 (See Note 6)		
Share-based compensation		5,035
Reclassification of unearned portion of nonvested stock (See Note 5)		(5,965)
Stock options exercised		(192)
Benefit plans		(93)
Purchase of treasury stock		
Other		53
Balances at December 31, 2006	5,396	70,420
Net earnings		
Unrealized loss on cash flow hedges, arising during the period, net of tax of $209		
Reclassification adjustment for cash flow hedges included in net income, net of tax of $228		
Pension adjustment, net of tax of $138		
Foreign currency translation		
Total comprehensive income		
Cash dividends paid – $0.68 a share		
Adjustment to initially apply Financial Accounting Standards Interpretation No. 48 (See Note 7)		
Share-based compensation		5,183
Stock options exercised		1,931
Nonvested stock issued upon vesting		(2,845)
Benefit plans		175
Purchase of treasury stock		
Other		369
Balances at December 31, 2007	$ 5,396	$ 75,233

See notes to consolidated financial statements.

Earnings Reinvested in the Business	Treasury Stock		Unearned Portion of Nonvested Stock	Accumulated Other Comprehensive Income (Loss)	Total Comprehensive Income (Loss)
	Shares	Amount			
$ 720,625	6,887,161	$(140,507)	$ (5,500)	$ 6,567	
44,195					$ 44,195
				5,996	5,996
				(5,378)	(5,378)
				(3,191)	(3,191)
				(36,596)	(36,596)
					$ 5,026
(28,276)					
	(173,534)	3,540			
	(26,000)	530			
	(129,700)	2,620	(465)		
	1,062,541	(18,918)			
	(400)	8			
736,544	7,620,068	(152,727)	(5,965)	(32,602)	
66,425					$ 66,425
				(90)	(90)
				(11)	(11)
				1,679	1,679
				40,074	40,074
					$ 108,077
(28,292)					
				(7,777)	
			5,965		
	(387,728)	7,753			
	(43,420)	868			
	200,949	(3,649)			
	(4,620)	93			
774,677	7,385,249	(147,662)	—	1,273	
77,786					$ 77,786
				(1,462)	(1,462)
				1,596	1,596
				(212)	(212)
				46,775	46,775
					$ 124,483
(32,017)					
(2,266)					
	22,600	(452)			
	(676,229)	13,522			
	(142,100)	2,845			
	(32,992)	660			
	47,100	(1,267)			
	22	(4)			
$ 818,180	6,603,650	$(132,358)	$ —	$ 47,970	

1

Summary of Significant Accounting Policies

Principles of Consolidation and Basis of Presentation The consolidated financial statements include the accounts of Sensient Technologies Corporation and its subsidiaries (the "Company"). All significant intercompany accounts and transactions are eliminated.

Sensient Technologies Corporation is a leading global manufacturer and marketer of colors, flavors and fragrances. The Company uses advanced technologies at facilities around the world to develop specialty food and beverage systems, cosmetic and pharmaceutical systems, inkjet and specialty inks and colors, display imaging chemicals and other specialty chemicals. The Company's reportable segments consist of the Flavors & Fragrances and Color Groups, which are managed on a products and services basis. The Asia Pacific Group, which is managed on a geographic basis, is included in Corporate and Other.

Use of Estimates The preparation of the consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting periods. Actual results could differ from those estimates.

Revenue Recognition The Company recognizes revenue (net of estimated discounts, allowances and returns) when title passes, the customer is obligated to pay the Company and the Company has no remaining obligations. Such recognition typically corresponds with the shipment of goods.

Cost of Products Sold Cost of products sold includes materials, labor and overhead expenses incurred in the manufacture of our products. Cost of products sold also includes charges for obsolete and slow moving inventories, as well as costs for quality control, purchasing and receiving costs, inspection costs, warehousing costs, internal transfer costs, other costs of our internal distribution network and costs incurred for shipping and handling. The Company records fees billed to customers for shipping and handling as revenue.

Selling and Administrative Expenses Selling and administrative expenses primarily include the salaries and related costs for executive, finance, accounting, human resources, research and development and legal personnel as well as salaries and related costs of salespersons and commissions paid to external sales agents.

Cash Equivalents The Company considers all highly liquid investments with maturities of three months or less at the date of acquisition as cash equivalents.

Accounts Receivable Receivables are recorded at their face amount, less an allowance for doubtful accounts. The allowance for doubtful accounts is based on customer-specific analysis and general matters such as current assessments of past due balances and economic conditions. Specific accounts are written off against the allowance for doubtful accounts when it is deemed that the receivable is no longer collectible.

Inventories Inventories are stated at the lower of cost or market. Market is determined on the basis of estimated realizable values. Cost is determined using the first-in, first-out ("FIFO") method with the exception of certain locations of the Flavors & Fragrances Group where cost is determined using a weighted average method. Inventories include finished and in-process products totaling $266.3 million and $235.9 million at December 31, 2007 and 2006, respectively, and raw materials and supplies of $95.2 million and $97.2 million at December 31, 2007 and 2006, respectively.

Property, Plant and Equipment Property, plant and equipment are recorded at cost reduced by accumulated depreciation. Depreciation is provided over the estimated useful life of the related asset using the straight-line method for financial reporting. The estimated useful lives for buildings range from 5 to 35 years. Machinery and equipment have useful lives ranging from 3 to 20 years. Interest costs on significant projects constructed or developed for the Company's own use are capitalized as part of the asset.

Goodwill and Other Intangible Assets The carrying value of goodwill and other intangible assets with indefinite lives is evaluated for impairment on an annual basis or when an indicator of impairment occurs. The impairment assessment includes comparing the carrying amount of net assets, including goodwill, of each reporting unit to their respective fair value as of the date of the assessment. Fair value was estimated based upon an evaluation of the reporting unit's estimated future discounted cash flow as well as the public trading and private transaction valuation multiples for comparable companies. Such determination of fair value yielded no impairment in either 2007 or 2006.

The cost of intangible assets with determinable useful lives is amortized on a straight-line basis to reflect the pattern of economic benefits consumed, ranging from 5 to 20 years. These assets include technological know how, customer relationships, patents, trademarks and non-compete agreements among others.

Impairment of Long-lived Assets The Company reviews long-lived assets for impairment whenever events or changes in business circumstances indicate that the carrying amount of the assets may not be fully recoverable. The Company performs undiscounted cash flow analyses to determine if potential impairment exists. If impairment is determined to exist, any related impairment loss is calculated based on the difference between fair value and carrying value.

Financial Instruments The Company may use derivative financial instruments for the purpose of hedging currency and interest rate exposures which exist as part of ongoing business operations. As a policy, the Company does not engage in speculative or leveraged transactions, nor does the Company hold or issue financial instruments for trading purposes.

Hedge effectiveness is determined by how closely the changes in the fair value of the hedging instrument offset the changes in the fair value or cash flows of the hedged item. Hedge accounting is permitted only if the hedging relationship is expected to be highly effective at the inception of the transaction and on an ongoing basis. Any ineffective portions are recognized in earnings immediately.

Interest Rate Hedging The Company is exposed to interest rate risk through its corporate borrowing activities. The objective of the Company's interest rate risk management activities is to manage the levels of the Company's fixed and floating interest rate exposure to be consistent with the Company's preferred mix. The interest rate risk management program may include entering into interest rate swaps, which qualify as fair value hedges, when there is a desire to modify the Company's exposure to interest rates. Gains or losses on fair value hedges are recognized in earnings, net of gains and losses on the fair value of the hedged instruments.

Currency Rate Hedging The primary objectives of the foreign exchange risk management activities are to understand and mitigate the impact of potential foreign exchange fluctuations on the Company's financial results and its economic well-being. Generally, these risk management transactions involve the use of foreign currency derivatives to protect against exposure resulting from recorded accounts receivable and payable. The Company primarily utilizes forward exchange contracts with maturities of less than 12 months, which qualify as cash flow hedges. These foreign exchange contracts are intended to offset the effect of exchange rate fluctuations on recorded intercompany receivables and payables. Gains and losses on these instruments are deferred in accumulated other comprehensive income ("OCI") until the underlying transaction is recognized in earnings.

The Company's existing cash flow hedges are highly effective. As a result, any current impact on earnings due to cash flow hedge ineffectiveness is immaterial.

Net Investments Hedging The Company may enter into foreign-denominated debt to be used as a non-derivative instrument to hedge the Company's net investment in foreign subsidiaries. The change in the carrying amount of the foreign-denominated debt on the Company's books, attributable to changes in the spot foreign exchange rate, is a hedge of the net investment in its foreign subsidiaries. Changes in the fair value of debt designated as a net investment hedge are recorded in foreign currency translation in OCI.

Commodity Purchases The Company purchases certain commodities in the normal course of business which result in physical delivery of the goods and hence, are excluded from Statement of Financial Accounting Standards ("SFAS") No. 133, *Accounting for Derivative Instruments and Hedging Activities*, as amended.

Translation of Foreign Currencies For all significant foreign operations, the functional currency is the local currency. Assets and liabilities of foreign operations are translated into U.S. dollars at current exchange rates. Revenue and expense accounts are translated into U.S. dollars at average exchange rates prevailing during the year. Adjustments resulting from the translation of assets and liabilities to U.S. dollars are included in OCI as foreign currency translation adjustments. Transaction gains and losses that occur as a result of transactions denominated in non-functional currencies are included in earnings and were not significant during the three-year period ended December 31, 2007.

Share-Based Compensation On January 1, 2006, the Company adopted SFAS No. 123(R), *Share-Based Payment,* using the modified prospective application transition method. Share-based compensation expense is recognized on a straight line basis over the vesting period of each award recipient. See Note 5, *Share-Based Compensation*, for additional information. Prior to 2006, the Company accounted for its share-based compensation plans using the intrinsic value-based method in accordance with Accounting Principles Board Opinion No. 25, *Accounting for Stock Issued to Employees.*

Income Taxes The Company accounts for income taxes under SFAS No. 109, *Accounting for Income Taxes.* The Company recognizes a current tax liability or asset for the estimated taxes payable or refundable on tax returns for the current year and a deferred tax liability or asset for the estimated future tax effects attributable to temporary differences and carryforwards. The measurement of current and deferred tax liabilities and assets is based on provisions of enacted tax law. Deferred tax assets are reduced, if necessary, by the amount of any tax benefits for which the utilization of the asset is not likely. On January 1, 2007, the Company adopted Financial Accounting Standards Board ("FASB") Interpretation No. 48 ("FIN 48"), *Accounting for Uncertainty in Income Taxes.* This interpretation prescribes the minimum recognition threshold which a tax position is required to meet before being recognized in the financial statements. FIN 48 also provides guidance on the measurement, classification and derecognition of tax positions. See Note 7, *Income Taxes*, for additional information.

