

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

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**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, 2008

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
(State of Incorporation)

39-0561070
(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, 2008 was \$1,340,293,501.00. 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 48,623,862 shares of Common Stock outstanding as of February 17, 2009.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of: (1) the Company's Annual Report to Shareholders for the fiscal year ended December 31, 2008 (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 13, 2009 (see Part III of this Form 10-K).

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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 incorporated by reference from p 23 of the Company’s 2008 Annual Report to Shareholders. 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.

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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 and beverage colors;
- cosmetic and pharmaceutical colors and additives; and
- technical colors, inkjet colors and inks, and specialty dyes and pigments.

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On July 17, 2008, the Company announced an increase in its cash dividend on its common stock from an annual rate of 72 cents per share to an annual rate of 76 cents per share, commencing with the quarterly dividend paid on September 2, 2008 to shareholders of record on August 8, 2008.

The Company's operations, except for the Asia Pacific and China Groups, are managed on a products-and-services basis. The Company's two reportable segments are the Flavors & Fragrances Group and the Color Group. Because of a segment realignment in 2008, China's color and flavor operations (except dehydrated flavors) are no longer included in the Flavors and Fragrances Group. The China Group is now included in the "Corporate and Other" category, along with the Asia Pacific Group and the Company's corporate expenses. Financial information regarding the Company's two reportable segments and the operations included within Corporate and Other is incorporated by reference to the information set forth on pages 39 through 41 of the Company's 2008 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.

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 and it has a growing presence in China. 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.

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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 and China Groups

The Asia Pacific Group and the China Group focus on marketing the Company's diverse product line in the Pacific Rim under the Sensient name. Through these operations, 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 Asia Pacific Group maintains offices for research and development, as well as sales, in Indonesia, India, Singapore and Thailand. An additional sales office is located in Australia.

The China Group's operations include a manufacturing facility in China and multiple sales and technical offices.

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, 2008, the Company employed approximately 436 people in research, development and quality assurance.

Expenditures for research and development related to continuing operations in calendar year 2008 were \$28.3 million, compared with \$25.7 million in the year ended December 31, 2007 and \$24.8 million in the year ended December 31, 2006. 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,

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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 and specialty chemicals for digital imaging.

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.

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- *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 and China.* Because of the broad array of products available to customers of the Asia Pacific Group and the China 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 2008 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, 2008, the Company employed 3,613 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 in the U.S. are subject to the regulations of various federal, state and local governmental agencies, in particular the U.S. Food & Drug Administration. The Company is subject to similar regulations in many international markets.

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 2008 Annual Report to Shareholders and "Forward Looking Statements" on page 24 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.

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- *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.

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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

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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.

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.

- *Our ability to successfully maintain and upgrade our information technology systems may affect our competitiveness and our profits could decrease.*

Our success depends in part on our ability to maintain a current information technology platform for our business to operate. We routinely review and upgrade our information technology systems in order to better manage and report the sales, manufacturing and other operations of our business. If we do not continue to maintain our information technology platform and successfully implement upgrades to the system, our competitiveness and profits could decrease.

- *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 conflicts in Iraq and Afghanistan, and the situations in North Korea and Iran, can adversely affect national, international and local economies. Economies can also be affected by natural disasters, such as the recent typhoons in the Philippines, the Southeast Asian tsunami and Hurricane Katrina, or by epidemics such as the avian flu. Such events and conditions, as well as the current impairment of financial markets, increased unemployment and decreased consumer spending, could adversely affect our revenues and profitability, particularly 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.

| <u>LOCATION</u> | <u>GROUP/DIVISION</u> | <u>FUNCTION</u> |
|----------------------|-----------------------|--|
| UNITED STATES | | |
| California | | |
| Carlsbad | 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 |

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UNITED STATES (Continued)

Michigan

| | | |
|--------------|----------------------|---|
| Harbor Beach | Flavors & Fragrances | Production/flavors and flavor enhancers |
|--------------|----------------------|---|

Missouri

| | | |
|-----------|-------|---------------------------------------|
| St. Louis | Color | Production, R&D and sales/food colors |
|-----------|-------|---------------------------------------|

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 and 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* | China | Sales/colors and flavors |
| Guangzhou* | China | Production, R&D and sales/flavors and food and pharmaceutical colors |
| Hong Kong* | China | Sales/colors and flavors |
| Qingdao* | Flavors & Fragrances | Production/dehydrated flavors |
| Shanghai* | China | R&D and sales/colors and flavors |

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INTERNATIONAL (Continued)

| | | |
|-------------------|----------------------|--|
| Costa Rica | | |
| San Jose* | Flavors & Fragrances | Sales/flavors |
| 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 | Color | Production, R&D and sales/cosmetic colors and ingredients |
| L'Aumone* | | |
| 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 | | |
| Hitachi | Asia Pacific | Production/flavors and colors |
| Tokyo* | Asia Pacific | R&D and sales/flavors and colors |
| Korea | | |
| Seoul* | Asia Pacific | 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 |

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INTERNATIONAL (Continued)

Mexico (continued)

| | | |
|-------------------|----------------------|---|
| Tlalnepantla (2)* | Flavors & Fragrances | Production, R&D, distribution and sales/ingredients, flavors and fragrances |
|-------------------|----------------------|---|

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.

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Item 3. Legal Proceedings

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 a manufacturing site 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 are substantially complete.

Superfund Claim

In July 2004, the Environmental Protection Agency (“EPA”) notified the Company’s subsidiary Sensient Colors Inc. (“Sensient Colors”) 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 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 in January 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 informed Sensient Colors that it was unwilling to discuss these legal challenges without prior conditions. In 2006, 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.

In March 2007, the United States filed a complaint in the U.S. District Court in New Jersey against Sensient Colors claiming “over \$16 million” in response costs allegedly incurred and to be incurred by the EPA pursuant to CERCLA. Sensient Colors moved to dismiss the United States’ complaint, which motion was denied by the Court in October 2007. Sensient Colors timely filed its answer and affirmative defenses to the United States’ complaint, as well as a third-party complaint against current and former owners and/or operators of the Site. The United States moved to strike Sensient Colors’ affirmative defenses. In an August 12, 2008 Opinion and Order, following briefs and oral argument, the Court partly granted and partly denied the United States’ motion, effectively preserving most of Sensient Colors’ affirmative defenses, either as originally pled or with changes outlined by the Court. Sensient Colors promptly filed an amended pleading incorporating the revised affirmative defenses. On July 29, 2008, Sensient Colors filed a third-party complaint adding Kohnstamm Inc. (a Canadian affiliate of General Color Company) and its president Avtar Singh as defendants.

In late August 2008, in the course of reviewing documents produced by the EPA, Sensient Colors discovered an e-mail exchange between EPA officials that Sensient Colors believes supports many of the legal theories and affirmative defenses advanced by Sensient Colors in the litigation and undermines key United States cost recovery claims. By letter dated August 26, 2008, based on the above document and other evidence adduced in the case, Sensient Colors demanded that the United States dismiss its case with prejudice and reimburse Sensient Colors for attorneys’ fees and costs incurred. In response to the August 26, 2008 letter, the United States withdrew, without prejudice, its then-pending motion to limit the scope of review to EPA’s administrative record and told the Court that it would respond to Sensient’s letter by September 10, 2008. The United States then sought additional time for its review of Sensient Colors’ demand. In an October 3, 2008 Letter Order, the Court directed the United States to provide Sensient with notice of its decision with respect to the demand for dismissal by October 31, 2008. In a letter to Sensient Colors dated October 31, 2008, the United States declined to voluntarily dismiss the case but agreed, with certain conditions, not to oppose depositions of current and former EPA employees on the issues raised in Sensient Colors’ letter of August 26, 2008. The United States reserved its rights to seek limitations on discovery and to seek to limit review of EPA’s choice of response action to the administrative record.

Using the evidence that supports its demand for dismissal, Sensient Colors moved for leave to amend its responsive pleading to include a new affirmative defense, a counterclaim against the United States and the EPA, and third-party claims against certain EPA

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employees or agents. After briefing, the motion for leave to amend was argued before the magistrate judge on November 18, 2008. On February 13, 2009, the magistrate issued an opinion and order denying Sensient Colors' motion for leave to amend. Sensient Colors has until March 2, 2009 to appeal the magistrate's decision to the district court judge and intends to do so.

Sensient Colors also issued subpoenas or deposition notices to numerous current or former EPA officials. Motions were filed to block the depositions of former EPA Administrator Christine Todd Whitman, former EPA Regional Administrator Jane Kenny, and EPA On-Scene Coordinator David Rosoff. Those motions have been fully briefed. On January 28, 2009, the magistrate judge issued an opinion and order denying or delaying Sensient Colors' ability to conduct the foregoing depositions. Sensient Colors has exercised its right to appeal the magistrate's decision to the district court judge.

Sensient Colors 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. A portion of Sensient Colors' legal defense costs is being paid by insurers with a reservation of coverage rights. Litigation to resolve coverage issues 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), 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 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 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 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"). 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 is allegedly responsible, such reduction may become a part of the damages claimed by plaintiff. In March 2007, plaintiff filed an amended complaint naming the Agency, the NJSCC and the DEP as additional defendants in furtherance of this effort. In April 2007, Sensient Colors 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 has responded to all three cross-claims. Document discovery was completed in July 2008, and expert and rebuttal expert reports have been exchanged. Depositions of fact and expert witnesses are on-going.

Sensient Colors advised the Court and the other parties in this litigation of the developments in the Superfund Claim as described above. Sensient Colors took supplemental depositions of several DEP officials and served subpoenas upon five current or former EPA officials. The United States, though not a party to the Pleasant Gardens case, initially sought to quash those subpoenas before the Pleasant Gardens court. On November 17, 2008, the United States removed the subpoenas and related proceedings to federal court. At an initial court conference on the removed proceedings on February 19, 2009, the federal magistrate judge asked for additional briefing on the issue of the government's standing to seek to quash the state court subpoenas, which the court has indicated an intent to consider before considering the merits of the motions to quash.

On December 3, 2008, Sensient Colors moved for a 120-day stay of the trial date and commensurate adjustment of case schedule. There has as yet been no ruling on that motion.

On January 8, 2009, the judge recused himself from the Pleasant Gardens case (as well as the related insurance-coverage case) because of a conflict of interest and the Pleasant Gardens case has been reassigned to another judge. In light of the recusal and reassignment, the new judge has re-scheduled the trial to commence no earlier than June 1, 2009 and, depending on how certain outstanding discovery issues are resolved, the trial may be deferred further.

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Commercial Litigation

The following is a significant commercial case involving the Company.

Smead et al. v. Sensient Flavors Inc. et al.

On April 14, 2008, the Company's subsidiary Sensient Flavors Inc., now known as Sensient Flavors LLC ("Sensient Flavors"), certain other flavor manufacturers, a flavor industry trade association and its management company were sued in Milwaukee County Circuit Court in Milwaukee, Wisconsin, by a former employee of International Flavors & Fragrances, Inc. ("IFF"), Richard Smead, and his spouse, Kathy Smead. Mr. Smead claims that while working in various positions at IFF he was exposed to "butter flavors and/or their constituents" allegedly sold by Sensient Flavors and the other manufacturer defendants, which caused him to suffer "severe and permanent" injury to his respiratory system and other damages. Mrs. Smead's claim is 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 in other jurisdictions over the presence of diacetyl in butter flavoring for use in microwave popcorn production.

The Company believed that plaintiffs' claims were without merit and vigorously defended this case. The Company responded to the Complaint, denying all liability and joining numerous motions to dismiss that were filed by some of the other flavor manufacturers. An analysis of Sensient Flavors' sales records indicated that it never sold any butter flavoring to IFF. On January 6, 2009, the Court entered an Order dismissing Sensient Flavors from this case, without prejudice and without costs.

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, 2008.

Executive Officers of the Registrant

The executive officers of the Company and their ages as of March 2, 2009 are as follows:

| <u>Name</u> | <u>Age</u> | <u>Position</u> |
|--------------------|------------|---|
| Kenneth P. Manning | 67 | Chairman and Chief Executive Officer |
| Peter G. Bradley | 49 | President - Color Group |
| John F. Collopy | 39 | Vice President and Treasurer |
| Neil G. Cracknell | 47 | President - Flavors & Fragrances Group |
| Robert J. Edmonds | 52 | President and Chief Operating Officer |
| John L. Hammond | 62 | Senior Vice President, General Counsel and Secretary |
| Richard F. Hobbs | 61 | Senior Vice President and Chief Financial Officer |
| Richard J. Malin | 42 | Assistant Controller |
| Douglas S. Pepper | 56 | Vice President - Administration |
| Stephen J. Rolfs | 44 | 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. Edmonds is expected to leave the Company in the near future to pursue other opportunities, and will not be re-elected as an executive officer by the Board at its annual meeting in April. Since February 2009, Mr. Manning has assumed the duties of Chief

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Operating Officer. 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. 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. Hammond and Mr. Hobbs were Vice Presidents before being named Senior Vice Presidents in December 2008. 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 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 2007 and 2008 appearing under "Common Stock Prices and Dividends" on page 47 of the 2008 Annual Report to Shareholders are incorporated by reference. In 2008, 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, 2009, 2,012,990 shares had been repurchased under the latter authorization. The Company did not repurchase any shares during the fourth quarter of 2008.

The number of shareholders of record on February 17, 2009 was 3,158.

On July 17, 2008, the Company announced an increase in its cash dividend on its common stock from an annual rate of 72 cents per share to an annual rate of 76 cents per share, commencing with the quarterly dividend paid on September 2, 2008 to shareholders of record on August 8, 2008.

Information regarding the Company's equity compensation plans is incorporated by reference into Item 11 of Part III of this annual report.

The graph found on page 47 of the Company's 2008 Annual Report to Shareholders comparing the cumulative five year total return on the Company's common stock to the appropriate Standard and Poor's indices is incorporated by reference.

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 2008 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 2008 Annual Report to Shareholders and is incorporated by reference.

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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 2008 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 44 and page 47 of the 2008 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 Senior Vice President and Chief Financial Officer, of the effectiveness, as of December 31, 2008, 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 Senior Vice President and Chief Financial Officer have concluded that the disclosure controls and procedures were effective as of December 31, 2008.

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, 2008. 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, 2008. Management’s report on internal control over financial reporting, which appears on page 45 of the 2008 Annual Report to Shareholders, is incorporated by reference.

The Company’s internal control over financial reporting as of December 31, 2008, 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 2008 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, 2008 that has materially affected, or is reasonably likely to materially affect, the Company’s internal control over financial reporting.

Item 9B. Other Information

None.

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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 13, 2009 (“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” 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 fifth 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, 2008 through December 31, 2008, 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.

The discussion appearing under “Transactions with Related Persons” in the Proxy Statement is incorporated by reference.

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 Schedule

Documents filed:

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

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- 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 Schedule

| | Page Reference in 2008 Annual Report To Shareholders |
|--|---|
| 1. Financial Statements | |
| 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, 2008: | |
| Reports of Independent Registered Public Accounting Firm | 45-46 |
| Consolidated Balance Sheets - December 31, 2008 and 2007 | 26 |
| Consolidated Statements of Earnings - Years ended December 31, 2008, 2007 and 2006 | 25 |
| Consolidated Statements of Shareholders' Equity - Years ended December 31, 2008, 2007 and 2006 | 28-29 |
| Consolidated Statements of Cash Flows - Years ended December 31, 2008, 2007 and 2006 | 27 |
| Notes to Consolidated Financial Statements | 30-44 |
| 2. Financial Statement Schedule | |
| <u>Report of Independent Registered Public Accounting Firm</u> | 21 |
| <u>Schedule II - Valuation and Qualifying Accounts</u> | 22 |

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.