Earnings Per Share Basic earnings per share ("EPS") of common stock is computed by dividing net earnings by the weighted-average number of common shares outstanding during the period. The difference between basic and diluted EPS is the dilutive effect of stock options and nonvested stock. Diluted EPS assumes that nonvested stock has vested and all dilutive stock options, for which the average market price exceeds the exercise price (in-the-money), are exercised. Stock options for which the exercise price exceeds the average market price (out-of-the-money options) have an anti-dilutive effect on EPS, and accordingly, are excluded from the calculation. Weighted-average common shares for computation of EPS were:

(in thousands)	2007	2006	2005
Basic weighted-average shares outstanding	46,740	45,900	46,746
Diluted weighted-average shares outstanding	47,257	46,204	47,067

For the years ended December 31, 2006 and 2005, options for 1.8 million and 1.9 million shares, respectively, with weighted-average exercise prices of $21.65 and $21.79, respectively, were excluded from the diluted EPS calculation because their exercise prices were greater than the average market price of the common stock and their inclusion in the calculation would have been anti-dilutive. For 2007, no options were excluded from the diluted EPS calculation on that basis. All earnings per share amounts are presented on a diluted basis unless otherwise noted.

Accumulated Other Comprehensive Income Accumulated OCI is comprised primarily of foreign currency translation, minimum pension liability and unrealized gains (losses) on cash flow hedges. The components of OCI at December 31 were:

(in thousands)	2007	2006
Foreign currency translation	$ 59,310	$ 12,535
Minimum pension liability (net of tax)	(11,399)	(11,187)
Unrealized gains (losses) on cash flow hedges (net of tax)	59	(75)
Accumulated other comprehensive income	$ 47,970	$ 1,273

Research and Development Research and development costs are recorded in selling and administrative expenses in the year they are incurred. Research and development costs were $25.7 million, $24.8 million and $26.4 million during the years ended December 31, 2007, 2006 and 2005, respectively.

Advertising Advertising costs are recorded in selling and administrative expenses as they are incurred. Advertising costs were $1.6 million, $1.2 million and $1.5 million during the years ended December 31, 2007, 2006 and 2005, respectively.

Environmental Liabilities The Company records liabilities related to environmental remediation obligations when estimated future expenditures are probable and reasonably estimable. Such accruals are adjusted as further information becomes available or as circumstances change. Estimated future expenditures are discounted to their present value when the timing and amount of future cash flows are fixed and readily determinable. Recoveries of remediation costs from other parties, if any, are recognized as assets when their receipt is assured.

New Pronouncements On December 31, 2006, the Company adopted SFAS No. 158, *Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans.* This statement requires the Company to recognize the overfunded or underfunded status of its defined benefit postretirement plan as an asset or liability in the balance sheet and to recognize changes in that funded status in the year in which the changes occur through other comprehensive income. See Note 6, Retirement Plans, for additional information.

The Company adopted FASB Interpretation No. 48 ("FIN 48"), *Accounting for Uncertainty in Income Taxes,* on January 1, 2007. This interpretation prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. See Note 7, *Income Taxes,* for additional information.

In September 2006, the FASB issued SFAS No. 157, *Fair Value Measurements.* This statement defines fair value, establishes a framework for measuring fair value and expands disclosures about fair value measurements. It also establishes a fair value hierarchy that prioritizes information used in developing assumptions when pricing an asset or liability. SFAS No. 157 will be effective for the Company beginning January 1, 2008. The Company does not believe this statement will have a material effect on its financial statements and related disclosures.

In February 2007, the FASB issued SFAS No. 159, *The Fair Value Option for Financial Assets and Financial Liabilities.* SFAS No. 159 permits companies to choose to measure many financial instruments and certain other items at fair value. This statement is effective for the Company beginning January 1, 2008. The Company does not believe SFAS No. 159 will have a material effect on its financial statements and related disclosures.

In December 2007, the FASB issued SFAS No. 141(R), *Business Combinations.* This statement applies to acquisitions by the Company after January 1, 2009. The Company is currently evaluating the impact of this statement.

2

Goodwill and Intangible Assets

At December 31, 2007 and 2006, the Company does not have any intangible assets other than goodwill that are not subject to amortization. The following table summarizes intangible assets with determinable useful lives by major category as of December 31, 2007 and 2006:

(in thousands except weighted average amortization years)	Weighted Average Amortization Years	2007 Cost	2007 Accumulated Amortization	2006 Cost	2006 Accumulated Amortization
Technological know-how	20.0	$ 8,362	$ (2,873)	$ 7,979	$ (2,391)
Customer relationships	20.0	7,068	(1,901)	6,626	(1,464)
Patents, trademarks, non-compete agreements and other	17.0	8,860	(4,727)	7,558	(3,801)
Total finite-lived intangibles	18.9	$24,290	$ (9,501)	$22,163	$ (7,656)

Amortization of intangible assets was $1.5 million, $1.4 million and $1.4 million in 2007, 2006 and 2005, respectively. Estimated amortization expense each year for the five years subsequent to December 31, 2007, is as follows: 2008, $1.7 million; 2009, $1.3 million; 2010, $1.3 million; 2011, $1.3 million; and 2012, $1.3 million. The changes in goodwill for the years ended December 31, 2007 and 2006, by reportable business segment, were as follows:

(in thousands)	Flavors & Fragrances	Color	Corporate & Other	Consolidated
Balance as of December 31, 2005	$ 131,702	$287,867	$ 632	$ 420,201
Currency translation impact	8,297	20,683	13	28,993
Balance as of December 31, 2006	139,999	308,550	645	449,194
Currency translation impact	10,453	16,957	7	27,417
Balance as of December 31, 2007	$ 150,452	$325,507	$ 652	$ 476,611

3

Debt

Long-term debt consisted of the following unsecured obligations at December 31:

(in thousands)	2007	2006
5.85% Euro-denominated senior notes due November 2013	$ 28,226	$ 25,525
7.31% senior notes due November 2013	25,000	25,000
5.78% Euro-denominated senior notes due November 2011	56,452	51,049
7.17% senior notes due November 2011	30,000	30,000
Floating rate Euro-denominated senior notes due November 2011	28,226	25,525
6.68% senior notes due through January 2011	8,571	10,714
6.77% senior notes due through January 2010	15,000	15,000
6.60% notes due through April 2009	149,817	149,681
7.59% senior notes due through December 2008	4,286	8,571
6.99% senior notes due through December 2007	—	20,000
4.57% senior notes due December 2007	—	38,000
Floating rate Swiss Franc-denominated senior notes due December 2007	—	26,732
Long-term revolving loan agreement	91,788	—
Various other notes	12,398	15,432
Deferred realized gains (losses) on interest rate swaps	(143)	77
	449,621	441,306
Less current maturities	—	—
Total long-term debt	$449,621	$441,306

The floating rate long-term Euro-denominated notes had average coupon rates of 6.16% and 5.52% for the years ended December 31, 2007 and 2006, respectively. The borrowings under the long-term revolving loan agreement had an average interest rate of 4.91% for the year ended December 31, 2007. The floating rate Swiss Franc-denominated notes, repaid in December 2007, had average coupon rates of 3.35% and 2.30% for the years ended December 31, 2007 and 2006, respectively.

The aggregate amounts of maturities on long-term debt each year for the five years subsequent to December 31, 2007, are as follows: 2008, $6.9 million; 2009, $159.9 million; 2010, $17.9 million; 2011, $117.2 million; 2012, $92.1 million.

The Company has approximately $6.9 million of long-term debt that matures in 2008. It is the Company's intention to refinance these maturities under the long-term revolving loan agreement and, accordingly, that maturing debt has been classified as long-term debt in the Consolidated Balance Sheet.

Included in the various other notes in the table above are $6.9 million of notes maturing in 2009 that may be redeemed, in whole or in part, at any time prior to maturity at the option of the note-holders. This debt has been classified as long-term debt in the Consolidated Balance Sheet because it can be refinanced with proceeds drawn under the Company's long-term revolving loan agreement.

Substantially all of the senior loan agreements contain restrictions concerning interest coverage, borrowings, investments and tangible net worth amounts. The Company is in compliance with all of these restrictions at December 31, 2007.

On June 15, 2007, the Company completed a new $300 million revolving credit facility with a group of eight banks. The new facility, which replaced the Company's $225 million facility, matures in June 2012 and is unsecured. The agreement also permits the Company to request an increase in the aggregate facility amount to $375 million subject to the banks' approval. Interest rates on borrowings with three days notice are determined based upon LIBOR plus a margin subject to adjustment based on the Company's debt to EBITDA ratio, as defined, or the rating accorded the Company's senior debt by Standards & Poor's and Moody's, whichever is more favorable to the Company. Without the three days notice, interest is based on the higher of the prime rate or the federal funds rate plus 0.50%. A facility fee is payable on the total amount of the commitment. The facility was used to refinance approximately $90 million of notes that matured in December 2007 and for general corporate purposes. The direct borrowings under the revolving loan agreement at December 31, 2007, have been classified as long-term debt in the Consolidated Balance Sheet as it is the Company's intent that it will be outstanding for at least 12 months.

The Company's short-term borrowings consisted of the following items at December 31:

(in thousands)	2007	2006
Direct borrowings under the revolving loan agreement	$ —	$59,406
Commercial paper	11,125	9,950
Uncommitted loans	43,960	18,050
Loans of foreign subsidiaries	2,402	3,820
Total	$57,487	$91,226

The weighted-average interest rates on short-term borrowings were 5.09% and 5.06% at December 31, 2007 and 2006, respectively.

The Company has $197.1 million available under the revolving credit facility and $58.8 million available under other lines of credit from several banks at December 31, 2007.

The Company has stand-by letters of credit outstanding of $8.0 million and $9.7 million as of December 31, 2007 and 2006, respectively.

4

Financial Instruments and Risk Management

Foreign Currency Contracts The Company uses forward exchange contracts to reduce the effect of fluctuating foreign currencies on short-term foreign currency-denominated intercompany transactions and other known foreign currency exposures. At December 31, 2007 and 2006, the Company had forward exchange contracts (accounted for as cash flow hedges), with maturities of one year or less, of $119.5 million and $96.2 million, respectively. The fair values of these instruments, based on dealer quotes, were an asset of $0.1 million at December 31, 2007, which will be reclassified into earnings in 2008. The fair value of these instruments at December 31, 2006, was a liability of $0.4 million.