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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, 2008 and 2007 and for the three years in the period ended December 31, 2008, and the effectiveness of the Company's internal control over financial reporting as of December 31, 2008, and have issued our reports thereon dated February 16, 2009. Such consolidated financial statements and reports are included in your 2008 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 16, 2009

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Schedule II

Valuation and Qualifying Accounts (in thousands); Years Ended December 31, 2008, 2007, 2006

| <u>Valuation Accounts Deducted in the Balance Sheet From the Assets To Which They Apply</u> | <u>Balance at Beginning of Period</u> | <u>Additions Charged to Costs and Expenses</u> | <u>Additions Recorded During Acquisitions</u> | <u>Deductions (A)</u> | <u>Balance At End of Period</u> |
|---|---|--|---|---------------------------|---|
| 2006 | | | | | |
| Allowance for losses: Trade accounts receivable | \$ 7,327 | \$ 1,901 | \$ 0 | \$ 1,557 | \$ 7,671 |
| 2007 | | | | | |
| Allowance for losses: Trade accounts receivable | \$ 7,671 | \$ 646 | \$ 0 | \$ 4,075 | \$ 4,242 |
| 2008 | | | | | |
| Allowance for losses: Trade accounts receivable | \$ 4,242 | \$ 725 | \$ 0 | \$ 672 | \$ 4,295 |

(A) Accounts written off, net of recoveries.

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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
Senior Vice President, General Counsel and Secretary

Dated: March 2, 2009

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below as of March 2, 2009, 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
Senior 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/ Robert J. Edmonds
Robert J. Edmonds
Director, President and Chief Operating Officer

/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

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SENSIENT TECHNOLOGIES CORPORATION
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| <u>Exhibit Number</u> | <u>Description</u> | <u>Incorporated by Reference From</u> | <u>Filed Herewith</u> |
|-----------------------|--|---|-----------------------|
| 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 December 4, 2008 | | X |
| 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) | Amended and Restated Executive Employment Contract dated August 17, 2007 between Registrant and Kenneth P. Manning (superseded) | Exhibit 10.1 to Current Report on Form 8-K dated August 17, 2007 (Commission File No. 1-7626) | |
| 10.1(a)(2) | Amended and Restated Executive Employment Contract dated as of October 27, 2008 between the Company and Kenneth P. Manning (superseded) | Exhibit 10.2 to Quarterly Report on Form 10-Q for the quarter ended September 30, 2008 (Commission File No. 1-7626) | |
| 10.1(a)(3) | Amended and Restated Executive Employment Contract dated as of February 5, 2009 between the Company and Kenneth P. Manning | Exhibit 10.1 to Current Report on Form 8-K dated February 5, 2009 (Commission File Number 1-7626) | |
| 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 to Quarterly Report on Form 10-Q for the quarter ended September 30, 2008 (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 1994 Employee Stock Plan, as amended September 10, 1998 | Exhibit 10.2(f) 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 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) | |

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| 10.1(e) | 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(e)(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(f) | 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) | |
| 10.1(f)(1) | Amendment of 1999 Non-Employee Director Stock Option Plan dated as of November 6, 2000 | Exhibit 10.1(g)(1) to Annual Report of Form 10-K for the fiscal year ended December 31, 2000 (Commission File No. 1-7626) | |
| 10.1(g) | Sensient Technologies Corporation 2002 Stock Option Plan | Appendix B to Definitive Proxy Statement filed on Schedule 14A on March 22, 2002 | |
| 10.1(g)(1) | Amendment of No. 1 to the Sensient Technologies Corporation 2002 Stock Option Plan | Exhibit 10.11 to Quarterly Report on Form 10-Q for the quarter ended September 30, 2008 (Commission File No. 1-7626) | |
| 10.1(g)(2) | 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(h) | 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(h)(1) | Amendment No. 1 to the Sensient Technologies Corporation 2007 Restricted Stock Plan | Exhibit 10.12 to Quarterly Report on Form 10-Q for the quarter ended September 30, 2008 (Commission File No. 1-7626) | |
| 10.1(i) | Directors Deferred Compensation Plan, as amended and restated effective as of January 1, 2005 | Exhibit 10.3 to Quarterly Report on Form 10-Q for the quarter ended September 30, 2008 (Commission File No. 1-7626) | |
| 10.1(j)(1) | Management Income Deferral Plan, as amended and restated effective as of December 31, 2004 (frozen portion) | Exhibit 10.5(a) to Quarterly Report on Form 10-Q for the quarter ended September 30, 2008 (Commission File No. 1-7626) | |
| 10.1(j)(2) | Management Income Deferral Plan, as amended and restated effective as of January 1, 2005 (non-frozen portion) | Exhibit 10.5(b) to Quarterly Report on Form 10-Q for the quarter ended September 30, 2008 (Commission File No. 1-7626) | |

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| 10.1(k)(1) | Executive Income Deferral Plan, as amended and restated effective as of December 31, 2004 (frozen portion) | Exhibit 10.4(a) to Quarterly Report on Form 10-Q the quarter ended September 30, 2008 (Commission File No. 1-7626) | |
| 10.1(k)(2) | Executive Income Deferral Plan, as Amended and restated effective as of January 1, 2005 (non-frozen portion) | Exhibit 10.4(b) to Quarterly Report on Form 10-Q for the quarter ended September 30, 2008 (Commission File No. 1-7626) | |
| 10.1(l)(1) | 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(l)(2) | Amendment No. 1 to Rabbi Trust A dated December 18, 2008 between Registrant and Marshall & Ilsley Trust Company | | X |
| 10.1(m)(1) | Trust Agreement, including Changes upon Appointment of Successor Trustee 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(m)(2) | 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) | |
| 10.1(m)(3) | 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(m)(4) | Amendment No. 2 to Rabbi Trust B dated December 18, 2008 between Registrant and Marshall and Ilsley Trust Company | | X |
| 10.1(n) | 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 of 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 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(n)(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(n)(3) | Amendment No. 2 to Rabbi Trust C dated December 18, 2008 between Registrant and Marshall & Ilsley Trust Company | | X |

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|-----------------------|--|--|-----------------------|
| 10.1(o) | Incentive Compensation Plan for Elected Corporate Officers | Exhibit 10.10 to Quarterly Report on Form 10Q for the quarter ended September 30, 2008 (Commission File No. 1-7626) | |
| 10.1(p) | Management Incentive Plan for Group Presidents | Exhibit 10.9 to Quarterly Report on Form 10-Q for the quarter ended September 30, 2008 (Commission File No. 1-7626) | |
| 10.1(q) | Management Incentive Plan for Corporate Management | Exhibit 10.7 to Quarterly Report on Form 10-Q for the quarter ended September 30, 2008(Commission File No. 1-7626) | |
| 10.1(r) | Management Incentive Plan for Group/Division Management | Exhibit 10.8 to Quarterly Report on Form 10-Q for the quarter ended September 30, 2008 (Commission File No. 1-7626) | |
| 10.1(s) | Form of Agreement for Executive Officers (Supplemental Executive Retirement Plan A), as amended and restated effective as of January 1, 2005 | | X |
| 10.1(t) | Form of Agreement for Executive Officers (Supplemental Executive Retirement Plan B), as amended and restated effective as of January 1, 2005 | | X |
| 10.1(u)(1) | Supplemental Benefit Plan, as amended and restated effective as of December 31, 2004 (frozen portion) | Exhibit 10.6(a) to Quarterly Report on Form 10-Q for the quarter ended September 30, 2008 (Commission File No. 1-7626) | |
| 10.1(u)(2) | Supplemental Benefit Plan, as amended and restated effective as of January 1, 2005 (non-frozen portion) | Exhibit 10.6(b) to Quarterly Report on Form 10-Q for the quarter ended September 30, 2008 (Commission File No. 1-7626) | |
| 10.1(v) | Letter Agreement dated December 18, 2007 between Registrant and Ralph G. Pickles | Exhibit 10.1(y) to Annual Report on Form 10-K for the fiscal year ended December 31, 2007 (Commission File No. 1-7626) | |
| 10.1(w) | Retirement Agreement and Release dated January 14, 2008 between Registrant and Richard Carney | Exhibit 10.1(z) to Annual Report on Form 10-K for fiscal year ended December 31, 2007 (Commission File No. 1-7626) | |
| 10.2 | 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) | |
| 10.3 | Credit Agreement dated as of October 7, 2008 | Exhibit 10.1 to Quarterly Report on Form 8-K dated October 7, 2008 (Commission File No. 1-7626) | |

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|-----------------------|---|---|-----------------------|
| 13.1 | Annual Report to Shareholders for the year ended December 31, 2008 | | 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 |
| 31 | Certifications of Sensient's Chairman and Chief Executive Officer and Senior 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 Senior Vice President and Chief Financial Officer, pursuant to 18 United States Code § 1350 | | X |

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Section 2: EX-3.2 (BY-LAWS)

EXHIBIT 3.2

**SENSIENT TECHNOLOGIES CORPORATION
AMENDED AND RESTATED BY-LAWS
(as amended December 4, 2008)**

1. OFFICES

1.1 Business Offices. The principal office of the corporation in the State of Wisconsin shall be located in the City of Milwaukee, County of Milwaukee. The corporation may have such other offices, either within or without the State of Wisconsin, as the Board of Directors may designate or as the business of the corporation may require from time to time.

1.2 Registered Office. The registered office of the corporation required by the Wisconsin Business Corporation Law to be maintained in the State of Wisconsin may be, but need not be, identical with the principal office in the State of Wisconsin, and the address of the registered office may be changed from time to time by the Board of Directors.

2. SHAREHOLDERS

2.1 Annual Meeting. The date of the annual meeting of shareholders shall be set by the Board of Directors each year for the third Thursday after the first Friday of April, or on such other day as may be designated by the Board of Directors, upon the recommendation of the Nominating and Corporate Governance Committee, for the purpose of electing directors and transacting such other business as may come before the meeting; provided, however, that any such other date shall be not later than June 1. In fixing a meeting date for any annual meeting of shareholders, the Board of Directors may consider such factors as it deems relevant within the good faith exercise of its business judgment.

2.2 Purposes of Annual Meeting. At an annual meeting of shareholders (an "Annual Meeting"), only business properly brought before the meeting as provided in this Section may be transacted. To be properly brought before an Annual Meeting, business must be (i) brought before the meeting by or at the direction of the Board of Directors, or (ii) otherwise properly brought before the meeting by a shareholder of record where the shareholder has complied with the requirements of this Section. To bring business before an Annual Meeting, a shareholder must have given written notice thereof, either by personal delivery or by United States certified mail, postage prepaid, to the Secretary of the corporation, that is received by the Secretary not less than fifty (50) days in advance of the third Thursday after the first Friday in the month of April next following the last Annual Meeting held; provided that if the Annual Meeting of shareholders is held earlier than the third Thursday after the first Friday in the month of April, such notice must be given on or before the later of (x) the date fifty (50) days prior to the earlier date of the Annual Meeting and (y) the date ten (10) business days after the first public disclosure, which may include any public filing with the Securities and Exchange Commission or a press release to Dow Jones & Company or any similar service, of the earlier date of the Annual Meeting. Any such notice shall set forth the following as to each matter the shareholder proposes to bring before the Annual Meeting: (A) a brief description of the business desired to be brought before the meeting and the reasons for conducting such business at the meeting and, if such business includes a proposal

to amend the Amended and Restated Articles of Incorporation or By-laws of the corporation, the language of the proposed amendment; (B) the name and address, as they appear on the corporation's books, of the shareholder proposing such business and the beneficial owner or owners, if any, on whose behalf the business is proposed; (C) the class and number of shares of the corporation

which are beneficially owned by such shareholder and beneficial owner or owners; (D) a representation that the shareholder is a holder of record of stock of the corporation entitled to vote at such meeting and intends to appear in person or by proxy at the meeting to propose such business; and (E) any material interest of the shareholder and beneficial owner or owners in such business and such persons' reasons for conducting such business at the meeting. If the chairman of the shareholders meeting shall determine that business was not properly brought before the meeting and in accordance with the provisions of the By-laws, he or she shall so declare to the meeting and any such business not properly brought before the meeting shall not be transacted. Notwithstanding the foregoing provisions of this Section, a shareholder shall also comply with all applicable requirements of the Securities Exchange Act of 1934, as amended, and the rules and regulations thereunder with respect to the matters set forth in this Section.

2.3 Special Meetings.

(a) A special meeting of the shareholders of the corporation (a "Special Meeting") may be called only by (i) the Chairman of the Board, (ii) the Chief Executive Officer, or (iii) the Board of Directors, and shall be called by the Chairman of the Board or the Chief Executive Officer upon the written demand, in accordance with this Section 2.3, of the holders of record of shares representing at least 10% of all the votes entitled to be cast on any issue proposed to be considered at the Special Meeting. Only such business shall be conducted at a Special Meeting as shall have been described in the notice of meeting sent to shareholders pursuant to Section 2.5 of these By-laws.

(b) To enable the corporation to determine the shareholders entitled to demand a Special Meeting, the Board of Directors may fix a record date to determine the shareholders entitled to make such a demand (the "Demand Record Date"). The Demand Record Date shall not precede the date upon which the resolution fixing the Demand Record Date is adopted by the Board of Directors and shall not be more than ten (10) days after the date upon which the resolution fixing the Demand Record Date is adopted by the Board of Directors. Any shareholder of record seeking to have shareholders demand a Special Meeting shall, by written notice to the Secretary of the corporation, request the Board of Directors to fix a Demand Record Date. The Board of Directors shall promptly, but in all events within ten (10) days after the date on which a valid request to fix a Demand Record Date is received, adopt a resolution fixing the Demand Record Date and shall make a public announcement of such Demand Record Date. If no Demand Record Date has been fixed by the Board of Directors within ten (10) days after the date on which such request is received by the Secretary, the Demand Record Date shall be the tenth (10th) day after the first date on which a valid written request to set a Demand Record Date is received by the Secretary. To be valid, such written request shall set forth the purpose or purposes for which the Special Meeting is to be held, shall be signed by one or more shareholders of record (or their duly authorized proxies or other representatives), shall bear the date of signature of each such shareholder (or proxy or other representative) and shall set forth all information about each such shareholder and about the beneficial owner or owners, if any, on whose behalf the request is made that would be required to be set forth in a shareholder's notice described in Sections 2.2 and 3.9 of these By-laws.

(c) For a shareholder or shareholders to demand a Special Meeting, a written demand or demands for a Special Meeting by the holders of record as of the Demand Record Date of shares representing at least ten percent (10%) of all the votes entitled to be cast on each issue proposed to be considered at the Special Meeting must be delivered to the corporation. To be valid, each written

demand by a shareholder for a Special Meeting shall set forth the specific purpose or purposes for which the Special Meeting is to be held (which purpose or purposes shall be limited to the purpose or purposes set forth in the written request to set a Demand Record Date received by the corporation pursuant to paragraph (b) of this Section 2.3), shall be signed by one or more persons who as of the Demand Record Date are shareholders of record (or their duly authorized proxies or other representatives), shall bear the date of signature of each such shareholder (or proxy or other representative), shall set forth the name and address, as they appear in the corporation's books, of each shareholder signing such demand and the class or series and number of shares of the corporation which are owned of record and beneficially by each such shareholder, shall be sent to the Secretary by hand or by certified or registered mail, return receipt requested, and shall be received by the Secretary within seventy (70) days after the Demand Record Date.