Foreign-denominated Debt In November 2006, the Company entered into a 77 million Euro-denominated note agreement. The Company has 3.8 million Euros and 32.0 million Swiss Francs outstanding under the long-term revolving loan agreement at December 31, 2007. These non-derivative instruments have been designated as partial hedges of the Company's Swiss Franc and Euro net asset positions. Losses of $17.5 million and $20.1 million have been recorded in foreign currency translation in OCI for the years ended December 31, 2007 and 2006, respectively.

Concentrations of Credit Risk Counterparties to currency exchange and interest rate swap contracts consist of large international financial institutions. While these counterparties may expose the Company to potential losses due to the credit risk of non-performance, losses are not anticipated. Concentrations of credit risk with respect to trade accounts receivable are limited by the

large number of customers, generally short payment terms and their dispersion across geographic areas.

Fair Values The carrying amount of cash and cash equivalents, trade accounts receivable, accounts payable, accrued expenses and short-term borrowings approximated fair value as of December 31, 2007 and 2006.

The fair value of the Company's long-term debt, including current maturities, is estimated using discounted cash flows based on the Company's current incremental borrowing rates for similar types of borrowing arrangements. The carrying value of long-term debt at December 31, 2007 and 2006 was $449.6 million and $441.3 million, respectively. The fair value of long-term debt at December 31, 2007 and 2006 was approximately $439.5 million and $429.8 million, respectively.

5

Share-Based Compensation

The Company adopted SFAS No. 123(R), *Share-Based Payment,* on January 1, 2006. SFAS No. 123(R) requires stock-based compensation to be expensed over the vesting period of the awards based on the grant-date fair value. The Company elected to adopt using the modified prospective transition method which did not result in the restatement of previously issued financial statements. Under the provisions of SFAS No. 123(R), expense is recognized on all awards granted or modified after the date of adoption and unvested awards at the date of adoption.

Prior to January 1, 2006, the Company accounted for stock-based compensation in accordance with Accounting Principles Board Opinion ("APB") No. 25, *Accounting for Stock Issued to Employees.* Accordingly, no compensation expense had been recognized for stock options because all options granted had an exercise price equal to the market value of the underlying stock on the grant date.

The Company has various stock plans under which employees and directors may be granted nonvested stock, non-qualified stock options or incentive stock options. Upon vesting, the stock options allow the participant to purchase common stock at 100% of the market price on the day the options were granted. Under the 2007 Restricted Stock Plan, up to 1.5 million shares of nonvested stock were available for employee awards. Under the 2002 Stock Option Plan, up to 2.4 million shares of common stock were available for employee awards, of which no more than 0.6 million shares may be nonvested stock. Under the 1998 Stock Option Plan, which expired in January 2008 except for outstanding options, up to 2.4 million shares of common stock were available for employee awards, of which no more than 0.6 million shares may be nonvested stock. Under the 1994 Stock Option Plan, which expired in January 2004, except for outstanding options, up to 2.4 million shares of common stock were available for employee awards, of which no more than 0.5 million shares could be non-vested stock. Under the amended 2002 Non-Employee Director Stock Plan, up to 0.09 million shares of common stock were available for director awards of nonvested stock. Under the 1999 Non-Employee Director Stock Option Plan, up to 0.25 million shares of common stock were available for director awards.

As of December 31, 2007, there were 2.8 million shares available to be granted as future stock options and non-vested stock under existing stock plans. Of the shares available, 1.8 million may be awarded as nonvested stock. Stock options become exercisable over a three-year vesting period, or earlier upon retirement, and expire 10 years from the date of grant. Expense for stock options is recognized on a straight-line basis over three years from the date of grant or over the period from the date of grant until the participant is retirement-eligible, whichever is less. Treasury shares are issued for nonvested stock awards and for the exercise of stock options.

The Company estimated the fair value of stock options using the Black-Scholes option pricing model. The weighted-average fair value per share of options granted was $5.81 in 2007, $4.76 in 2006 and $4.79 in 2005. Significant assumptions used in estimating the fair value of awards granted are as follows:

	2007	2006	2005
Dividend yield	2.7%	3.1%	3.1%
Volatility	26.0%	27.0%	28.3%
Risk-free interest rate	4.8%	4.8%	4.3%
Expected term (years)	5.0	5.2	5.1

The Company's stock plans also provide for the awarding of nonvested stock. Expense for shares of nonvested stock is recognized over five years from the date of grant or during the period from the date of grant until the participant attains age 65, whichever is less. During the period of restriction, the holder of nonvested stock has voting rights and is entitled to receive all dividends and other distributions paid with respect to the stock.

Total pre-tax share-based compensation recognized in the Consolidated Statements of Earnings was $4.7 million, $5.0 million and $1.9 million in 2007, 2006 and 2005, respectively. Tax related benefits of $0.5 million, $0.8 million and $0.7 million were also recognized in 2007, 2006 and 2005, respectively. Amounts recorded in 2005 represent expenses related to the amortization of non-vested stock awards. Cash received from the exercise of stock options was $14.1 million, $7.0 million and $3.0 million for 2007, 2006 and 2005, respectively, and is reflected in cash flows from financing activities in the Consolidated Statements of Cash Flows.

As a result of adopting SFAS No. 123(R) on January 1, 2006, the Company's earnings before income taxes for the years ended December 31, 2007 and 2006 were $0.8 million and $1.2 million lower, respectively, and net earnings were $0.6 million and $0.9 million lower,

respectively, than if the Company had continued to account for stock-based compensation under APB No. 25. Both basic and diluted earnings per share for 2007 and 2006, were $0.01 and $0.02 lower, respectively, than if the Company had continued to account for stock-based compensation under APB No. 25.

SFAS No. 123(R) requires the cash flows from the excess tax benefits the Company realizes on the exercise of stock options to be presented as cash flows from financing activities in the Consolidated Statements of Cash Flows. The excess tax benefits on the exercise of stock options for the years ended December 31, 2007 and 2006, presented as cash flows from financing activities, were not material. The excess tax benefits on the exercise of stock options for the year ended December 31, 2005, presented as cash flows from operating activities, were not material.

The following table illustrates the pro forma effect on net earnings and earnings per share if the Company had applied the fair value recognition provisions of SFAS No. 123 to stock-based employee compensation for 2005:

(in thousands except per share information)	2005
Net earnings, as reported	$44,195
Add: reported stock compensation expense – net of tax	1,167
Less: fair value of stock compensation expense – net of tax	(3,403)
Pro forma net earnings	$41,959
Earnings per share	
Basic as reported	$ 0.95
Basic pro forma	$ 0.90
Diluted as reported	$ 0.94
Diluted pro forma	$ 0.89

The pro forma expense for 2005 included $1.0 million after-tax compensation expense for stock options related to accelerated amortization for retirement eligible participants, as the Company's stock compensation plans provide for full vesting of option awards at retirement. Beginning in the first quarter of 2005, stock compensation expense for retirement eligible participants was reported in pro forma net earnings over the lesser of three years or until the participant achieves early retirement age. Previously, this expense was recognized over the vesting period, which was three years.

The Company had previously and will continue to expense awards for nonvested stock based on the fair value of the Company's common stock at the date of grant. As a result of adopting SFAS No. 123(R), unearned compensation previously recorded in equity was reclassified to additional paid-in capital as of January 1, 2006.

The following table summarizes the transactions involving the stock option plans:

(in thousands except exercise price and life)	Options	Weighted-Average Exercise Price	Weighted-Average Remaining Life (Years)	Aggregate Intrinsic Value
Outstanding at December 31, 2004	3,103	$ 20.46	6.2	$ 10,964
Granted	367	20.48		
Exercised	(174)	17.12		
Cancelled	(65)	21.67		
Outstanding at December 31, 2005	3,231	20.62	5.8	376
Granted	136	20.39		
Exercised	(388)	18.05		
Cancelled	(130)	20.63		
Outstanding at December 31, 2006	2,849	20.96	5.5	10,380
Granted	112	24.66		
Exercised	(677)	21.06		
Cancelled	(56)	21.76		
Outstanding at December 31, 2007	2,228	$ 21.10	5.3	$ 16,008
Exercisable at December 31, 2007	1,934	$ 20.98	4.8	$ 14,127

The aggregate intrinsic values of stock options exercised during 2007, 2006 and 2005, were $4.2 million, $1.6 million and $0.6 million, respectively.

As of December 31, 2007, total remaining unearned compensation, net of expected forfeitures, related to unvested stock options was $0.6 million, which will be amortized over the weighted-average remaining service period of 1.8 years.

The following table summarizes information concerning outstanding and exercisable stock options at December 31, 2007:

(in thousands except life and exercise price)	Range of Exercise Price		
	$18.00-19.99	$20.00-23.09	$23.10-26.12
Options outstanding	910	823	495
Weighted-average remaining contractual life, in years	5.5	4.9	5.7
Weighted-average exercise price	$18.81	$22.09	$23.64
Options exercisable	794	768	372
Weighted-average exercise price	$18.81	$22.07	$23.33

The closing stock price of Sensient common stock at December 31, 2007 was $28.28.

The following table summarizes the nonvested stock activity:

(in thousands except fair value)	Shares	Grant Date Weighted-Average Fair Value	Aggregate Intrinsic Value
Outstanding at December 31, 2004	360	$ 21.11	$ 8,632
Granted	142	18.65	
Vested	(33)	21.89	
Cancelled	(13)	22.23	
Outstanding at December 31, 2005	456	20.26	8,164
Granted	172	24.01	
Vested	(77)	18.72	
Outstanding at December 31, 2006	551	21.64	13,564
Granted	240	29.01	
Vested	(309)	23.63	
Cancelled	(31)	21.47	
Outstanding at December 31, 2007	451	$ 24.22	$ 12,764

The total fair value of shares vested during 2007, 2006 and 2005, was $8.0 million, $1.4 million and $0.7 million, respectively.

The fair value of the nonvested shares at the date of grant is amortized over the vesting period but not exceeding age 65 of the participant. As of December 31, 2007, total remaining unearned compensation, net of expected forfeitures, related to nonvested stock was $7.0 million, which will be amortized over the weighted-average remaining service period of 3.4 years.