(d) The corporation shall not be required to call a Special Meeting upon shareholder demand unless, in addition to the documents required by paragraph (c) of this Section 2.3, the Secretary receives a written agreement signed by each Soliciting Shareholder (as defined herein), pursuant to which each Soliciting Shareholder, jointly and severally, agrees to pay the corporation's costs of holding the Special Meeting, including the costs of preparing and mailing proxy materials for the corporation's own solicitation, provided that if each of the resolutions introduced by any Soliciting Shareholder at such meeting is adopted, and each of the individuals nominated by or on behalf of any Soliciting Shareholder for election as director at such meeting is elected, then the Soliciting Shareholders shall not be required to pay such costs. For purposes of this paragraph (d) the following terms shall have the meanings set forth below:

- (i) "Affiliate" shall have the meaning assigned to such term in Rule 12b-2 promulgated under the Securities Exchange Act of 1934, as amended (the "Exchange Act").
- (ii) "Participant" shall have the meaning assigned to such term in Rule 14a-11 promulgated under the Exchange Act.
- (iii) "Person" shall mean any individual, firm, corporation, partnership, joint venture, association, trust, unincorporated organization or other entity.
- (iv) "Proxy" shall have the meaning assigned to such term in Rule 14a-1 promulgated under the Exchange Act.
- (v) "Solicitation" shall have the meaning assigned to such term in Rule 14a-11 promulgated under the Exchange Act.
- (vi) "Soliciting Shareholder" shall mean, with respect to any Special Meeting demanded by a shareholder or shareholders, any of the following Persons:
 - (A) if the number of shareholders signing the demand or demands of meeting delivered to the corporation pursuant to paragraph (c) of this Section 2.3 is ten (10) or fewer, each shareholder signing any such demand;

-
- (B) if the number of shareholders signing the demand or demands of meeting delivered to the corporation pursuant to paragraph (c) of this Section 2.3 is more than ten (10), each Person who either (I) was a Participant in any Solicitation of such demand or demands or (II) at the time of the delivery to the corporation of the documents described in paragraph (c) of this Section 2.3, had engaged or intended to engage in any Solicitation of Proxies for use at such Special Meeting (other than a Solicitation of Proxies on behalf of the corporation); or
 - (C) any Affiliate of a Soliciting Shareholder, if a majority of the directors of the corporation then in office determine, reasonably and in good faith, that such Affiliate should be required to sign the written notice described in paragraph (c) of this Section 2.3 and/or the written agreement described in this paragraph (d) in order to prevent the purposes of this Section 2.3 from being evaded.

(e) Except as provided in the following sentence, any Special Meeting shall be held at such hour and day as may be designated by whichever of the Chairman of the Board, the Chief Executive Officer or the Board of Directors shall have called such meeting. In the case of any Special Meeting called by the Chairman of the Board or the Chief Executive Officer upon the demand of shareholders (a “Demand Special Meeting”), such meeting shall be held at such hour and day as may be designated by the Board of Directors; provided, however, that the date of any Demand Special Meeting shall be not more than seventy (70) days after the Meeting Record Date (as defined in Section 2.6); and provided further that in the event that the directors then in office fail to designate an hour and date for a Demand Special Meeting within ten (10) days after the date that valid written demands for such meeting by the holders of record as of the Demand Record Date of shares representing at least ten percent (10%) of all the votes entitled to be cast on each issue proposed to be considered at the special meeting are delivered to the corporation (the “Delivery Date”), then such meeting shall be held at 2:00 P.M. local time on the one hundredth (100th) day after the Delivery Date, or if such one hundredth (100th) day is not a Business Day (as defined below), on the first preceding Business Day. In fixing a meeting date for any Special Meeting, the Chairman of the Board, the Chief Executive Officer or the Board of Directors may consider such factors as he or it deems relevant within the good faith exercise of his or its business judgment, including, without limitation, the nature of the action proposed to be taken, the facts and circumstances surrounding any demand for such meeting, and any plan of the Board of Directors to call an Annual Meeting or a Special Meeting for the conduct of related business.

(f) The corporation may engage independent inspectors of elections to act as an agent of the corporation for the purpose of promptly performing a ministerial review of the validity of any purported written demand or demands for a Special Meeting received by the Secretary. For the purpose of permitting the inspectors to perform such review, no purported demand shall be deemed to have been delivered to the corporation until the earlier of (i) five (5) Business Days following receipt by the Secretary of such purported demand and (ii) such date as the independent inspectors certify to the corporation that the valid demands received by the Secretary

represent at least ten percent (10%) of all the votes entitled to be cast on each issue proposed to be considered at the Special Meeting. Nothing contained in this paragraph shall in any way be construed to suggest or imply that the Board of Directors or any shareholder shall not be entitled to contest the validity of any demand, whether during or after such five (5) Business Day period, or to take any other action (including, without limitation, the commencement, prosecution or defense of any litigation with respect thereto).

(g) For purposes of these By-laws, "Business Day" shall mean any day other than a Saturday, a Sunday or a day on which banking institutions in the State of Wisconsin are authorized or obligated by law or executive order to close.

2.4 Place of Meeting. The Board of Directors, the Chairman of the Board or the Chief Executive Officer may designate any place, either within or without the State of Wisconsin, as the place of meeting for the Annual Meeting, any Special Meeting or any postponement thereof. If the Board of Directors, the Chairman of the Board or the Chief Executive Officer shall fail or neglect to make such designation, the Secretary shall designate the place of such meeting. If no designation is made, the place of meeting shall be the registered office of the corporation in the State of Wisconsin. Any adjourned meeting may be reconvened at any place designated by vote of the Board of Directors or by the Chairman of the Board or the Chief Executive Officer.

2.5 Notice of Meeting. The corporation shall send written or printed notice stating the place, day and hour of any Annual Meeting or Special Meeting not less than ten (10) days nor more than sixty (60) days before the date of such meeting either personally or by mail to each shareholder of record entitled to vote at such meeting and to other shareholders as may be required by law or by the Amended and Restated Articles of Incorporation. In the event of any Demand Special Meeting, such notice of meeting shall be sent not more than thirty (30) days after the Delivery Date. If mailed, such notice of meeting shall be addressed to the shareholder at the shareholder's address as it appears on the corporation's record of shareholders. Unless otherwise required by law or the Amended and Restated Articles of Incorporation, a notice of an Annual Meeting need not include a description of the purpose for which the meeting is called. In the case of any Special Meeting, (a) the notice of meeting shall describe any business that the Board of Directors shall have theretofore determined to bring before the meeting and (b) in the case of a Demand Special Meeting, the notice of meeting (i) shall describe any business set forth in the statement of purpose of the demands received by the corporation in accordance with Section 2.3 of these By-laws and (ii) shall contain all of the information required in the notice received by the corporation in accordance with Section 2.3(b) of these By-laws. A shareholder's attendance at a meeting, in person or by proxy, waives objection to the following: (A) lack of notice or defective notice of the meeting, unless the shareholder at the beginning of the meeting or promptly upon arrival objects to holding the meeting or transacting business at the meeting; and (B) consideration of a particular matter at the meeting that is not within the purpose described in the meeting notice, unless the shareholder objects to considering the matter when it is presented.

2.6 Fixing of Certain Record Dates.

(a) The Board of Directors may fix a future date not less than ten (10) days and not more than sixty (60) days prior to the date of any Annual Meeting or Special Meeting as the record date for the determination of shareholders entitled to notice of, or to

vote at, such meeting (the “Meeting Record Date”). In the case of any Demand Special Meeting, (i) the Meeting Record Date shall be not later than the thirtieth (30th) day after the Delivery Date and (ii) if the Board of Directors fails to fix the Meeting Record Date within thirty (30) days after the Delivery Date, then the close of business on such thirtieth (30th) day shall be the Meeting Record Date. The shareholders of record on the Meeting Record Date shall be the shareholders entitled to notice of and to vote at the meeting. Except as may be otherwise provided by law, a determination of shareholders entitled to notice of or to vote at a meeting of shareholders is effective for any adjournment of such meeting unless the Board of Directors fixes a new Meeting Record Date, which it shall do if the meeting is postponed or adjourned to a date more than one hundred twenty (120) days after the date fixed for the original meeting.

(b) The Board of Directors may fix a future date as the record date for the determination of shareholders entitled to receive payment of any share dividend or distribution. If no record date is so fixed by the Board of Directors, the record date for determining shareholders entitled to a distribution (other than a distribution involving a purchase, redemption or other acquisition of the corporation’s shares) or a share dividend is the date on which the Board of Directors authorized the distribution or share dividend, as the case may be.

2.7 Voting Lists. After a record date for a Special Meeting or Annual Meeting has been fixed, the corporation shall prepare a list of the names of all of the shareholders entitled to notice of the meeting. The list shall be arranged by class or series of shares, if any, and show the address of and number of shares held by each shareholder. Such list shall be available for inspection by any shareholder, beginning two business days after notice of the meeting is given for which the list was prepared and continuing to the date of the meeting, at the corporation’s principal office or at a place identified in the meeting notice in the city where the meeting will be held. The corporation shall make the shareholders’ list available at the meeting, and any shareholder or his or her agent or attorney may inspect the list at any time during the meeting or any adjournment thereof. Refusal or failure to prepare or make available the shareholders’ list shall not affect the validity of any action taken at a meeting of shareholders.

2.8 Quorum; Votes. Shares entitled to vote as a separate voting group may take action on a matter at a meeting only if a quorum of those shares exists with respect to that matter. If the corporation has only one class of stock outstanding, such class shall constitute a separate voting group for purposes of this Section 2.8. Except as otherwise provided in the Amended and Restated Articles of Incorporation or the Wisconsin Business Corporation Law, a majority of the votes entitled to be cast on the matter shall constitute a quorum of the voting group for action on that matter. Once a share is represented for any purpose at a meeting, other than for the purpose of objecting to holding the meeting or transacting business at the meeting, it is considered present for purposes of determining whether a quorum exists for the remainder of the meeting and for any adjournment of that meeting unless a new record date is or must be set for the adjourned meeting. If a quorum exists, except in the case of the election of directors, action on a matter shall be approved if the votes cast within the voting group favoring the action exceed the votes cast opposing the action, unless the Amended and Restated Articles of Incorporation or the Wisconsin Business Corporation Law requires a greater number of affirmative votes. Unless otherwise provided in the Amended and Restated Articles of Incorporation, each director shall be elected by a plurality of the votes cast by the shares entitled to vote in the election of directors at a meeting at which a quorum is present.

2.9 Proxies. At all meetings of shareholders, a shareholder entitled to vote may vote his or her shares in person or by proxy. A shareholder may appoint a proxy to vote or otherwise act for the shareholder by signing an appointment form, either personally or by his or her attorney-in-fact. An appointment of a proxy is effective when received by the Secretary or other officer or agent of the corporation authorized to tabulate votes. An appointment is valid for eleven months from the date of its signing unless a different period is expressly provided in the appointment form.

2.10 Voting of Shares. Each outstanding share, regardless of class, shall be entitled to one vote upon each matter submitted to a vote at a meeting of shareholders, except to the extent that the voting rights of the shares of any class or classes are enlarged, limited, or denied by the Amended and Restated Articles of Incorporation of the corporation or by the Wisconsin Business Corporation Law.

2.11 Subsidiary Shares. Shares held by another corporation, if a sufficient number of shares entitled to elect a majority of the directors of such other corporation is held directly or indirectly by the corporation, shall not be entitled to vote at any meeting, but shares held in a fiduciary capacity may be voted.

2.12 Acceptance of Instruments Showing Shareholder Action. If the name signed on a vote, consent, waiver or proxy appointment corresponds to the name of a shareholder, the corporation, if acting in good faith, may accept the vote, consent, waiver or proxy appointment and give it effect as the act of a shareholder. If the name signed on a vote, consent, waiver or proxy appointment does not correspond to the name of a shareholder, the corporation, if acting in good faith, may accept the vote, consent, waiver or proxy appointment and give it effect as the act of the shareholder if any of the following apply:

(a) The shareholder is an entity and the name signed purports to be that of an officer or agent of the entity.

(b) The name purports to be that of a personal representative, administrator, executor, guardian or conservator representing the shareholder and, if the corporation requests, evidence of fiduciary status acceptable to the corporation is presented with respect to the vote, consent, waiver or proxy appointment.

(c) The name signed purports to be that of a receiver or trustee in bankruptcy of the shareholder and, if the corporation requests, evidence of this status acceptable to the corporation is presented with respect to the vote, consent, waiver or proxy appointment.

(d) The name signed purports to be that of a pledgee, beneficial owner, or attorney-in-fact of the shareholder and, if the corporation requests, evidence acceptable to the corporation of the signatory's authority to sign for the shareholder is presented with respect to the vote, consent, waiver or proxy appointment.

(e) Two or more persons are the shareholders as co-tenants or fiduciaries and the name signed purports to be the name of at least one of the co-owners and the person signing appears to be acting on behalf of all co-owners.

The corporation may reject a vote, consent, waiver or proxy appointment if the Secretary or other officer or agent of the corporation who is authorized to tabulate votes, acting in good faith, has reasonable basis for doubt about the validity of the signature on it or about the signatory's authority to sign for the shareholder.

2.13 Conduct of Meeting. The Chairman of the Board, and in his or her absence, any officer or director designated by the Chairman of the Board, and in his or her absence, the Chief Executive Officer, and in his or her absence, the President, and in his or her absence, a Vice President in the order provided under Section 4.7 of these By-laws, and in their absence, any person chosen by the shareholders present, shall call any Annual Meeting or Special Meeting to order and shall act as Chairman of the Meeting, and the Secretary of the corporation shall act as secretary of any meeting of the shareholders, but in the absence of the Secretary, the Chairman of the Meeting may appoint any other person to act as secretary of the meeting.

2.14 Postponement: Adjournment.

(a) Any Annual Meeting or any Special Meeting called by the Chairman of the Board, the Chief Executive Officer (other than a Demand Special Meeting) or the Board of Directors may be postponed at any time or from time to time after written notice of the meeting has been delivered to shareholders as follows: (i) in the case of the Annual Meeting or a Special Meeting called by the Board of Directors, by action of the Board of Directors or a duly authorized committee thereof and (ii) in the case of a Special Meeting called by the Chairman of the Board or the Chief Executive Officer, at the request of the person calling the meeting and with the consent of the Board of Directors or a duly authorized committee thereof. Any such postponement or postponements shall be disclosed in any public filing with the Securities and Exchange Commission or by means of a press release to Dow Jones & Company or any similar service promptly following such postponement, and promptly thereafter written notice of such postponement stating the place, day and hour to which the meeting was postponed shall be delivered to each shareholder of record entitled to vote at such meeting.