6

Retirement Plans

The Company provides benefits under defined contribution plans including a savings plan and an employee stock ownership plan (“ESOP”). The savings plan covers substantially all domestic salaried and certain non-union hourly employees and provides for matching contributions up to 4% of each employee’s salary. The ESOP covers substantially all domestic employees not covered by a defined benefit plan and provides for contributions based on a percentage of each employee’s compensation as determined by the Board of Directors. Total expense for the Company’s defined contribution plans was $3.6 million, $3.2 million and $2.9 million in 2007, 2006 and 2005, respectively.

Although the Company intends the defined contribution plans mentioned above to be the primary retirement benefit for most employees, the Company also has several defined benefit plans. On December 31, 2006, the Company adopted SFAS No. 158, *Employers’ Accounting for Defined Benefit Pension and Other Postretirement Plans.* The funded status of the defined benefit plans was as follows at December 31:

(in thousands)	2007	2006
Benefit obligation at beginning of year	$ 48,210	$ 49,633
Service cost	1,564	1,091
Interest cost	2,851	2,446
Foreign currency exchange rate changes	1,250	1,491
Benefits paid	(2,644)	(4,822)
Actuarial loss (gain)	2,110	(1,629)
Benefit obligation at end of year	53,341	48,210
Plan assets at beginning of year	17,978	18,132
Company contributions	3,932	2,483
Foreign currency exchange rate changes	1,147	1,049
Benefits paid	(2,644)	(4,822)
Actual gain on plan assets	824	1,136
Plan assets at end of year	21,237	17,978
Funded status	$(32,104)	$(30,232)
Accumulated benefit obligation	$ 51,524	$ 40,074

Amounts recognized in the Consolidated Balance Sheets at December 31:

(in thousands)	2007	2006
Accrued employee and retiree benefits	$(34,277)	$(30,702)
Prepaid expenses and other current assets	2,173	470
Net liability	$(32,104)	$(30,232)

Components of annual benefit cost:

(in thousands)	2007	2006	2005
Service cost	$ 1,564	$ 1,091	$ 1,038
Interest cost	2,851	2,446	2,328
Expected return on plan assets	(1,120)	(895)	(813)
Amortization of prior service cost	1,950	1,935	1,281
Recognized actuarial loss	216	308	186
Settlement expense	—	1,036	—
Defined benefit expense	$ 5,461	$ 5,921	$ 4,020

Weighted-average liability assumptions as of December 31:

	2007	2006
Discount rate	6.00%	5.75%
Expected return on plan assets	5.98%	6.00%
Rate of compensation increase	4.28%	4.00%

Weighted-average cost assumptions for the year ended December 31:

	2007	2006
Discount rate	5.75%	5.50%
Expected return on plan assets	6.00%	6.00%
Rate of compensation increase	4.00%	4.00%

The aggregate amounts of benefits expected to be paid from defined benefit plans in each of the next five years subsequent to December 31, 2007, which include employees' expected future service are as follows: 2008, $3.9 million; 2009, $8.8 million; 2010, $13.5 million; 2011, $2.0 million; 2012, $3.9 million; and $13.1 million in total for the years 2013 through 2017.

The Company expects to contribute $8.9 million to defined benefit plans in 2008.

The incremental effect of applying SFAS No. 158 on individual line items in the Company's balance sheet at December 31, 2006 was as follows:

(in thousands)	Before Application	Adjustments	After Application
Other assets	$ 54,602	$ (10,543)	$ 44,059
Deferred income taxes (asset)	—	3,149	3,149
Accrued employee and retiree benefits	41,779	2,178	43,957
Deferred income taxes (liability)	1,795	(1,795)	—
Accumulated other comprehensive income	9,050	(7,777)	1,273

Amounts recognized in accumulated other comprehensive income in accordance with SFAS No. 158 were as follows:

(in thousands)	2007	2006
Prior service cost	$9,408	$11,138
Unrecognized net actuarial loss	8,773	6,656

The estimated prior service cost and actuarial loss for the defined benefit plans that will be amortized from accumulated other comprehensive income into periodic benefit cost during 2008 are $2.0 million and $0.2 million, respectively.

7

Income Taxes

The provision for income taxes was as follows:

(in thousands)	2007	2006	2005
Currently payable (refundable):			
Federal	$ 1,945	$11,595	$ 7,999
State	1,087	(230)	(42)
Foreign	21,044	16,017	15,377
	24,076	27,382	23,334
Deferred (benefit) expense:			
Federal	4,400	(952)	(6,845)
State	47	(637)	566
Foreign	4,934	1,311	(2,773)
	9,381	(278)	(9,052)
Income taxes	$33,457	$27,104	$14,282

The tax effects of temporary differences that give rise to significant portions of deferred tax assets and liabilities consisted of the following:

(in thousands)	2007	2006
Deferred tax assets:		

Benefit plans	$ 11,475	$ 13,042
Liabilities and reserves	5,096	8,174
Foreign operating loss carryovers	30,254	36,578
Other	18,600	23,688
Gross deferred tax assets	65,425	81,482
Valuation allowance	(26,256)	(32,857)
Deferred tax assets	39,169	48,625
Deferred tax liabilities:		
Property, plant and equipment	(19,918)	(18,836)
Other assets	(4,494)	(4,634)
Other	(15,480)	(12,072)
Deferred tax liabilities	(39,892)	(35,542)
Net deferred tax (liabilities) assets	$ (723)	$ 13,083

At December 31, 2007, foreign operating loss carryovers were $115.2 million. Included in the foreign operating loss carryovers are losses of $6.0 million that expire through 2022 and $109.2 million that do not have an expiration date. At December 31, 2007, state operating loss carryovers were $116.7 million, all of which expire through 2022.

The effective tax rate differed from the statutory federal income tax rate of 35% as described below:

	2007	2006	2005
Taxes at statutory rate	35.0%	35.0%	35.0%
State income taxes, net of federal income tax benefit	0.7	0.2	1.5
Tax credits	(0.3)	(0.7)	(2.8)
Taxes on foreign earnings	(0.1)	(4.5)	(0.8)
Foreign sales corporation/ extraterritorial income tax benefit	0.0	(0.7)	(2.3)
Resolution of prior years' tax matters	(5.3)	(5.9)	(4.2)
Valuation allowance adjustments	(0.9)	0.8	(1.1)
Other, net	1.0	4.8	(0.9)
Effective tax rate	30.1%	29.0%	24.4%

Earnings before income taxes were as follows:

(in thousands)	2007	2006	2005
United States	$ 22,470	$18,686	$13,432
Foreign	88,773	74,843	45,045
Total	$111,243	$93,529	$58,477

Federal and state income taxes are provided on international subsidiary income distributed to or taxable in the U.S. during the year. At December 31, 2007, federal and state taxes have not been provided for approximately $265.3 million of unremitted earnings of the foreign subsidiaries that are considered to be permanently invested or that would be offset by foreign tax credits generated upon distribution. Determination of the deferred tax liability on such earnings, if the Company chose to remit those earnings, is not practicable.

On January 1, 2007, the Company adopted FIN 48, *Accounting for Uncertainty in Income Taxes.* This interpretation prescribes the minimum recognition threshold which a tax position is required to meet before being recognized in the financial statements. FIN 48 also provides guidance on the measurement, classification and derecognition of tax positions. As a result of the adoption of FIN 48, the Company recognized an increase in the liability for unrecognized tax benefits of approximately $2.3 million, which was accounted for as a reduction to the January 1, 2007 balance of retained earnings.

A reconciliation of the change in the liability for unrecognized tax benefits from January 1, 2007 to December 31, 2007 is as follows:

(in thousands)	2007
Balance at beginning of year	$13,945
Increases for tax positions taken in the current year	989
Increases for tax positions taken in prior years	1,326
Decreases for tax positions taken in prior years	(553)
Decreases related to settlements with tax authorities	(320)
Decreases as a result of lapse of the applicable statutes of limitations	(5,315)
Foreign currency exchange rate changes	570
Balance at the end of year	$10,642

The amount of the unrecognized tax benefits that would affect the effective tax rate, if recognized, was approximately $8.0 million. The Company recognizes interest and penalties related to the unrecognized tax benefits in income tax expense. Approximately $1.9 million of accrued interest and penalties is reported as an income tax liability at December 31, 2007. The liability for unrecognized tax benefits relates to multiple jurisdictions and is reported in Other Liabilities on the consolidated condensed balance sheet at December 31, 2007.

The Company believes that it is reasonably possible that the total amount of unrecognized tax benefits as of December 31, 2007, will decrease by approximately $2.4 million during 2008. The potential decrease relates to various tax matters for which the statute of limitations may expire in 2008. The amount that is ultimately recognized in the financial statements will be dependent upon various factors including potential increases or decreases to unrecognized tax benefits as a result of examinations, settlements and other unanticipated items that may occur during the year. With limited exceptions, the Company is no longer subject to federal, state and local, or non-U.S. income tax examinations by tax authorities for years before 2002.

Segment and Geographic Information

The accounting policies of the segments are the same as those described in the summary of significant accounting policies. The Company evaluates performance based on operating income of the respective business units before restructuring charges, interest expense and income taxes. Total revenue and operating income by business segment and geographic region include both sales to customers, as reported in the Company's Consolidated Statements of Earnings, and intersegment sales, which are accounted for at prices which approximate market prices and are eliminated in

consolidation. Corporate and other revenue consists primarily of flavor, fragrances and color products sold by the Asia Pacific Group.

Assets by business segment and geographic region are those assets used in the Company's operations in each segment and geographic region. Segment assets reflect the allocation of goodwill to each segment. Corporate and other assets consist primarily of property and investments.

Segment Information The Company's operations, except for the Asia Pacific Group, are managed on a products and services basis. The Company determines its operating segments based on information utilized by senior management to allocate resources and assess performance. The Company's reportable segments consist of Flavors & Fragrances and Color. The Company's Flavors & Fragrances segment produces flavor and fragrance products that impart a desired taste, texture, aroma or other characteristic to a broad range of consumer and other products. The Color segment produces natural and synthetic color systems for pharmaceuticals, foods and beverages; colors and formulations for cosmetics; and technical colors for industrial applications and digital imaging. The Corporate and Other segment includes the Asia Pacific Group.

(in thousands)	Flavors & Fragrances	Colors	Corporate & Other	Consolidated
2007				
Revenue from external customers	$ 768,946	$365,825	$ 50,007	$ 1,184,778
Intersegment revenue	14,771	12,039	973	27,783
Total revenue	783,717	377,864	50,980	1,212,561
Operating income (loss)	117,299	66,950	(36,879)	147,370
Interest expense	—	—	36,127	36,127
Earnings (loss) before income taxes	117,299	66,950	(73,006)	111,243
Assets	817,775	653,116	93,291	1,564,182
Capital expenditures	29,239	9,723	2,999	41,961
Depreciation and amortization	26,957	13,001	4,354	44,312
2006				
Revenue from external customers	$ 719,747	$339,004	$ 40,023	$ 1,098,774
Intersegment revenue	13,674	11,170	1,278	26,122
Total revenue	733,421	350,174	41,301	1,124,896
Operating income (loss)	104,457	59,384	(34,564)	129,277
Interest expense	—	—	35,748	35,748
Earnings (loss) before income taxes	104,457	59,384	(70,312)	93,529
Assets	747,283	620,423	86,361	1,454,067
Capital expenditures	28,034	6,368	4,912	39,314
Depreciation and amortization	26,581	12,561	3,902	43,044
2005				
Revenue from external customers	$ 657,747	$327,447	$ 38,736	$ 1,023,930
Intersegment revenue	12,847	12,492	2,790	28,129
Total revenue	670,594	339,939	41,526	1,052,059
Operating income (loss)	82,473	54,197	(42,456)	94,214
Interest expense	—	—	35,737	35,737
Earnings (loss) before income taxes	82,473	54,197	(78,193)	58,477
Assets	699,792	595,859	102,622	1,398,273
Capital expenditures	20,870	12,447	2,785	36,102
Depreciation and amortization	26,686	14,366	3,807	44,859
Restructuring and other charges	—	—	12,805	12,805

Geographic Information The Company has manufacturing facilities or sales offices in North America, South America, Europe, Asia, Australia and Africa.

(in thousands)	2007	2006	2005
Revenue from external customers:			
North America	$ 644,463	$ 623,282	$ 569,319
Europe	353,539	320,632	304,936
Asia Pacific	112,226	93,960	94,999
Other	74,550	60,900	54,676
Consolidated	$1,184,778	$1,098,774	$1,023,930
Long-lived assets:			
North America	$ 410,292	$ 393,384	$ 410,202
Europe	521,085	485,844	448,462
Asia Pacific	22,287	19,644	18,995
Other	474	344	270
Consolidated	$ 954,138	$ 899,216	$ 877,929

Sales in the United States, based on the final country of destination of the Company's products, were $476.4 million, $463.0 million and $418.7 million in 2007, 2006 and 2005, respectively. No other country of destination exceeded 10% of consolidated sales. Total long-lived assets in the United States amounted to $312.1 million, $314.7 million and $339.4 million at December 31, 2007, 2006 and 2005, respectively.

9

Restructuring and Other Charges

In the fourth quarter of 2005, the Company recorded restructuring and other charges of $12.8 million ($9.8 million after tax, or $0.21 per share) related to a cost reduction plan and an impairment charge to write-down the value of a minority investment as a result of a change in plans for that company by its majority investor. Of the charges, $4.3 million was included in cost of products sold. The charges were all reported in the Corporate and Other segment.

The Company's 2005 cost reduction plan was intended to improve profitability and mitigate the impact of higher costs within its businesses. The plan also addressed the need to close facilities and reduce headcount in response to lower inkjet ink volumes. The plan resulted in the closure of two excess manufacturing facilities, a total reduction in global headcount of approximately 140 employees across all segments and the elimination of three product lines. Activities to relocate production equipment and prepare excess facilities and excess equipment for sale or disposal began in the fourth quarter of 2005 and were completed in the second quarter of 2006. All remaining payments were in 2007.

The table below summarizes the changes to the accrual for restructuring and other charges. The balance at December 31, 2004, relates to various cost reduction programs initiated by the Company prior to December 31, 2004.

(in thousands)	Employee Separations	Asset-Related and Other	Total
Balances at December 31, 2004	$ 357	$ —	$ 357
December 2005 charge	6,402	6,403	12,805
Cash spent	(1,952)	(181)	(2,133)
Reductions of assets	—	(5,390)	(5,390)
Balances at December 31, 2005	4,807	832	5,639
Cash spent	(4,132)	(713)	(4,845)
Balances at December 31, 2006	675	119	794
Cash spent	(675)	(119)	(794)
Balances at December 31, 2007	$ ––	$ ––	$ ––

10

Commitments and Contingencies

LEASES

The Company leases certain facilities and equipment under operating lease arrangements. Aggregate minimum rental commitments at December 31, 2007, for all noncancelable operating leases with an initial lease term greater than one year for the years ending December 31 were as follows:

(in thousands)	
2008	$ 7,791
2009	5,071

2010	3,739
2011	2,117
2012	1,278
Thereafter	3,952
	$23,948

Rent expense totaled $11.6 million, $10.6 million and $11.4 million during the years ended December 31, 2007, 2006 and 2005, respectively.

ENVIRONMENTAL MATTERS

The Company is involved in various significant environmental matters, which are described below. The Company is also involved in other site closure and related environmental remediation and compliance activities at manufacturing sites primarily related to a 2001 acquisition by the Company for which reserves for environmental matters were established as of the date of purchase. Actions that are legally required or necessary to prepare the sites for sale are substantially complete.

Superfund Claim

On July 6, 2004, the EPA notified the Company's Sensient Colors Inc. subsidiary that it may be a potentially responsible party ("PRP") under the Comprehensive Environmental Response, Compensation and Liability Act ("CERCLA") for activities at the General Color Company Superfund Site in Camden, New Jersey (the "Site"). The EPA requested reimbursement of $10.9 million in clean-up costs, plus interest. Sensient Colors Inc. advised the EPA that the Site had been expressly excluded from the Company's 1988 stock purchase of H. Kohnstamm & Company, Inc. (now Sensient Colors). The selling shareholders had retained ownership of and liability for the Site, and some became owners of General Color Company, which continued to operate there until the mid-1990s. In a letter to the EPA dated January 31, 2005, the Company outlined legal challenges to the recoverability of certain costs and urged the EPA to pursue General Color Company and related parties. The EPA subsequently informed Sensient Colors Inc. that it was unwilling to discuss these legal challenges without prior conditions. In 2006, the EPA issued a news release stating that a private developer, Westfield Acres Urban Renewal Association II, LP, pursuant to an agreement with the EPA, began redevelopment efforts at the site (construction of affordable housing) by demolishing buildings thereon. Thereafter, the EPA removed allegedly contaminated soil from the locations where the buildings once stood. Documents received pursuant to a Freedom of Information Act request indicate that the EPA incurred additional alleged response costs of approximately $4 million.

On March 16, 2007, the United States filed a complaint in the U.S. District Court in New Jersey against Sensient Colors Inc. claiming "over $16 million" in response costs allegedly incurred and to be incurred by the EPA pursuant to CERCLA. On May 21, 2007, Sensient Colors Inc. filed a motion to dismiss the complaint. The motion was fully briefed in anticipation of a July 6, 2007 motion return date. On October 30, 2007, the Court issued a memorandum opinion and order denying the motion. Sensient Colors Inc. filed a timely answer to the complaint and a third-party complaint against the current owner and former owner and operator of the site. More recently, the United States moved to dismiss Sensient Colors Inc.'s affirmative defenses. Sensient Colors Inc. has opposed the motion and awaits the Court's determination. The Court has ordered that requests for written discovery be served by March 17, 2008, with responses to be served by May 2, 2008. The deadline for completion of all discovery is currently set for October 31, 2008. A case management conference has been scheduled for June 12, 2008. Sensient Colors Inc. intends to vigorously defend its interests in the litigation. It is evaluating, among other things, the pursuit of additional PRPs and additional challenges to the EPA's right to recover its claimed response costs. The Company's legal defense costs are being paid, in part, by an insurer with a reservation of coverage rights. Litigation to resolve coverage rights is pending.

Pleasant Gardens Realty Corp. v. H. Kohnstamm & Co., et al.

The owner of Pleasant Gardens ("Property"), an apartment complex adjacent to the General Color Superfund Site, filed a complaint in New Jersey state court in November 2003 against H. Kohnstamm & Co. (now Sensient Colors Inc.), the Company, General Color Company, and unknown defendants. Plaintiff seeks to hold defendants liable, in an unspecified amount, for damages related to the alleged contamination of the Property. Plaintiff voluntarily dismissed the Company without prejudice. Sensient Colors Inc. filed an answer denying liability and asserting affirmative defenses. Limited discovery has occurred. In November 2006, the Camden Redevelopment Agency ("Agency") filed condemnation litigation against plaintiff (and other purported interested parties) to take the Property. Sensient Colors Inc. is not a party to the condemnation litigation. In advance of its filing, the Agency notified plaintiff that its appraiser had assessed the fair market value of the Property at $7.7 million and that its environmental consultant had estimated the costs for environmental cleanup, purportedly to meet requirements of the New Jersey Department of Environmental Protection ("DEP"), at $7.5 million. Sensient Colors Inc. and plaintiff have pursued a reduction in the scope and cost of the Agency's proposed environmental cleanup in meetings with the DEP, the Agency and another party involved in the condemnation, the New Jersey Schools Construction Corporation ("NJSCC"). On March 29, 2007, plaintiff

filed an amended complaint naming the Agency, the NJSCC and the DEP as additional defendants in furtherance of this effort. On April 20, 2007, Sensient Colors Inc. filed its answer to the amended complaint, including cross claims against these newly added parties. The Agency, the DEP and the New Jersey Schools Development Authority ("NJSDA") (which replaced the NJSCC as a state agency effective August 7, 2007) each filed answers, cross-claims and counter-claims; Sensient Colors Inc. has responded to all three cross-claims. Fact discovery is on-going. A case management conference has been scheduled for March 3, 2008 to establish a schedule for, among other things, expert discovery. To the extent that there is a reduction in the condemnation value of the Property due to the Agency's remediation of contamination for which Sensient Colors Inc. is allegedly responsible, such reduction may become a part of the damages claimed by plaintiff.

As of December 31, 2007, the liabilities related to environmental matters were estimated to be between $0.8 million and $27.6 million. As of December 31, 2007, the Company has accrued $1.8 million, which is all related to the environmental reserves established in connection with the 2001 acquisition discussed above. This accrual represents management's best estimate of these liabilities; however, the actual liabilities may be above the levels reserved or estimated, in which case the Company would need to take charges or establish reserves in later periods. Also, the Company has not been able to make a reasonable estimate of the liabilities, if any, related to some of the environmental matters discussed above. The Company has not recorded any potential insurance recoveries related to these liabilities, as receipts are not yet assured. There can be no assurance that additional environmental matters will not arise in the future.