(b) A meeting of shareholders may be adjourned to a different date, time or place from time to time, whether or not there is a quorum, (i) at any time, upon a resolution of shareholders if the number of votes cast in favor of such resolution exceed the number of votes cast against such resolution, or (ii) by order of the chairman of the meeting, but only where such order is delivered before any business is transacted at such meeting and such adjournment is for a period of thirty (30) days or less. At such adjourned meeting at which a quorum shall be present or represented, any business may be transacted which might have been transacted at the meeting originally noticed. Any such adjournment or adjournments pursuant to clause (i), if the new date, time and place of the meeting are not announced at the meeting prior to adjournment or if a new record date is or must be fixed for the meeting, or pursuant to clause (ii) shall be disclosed in any public filing with the Securities and Exchange Commission or by means of a press release to Dow Jones & Company or any similar service promptly following such adjournment, and promptly thereafter written notice of such adjournment stating the date, time and place to which the meeting was adjourned shall be delivered to each shareholder of record entitled to vote at such meeting, except that (except as may be otherwise required by law) no such disclosure in filings, press releases or notices to shareholders shall be required if an adjournment is for a period of forty-eight (48) hours or less.

3. BOARD OF DIRECTORS

3.1 General Powers. All corporate powers of the corporation shall be exercised by or under the authority of, and the business and affairs of the corporation managed under the direction of, its Board of Directors.

3.2 Number, Tenure and Qualifications.

(a) The number of directors of the corporation shall be nine (9). No more than two (2) officers or employees of the corporation or any of its subsidiaries shall simultaneously serve as directors of the corporation. Commencing with the 2006 annual meeting of the shareholders of the corporation, the pre-existing division of the Board of Directors into three classes shall be eliminated and all directors shall be elected at the 2006 annual meeting of shareholders and at each annual meeting of shareholders thereafter, but, subject to the provisions of the By-laws of the corporation, each director shall hold office until the next annual meeting of shareholders and until his or her successor is elected and, if necessary, qualified.

(b) Directors need not be residents of the State of Wisconsin or shareholders of the corporation. All directors who are also officers of the corporation shall automatically cease to be directors of the corporation, effective as of his or her date of termination of employment from the corporation, with the exception of any corporate officer holding, or who has held the position of Chief Executive Officer.

(c) A Chairman of the Board shall be elected by the Board of Directors from among its members to preside at all meetings of the shareholders and the Board of Directors. The Director, who need not be an employee of the corporation, elected Chairman of the Board shall serve in such position for the term of office as elected by the shareholders or the Board of Directors and until his or her successor shall have been duly elected or until his or her death or until resignation or removal in the manner hereinafter provided. The Chairman of the Board, if an employee of the corporation, may be elected Chief Executive Officer of the corporation by the Board of Directors. The Chairman of the Board shall perform all duties incident to the office and such other duties as may be prescribed by the Board of Directors from time to time.

(d) All directors of the corporation, who are not simultaneously employed as officers by the corporation, shall be properly compensated and reimbursed for their services as a director on the basis of an annual retainer, meeting attendance fees and reasonable expenses incurred as a director as established and approved annually by the Board of Directors upon the recommendation of the Nominating and Corporate Governance Committee. Any employee of the corporation, who is elected a director of the corporation, shall not receive any compensation, expense reimbursement or participation in director benefit programs for his or her services as a director of the corporation. A corporation employee who retires from the corporation while serving as a director immediately becomes eligible for compensation, expense reimbursement and director benefit program participation as a non-employee director unless alternative arrangements are mutually approved by the Board and the retiring employee, effective as of the individual's retirement date from the corporation.

3.3 Regular Meetings. A regular meeting of the Board of Directors shall be held without other notice than this By-law immediately after, and at the same place as, the Annual Meeting of shareholders, and each adjourned session thereof. The Board of Directors may, by resolution, provide the time and place, either within or without the State of Wisconsin, for the holding of additional regular meetings without other notice than such resolution.

3.4 Special Meetings. Special meetings of the Board of Directors may be called by or at the request of the Chairman of the Board, Chief Executive Officer or a majority of the number of directors fixed by Section 3.2. The person or persons authorized to call special meetings of the Board of Directors may fix any place, either within or without the State of Wisconsin, as the place for holding any special meeting of the Board of Directors called by them.

3.5 Notice of Meetings. Except as otherwise provided in the Amended and Restated Articles of Incorporation or the Wisconsin Business Corporation Law, notice of the date, time and place of any special meeting of the Board of Directors and of any special meeting of a committee of the Board of Directors shall be given orally or in writing to each director or committee member at least forty-eight (48) hours prior to the meeting, except that notice by mail shall be given at least seventy-two (72) hours prior to the meeting. The notice need not describe the purpose of the meeting.

3.6 Quorum; Votes. One-third (1/3) of the number of directors fixed by Section 3.2 shall constitute a quorum for the transaction of business at any meeting of the Board of Directors, but though less than such quorum is present at a meeting, a majority of the directors present may adjourn the meeting from time to time without further notice. If a quorum is present when a vote is taken, the affirmative vote of a majority of directors present shall be the act of the Board of Directors, unless the act of a greater number is required by law, by the Amended and Restated Articles of Incorporation or by these By-laws.

3.7 Removal and Resignation. A director may be removed from office by the affirmative vote of the holders of two-thirds (2/3) of the outstanding shares entitled to vote taken at a meeting called for that purpose. A director may resign at any time by delivering his written resignation to the Secretary of the corporation or to the Chairman of the Board. A resignation is effective when the notice is received unless the notice specifies a later effective date.

3.8 Vacancies. Any vacancy occurring in the Board of Directors, including a vacancy created by an increase in the number of directors, may be filled by any of the following: (i) the shareholders, (ii) the Board of Directors or (iii) if the directors remaining in office constitute fewer than a quorum of the Board of Directors, the directors, by the affirmative vote of a majority of all directors remaining in office; provided, however, that if the vacant office was held by a director elected by a voting group of shareholders, only the holders of shares of that voting group may vote to fill the vacancy if it is filled by the shareholders, and only the remaining directors elected by that voting group may vote to fill the vacancy if it is filled by the directors. A director so elected shall hold office until the next annual meeting of shareholders and until his or her successor is elected, and if necessary, qualified.

3.9 Nominations. Nominations for the election of directors may be made only by the Board of Directors, by the Nominating and Corporate Governance Committee of the Board of Directors (or, if none, any other committee serving a similar function) or by any shareholder entitled to vote generally in elections of directors where the shareholder complies with the requirements of this Section. Any shareholder of record entitled to vote generally in elections of directors may nominate one or more persons for election as directors at a meeting of shareholders only if written notice of such shareholder's intent to make such nomination or nominations has been given to the Secretary of the corporation and is received by the Secretary (i) with respect to an election to be held at an Annual

Meeting, not more than ninety (90) days nor less than fifty (50) days in advance of the third Thursday after the first Friday of the month of April next following the last Annual Meeting held; provided, that if the Annual Meeting is held earlier than the third Thursday after the first Friday of the month of April, such notice must be given on or before the later of (x) the date fifty (50) days prior to the earlier date of the Annual Meeting and (y) the date ten (10) business days after the first public disclosure, which may include any public filing with the Securities and Exchange Commission or a press release to Dow Jones & Company or any similar service, of the earlier date of the Annual Meeting, and (ii) with respect to an election to be held at a Special Meeting as to which notice of such meeting states that it is to be held for the election of directors, not earlier than ninety (90) days prior to such Special Meeting and not later than the close of business on the later of (x) the tenth (10th) business day following the date on which notice of such meeting is first given to shareholders and (y) the fiftieth (50th) day prior to such Special Meeting. Each such notice of a shareholder's intent to nominate a director or directors at an Annual Meeting or Special Meeting shall set forth the following: (A) the name and address, as they appear on the corporation's books, of the shareholder who intends to make the nomination and of the beneficial owner or owners, if any, on whose behalf the nomination is to be made and the name and residence address of the person or persons to be nominated; (B) the class and number of shares of the corporation which are beneficially owned by the shareholder and beneficial owner or owners; (C) a representation that the shareholder is a holder of record of stock of the corporation entitled to vote at such meeting and intends to appear in person or by proxy at the meeting to nominate the person or persons specified in the notice; (D) a description of all arrangements or understandings between the shareholder and/or beneficial owner or owners and each nominee and any other person or persons (naming such person or persons) pursuant to which the nomination or nominations are to be made by the shareholders; (E) such other information regarding each nominee proposed by such shareholder as would be required to be disclosed in solicitations of proxies for election of directors, or would be otherwise required, in each case pursuant to Regulation 14A under the Securities Exchange Act of 1934, as amended, including any information that would be required to be included in a proxy statement filed pursuant to Regulation 14A had the nominee been nominated by the Board of Directors; and (F) the written consent of each nominee to be named in a proxy statement and to serve as a director of the corporation if so elected. No person shall be eligible to serve as a director of the corporation unless nominated in accordance with the procedures set forth in this By-law. If the chairman of the shareholders meeting shall determine that a nomination was not made in accordance with the procedures prescribed by the By-laws, he or she shall so declare to the meeting and the defective nomination shall be disregarded. Notwithstanding the foregoing provisions of this Section 3.9, a shareholder shall also comply with all applicable requirements of the Securities Exchange Act of 1934, as amended, and the rules and regulations thereunder with respect to the matters set forth in this Section.

3.10 Compensation. The Board of Directors, irrespective of any personal interest of any of its members, upon the recommendation of the Nominating and Corporate Governance Committee, may establish compensation of all directors for services to the corporation as directors, or may delegate such authority to an appropriate committee.

3.11 Presumption of Assent. A director of the corporation who is present and is announced as present at a meeting of the Board of Directors or a committee thereof of which he or she is a member at which action on any corporate matter is taken assents to the action taken, unless any of the following occurs: (i) the director objects at the beginning of the meeting or promptly upon his or her arrival to the holding of the meeting or transacting business at the meeting; (ii) the director's dissent or abstention from the action

taken is entered in the minutes of the meeting; (iii) the director delivers written notice of his or her dissent or abstention to the presiding officer of the meeting before its adjournment or to the corporation immediately after adjournment of the meeting; or (iv) the director dissents or abstains from action taken, minutes of the meeting are prepared that fail to show the director's dissent or abstention from the action taken and the director delivers to the corporation a written notice of that failure that complies with Section 180.0141 of the Wisconsin Business Corporation Law promptly after receiving the minutes. Such right to dissent or abstain shall not apply to a director who voted in favor of such action.

3.12 Committees of the Board of Directors.

(a) Subject to the provisions of the Wisconsin Business Corporation Law, there shall be those committees of the Board of Directors set forth in Sections 3.13-3.18 of these By-laws, and the Board of Directors may from time to time establish other committees including standing or special committees, which shall have such duties and powers as are authorized by these By-laws or by the Board of Directors; provided, however, that no committee shall do any of the following: (i) authorize distributions; (ii) approve or propose to shareholders action that the Wisconsin Business Corporation Law requires be approved by shareholders; (iii) fill vacancies on the Board of Directors or, unless the Board of Directors provides by resolution that any vacancies on a committee shall be filled by the affirmative vote of a majority of the remaining committee members, on any of its committees; (iv) amend the corporation's Amended and Restated Articles of Incorporation; (v) adopt, amend or repeal the corporation's By-laws; (vi) approve a plan of merger not requiring shareholder approval; (vii) authorize or approve reacquisition of shares, except according to a formula or method prescribed by the Board of Directors; and (viii) authorize or approve the issuance or sale or contract for sale of shares, or determine the designation and relative rights, preferences and limitations of a class or series of shares, except that the Board of Directors may authorize a committee or the Chief Executive Officer of the corporation to do so within limits prescribed by the Board of Directors. In addition to the powers expressly enumerated in these By-laws, the Board of Directors may, by resolution, at any time desirable, adopt new powers and authority of any committee.

(b) Committee members and the chairman of each committee, including any alternates, shall be recommended by the Nominating and Corporate Governance Committee and shall be appointed by the Board of Directors as provided in the Wisconsin Business Corporation Law. The chairmanship of the Audit Committee, Compensation and Development Committee, Finance Committee and Nominating and Corporate Governance Committee shall be rotated periodically, so that each such Committee Chairman serves in such capacity a maximum of five consecutive years. Any member of any committee may be removed at any time with or without cause by the Board of Directors. Vacancies which occur in any committee may be filled by a resolution of the Board of Directors. If any vacancy shall occur in any committee by reason of death, resignation, disqualification, removal or otherwise, the remaining members of such committee, so long as the committee has at least two (2) members and a quorum is present, may continue to act until such vacancy is filled. The Board of Directors may, by resolution, at any time deemed desirable, discontinue any standing or special committee, subject to the requirements of the By-laws of the corporation. Members of standing committees, and their chairmen, shall be appointed yearly at the organizational meeting of the Board of Directors which is held immediately following the Annual Meeting of shareholders. Members of committees may receive such compensation for their services as the Board of Directors, upon the recommendation of the Nominating and Corporate Governance Committee, may determine.

3.13 Executive Committee. There shall be an Executive Committee of the Board of Directors. The Executive Committee shall consist of the Chief Executive Officer of the corporation and not less than three (3) other directors. Subject to the Wisconsin Business Corporation Law and Section 3.12 of these By-laws, the Executive Committee shall have all of the powers of the Board of Directors in the management and conduct of the business and affairs of the corporation in the intervals between meetings of the Board of Directors, and shall report its actions to the Board of Directors at its regular meetings.

3.14 Audit Committee. There shall be an Audit Committee of the Board of Directors. The purposes of the Committee are (1) to assist the Board of Directors in overseeing (a) the quality and integrity of the corporation's financial statements, (b) the qualifications and independence of the corporation's independent auditor, (c) the performance of the corporation's internal audit function and independent auditor, and (d) the corporation's compliance with legal and regulatory requirements; (2) to prepare the report of the Committee required to be included in the corporation's annual proxy statement under the rules of the Securities and Exchange Commission; and (3) to perform the duties and responsibilities set forth below. The provisions of this Section 3.14 shall constitute the Charter of the Audit Committee.

Membership

1. The Committee shall have at least three (3) members. Each member of the Committee shall satisfy the independence requirements relating to directors and audit committee members (a) of the New York Stock Exchange and (b) under Section 10A(m) of the Securities Exchange Act of 1934 (the "Exchange Act") and any related rules and exemptions promulgated thereunder by the Securities and Exchange Commission.
2. The members of the Committee shall be appointed by the Board of Directors on the recommendation of the Nominating and Corporate Governance Committee, which shall recommend for Committee membership such directors as it believes are qualified. Members of the Committee shall serve at the pleasure of the Board of Directors and for such term or terms as the Board of Directors may determine.
3. No director may serve as a member of the Committee if such director serves on the audit committee of more than two other public companies, unless the Board of Directors determines that such simultaneous service would not impair the ability of such director to effectively serve on the Committee.
4. Each member of the Committee shall be financially literate, as such qualification is interpreted by the Board of Directors in its business judgment, or must become financially literate within a reasonable period of time after appointment to the Committee. At least one member of the Committee shall qualify as a financial expert, as such term is defined by the Securities and Exchange Commission in Item 401 of Regulation S-K.

Structure and Operations

5. One of the members of the Committee will be designated by the Board of Directors to serve as the Committee chairperson. The affirmative vote of a majority of the members of the Committee is necessary for the adoption of any resolution. The Committee may create one or more subcommittees and may delegate, in its discretion, all or a portion of its duties and responsibilities to such subcommittees. The Committee may delegate to one or more designated members of the Committee the authority to grant pre-approvals of audit and non-audit services pursuant to Section 10A(i)(3) of the Exchange Act and any related rules promulgated thereunder by the Securities and Exchange Commission, which pre-approvals shall be presented to the full Committee at the next scheduled meeting.
6. The Committee shall have a regularly scheduled meeting at least once every fiscal quarter, at such times and places as shall be determined by the Committee chairperson, and may have such additional meetings as the Committee chairperson or any two (2) of the Committee's members deem necessary or desirable. The Committee may request (a) any officer or employee of the corporation, (b) the corporation's outside counsel or (c) the corporation's independent auditor to attend any meeting (or portions thereof) of the Committee, or to meet with any members of or consultants to the Committee, and to provide such information as the Committee deems necessary or desirable.
7. The Committee shall meet separately, periodically, with management, with the corporation's internal auditors (or other personnel responsible for the corporation's internal audit function) and with the independent auditor.

Duties and Responsibilities

The Committee's duties and responsibilities shall include all of the following items, and such other matters as may from time to time be delegated to the Committee by the Board of Directors:

Reports to the Board of Directors; Review of Committee Performance and Charter

8. The Committee shall report regularly to the Board of Directors and review with the Board of Directors any issues that arise with respect to: (i) the quality or integrity of the corporation's financial statements; (ii) the performance and independence of the corporation's independent auditor; (iii) the performance of the corporation's internal audit function; and (iv) the corporation's compliance with legal and regulatory requirements.
9. The Committee shall undertake and review with the Board of Directors an annual performance evaluation of the Committee, which shall compare the performance of the Committee with the requirements of this Charter and set forth the goals and objectives of the Committee for the upcoming year. The performance evaluation by the Committee shall be conducted in such manner as the Committee deems appropriate. The report to the Board of Directors may take the form of an oral report by the chairperson of the Committee or any other member of the Committee designated by the Committee to make this report.

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10. The Committee shall review and reassess the adequacy of this charter at least annually and recommend any proposed changes to the Board of Directors for approval.

The Corporation's Relationship With the Independent Auditor

11. The Committee shall have the sole and direct responsibility and authority for the appointment, compensation, retention, and oversight of the work of each independent auditor engaged by the corporation for the purpose of preparing or issuing an audit report or related work or performing other audit, review or attest services for the corporation, and each such independent auditor shall report directly to the Committee. The Committee shall be responsible for resolving disagreements between management and each such independent auditor regarding financial reporting.
12. The Committee shall have the responsibility and authority to approve, in advance of the provision thereof, all audit services and, subject to the de minimus exception of Section 10A(i) of the Exchange Act and the Securities and Exchange Commission rules promulgated thereunder, all permitted non-audit services to be provided to the corporation by any such independent auditor. The Committee shall have the sole authority to approve any compensation payable by the corporation for any approved audit or non-audit services to any such independent auditor, including the fees, terms and conditions for the performance of such services.
13. The Committee shall review the independent auditors' audit plan, including its scope, staffing, locations, reliance upon management, and internal audit and general audit approach.
14. The Committee shall, at least annually: (i) obtain a written report by the independent auditor describing, to the extent permitted under applicable auditing standards: (a) the independent auditor's internal quality-control procedures; (b) any material issues raised by the most recent quality-control review, or peer review, of the independent auditor, or by any inquiry or investigation by governmental or professional authorities, within the preceding five years, respecting one or more independent audits carried out by the independent auditor, and any steps taken to deal with any such issues; and (c) all relationships between the independent auditor and the corporation; and (ii) review the foregoing report and the independent auditor's work throughout the year and evaluate the independent auditor's qualifications, performance and independence, including a review and evaluation of the lead partner on the independent auditor's engagement with the corporation, and present its conclusions to the Board of Directors and, if so determined by the Committee, recommend that the Board of Directors take additional action to satisfy itself of the qualifications, performance and independence of the independent auditor.
15. The Committee shall, at least annually, discuss with the independent auditor, out of the presence of management if deemed appropriate: (i) the matters required to be discussed by Statement on Auditing Standards 61, as it may be modified or supplemented, relating to the conduct of the audit; (ii) the audit process, including, without limitation, any problems or difficulties encountered in the course of the performance of the audit, including any restrictions on the independent

auditor's activities or access to requested information imposed by management, and management's response thereto, and any significant disagreements with management; and (iii) the corporation's internal controls and the responsibilities, budget and staffing of the corporation's internal audit function, including any "management" or "internal control" letter issued or proposed to be issued by such auditor to the corporation.

16. The Committee shall establish policies for the corporation's hiring of employees or former employees of the independent auditor.
17. The Committee shall review, and discuss as appropriate with management, the internal auditors and the independent auditor, the report of the independent auditor required by Section 10A(k) of the Exchange Act.

Financial Reporting and Disclosure Matters

18. The Committee shall review and discuss with management and the independent auditor:
 - (i) prior to the annual audit, the scope, planning and staffing of the annual audit;
 - (ii) the corporation's annual audited financial statements and quarterly financial statements, including the corporation's disclosures under "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the results of the independent auditor's reviews of the quarterly financial statements;
 - (iii) significant issues regarding accounting and auditing principles and practices and financial statement presentations, including all critical accounting policies and estimates, any significant changes in the corporation's selection or application of accounting principles and any significant issues as to the adequacy of the corporation's internal controls and any special audit steps adopted in light of material control deficiencies;
 - (iv) analyses prepared by management and/or the independent auditor setting forth significant financial reporting issues and judgments made in connection with the preparation of the financial statements, including analyses of the effects of alternative GAAP methods on the financial statements;
 - (v) the effect of regulatory and accounting initiatives, as well as off-balance sheet structures, on the financial statements;
 - (vi) any significant changes to the corporation's auditing and accounting principles and practices suggested by the independent auditor, internal audit personnel or management; and
 - (vii) management's internal control report prepared in accordance with rules promulgated by the Securities and Exchange Commission pursuant to Section 404 of the Sarbanes-Oxley Act.

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19. The Committee shall recommend to the Board of Directors whether the annual audited financial statements should be included in the corporation's Annual Report and Form 10-K.
 20. The Committee shall review and discuss with management the corporation's practices regarding earnings press releases and the provision of financial information and earnings guidance by management to analysts and ratings agencies.
 21. The Committee shall periodically review and discuss with management the corporation's guidelines and policies with respect to the process by which the corporation undertakes risk assessment and risk management, including discussion of the corporation's major financial risk exposures and the steps management has taken to monitor and control such exposures. The Committee shall undertake these reviews and discussions in a general manner, but it is not required to undertake more specific actions to the extent they are performed by the Finance Committee of the corporation.
 22. The Committee shall review and discuss with the Chief Executive Officer and Chief Financial Officer the procedures undertaken in connection with the Chief Executive Officer and Chief Financial Officer certifications for Forms 10-K, Forms 10-Q and other reports including their evaluation of the corporation's disclosure controls and procedures and internal controls.
 23. The Committee shall annually obtain from the independent auditor assurance that the audit was conducted in a manner consistent with Section 10A of the Exchange Act and any other applicable rules or regulations.

Internal Audit, Compliance Matters and Other

24. The Committee shall review the budget, activities, organizational structure, qualifications and performance of the internal audit department, as needed.
25. The Committee shall review any reports to management covering issues which are material to the company's financial statements prepared by internal audit personnel, and management's responses.
26. The Committee shall establish and maintain procedures for: (i) the receipt, retention, and treatment of complaints received by the corporation regarding accounting, internal accounting controls, or auditing matters; and (ii) the confidential, anonymous submission by employees of the corporation of concerns regarding questionable accounting or auditing matters.

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27. The Committee shall review with management and the independent auditor any correspondence with regulators or governmental agencies and any employee complaints or published reports that raise material issues regarding the corporation's financial statements or accounting policies.
 28. On at least an annual basis, the Committee shall review with the corporation's counsel, any legal matters that could have a significant impact on the corporation's financial statements, the corporation's compliance with applicable laws and regulations, and inquiries received from regulators or governmental agencies.
 29. The Committee shall exercise such other powers and perform such other duties and responsibilities as are required or recommended under New York Stock Exchange rules.
 30. The Committee shall exercise such other powers and perform such other duties and responsibilities as are incidental to the purposes, duties and responsibilities specified herein and as may from time to time be delegated to the Committee by the Board of Directors.

Authority and Resources

The Committee may, without further approval by the Board of Directors, obtain such advice and assistance, including, without limitation, the performance of special audits, reviews and other procedures, from outside accounting, legal or other advisors as the Committee determines to be necessary or advisable in connection with the discharge of its duties and responsibilities hereunder. Any accounting, legal or other advisor retained by the Committee may, but need not, be in the case of an outside accountant, the same accounting firm employed by the corporation for the purpose of rendering or issuing an audit report on the corporation's annual financial statements, or in the case of an outside legal or other advisor, otherwise engaged by the corporation for any other purpose.

The corporation shall pay to the independent auditor employed by the corporation for the purpose of rendering or issuing an audit report or performing other audit, review or attest services and to any outside accounting, legal or other advisor retained by the Committee pursuant to the preceding paragraph such compensation, including, without limitation, usual and customary expenses and charges, as shall be determined by the Committee. In addition, the corporation shall pay ordinary administrative expenses of the Committee that are necessary or appropriate in carrying out its duties.

3.15 Compensation and Development Committee. There shall be a Compensation and Development Committee of the Board of Directors. The purposes of the Committee are to: (1) discharge the Board of Directors' responsibilities relating to compensation of the corporation's executives; (2) prepare any report of the Committee on executive compensation required by the rules and regulations of the Securities and Exchange Commission to be included in the corporation's annual proxy statement; and (3) perform the duties and responsibilities set forth below. The provisions of this Section 3.15 shall constitute the Charter of the Compensation and Development Committee.

Membership

- (a) The Committee shall be composed of at least three (3) members, each of whom shall be appointed by the Board of Directors on the recommendation of the Nominating and Corporate Governance Committee, which shall recommend for Committee membership such directors as it believes are qualified. Members of the Committee shall serve at the pleasure of the Board of Directors and for such term or terms as the Board of Directors may determine.
- (b) Each member of the Committee shall meet the independence requirements of the New York Stock Exchange and be both a “nonemployee director” (within the meaning of Rule 16b-3 of the Securities and Exchange Act) and an “outside director” (within the meaning of Section 162(m)(4)(C) of the Internal Revenue Code).

Structure and Operations

- (c) One of the members of the Committee will be designated by the Board of Directors to serve as the Committee chairperson. The affirmative vote of a majority of the members of the Committee is necessary for the adoption of any resolution. The Committee may create one or more subcommittees and may delegate, in its discretion, all or a portion of its duties and responsibilities to such subcommittees.
- (d) The Committee shall have at least two regularly scheduled meetings per year, at such times and places determined by the Committee chairperson, and may have such additional meetings as the Committee chairperson or any two (2) of the Committee’s members deem necessary or desirable. The Committee may invite such members of management to its meetings as it may deem desirable or appropriate, consistent with the maintenance of the confidentiality of compensation discussions.

Duties and Responsibilities

The Committee’s duties and responsibilities shall include all of the responsibilities of a qualified compensation committee under New York Stock Exchange rules, including, but not limited to the following items, and such other matters as may from time to time be delegated to the Committee by the Board of Directors:

- (e) The Committee shall review and approve all compensation plans and programs (philosophy and guidelines) of the corporation and, in consultation with senior management, oversee the development and implementation of the corporation’s compensation program, including salary structure, base salary, short and long-term incentive compensation plans, including stock options and nonqualified benefit plans and programs, including fringe benefit plans programs.

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- (f) The Committee shall, at least annually, review and approve all compensation arrangements and changes in the compensation of the Chief Executive Officer and the other officers appointed by the Board of Directors, including, without limitation (i) base salary, (ii) short and long-term incentive awards and opportunities; (iii) employment agreements, severance arrangements and change-in-control agreements/provisions, in each case as, when and if appropriate; and (iv) any special or supplemental benefits.
 - (g) The Committee shall, at least annually, review and approve corporate goals and objectives relevant to compensation of the Chief Executive Officer, evaluate the performance of the Chief Executive Officer in light of those goals and objectives, report the results of such evaluation to the Board of Directors and set the Chief Executive Officer's compensation level based on this evaluation.
 - (h) The Committee shall review and approve all awards under the corporation's Stock Option Plans.
 - (i) The Committee shall review and make recommendations to the Board of Directors with respect to incentive-compensation plans and equity-based plans, oversee the administration of these plans and discharge any responsibilities imposed on the Committee by any of these plans.
 - (j) The Committee shall consider and make recommendations to the Board of Directors regarding the selection and retention of all elected officers of the corporation (as defined in Section 4.1) and shall annually recommend to the Board of Directors the appointment of such officers of the corporation at the time of the Annual Meeting of shareholders.
 - (k) The Committee shall approve all executive employment contracts.
 - (l) The Committee shall prepare such reports as are required to be included in the corporation's proxy statement, including an annual report regarding executive compensation for inclusion in the corporation's annual proxy statement in accordance with applicable Securities and Exchange Commission rules and regulations.
 - (m) The Committee shall undertake and review with the Board of Directors an annual performance evaluation of the Committee, which shall compare the performance of the Committee with the requirements of the corporation's By-laws and the Committee's charter and set forth the goals and objectives of the Committee for the upcoming year. The Committee shall conduct such performance evaluation in such manner as the Committee deems appropriate, and may report the results of its performance evaluation through an oral report by the chairperson of the Committee or any other member of the Committee designated by the Committee to make this report.
 - (n) The Committee shall annually review and approve the Chief Executive Officer's succession plans for the corporation.

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- (o) The Committee shall oversee the corporation's regulatory compliance with respect to compensation matters, including the corporation's policies on structuring compensation programs to preserve tax deductibility, and, as and when required, establishing performance goals and certifying that performance goals have been obtained for purposes of Section 162(m) of the Internal Revenue Code.
 - (p) The Committee shall report to the Board of Directors periodically on all matters for which the Committee has responsibility and at such times as the Board of Directors may otherwise request.
 - (q) The Committee shall annually review and reassess the adequacy of this Charter and recommend to the Board of Directors for approval such changes as the Committee believes are appropriate.
 - (r) The Committee shall exercise such other powers and perform such other duties and responsibilities as are incidental to the purposes, duties and responsibilities specified herein and as may from time to time be delegated to the Committee by the Board of Directors.

Authority and Resources

The Committee shall have the sole authority, without further approval by the Board of Directors, to select, retain and terminate a compensation consultant to assist in the evaluation of Chief Executive Officer or senior executive compensation and to approve any compensation payable by the corporation to such consultant, including the fees, terms and other conditions for the performance of such services. In addition, the Committee may, without further approval by the Board of Directors, obtain such advice and assistance from outside accounting, legal or other advisors as the Committee determines to be necessary or advisable in connection with the discharge of its duties and responsibilities hereunder. Any accounting, legal or other advisor retained by the Committee may, but need not, be in the case of an outside accountant, the same accounting firm employed by the corporation for the purpose of rendering or issuing an audit report on the corporation's annual financial statements, or in the case of outside counsel or other advisor, otherwise engaged by the corporation for any other purpose.

The corporation shall pay to any compensation consultant or outside accounting, legal or other advisor retained by the Committee pursuant to the preceding paragraph such compensation, including, without limitation, usual and customary expenses and charges, as shall be determined by the Committee.