COMMERCIAL LITIGATION

The following are significant commercial cases involving the Company.

Kuiper et al. v. Sensient Flavors Inc. et al.

In late January 2006, the Company's subsidiary, Sensient Flavors Inc., certain other flavor manufacturers, a flavor industry trade association and its management company were sued in the Federal District Court for the Northern District of Iowa, Western Division, by Ronald Kuiper and his spouse, Conley Kuiper. Mr. Kuiper claims that while working at the American Popcorn Company in Sioux City, Iowa, he was exposed to butter flavoring vapors that caused injury to his respiratory system. Ms. Kuiper's claim is for loss of consortium. The allegations of this complaint are virtually identical to those contained in another complaint that was filed against Sensient Flavors Inc., involving another worker at the same facility. That lawsuit was ultimately dismissed and Sensient Flavors Inc. paid nothing to the plaintiff. In late October of 2007, Sensient settled the Kuipers' claim for a confidential amount with Sensient making no admission of liability.

Gill et al. v. Sensient Flavors Inc. et al.

On August 2, 2007, the Company's subsidiary, Sensient Flavors Inc., certain other flavor manufacturers, certain manufacturers of the chemical diacetyl, and a flavor industry trade association were sued in the Marion County State Court in Indianapolis, Indiana, by Sarah Gill, Judy and Wayne Hults, Shelly Moore, Matthew Niebauer, Terry Reynolds, and Betty and Paul Stapleton. Plaintiffs Gill, Judy Hults, Moore, Niebauer, Reynolds and Betty Stapleton claim that while working at the Weaver Popcorn Company of Van Buren, Indiana, they were exposed to vapors from butter flavoring and other products that contain the chemical diacetyl. They allege that this exposure caused injury to their respiratory systems. Wayne Hults and Paul Stapleton's claims are for loss of consortium. The allegations of this complaint are virtually identical to those contained in other complaints that have been filed against Sensient Flavors Inc., in other jurisdictions over the use of diacetyl in butter flavoring for microwave popcorn. The defendants, including Sensient Flavors Inc., removed the matter to Federal Court and filed motions for dismissal. An analysis of its sales records by Sensient Flavors Inc. reveals that it did not sell any diacetyl containing products to the Weaver Popcorn facility. By order dated January 15, 2008, the District Court dismissed Sensient Flavors Inc. from the case, without prejudice.

The Company is involved in various other claims and litigation arising in the normal course of business. In the judgment of management, which relies in part on information from Company counsel, the ultimate resolution of these actions will not materially affect the consolidated financial statements of the Company except as described above.

Management's Report on Internal Control Over Financial Reporting

The management of Sensient Technologies Corporation is responsible for establishing and maintaining adequate internal control over financial reporting. It is management's policy to maintain a control-conscious environment through an effective system of internal accounting controls. These controls are supported by the careful selection of competent and knowledgeable personnel and by the communication of standard accounting and reporting policies and procedures throughout the Company. These controls are designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles.

Management has assessed the effectiveness of the Company's internal control over financial reporting as of December 31, 2007. In making its assessment of internal control over financial reporting, management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission in Internal Control – Integrated Framework. Based on that assessment, management has concluded that the Company's internal control over financial reporting was effective as of December 31, 2007.

The Company's independent registered public accounting firm has issued their report on the Company's internal control over financial reporting. This report appears on page 46.

To the Board of Directors and Shareholders of
Sensient Technologies Corporation
Milwaukee, Wisconsin

We have audited the accompanying consolidated balance sheets of Sensient Technologies Corporation and subsidiaries (the "Company") as of December 31, 2007 and 2006, and the related consolidated statements of earnings, shareholders' equity, and cash flows for the years then ended. 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 in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards 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. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Sensient Technologies Corporation and subsidiaries at December 31, 2007 and 2006, and the consolidated results of their operations and their cash flows for the years then ended, in conformity with U.S. generally accepted accounting principles.

As discussed in Note 1 to the consolidated financial statements, on January 1, 2007, the Company changed its method of accounting for uncertain tax positions. During 2006, the Company changed its method for accounting for share-based payments. On December 31, 2006, the Company changed its method of accounting for defined benefit pension plans.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the Company's internal control over financial reporting as of December 31, 2007, based on criteria established in Internal Control – Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (the COSO criteria) and our report dated February 13, 2008 expressed an unqualified opinion thereon.

Milwaukee, Wisconsin
February 13, 2008

To the Board of Directors and Shareholders of Sensient Technologies Corporation
Milwaukee, Wisconsin

We have audited the accompanying consolidated statements of earnings, shareholders' equity, and cash flows of Sensient Technologies Corporation and subsidiaries (the "Company") for the year ended December 31, 2005. 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 audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards 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. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, such consolidated financial statements present fairly, in all material respects, the results of operations and cash flows of Sensient Technologies Corporation and subsidiaries for the year ended December 31, 2005, in conformity with accounting principles generally accepted in the United States of America.

Milwaukee, Wisconsin
February 17, 2006

Report of Independent Registered Public Accounting Firm

on Internal Control Over Financial Reporting

To the Board of Directors and Shareholders of
Sensient Technologies Corporation
Milwaukee, Wisconsin

We have audited Sensient Technologies Corporation's (the "Company") internal control over financial reporting as of December 31, 2007, based on criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (the COSO criteria). The Company's management is responsible for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management's Report on Internal Control Over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, Sensient Technologies Corporation maintained, in all material respects, effective internal control over financial reporting as of December 31, 2007, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated financial statements as of and for the years ended December 31, 2007 and 2006 of the Company and our report dated February 13, 2008 expressed an unqualified opinion thereon.

Ernst + Young LLP

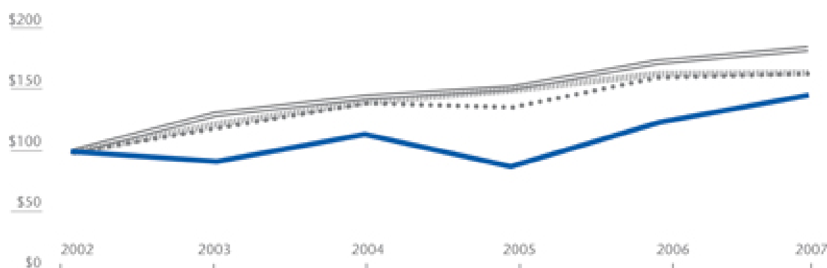
Milwaukee, Wisconsin
February 13, 2008

Quarterly Data (in thousands except per share amounts) (unaudited)	Revenue	Gross Profit	Net Earnings	Net Earnings Per Share Basic	Net Earnings Per Share Diluted
2007					
First Quarter	$285,268	$86,148	$17,346	$ 0.37	$ 0.37
Second Quarter	304,310	94,476	21,233	0.46	0.45
Third Quarter	294,311	88,985	20,783	0.44	0.44
Fourth Quarter	300,889	92,690	18,424	0.39	0.39
2006					
First Quarter	$262,924	$79,439	$15,618	$ 0.34	$ 0.34
Second Quarter	282,212	85,501	18,463	0.40	0.40
Third Quarter	280,878	83,604	16,977	0.37	0.37
Fourth Quarter	272,760	83,724	15,367	0.33	0.33

Common Stock Prices and Dividends	Market Price High	Market Price Low	Dividends Per Share
2007			
First Quarter	$26.13	$23.81	$ 0.16
Second Quarter	30.34	25.05	0.16
Third Quarter	28.99	23.66	0.18
Fourth Quarter	31.99	26.48	0.18
2006			
First Quarter	$19.38	$16.92	$ 0.15
Second Quarter	21.19	17.66	0.15
Third Quarter	22.99	19.05	0.15
Fourth Quarter	25.33	19.32	0.16

Company Stock Performance

This graph compares the cumulative total shareholder return for the Company's common stock over the last five years to the total returns on the Standard & Poor's Midcap Specialty Chemicals Index (the "S&P Midcap Specialty Chemicals Index"), the Standard & Poor's Midcap Food Products Index (the "S&P Food Products Index") and the Standard & Poor's 500 Stock Index (the "S&P 500 Index"). The graph assumes a $100 investment made on December 31, 2002 and reinvestment of dividends. The stock performance shown on the graph is not necessarily indicative of future price performance.



	2002	2003	2004	2005	2006	2007
Sensient Technologies Corporation	$100	$ 91	$113	$ 87	$123	$145
S&P Midcap Specialty Chemicals Index	100	117	140	135	159	163
S&P Food Products Index	100	121	139	150	161	162
S&P 500 Index	100	129	143	150	173	183

Five Year Review

(in thousands except employee and per share data) Years ended December 31,	2007	
Summary of Operations		
Revenue	$1,184,778	100.0%
Cost of products sold	822,479	69.5
Selling and administrative expenses	214,929	18.1
Restructuring and other charges	—	—
Operating income	147,370	12.4
Interest expense	36,127	3.0
Earnings before income taxes	111,243	9.4
Income taxes	33,457	2.8
Net earnings	$ 77,786	6.6%
Earnings per share:		
Basic	$ 1.66	
Diluted	$ 1.65	
Other Related Data		
Dividends per share, declared and paid	$ 0.68	
Average common shares outstanding:		
Basic	46,740	
Diluted	47,257	
Book value per common share	$ 17.10	
Price range per common share	23.66-31.99	
Share price at December 31	28.28	
Capital expenditures	41,961	
Depreciation	42,849	
Amortization	1,463	
Total assets	1,564,182	
Long-term debt	449,621	
Total debt	507,108	
Shareholders’ equity	814,421	
Return on average shareholders’ equity	10.2%	
Total debt to total capital	38.4%	
Employees	3,623	

The 2005 results include restructuring and other charges of $12.8 million ($9.8 million after tax, or $0.21 per share) related to a cost reduction program and an impairment charge (see Note 9). The charges were recorded in cost of products sold ($4.3 million) and in restructuring and other charges ($8.5 million).

The 2003 results include restructuring charges related to a cost reduction plan of $6.5 million and a $13.3 million credit related to termination of postretirement health care plan benefits included in selling and administrative expenses.

2006		2005		2004		2003	
$1,098,774	100.0%	$1,023,930	100.0%	$1,047,133	100.0%	$ 987,209	100.0%
766,506	69.7	731,253	71.4	734,596	70.2	677,414	68.6
202,991	18.5	189,998	18.6	183,381	17.5	165,835	16.8
—	—	8,465	0.8	—	—	6,476	0.7
129,277	11.8	94,214	9.2	129,156	12.3	137,484	13.9
35,748	3.3	35,737	3.5	31,265	3.0	29,140	2.9
93,529	8.5	58,477	5.7	97,891	9.3	108,344	11.0
27,104	2.5	14,282	1.4	23,973	2.2	26,912	2.8
$66,425	6.0%	$ 44,195	4.3%	$ 73,918	7.1%	$ 81,432	8.2%
$ 1.45		$ 0.95		$ 1.59		$ 1.74	
$ 1.44		$ 0.94		$ 1.58		$ 1.73	
$ 0.61		$ 0.60		$ 0.60		$ 0.59	
45,900		46,746		46,562		46,741	
46,204		47,067		46,877		47,041	
$ 15.12		$ 13.43		$ 13.99		$ 12.42	
16.92- 25.33		16.82- 23.97		17.91- 24.25		17.86- 24.26	
24.60		17.90		23.99		19.77	
39,314		36,102		49,845		74,208	
41,658		43,502		43,900		40,385	
1,386		1,357		1,240		1,077	
1,454,067		1,398,273		1,488,578		1,453,528	
441,306		283,123		525,153		525,924	
532,532		553,682		615,196		654,657	
704,104		622,228		658,698		580,118	
9.9%		6.8%		12.2%		15.2%	
43.1%		47.1%		48.3%		53.0%	
3,582		3,518		3,728		3,845	

Board of Directors

Kenneth P. Manning, 66
Chairman and Chief Executive Officer
Sensient Technologies Corporation
Elected Director in 1989 (2, 6)

Hank Brown, 68
President
University of Colorado
Elected Director in 2004 (1, 4, 5)

Fergus M. Clydesdale, Ph.D., 71
Distinguished Professor and
Head of the Department of Food Science
University of Massachusetts – Amherst
Elected Director in 1998 (2, 3, 4, 6)

James A.D. Croft, 70
Chairman
Bartlodge Limited
Elected Director in 1997 (1, 2, 3, 6)

William V. Hickey, 63
President and Chief Executive Officer
Sealed Air Corporation
Elected Director in 1997 (1, 2, 4, 5)

Peter M. Salmon, 58
President
International Food Network, Inc.
Elected Director in 2005 (5, 6)

Elaine R. Wedral, Ph.D., 63
Retired, President
Nestle's Research and Development
Worldwide Food Service Systems
Elected Director in 2006 (5, 6)

Essie Whitelaw, 60
Senior Vice President of Private
Sector Claims Administration
Wisconsin Physician Services
Elected Director in 1993 (3, 4)

Committees

1 Audit Committee
2 Executive Committee
3 Compensation and Development Committee
4 Nominating and Corporate Governance Committee
5 Finance Committee
6 Scientific Advisory Committee

Elected Officers

Kenneth P. Manning, 66
Chairman and Chief Executive Officer
With the Company 20 years

Peter Bradley, 48
President, Color Group
With the Company 5 years

James J. Clarke, 58
Assistant Secretary and Assistant General Counsel
With the Company 4 years

John F. Collopy, 38
Vice President and Treasurer
With the Company 8 years

Neil G. Cracknell, 46
President, Flavors & Fragrances Group
With the Company 13 years

Robert J. Edmonds, 51
President and Chief Operating Officer
With the Company 3 years

John L. Hammond, 61
Vice President, Secretary and General Counsel
With the Company 10 years

Richard F. Hobbs, 60
Vice President and Chief Financial Officer
With the Company 34 years

Richard J. Malin, 41
Assistant Controller
With the Company 16 years

Douglas S. Pepper, 54
Vice President, Administration
With the Company 2 years

Stephen J. Rolfs, 43
Vice President, Controller and
Chief Accounting Officer
With the Company 10 years

Appointed Officers

Douglas L. Arnold, 44
Vice President, Administrative Services
With the Company 10 years

Gordon E. Hering, Ph.D., 51
Vice President, Marketing & Technology
With the Company 14 years

Jeffrey T. Makal, 44
Vice President, Taxation
With the Company 11 years

Robert L. Menzl, 51
Vice President, Information Technology
With the Company 12 years

Ralph G. Pickles, 61
Vice President, Special Assistant to Chairman
With the Company 12 years

Robert Wilkins, 51
President, Asia Pacific Group
With the Company 4 years

World Headquarters

777 East Wisconsin Avenue
Milwaukee, Wisconsin 53202-5304
(414) 271-6755
(800) 558-9892
Fax: (414) 347-4795
E-mail: corporate.communications@sensient-tech.com
Web site: www.sensient-tech.com

Transfer Agent and Registrar

Wells Fargo Bank Minnesota, N.A.
Shareowner Services
P. O. Box 64854
St. Paul, Minnesota 55164-0854
(800) 468-9716
Web site: www.wellsfargo.com/com/shareowner_services/

Common Stock

Sensient Technologies Corporation Common Stock is traded on the New York Stock Exchange. Ticker symbol: SXT.

There were 3,297 shareholders of record of Common Stock as of January 31, 2008.

Annual Meeting of Shareholders

The Annual Meeting of Shareholders will be held at 2:00 p.m. (CDT) on Thursday, April 24, 2008, at The Ritz-Carlton Chicago, 160 East Pearson Street, Chicago, Illinois.

Annual Report and Proxy Statement

The Company's annual report and proxy statement are available online at www.sensient-tech.com/financial/ annualreport_and_proxy.htm.

Form 10-K

The Company's annual report filed with the Securities and Exchange Commission on Form 10-K is available without charge from the Company's Investor Relations Department and on its Web site at www.sensient-tech.com.

Dividends

Quarterly dividends are typically paid on the first business day of March, June, September and December.

Automatic Dividend Reinvestment Plan

The Sensient Technologies Corporation Dividend Reinvestment Plan provides shareholders with a convenient, economical way to increase their ownership of Sensient Technologies Corporation Common Stock. Through the plan, shareholders can automatically reinvest their dividends to acquire additional shares and make supplemental stock purchases without paying fees or commissions. An enrollment form and brochure describing the plan can be obtained by contacting the plan administrator, Wells Fargo Bank Minnesota at (800) 468-9716 or the Company's Investor Relations Department at (414) 347-3779.

Investor Relations

Communications concerning the transfer of shares, lost certificates, duplicate mailings or change of address should be directed to the transfer agent.

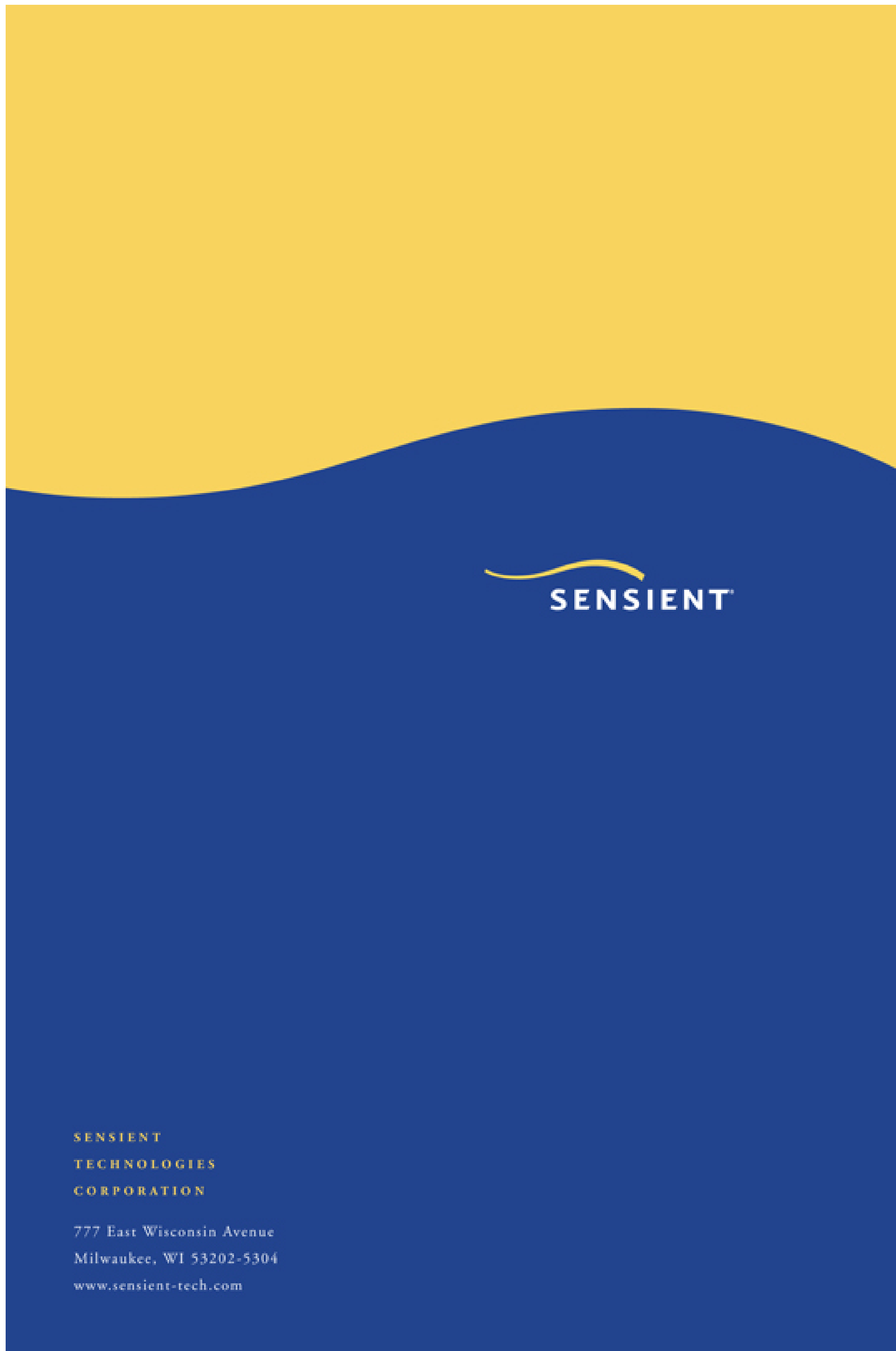
Other shareholder information, such as news releases and information regarding corporate governance, is available on the Company's Web site: www.sensient-tech.com. Shareholders can also register to receive notification via e-mail when new information is added to the site. The Company's Web address is provided as an inactive textual reference only, and the contents of the Web site are not incorporated in or otherwise to be regarded as part of this annual report.

Other requests for information should be directed to the Company's Investor Relations Department at (414) 347-3779.