3.16 Finance Committee. There shall be a Finance Committee of the Board of Directors. The Committee shall have the following membership and powers:

- (a) The Committee shall have at least three (3) members. All of the members of the Committee shall be non-employee directors.
- (b) The Committee shall review and approve the corporation's annual capital budget, long-term financing plans, borrowings, notes and credit facilities, investments and commercial and investment banking relationships.

(c) The Committee shall review and approve the corporation's existing insurance coverages, foreign currency management and Stock Repurchase Program.

(d) The Committee shall review and approve the financial management and administrative operation of the corporation's qualified and non-qualified employee benefit plans.

(e) The Committee shall have such other powers and duties as lawfully may be delegated to it from time to time by the Board of Directors or as provided in the By-Laws.

3.17 Nominating and Corporate Governance Committee. There shall be a Nominating and Corporate Governance Committee of the Board of Directors. The purposes of the Committee are to: (1) identify individuals qualified and suitable to become members of the Board of Directors and its committees and recommend to the Board of Directors the director nominees for each Annual Meeting of shareholders; (2) develop and recommend to the Board of Directors a set of corporate governance principles for the corporation; and (3) perform the duties and responsibilities set forth below. The provisions of this Section 3.17 shall constitute the Charter of the Nominating and Corporate Governance Committee.

Membership

- (a) The Committee shall have at least three (3) members, each of whom shall meet the independence requirements of the New York Stock Exchange.
- (b) The members of the Committee shall be appointed by the Board of Directors on the recommendation of the Committee, which shall recommend for Committee membership such directors as it believes are qualified. Members of the Committee shall serve at the pleasure of the Board of Directors and for such term or terms as the Board of Directors may determine.

Structure and Operations

- (c) One of the members of the Committee will be designated by the Board of Directors to serve as the Committee chairperson. The affirmative vote of a majority of the members of the Committee is necessary for the adoption of any resolution. The Committee may create one or more subcommittees and may delegate, in its discretion, all or a portion of its duties and responsibilities to such subcommittees.
- (d) The Committee shall meet at least twice a year, at such times and places determined by the Committee chairperson, and may have such additional meetings as the Committee chairperson or any two (2) of the Committee's members deem necessary or desirable. The Committee may invite such members of management to its meetings as it may deem desirable or appropriate.

Duties and Responsibilities

The Committee's duties and responsibilities shall include all of the responsibilities of a nominating and corporate governance committee under New York Stock Exchange rules, including but not limited to the following items, and such other matters as may from time to time be delegated to the Committee by the Board of Directors:

Board of Directors and Committees

- (e) The Committee shall recommend to the Board of Directors appropriate criteria for the selection of new directors and shall periodically review the criteria adopted by the Board of Directors and, if deemed desirable, recommend to the Board of Directors changes to such criteria.

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- (f) The Committee shall identify and recommend to the Board of Directors candidates the Committee believes are qualified and suitable to serve as director consistent with criteria for selection of new directors adopted from time to time by the Board of Directors and shall recommend candidates to the Board of Directors for nomination to stand for election at each Annual Meeting of shareholders or, if applicable, at special meetings of shareholders where directors are to be elected. The Committee shall recommend persons to serve as proxies to vote proxies solicited by the Board of Directors in connection with such meetings. In the case of a vacancy in the office of a director (including a vacancy created by an increase in the size of the Board of Directors), the Committee shall recommend to the Board of Directors an individual to fill such vacancy through appointment by a majority of the corporation's directors.
 - (g) The Committee shall cause the names of all director candidates that are approved by the Board of Directors to be listed in the corporation's proxy materials and shall support the election of all candidates so nominated by the Board of Directors to the extent permitted by law.
 - (h) The Committee shall review and make recommendations to the Board of Directors concerning the composition and size of the Board of Directors and potential candidates to serve in the future on the Board of Directors.
 - (i) The Committee shall assist the Board of Directors in making a determination as to whether or not each director of the corporation satisfies the independence requirements relating to directors of the New York Stock Exchange and under Section 10A(m) of the Securities Exchange Act of 1934 and any related rules and exemptions promulgated thereunder by the Securities and Exchange Commission.
 - (j) The Committee shall review candidates for election as directors submitted by shareholders for compliance with these By-laws.
 - (k) The Committee shall identify Board members qualified to fill vacancies on any committee of the Board (including the Committee) and recommend that the Board appoint the identified member or members to the respective committee. In recommending a member for committee membership, the Committee shall take into consideration the factors set forth in the charter of the committee, if any, as well as any other factors it deems appropriate, including without limitation, the corporation's corporate governance principles, the consistency of the member's experience with the goals of the committee and the interplay of the member's experience with the experience of the other committee members. The Committee shall consider candidates proposed by management, members of the Committee and other members of the Board of Directors.

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- (l) The Committee shall periodically review the compensation of the corporation's directors and make recommendations to the Board of Directors with respect thereto. In evaluating the compensation of directors who are members of the corporation's Audit Committee, the Committee shall take into consideration, without limitation, the independence requirements for audit committee members under the New York Stock Exchange rules and Section 10A of the Securities Exchange Act of 1934 and any related rules or regulations promulgated thereunder by the Securities and Exchange Commission.

Oversight and Corporate Governance

- (m) The Committee shall establish procedures for the Committee to exercise oversight of the evaluation of the Board of Directors and management.
- (n) The Committee shall oversee the system of corporate governance of the corporation, including: developing and recommending to the Board of Directors a set of corporate governance principles for the corporation; (ii) reviewing and reassessing the adequacy of those principles at least once a year; and (iii) recommending to the Board of Directors for approval any changes to the principles as the Committee believes are appropriate.
- (o) The Committee shall undertake and review with the Board of Directors an annual performance evaluation of the Committee, which shall compare the performance of the Committee with the requirements of this Charter and set forth the goals and objectives of the Committee for the upcoming year. The Performance Evaluation shall be conducted in such manner as the Committee deems appropriate and shall recommend to the Board of Directors any improvements to this Charter deemed necessary or desirable by the Committee. The report to the Board of Directors may take the form of an oral report by the Committee chairperson or any other member of the Committee designated by the Committee to make such report.
- (p) The Committee shall report periodically to the Board of Directors on all matters for which the Committee has been delegated responsibility and at such times as the Board of Directors may otherwise request.

Other

- (q) The Committee shall annually review and reassess the adequacy of this Charter and recommend to the Board of Directors for approval such changes as the Committee believes are appropriate.

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- (r) The Committee shall recommend to the Board of Directors the date, time and place of the Annual Meeting of the shareholders.
 - (s) The Committee shall exercise such other powers and perform such other duties and responsibilities as are incidental to the purposes, duties and responsibilities specified herein and as may from time to time be delegated to the Committee by the Board of Directors.

Authority and Resources

The Committee shall have the sole authority, without further approval by the Board of Directors, to select, retain and terminate a consultant or search firm to be used to identify director candidates and evaluate issues relating to the compensation of directors and to approve any compensation payable by the corporation to such consultant or search firm, including the fees, terms and other conditions for the performance of such services. In addition, the Committee may, without further approval by the Board of Directors, obtain such advice and assistance from outside legal or other advisors as the Committee determines to be necessary or advisable in connection with the discharge of its duties and responsibilities hereunder. Any legal or other advisor retained by the Committee may, but need not, be otherwise engaged by the corporation for any other purpose.

The corporation shall pay to any consultant or search firm or outside legal or other advisor retained by the Committee pursuant to the preceding paragraph such compensation, including, without limitation, usual and customary expenses and charges, as shall be determined by the Committee.

3.18 Scientific Advisory Committee. There shall be a Scientific Advisory Committee of the Board of Directors. The Committee shall have the following membership and powers:

- (a) The Committee shall have at least three (3) members. At least fifty percent (50%) of the members of the Committee shall be non-employee directors.
- (b) The Committee shall review and evaluate the research and development programs of the corporation with respect to quality and scope.
- (c) The Committee shall advise the Board of Directors on maintaining product leadership through technological innovation.
- (d) The Committee shall review and make recommendations to the Board of Directors regarding the technological aspects of the corporation's business, including new business opportunities.
- (e) The Committee shall report to the Board of Directors on new technological and regulatory trends that will have a significant impact on the business of the corporation.
- (f) The Committee shall have such other duties as lawfully may be delegated to it from time to time by the Board of Directors.

3.19 Meetings of Committees. Each committee of the Board of Directors shall fix its own rules of procedure which shall include and be consistent with the provisions of the Wisconsin Business Corporation Law, these By-laws and any resolutions of the Board of Directors governing such committee, and shall make such reports to the Board of Directors of its activities as the Board of Directors may request. Each committee shall meet as provided by such rules and shall also meet at the call of its chairman or any two (2) members of such committee. Unless otherwise provided by such rules, the provisions of these By-laws under Section 3 entitled "Board of Directors" relating to the place of holding meetings and the notice required for meetings of the Board of Directors shall govern the place of meetings and notice of meetings for committees of the Board of Directors. A majority of the members of each committee shall constitute a quorum thereof, except that when a committee consists of two (2) members, then the two (2) members shall constitute a quorum. In the absence of a quorum, a majority of the members present at the time and place of any meeting may adjourn the meeting from time to time until a quorum shall be present and the meeting may be held as adjourned without further notice or waiver. Except in cases where it is otherwise provided by the rules of such committee, the vote of a majority of the members present at a duly constituted meeting at which a quorum is present shall be sufficient to pass any measure by the committee.

3.20 Informal Action Without Meeting. Any action required or permitted by the Amended and Restated Articles of Incorporation or By-laws or any provision of law to be taken by the Board of Directors or a committee at a meeting may be taken without a meeting if the action is taken by all members of the Board of Directors or of the committee. The action shall be evidenced by one or more written consents describing the action taken, signed by each director or committee member and retained by the corporation. Such action shall be effective when the last director or committee member signs the consent, unless the consent specifies a different effective date.

3.21 Telephonic Meetings. Notwithstanding any place set forth in the notice of the meeting or these By-laws, members of the Board of Directors may participate in regular or special meetings of the Board of Directors and all Committees of the Board of Directors by or through the use of any means of communication by which either: (a) all directors participating may simultaneously hear each other, such as by conference telephone, or (b) all communication during the meeting is immediately transmitted to each participating director, and each participating director is able to immediately send messages to all other participating directors; provided however, that the Chairman of the Board or the chairman of the respective Committee of the Board of Directors or other person or persons calling a meeting may determine that the directors cannot participate by such means, in which case the notice of the meeting, or other notice to directors given prior to the meeting, shall state that each director's physical presence shall be required. If a meeting is conducted through the use of such means, then at the commencement of such meeting all participating directors shall be informed that a meeting is taking place at which official business may be transacted. A director participating in a meeting by such means shall be deemed present in person at such meeting. The identity of each director participating in such a meeting must be verified in such manner as the chairman of the meeting deems reasonable under the circumstances before a vote may be taken.

4. OFFICERS

4.1 Number.

(a) The principal executive officers of the corporation shall be a Chairman, a Chief Executive Officer, a President, one or more Vice Presidents, one or more of whom may be designated Executive Vice President, one or more of whom may be designated Senior Vice President, and one or more of whom may be designated Vice President and Group Executive, a Secretary, a Treasurer, a Controller, a Chief Financial Officer and divisional presidents, each of whom shall be appointed by the Board of Directors (the officers thus appointed by the Board of Directors are sometimes referred to herein as the “elected” officers). All other officers, other designated divisional or staff officers, and all assistant officers (including one or more Assistant Secretaries and/or Assistant Treasurers) shall be appointed by the Board of Directors or the Chief Executive Officer. Such officers, agents and employees appointed by the Chief Executive Officer shall hold office at the discretion of the Chief Executive Officer. Any two or more offices may be held by the same person.

(b) The duties of the elected officers shall be those enumerated herein and any further duties designated by the Board of Directors. The duties herein specified for particular officers may be transferred to and vested in such other officers as the Board of Directors shall appoint from time to time and for such periods or without limitation as to time as the Board of Directors shall order.

(c) The duties and powers of all officers appointed by the Chief Executive Officer shall be those specifically prescribed for the position (s) by the Chief Executive Officer at the time of appointment.

4.2 Appointment and Term of Office.

(a) The elected officers of the corporation shall be appointed annually by the Board of Directors at the first meeting of the Board of Directors held after each Annual Meeting of the shareholders. If the appointment of officers shall not be held at such meeting, such appointment shall be held as soon thereafter as convenient. Each such officer shall hold office until his or her successor shall have been duly appointed or until his or her death or until he or she shall resign or shall have been removed in the manner hereinafter provided.

(b) A vacancy in any office appointed by the Board of Directors, because of death, resignation, removal, disqualification or otherwise may be filled by the Board of Directors for the unexpired portion of the term.

4.3 Removal. The Board of Directors may remove any officer or agent at any time, with or without cause and notwithstanding the contract rights, if any, of the officer or agent removed. Appointment shall not of itself create contract rights.

4.4 Resignation. An officer may resign at any time by delivering written notice to the Secretary of the corporation. The resignation is effective when the notice is delivered, unless the notice specifies a later effective date and the corporation accepts the later effective date.

4.5 The Chief Executive Officer. The Chief Executive Officer, subject to the control of the Board of Directors, shall supervise and control all of the business and affairs of the corporation. He or she shall, in the absence of the Chairman of the Board, preside

at all meetings of the shareholders and directors. He or she shall have authority, subject to such rules as may be prescribed by the Board of Directors, to appoint and remove certain officers and such agents and employees of the corporation as he or she shall deem necessary, to prescribe their powers, duties and compensation, and to delegate authority to them. He or she shall have authority to sign, execute and acknowledge, on behalf of the corporation, all deeds, mortgages, bonds contracts, leases, reports and all other documents or instruments necessary or proper to be executed in the course of the corporation's regular business, or which shall be authorized by the Board of Directors; and except as otherwise provided by law or the Board of Directors, he or she may authorize any other officer or agent of the corporation to sign, execute and acknowledge such documents or instruments in his or her place and stead. In general, he or she shall perform all duties incident to the office of Chief Executive Officer and such other duties as may be prescribed by the Board of Directors from time to time.

4.6 The President. The President shall be the chief operating officer of the corporation. In the absence of the Chief Executive Officer or in the event of his or her death, inability or refusal to act, or in the event for any reason it shall be impracticable for the Chief Executive Officer to act personally, the President shall perform the duties of the Chief Executive Officer and when so acting shall have all the powers of and be subject to all the restrictions upon the Chief Executive Officer. The President shall have the authority to sign all stock certificates, contracts, and other instruments of the corporation necessary or proper to be executed in the course of the corporation's regular business, or which shall be authorized by the Board of Directors, and shall perform all duties as are incident to his or her office or are properly required of him or her by the Board of Directors, the Chairman of the Board or the Chief Executive Officer. He or she shall have the authority, subject to such rules, directions, or orders as may be prescribed by the Chairman of the Board, the Board of Directors or the Chief Executive Officer, to appoint and terminate the appointment of such agents and employees of the corporation as he or she shall deem necessary, to prescribe their power, duties and compensation and to delegate authority to them.

4.7 Vice Presidents. At the time of appointment, one or more of the elected Vice Presidents may be designated Executive Vice President and one or more of them may be designated Senior Vice President. In the absence of the President or in the event of his or her death, inability or refusal to act, or in the event for any reason it shall be impracticable for the President to act personally, the Executive Vice Presidents in the order of their tenure in such position, or in the absence of any such designation, or in the event of his or her inability to act, any Senior Vice President in the order of their tenure in such position, or in the absence of any such designation, or in the event of his or her inability to act, then the other Vice Presidents in order of their tenure in such position, shall perform the duties of the President and when so acting shall have all the powers of and be subject to all the restrictions upon the President. Any Vice President may sign, with the Secretary or Assistant Secretary, certificates for shares of the corporation and shall perform such other duties as from time to time may be assigned to him or her by the Chairman of the Board, the Chief Executive Officer or the Board of Directors.

4.8 The Secretary. The Secretary shall: (a) keep as permanent records, the minutes of the shareholders' and of the Board of Directors' meetings, records of actions taken by the Board of Directors without a meeting, and records of actions taken by a Committee of the Board of Directors in place of the Board of Directors and on behalf of the corporation; (b) see that all notices are duly given in accordance with the provisions of these By-laws or as required by law; (c) be custodian of the corporate records and

of the seal of the corporation and see that the seal of the corporation is affixed to all documents the execution of which on behalf of the corporation under its seal is duly authorized; (d) maintain or cause an authorized agent to maintain a record of the corporation's shareholders, in a form that permits preparation of a list of the names and addresses of all shareholders, by class or series of shares and showing the number and class or series of shares held by each shareholder; and (e) in general perform all duties incident to the office of Secretary and such other duties as from time to time may be assigned to him or her by the Chief Executive Officer or by the Board of Directors.

4.9 The Treasurer. If required by the Board of Directors, the Treasurer shall give a bond for the faithful discharge of his or her duties in such sum and with such surety or sureties as the Board of Directors shall determine. He or she shall: (a) have charge and custody of and be responsible for all funds and securities of the corporation, receive and give receipts for moneys due and payable to the corporation from any source whatsoever, and deposit all such moneys in the name of the corporation in such banks, trust companies or other depositories as shall be selected in accordance with the provisions of Section 5 of these By-laws; and (b) in general perform all of the duties incident to the office of Treasurer and such other duties as from time to time may be assigned to him or her by the Chief Executive Officer or by the Board of Directors.

4.10 The Controller. The Controller shall be the chief accounting officer of the corporation. He or she shall: (a) maintain appropriate accounting records for the corporation; (b) cause regular audits of these accounting records to be made; and (c) in general perform all of the duties incident to the office of Controller and such other duties as from time to time may be assigned to him or her by the Chief Executive Officer or by the Board of Directors.

4.11 Compensation.

(a) The compensation of the elected officers shall be fixed from time to time by the Compensation and Development Committee of the Board of Directors and no such officer shall be prevented from receiving such compensation by reason of the fact that he or she is also a Director of the corporation.

(b) The compensation of all officers appointed by the Chief Executive Officer shall be set by the Chief Executive Officer, from time to time.

5. CONTRACTS, LOANS, CHECKS AND DEPOSITS

5.1 Contracts. The Board of Directors may authorize any officer or officers, agent or agents, to enter into any contract or execute and deliver any instrument in the name of and on behalf of the corporation, and such authorization may be general or confined to specific instances.

5.2 Borrowings. No indebtedness for borrowed money shall be contracted on behalf of the corporation and no evidences of indebtedness shall be issued in its name unless authorized by or under the authority of a resolution of the Board of Directors or the Finance Committee. Such authorization may be general or confined to specific instances.

5.3 Checks, Drafts, etc. All checks, drafts or other orders for the payment of money, notes or other evidences of indebtedness issued in the name of the corporation, shall be signed by such officer or officers, agent or agents of the corporation and in such manner, including by means of facsimile signatures, as shall from time to time be determined by or under the authority of a resolution of the Board of Directors or the Finance Committee.

5.4 Deposits. All funds of the corporation not otherwise employed shall be deposited from time to time to the credit of the corporation in such banks, trust companies or other depositaries as may be selected by or under the authority of the Board of Directors or the Finance Committee.

6. CERTIFICATES FOR SHARES AND THEIR TRANSFER

6.1 Certificates for Shares. Certificates representing shares of the corporation shall be in such form as shall be determined by the Board of Directors. Such certificates shall be signed by the Chairman, Chief Executive Officer, President or Chief Financial Officer and by the Secretary or an Assistant Secretary. All certificates for shares shall be consecutively numbered or otherwise identified. The name and address of the person to whom the shares represented thereby are issued, with the number of shares and the date of issue, shall be entered on the stock transfer books of the corporation. All certificates surrendered to the corporation for transfer shall be entered on the stock transfer books of the corporation. All certificates surrendered to the corporation for transfer shall be cancelled and no new certificates shall be issued until the former certificate for a like number of shares shall have been surrendered and cancelled, except that in case of a lost, destroyed or mutilated certificate, a new one may be issued therefor upon such terms and indemnity to the corporation as the Board of Directors may prescribe.

6.2 Signature by Former Officer, Transfer Agent or Registrar. In case any officer, transfer agent or registrar who has signed or whose facsimile signature has been placed upon any certificate for shares has ceased to be such officer, transfer agent or registrar before such certificate is issued, the certificate may be issued by the corporation with the same effect as if that person were still an officer, transfer agent or registrar at the date of its issue.

6.3 Uncertificated Shares. The Board of Directors may authorize the issuance of any shares of any of the corporation's classes or series without certificates. The authorization does not affect shares already represented by certificates until the certificates are surrendered to the corporation.

6.4 Transfer of Shares. Transfer of shares of the corporation shall be made only on the stock transfer books of the corporation by the holder of record thereof or by his or her legal representative, who shall furnish proper evidence of authority to transfer, or by his or her attorney thereunto authorized by power of attorney duly executed and filed with the Secretary of the corporation, and on surrender for cancellation of the certificate for such shares. The person in whose name shares stand on the books of the corporation shall be deemed by the corporation to be the owner thereof for all purposes.

6.5 Restrictions on Transfer. The face or reverse side of each certificate representing shares shall bear a conspicuous notation of any restriction upon the transfer of such shares imposed by the corporation.

6.6 Lost, Destroyed or Stolen Certificates. Where the owner claims that his or her certificate for shares has been lost, destroyed or wrongfully taken, a new certificate shall be issued in place thereof if the owner (a) so requests before the corporation has notice that such shares have been acquired by a bona fide purchaser, and (b) if required by the corporation, files with the corporation a sufficient indemnity bond, and (c) satisfies such other reasonable requirements as may be prescribed by or under the authority of the Board of Directors.

6.7 Consideration for Shares. The shares of the corporation may be issued for such consideration as shall be fixed from time to time and determined to be adequate by the Board of Directors, provided that any shares having a par value shall not be issued for a consideration less than the par value thereof. The consideration may consist of any tangible or intangible property or benefit to the corporation, including cash, promissory notes, services performed, contracts for services to be performed, or other securities of the corporation. When the corporation receives the consideration for which the Board of Directors authorized the issuance of shares, such shares shall be deemed to be fully paid and nonassessable by the corporation.

6.8 Stock Regulations. The Board of Directors shall have the power and authority to make all such rules and regulations not inconsistent with the statutes of the State of Wisconsin as they may deem expedient concerning the issue, transfer and registration of certificates representing shares of the corporation including the appointment or designation of one or more stock transfer agents and one or more stock registrars.

7. WAIVER OF NOTICE

7.1 Shareholder Written Waiver. A shareholder may waive any notice required by the Wisconsin Business Corporation Law, the Amended and Restated Articles of Incorporation or these By-laws before or after the date and time stated in the notice. The waiver shall be in writing and signed by the shareholder entitled to the notice, shall contain the same information that would have been required in the notice under the Wisconsin Business Corporation Law except that the time and place of meeting need not be stated, and shall be delivered to the corporation for inclusion in the corporate records.

7.2 Shareholder Waiver by Attendance. A shareholder's attendance at a meeting, in person or by proxy, waives objection to both of the following:

(a) Lack of notice or defective notice of the meeting, unless the shareholder at the beginning of the meeting or promptly upon arrival objects to holding the meeting or transacting business at the meeting.

(b) Consideration of a particular matter at the meeting that is not within the purpose described in the meeting notice, unless the shareholder objects to considering the matter when it is presented.

7.3 Director Written Waiver. A director may waive any notice required by the Wisconsin Business Corporation Law, the Amended and Restated Articles of Incorporation or these By-laws before or after the date and time stated in the notice. The waiver shall be in writing, signed by the director entitled to the notice and retained by the corporation.

7.4 Director Waiver by Attendance. A director's attendance at or participation in a meeting of the Board of Directors or any committee thereof waives any required notice to him or her of the meeting unless the director at the beginning of the meeting or promptly upon his or her arrival objects to holding the meeting or transacting business at the meeting and does not thereafter vote for or assent to action taken at the meeting.

8. LIABILITY AND INDEMNIFICATION OF OFFICERS AND DIRECTORS

8.1 Limited Liability of Directors to Corporation and Shareholders. A director is not liable to the corporation, its shareholders, or any person asserting rights on behalf of the corporation or its shareholders, for damages, settlements, fees, fines, penalties or other monetary liabilities arising from a breach of, or failure to perform, any duty resulting solely from his or her status as a director, unless the person asserting liability proves that the breach or failure to perform constitutes any of the following:

(a) a willful failure to deal fairly with the corporation or its shareholders in connection with a matter in which the director has a material conflict of interest;

(b) a violation of criminal law, unless the director had reasonable cause to believe his or her conduct was lawful, or no reasonable cause to believe his or her conduct was unlawful;

(c) a transaction from which the director derived an improper personal profit; or

(d) willful misconduct.

8.2 Indemnification.

(a) A corporation shall indemnify a director or officer, to the extent he or she has been successful on the merits or otherwise in the defense of a proceeding, for all reasonable expenses incurred in the proceeding if the director or officer was a party because he or she is a director or officer of the corporation.

(b) In cases not included under the foregoing paragraph, a corporation shall indemnify a director or officer against liability incurred by the director or officer in a proceeding to which the director or officer was a party because he or she is a director or officer of the corporation, unless liability was incurred because the director or officer breached or failed to perform a duty he or she owes to the corporation and the breach or failure to perform constitutes any of the following:

(i) a willful failure to deal fairly with the corporation or its shareholders in connection with a matter in which the director or officer has a material conflict of interest;

(ii) a violation of criminal law, unless the director or officer had reasonable cause to believe his or her conduct was lawful or no reasonable cause to believe his or her conduct was unlawful;

(iii) a transaction from which the director or officer derived an improper personal profit; or

(iv) willful misconduct.

(c) Determination of whether indemnification is required under this subsection shall be made under section 180.0855 of the Wisconsin Business Corporation Law.

(d) The termination of a proceeding by judgment, order, settlement or conviction, or upon a plea of no contest or an equivalent plea, does not, by itself, create a presumption that indemnification of the director or officer is not required under this subsection.

(e) A director or officer who seeks indemnification under this section shall make a written request to the corporation.

(f) Indemnification under this section is not required if the director or officer has previously received indemnification or allowance of expenses from any person, including the corporation, in connection with the same proceeding.

8.3 Advance of Expenses. In addition to the right of indemnification conferred in Section 8.2, expenses (including attorneys' fees) incurred by an officer or director in defending any civil, criminal, administrative or investigative action, suit or proceeding shall be paid by the corporation in advance of the final disposition of such action, suit or proceeding. A director or officer who seeks advancement of expenses under this section shall make a written request to the corporation, including (a) affirmation of such officer's or director's good faith belief that he or she has not breached or failed to perform his or her duties to the corporation, and (b) an undertaking by or on behalf of such officer or director to repay such amount if it shall ultimately be determined that such person is not entitled to be indemnified by the corporation under Section 8.2 of this Article. The board of directors considers the advancement of legal expenses under this section to be necessary to the retention of officers and directors and any payments pursuant to this section shall not be deemed an "extraordinary payment" to any officer or director.

8.4 Reliance by Directors and Officers. Unless a director or officer has knowledge that makes reliance unwarranted, a director or officer, in discharging his or her duties to the corporation, may rely on information, opinions, reports or statements, any of which may be written or oral, formal or informal, including financial statements and other financial data, if prepared or presented by any of the following:

(a) an officer or employee of the corporation whom the director or officer believes in good faith to be reliable and competent in the matters presented; or

(b) legal counsel, public accountants or other persons as to matters the director or officer believes in good faith are within the person's professional or expert competence.

(c) In the case of reliance by a director, a committee of the Board of Directors of which the director is not a member if the director believes in good faith that the committee merits confidence.

8.5 Consideration of Interests in Addition to Shareholders' Interests. In discharging his or her duties to the corporation and in determining what he or she believes to be in the best interests of the corporation, a director or officer may, in addition to considering the effects of any action on shareholders, consider any of the following:

(a) the effects of the action on employees, suppliers and customers of the corporation;

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- (b) the effects of the action on communities in which the corporation operates; or
 - (c) any other factors the director or officer considers pertinent.

8.6 Insurance. The corporation may purchase and maintain insurance on behalf of an individual who is an employee, agent, director or officer of the corporation against liability asserted against or incurred by the individual in his or her capacity as an employee, agent, director or officer or arising from his or her status as an employee, agent, director or officer, regardless of whether the corporation is required or authorized to indemnify or allow expenses to the individual against the same liability under sections 180.0851, 180.0853, 180.0856 and 180.0858 of the Wisconsin Business Corporation Law.

8.7 General.

(a) Except as limited by law, the indemnification and allowance of expenses provided by Sections 8.1 through 8.6 of this Article do not preclude any additional right to indemnification or allowance of expenses that a director, officer or employee may have under any written agreement between such person and the corporation, resolution of the Board of Directors or resolution adopted by the corporation's shareholders.

(b) For purposes of this article, the definitions contained in section 180.0850 of the Wisconsin Business Corporation Law are incorporated herein by this reference. The term "employee" shall mean a natural person who is or was an employee of the corporation or who, while an employee of the corporation, is or was serving at the corporation's request as a director, officer, partner, committee, employee or agent of another corporation, partnership, joint venture, trust, or other enterprise, and, unless the context requires otherwise, the estate or personal representative of the employee.

(c) The corporation, by its Board of Directors, may indemnify under Section 8.2, or with any limitations, any employee or former employee of the corporation with respect to any action taken or not taken in his or her capacity as or while an employee. Notwithstanding the foregoing, the corporation shall indemnify an employee who is not a director or officer corporation, to the extent that he or she has been successful on the merits or otherwise in defense of a proceeding, for all expenses incurred in the proceeding if the employee was a party because he or she was an employee of the corporation.

9. GENERAL

9.1 Fiscal Year. The fiscal year of the corporation shall end on December 31 of each year, the first full calendar fiscal year being the year ending December 31, 2000.

9.2 Seal. The Board of Directors shall provide a corporate seal which shall be circular in form and shall have inscribed thereon the name of the corporation and the words "Corporate Seal, Wisconsin".

9.3 Notices. Except as otherwise required by law or these By-laws, any notice required to be given by these By-laws may be given orally or in writing and notice may be communicated in person, by mail or private carrier, by telephone, telegraph, teletype, facsimile or other form of wire or wireless communication, and, if these forms of personal notice are impracticable, notice may be communicated by a newspaper of general circulation in the area where published, or by radio, television or other form of public broadcast communication. Oral notice is effective when communicated. Written notice is effective as follows: (a) if delivered in person, when received; (b) if given by mail, when deposited, postage prepaid, in the United States mail addressed to the director at his or her business or home address (or such other address as the director may have designated in writing filed with the Secretary); (c) if given by private carrier, when delivered to the carrier; (d) if given by telegraph, when delivered to the telegraph company; and (e) if given by facsimile, e-mail or other form of wireless communication, at the time transmitted to a facsimile number or e-mail address at any address designated in (b) above.