The Company maintains a direct mailing list for news releases and quarterly reports. If you would like your name added to this list, please contact the Company's Investor Relations Department.

In accordance with New York Stock Exchange rules and pursuant to Rule 13a-14 under the Securities and Exchange Act of 1934, Kenneth P. Manning, as the Company's Chief Executive Officer, and Richard F. Hobbs, as the Company's Chief Financial Officer, have certified the quality of the Company's public disclosure in an exhibit to the Company's Annual Report on Form 10-K for the year ended December 31, 2007. As Chief

Executive Officer, in 2007 Kenneth P. Manning also has certified compliance with New York Stock Exchange corporate governance listing standards.



(Back To Top)

Section 5: EX-21 (SUBSIDIARIES OF THE REGISTRANT)

Exhibit 21

SUBSIDIARIES OF SENSIENT TECHNOLOGIES CORPORATION

Name	Jurisdiction of incorporation	% ownership (if less than 100%)
Corporate Group		
Biolux Finance NV	Belgium	
DC Flavours Limited	United Kingdom	

Pointing Holdings Limited	United Kingdom	
Pointing International Limited	United Kingdom	
Sensient Finance (Alberta) Limited Partnership	Alberta	
Sensient Finance Ireland Limited	Ireland	
Sensient Finance Luxembourg S.à.r.l.	Luxembourg	
Sensient Holding (Alberta) Limited Partnership	Alberta	
Sensient Holding Company LLC	Delaware	
Sensient Holding Luxembourg S.à.r.l.	Luxembourg	
Sensient Holdings Malta Limited	Malta	
Sensient Holdings UK	United Kingdom	
Sensient Technologies Holding Company LLC	Delaware	
Sensient Technologies Holding Deutschland GmbH	Germany	
Sensient Technologies Limited	United Kingdom	
Sensient Technologies Luxembourg S.à.r.l.	Luxembourg	
Sensient Wisconsin L.L.C.	Wisconsin	
Universal Holdings Cayman	Cayman Islands	
Flavors & Fragrances Group		
Flavor Burst, Inc.	Illinois	
Provamil NV	Belgium	
Sensient Costa Rica S.r.l.	Costa Rica	
Sensient Essential Oils Germany GmbH	Germany	
Sensient Flavors Belgium NV	Belgium	
Sensient Flavors Biolux NV	Belgium	
Sensient Flavors Canada Inc.	Canada	
Sensient Flavors Central America S.A.	Costa Rica	
Sensient Flavors & Fragrances GmbH & Co KG	Germany	
Sensient Flavors & Fragrances SAS	France	
Sensient Flavors GmbH	Germany	
Sensient Flavors International, Inc.	Indiana	
Sensient Flavors Italy S.r.l.	Italy	
Sensient Flavors Limited	United Kingdom	
Sensient Flavors LLC	Delaware	
Sensient Flavors Mexico, S.A. de C.V.	Mexico	
Sensient Flavors Real Estate S.p.A.	Italy	
Sensient Flavors Scandinavia AB	Sweden	
Sensient Flavors Strasbourg	France	
Sensient Flavors Wales Limited	United Kingdom	
Sensient Fragrances Guatemala, S.A.	Guatemala	
Sensient Fragrances Mexico, S.A. de C.V.	Mexico	
Sensient Fragrances SA	Spain	
Sensient Holding I BV	Netherlands	
Sensient Holding II BV	Netherlands	
Sensient Technologies Corp. (China) Ltd.	China	
Sensient Technologies Corporation (Japan)	Japan	
Sensient Technologies Hong Kong Limited	Hong Kong	
Sensient Vermogensvertwaltungs Gmbh	Germany	
Dehydrated Flavors Division		
Inter-Agro U.S.A., Inc.	Illinois	
Sensient Dehydrated Flavors Canada, Inc.	Canada	
Sensient Dehydrated Flavors BV	Netherlands	
Sensient Dehydrated Flavors LLC	Delaware	
Sensient Dehydrated Flavors (Qingdao) Co. Ltd.	China	
Sensient Dehydrated Flavors SAS	France	
Color Group		
LCW	France	
LCW-Les Colorants Wackherr do Brasil Ltda.	Brazil	50%
LCW Polska Ltd.	Poland	60%
Les Colorants Wackherr Iberica SA, en liquidacion	Spain	51%
Pointing Canada Limited	Canada	
Pointing Chemicals Limited	United Kingdom	
Pointing Color Inc.	Delaware	
Pointing Limited	United Kingdom	
Sensient Colors Canada Ltd.	Canada	
Sensient Colors Inc.	New York	
Sensient Colors S.A. de C.V.	Mexico	
Sensient Colors SA	Argentina	
Sensient Colors South Africa (Pty.) Limited	South Africa	
Sensient Colors UK Ltd.	United Kingdom	
Sensient Food Colors Czech Republic, s.r.o.	Czech Republic	
Sensient Food Colors France	France	

Sensient Food Colors Germany GmbH	Germany
Sensient Food Colors Hungary KFT	Hungary
Sensient Food Colors Italy S.r.l.	Italy

SUBSIDIARIES OF SENSIENT TECHNOLOGIES CORPORATION

Name	Jurisdiction of incorporation	% ownership (if less than 100%)
Color Group (Continued)		
Sensient Food Colors L.P.	Missouri	
Sensient Food Colors Poland Sp. z.o.o	Poland	
Sensient Food Colors Romania Srl	Romania	
Sensient Food Colors SMN d.o.o.	Serbia & Montenegro	
Sensient Food Colors The Netherlands B.V.	Netherlands	
Sensient Imaging Technologies GmbH	Germany	
Sensient Imaging Technologies Inc.	California	
Sensient Imaging Technologies SA	Switzerland	
Sensient Imaging Technologies, S.A. de C.V.	Mexico	
Sensient Imaging Technologies Spain, S.L.	Spain	
Sensient Technologies Brazil Ltda.	Brazil	
Sensient Technologies Real Estate GmbH	Germany	
Societe Civile Immobiliere Cesar	France	
Societe Civile Immobiliere Griseda	France	
Asia Pacific Group		
PT Sensient Technologies Indonesia	Indonesia	
Sensient India Private Limited	India	
Sensient Technologies Asia Pacific Pte Ltd	Singapore	
Sensient Technologies Australia Pty Ltd	Australia	
Sensient Technologies (Philippines), Inc.	Philippines	
Sensient Technologies (Thailand), Ltd.	Thailand	

(Back To Top)

Section 6: EX-23.1 (CONSENT OF ERNST & YOUNG LLP)

EXHIBIT 23.1

Consent of Independent Registered Public Accounting Firm

We consent to the incorporation by reference in the Registration Statement (Form S-3 No. 333-67015 and Forms S-8 No. 333-145092, 33-55437, 333-95991, 333-95993, 33-27356, 333-35877, 333-96871, 333-85360, 333-45931, 333-118539), as amended, of Sensient Technologies Corporation and in the related Prospectus of our reports dated February 13, 2008, with respect to the consolidated financial statements and schedule of Sensient Technologies Corporation, and the effectiveness of internal control over financial reporting of Sensient Technologies Corporation, incorporated by reference in this Annual Report (Form 10-K) for the years ended December 31, 2007 and 2006.

/s/ Ernst & Young LLP
Milwaukee, Wisconsin
February 29, 2008

(Back To Top)

Section 7: EX-23.2 (CONSENT OF DELOITTE & TOUCHE LLP)

EXHIBIT 23.2

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in Amendment No. 1 to Registration Statement No. 33-55437 and Registration Statements No. 333-95991, 333-95993, 33-27356, 333-35877, 333-96871, 333-85360, 333-45931, 333-118539 and 333-145092 on Form S-8 and Registration Statement No. 333-67015 on Form S-3 of Sensient Technologies Corporation, of our reports dated February 17, 2006, relating to the financial statements and financial statement schedule of Sensient Technologies Corporation appearing and incorporated by reference in the Annual Report on Form 10-K of Sensient Technologies Corporation for the year ended December 31, 2007.

/s/ DELOITTE & TOUCHE LLP
Milwaukee, Wisconsin
February 29, 2008

(Back To Top)

Section 8: EX-31 (SECTION 302 CEO AND CFO CERTIFICATION)

EXHIBIT 31

CERTIFICATION
Pursuant to Rule 13a-14(a) of the Exchange Act

I, Kenneth P. Manning, certify that:

1. I have reviewed this annual report on Form 10-K of Sensient Technologies Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):
   a) all significant deficiencies and material weaknesses in the design or operation of internal controls over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 29, 2008

/s/ Kenneth P. Manning
Kenneth P. Manning, Chairman
& Chief Executive Officer

EXHIBIT 31

CERTIFICATION
Pursuant to Rule 13a-14(a) of the Exchange Act

I, Richard F. Hobbs, certify that:

1. I have reviewed this annual report on Form 10-K of Sensient Technologies Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):
   a) all significant deficiencies and material weaknesses in the design or operation of internal controls over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 29, 2008

/s/ Richard F. Hobbs
Richard F. Hobbs, Vice President
& Chief Financial Officer

(Back To Top)

Section 9: EX-32 (SECTION 906 CEO AND CFO CERTIFICATION)

EXHIBIT 32

CERTIFICATION
Pursuant to 18 United States Code § 1350

The undersigned hereby certifies that the Annual Report on Form 10-K for the fiscal year ended December 31, 2007 of Sensient Technologies Corporation (the "Company") filed with the Securities and Exchange Commission on the date hereof fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934 and that the information contained in such report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Kenneth P. Manning
Name: Kenneth P. Manning
Title: Chairman & Chief Executive Officer
Date: February 29, 2008

A signed original of this written statement required by Section 906 has been provided to Sensient Technologies Corporation and will be retained by Sensient Technologies Corporation and furnished to the Securities and Exchange Commission or its staff upon request.

EXHIBIT 32

CERTIFICATION
Pursuant to 18 United States Code § 1350

The undersigned hereby certifies that the Annual Report on Form 10-K for the fiscal year ended December 31, 2007 of Sensient Technologies Corporation (the "Company") filed with the Securities and Exchange Commission on the date hereof fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934 and that the information contained in such report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Richard F. Hobbs

Name: Richard F. Hobbs
Title: Vice President & Chief Financial Officer
Date: February 29, 2008

A signed original of this written statement required by Section 906 has been provided to Sensient Technologies Corporation and will be retained by Sensient Technologies Corporation and furnished to the Securities and Exchange Commission or its staff upon request.

(Back To Top)