9.4 No Nominee Procedures. The corporation has not established, and nothing contained in these By-laws shall be deemed to establish, any procedure by which a beneficial owner of the corporation's shares that are registered in the name of a nominee is recognized by the corporation as the shareholder under Section 180.0723 of the Wisconsin Business Corporation Law.

10. AMENDMENTS

10.1 Power to Amend and Repeal. Except as may be limited pursuant to Section 10.2, these By-laws may be amended or repealed, and new By-laws may be adopted, either by the shareholders at any meeting, or by vote of a majority of the shares present or represented thereat, or by the Board of Directors by a vote of a majority of the Board of Directors; except that Sections 2.3, 2.8, 3.2, 3.7, 3.8, 10.1, and 10.2 of the By-laws may be amended only by the affirmative vote of the holders of two-thirds (2/3) of the outstanding shares entitled to vote thereon or by the affirmative vote of a majority of the directors. Except as may be limited pursuant to Section 10.2, the Board of Directors shall have the power to amend or repeal any By-law adopted by the shareholders, and any By-law adopted by the Board of Directors shall be subject to amendment or repeal by the shareholders as well as by the directors.

10.2 Restrictions on Amendment and Repeal.

(a) The Board of Directors shall have no power to amend or repeal any By-law or amendment adopted by the shareholders which contains a specific provision to the effect that such By-law or amendment shall not be subject to amendment or repeal by the Board of Directors.

(b) The Board of Directors shall have no power to amend or repeal any By-law adopted or amended by the shareholders that fixes a greater or lower quorum requirement or a greater voting requirement for the Board of Directors than otherwise is provided in the Wisconsin Business Corporation Law unless the By-law expressly provides that it may be amended or repealed by a specified vote of the Board of Directors. Action by the Board of Directors to adopt or amend a By-law that changes the quorum or voting requirement for the Board of Directors must meet the same quorum requirement and be adopted by the same vote required to take action under the quorum and voting requirement then in effect, unless a different voting requirement is specified as provided by the preceding sentence. A By-law that fixes a greater or lower quorum requirement or a greater voting requirement for shareholders or voting groups of shareholders than otherwise is provided in the Wisconsin Business Corporation Law may not be adopted, amended or repealed by the Board of Directors.

(c) No amendment or repeal of these By-laws by the shareholders at any meeting shall be effective unless the notice of such meeting shall have set forth the general nature of the proposed amendment or repeal.

SENSIENT TECHNOLOGIES CORPORATION

Amended and Restated By-laws

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Section 3: EX-10.1(L)(2) (AMENDMENT NO. 1 TO RABBI TRUST A)

Exhibit 10.1(I)(2)

AMENDMENT NO. 1 TO THE TRUST AGREEMENT FOR RABBI TRUST A

WHEREAS, Sensient Technologies Corporation (the “Company”) is obligated in accordance with the terms of certain agreements under (the “Contracts”) to make certain payments for the benefit of selected Company executives in the event of a change of control of the Company, and as the Company has incurred or expects to incur liability under the terms of such Contracts, the Company established a trust in the form of this rabbi trust (commonly referred to as “Rabbi Trust A”) which is subject to the claims of the Company’s existing or future general creditors;

WHEREAS, the Company desires to amend Section 2(a) of Rabbi Trust A to provide that the Trustee may make a distribution from Rabbi Trust A for the payment of taxes in compliance with Section 409A of the Internal Revenue Code of 1986 (“Section 409A”);

WHEREAS, the Company desires to make certain changes to the definition of “Change of Control” under Section 13(d) of Rabbi Trust A in accordance with available guidance under Section 409A, as amended and to make the definition of “Change of Control” under Section 13(d) of Rabbi Trust A consistent with the definition of “Change of Control” contained in the Change of Control and Severance Agreement listed on Appendix A of Rabbi Trust A, specifically to:

- change the ownership threshold in Section 13(d)(1) from 20% to 30%;
- change the measuring date for determining a change in the composition of the Board of Directors from March 1, 2002 to September 10, 1998;
- change the ownership threshold in Section 13(d)(3) from 20% to 30%; and
- add new paragraphs Section 13(d)(4) and Section 13(d)(5);

WHEREAS, the Company desires to amend Appendix A to reflect the new effective date of the employment agreement listed on Appendix A; and

WHEREAS, the Company and Marshall & Ilsley Trust Company have determined to amend Rabbi Trust A effective as of October 16, 2008 and Rabbi Trust A may be amended by a written instrument signed by the Company and Marshall & Ilsley Trust Company prior to the occurrence of a Change of Control.

NOW, THEREFORE, the trust agreement for Rabbi Trust A is hereby amended as follows, effective as of October 16, 2008:

1. Section 2(a) of Rabbi Trust A is hereby amended to add a new paragraph at the end of Section 2(a) to read as follows:

“Notwithstanding the above, subject to the terms of the Contracts, the Trustee may distribute to an Executive an amount:

- (i) to satisfy the Executive’s obligation to pay state, local or foreign taxes as well as an additional amount to satisfy the Executive’s obligation to pay the taxes incurred as a result of such payment, including any federal, state or local income taxes and the Executive’s portion of any employment taxes;

-
- (ii) to satisfy the Executive's portion of employment taxes (to the extent necessary to pay the Federal Insurance Contributions Act tax amount (the "FICA Amount")) as well as an additional amount to satisfy the Executive's obligation to pay any federal, state, local or foreign income taxes incurred as a result of such payment; and/or
 - (iii) if the Executive has an obligation to include amounts in income as a result of Section 409A of the Internal Revenue Code of 1986."

2. Paragraph (d) of Section 13 is hereby amended in its entirety to read as follows:

"(d) For purposes of this Trust, Change of Control shall mean:

- (1) the acquisition by any individual, entity or group (within the meaning of Section 13(d)(3) or 14(d)(2) of the Securities Exchange Act of 1934, as amended) (a "Person") of beneficial ownership (within the meaning of Rule 13d-3 promulgated under the Securities Exchange Act of 1934, as amended) of 30% or more of either (A) the then outstanding shares of common stock of the Company (the "Outstanding Company Common Stock") or (B) the combined voting power of the then outstanding voting securities of the Company entitled to vote generally in the election of directors (the "Outstanding Company Voting Securities"); provided, however, that for purposes of this subsection (1), the following acquisitions shall not constitute a Change of Control: (I) any acquisition directly from the Company, (II) any acquisition by the Company, (III) any acquisition by any employee benefit plan (or related trust) sponsored or maintained by the Company or any corporation controlled by the Company or (IV) any acquisition pursuant to a transaction which complies with clauses (A), (B) and (C) of subsection (3) of this paragraph (d); or

-
- (2) individuals who, as of September 10, 1998, constitute the Board of Directors (the “Incumbent Board”) cease for any reason to constitute at least a majority of the Board of Directors; provided, however, that any individual becoming a director subsequent to September 10, 1998 whose election, or nomination for election by the Company’s shareholders, was approved by a vote of at least a majority of the directors then comprising the Incumbent Board shall be considered as though such individual were a member of the Incumbent Board, but excluding, for this purpose, any such individual whose initial assumption of office occurs as a result of an actual or threatened election contest with respect to the election or removal of directors or other actual or threatened solicitation of proxies or consents by or on behalf of a Person other than the Board of Directors; or
- (3) consummation by the Company of a reorganization, merger or consolidation or sale or other disposition of all or substantially all of the assets of the Company or the acquisition of assets of another entity (a “Business Combination”), in each case, unless, following such Business Combination, (A) all or substantially all of the individuals and entities who were the beneficial owners, respectively, of the Outstanding Company Common Stock and Outstanding Company Voting Securities immediately prior to such business combination beneficially own, directly or indirectly, more than 50% of, respectively, the then outstanding shares of common stock and the combined voting power of the then outstanding voting securities entitled to vote generally in the election of directors, as the case may be, of the corporation resulting from such Business Combination (including, without limitation, a corporation which as a result of such transaction owns the Company or all or substantially all of the Company’s assets either directly or through one or more subsidiaries) in substantially the same proportions as their ownership immediately prior to such Business Combination of the Outstanding Company Common Stock and Outstanding Company Voting Securities, as the case may be, (B) no Person (excluding any employee benefit plan (or related trust) of the Company or of such corporation resulting from such Business Combination) beneficially owns, directly or indirectly, 30% or more of, respectively, the then outstanding shares of common stock of the corporation resulting from such Business Combination or the combined voting power of the then outstanding voting securities of such corporation except to the extent that such ownership existed prior to the Business Combination and (C) at least a majority of the members of the board of directors of the corporation resulting from such Business Combination were members of the Incumbent Board at the time of the execution of the initial agreement, or the action of the Board, providing for such Business Combination; or

- (4) Approval by the shareholders of the Company of a complete liquidation or dissolution of the Company taxed under Section 331 of the Code or with the approval of a bankruptcy court pursuant to Section 503(b)(1)(A) of Title II of the U.S. Bankruptcy Code.
 - (5) Notwithstanding the foregoing, a Change of Control as defined in this Section 13(d) shall not be treated as a Change of Control for purposes of this Trust unless it constitutes a “change in control event” within the meaning of Treasury Regulation Section 1.409A-3(i)(5) or results in a termination or liquidation of a plan within the meaning of Treasury Regulation Section 1.409A-3(j)(4)(ix)(A) or (B) (as applicable).”
3. Appendix A is hereby amended in its entirety to read as follows:

“Appendix A
(As of October 16, 2008)

1. Executive Employment Contract, dated October 27, 2008, by and between Sensient Technologies Corporation and Kenneth P. Manning.
2. Change of Control and Severance Agreements entered into between Sensient Technologies Corporation and certain Executives from time to time.”

IN WITNESS WHEREOF, this Amendment has been duly executed the 18th day of December, 2008.

SENSIENT TECHNOLOGIES CORPORATION

By /s/ Douglas S. Pepper
Douglas S. Pepper
Vice President — Administration

MARSHALL & ILSLEY TRUST COMPANY

By /s/ Steven Grieb
Steven Grieb
Vice President

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Section 4: EX-10.1(M)(4) (AMENDMENT NO. 2 TO RABBI TRUST B)

Exhibit 10.1(m)(4)

AMENDMENT NO. 2 TO THE TRUST AGREEMENT FOR RABBI TRUST B

WHEREAS, Sensient Technologies Corporation (the “Company”) is obligated under certain non-qualified plans and/or agreements (the “Plans”) to make certain deferred and other payments to certain present, future and former directors and executives of the Company who have satisfied the eligibility requirements of such Plans, and for purposes of assuring that certain of such payments are made in satisfaction of certain of such obligations the Company has established a trust in the form of this rabbi trust (commonly referred to as “Rabbi Trust B”) which is subject to the claims of the Company’s existing or future general creditors;

WHEREAS, the Company desires to amend Section 3.01(d) of Rabbi Trust B to provide that the Trustee may make a distribution from Rabbi Trust B for the payment of taxes in compliance with Section 409A of the Internal Revenue Code of 1986 (“Section 409A”); and

WHEREAS, the Company desires to amend Schedule A to update the list of plans covered by Rabbi Trust B, and to specifically acknowledge the frozen and ongoing status of certain plans covered by Rabbi Trust B that were established in conjunction with Section 409A.

NOW, THEREFORE, the trust agreement for Rabbi Trust B is hereby amended as follows, effective as of October 16, 2008:

1. Section 3.01(d) of Rabbi Trust B is hereby amended to add a new, second paragraph to read as follows:

“Notwithstanding the above, subject to the terms of the Plans, the Trustee may pay to an Executive a portion of the Trust Corpus:

- (i) to satisfy the Executive’s obligation to pay state, local or foreign taxes as well as an additional amount to satisfy the Executive’s obligation to pay the taxes incurred as a result of such payment, including any federal, state or local income taxes and the Executive’s portion of any employment taxes;
- (ii) to satisfy the Executive’s portion of employment taxes (to the extent necessary to pay the Federal Insurance Contributions Act tax amount (the “FICA Amount”)) as well as an additional amount to satisfy the Executive’s obligation to pay any federal, state, local or foreign income taxes incurred as a result of such payment; and/or

(iii) if the Executive has an obligation to include amounts in income as a result of Section 409A of the Internal Revenue Code of 1986.”

2. Schedule A of Rabbi Trust B is hereby amended in its entirety to read as follows:

“Schedule A
(As of October 16, 2008)

1. Sensient Technologies Corporation Management Income Deferral Plan
2. Sensient Technologies Corporation Frozen Management Income Deferral Plan
3. Sensient Technologies Corporation Executive Income Deferral Plan
4. Sensient Technologies Corporation Frozen Executive Income Deferral Plan
5. Sensient Technologies Corporation Supplemental Executive Retirement Plan A, entered into between Sensient Technologies Corporation and certain Executives from time to time.
6. Sensient Technologies Corporation Frozen Supplemental Executive Retirement Plan A, entered into between Sensient Technologies Corporation and certain Executives.
7. Sensient Technologies Corporation Supplemental Executive Retirement Plan B, entered into between Sensient Technologies Corporation and certain Executives from time to time.
8. Sensient Technologies Supplemental Benefit Plan
9. Sensient Technologies Frozen Supplemental Benefit Plan
10. Supplemental Retirement Program for Corporate Officers of Universal Group, Limited”

IN WITNESS WHEREOF, this Amendment has been duly executed the 18th day of December, 2008.

SENSIENT TECHNOLOGIES CORPORATION

By /s/ Douglas S. Pepper

Douglas S. Pepper
Vice President — Administration

MARSHALL & ILSLEY TRUST COMPANY

By /s/ Steven Grieb

Steven Grieb
Vice President

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Section 5: EX-10.1(N)(3) (AMENDMENT NO. 2 TO RABBI TRUST C)

Exhibit 10.1(n)(3)

AMENDMENT NO. 2 TO THE TRUST AGREEMENT FOR RABBI TRUST C

WHEREAS, Sensient Technologies Corporation (the “Company”) is obligated under certain non-qualified plans and/or agreements (the “Plans”) to make certain deferred and other payments to certain present, future and former directors and executives of the Company who have satisfied the eligibility requirements of such Plans, and for purposes of assuring that certain of such payments are made in satisfaction of certain of such obligations the Company has established a trust in the form of this rabbi trust (commonly referred to as “Rabbi Trust C”) which is subject to the claims of the Company’s existing or future general creditors;

WHEREAS, the Company desires to amend Section 3.01(d) of Rabbi Trust C to provide that the Trustee may make a distribution from Rabbi Trust C for the payment of taxes in compliance with Section 409A of the Internal Revenue Code of 1986 (“Section 409A”); and

WHEREAS, the Company desires to amend Schedule A to update the names of the plans covered by Rabbi Trust C.

NOW, THEREFORE, the trust agreement for Rabbi Trust C is hereby amended as follows, effective as of October 16, 2008:

1. Section 3.01(d) of Rabbi Trust C is hereby amended to add a new, second paragraph to read as follows:

“Notwithstanding the above, subject to the terms of the Plans, the Trustee may pay to an Executive a portion of the Trust Corpus:

- (i) to satisfy the Executive’s obligation to pay state, local or foreign taxes as well as an additional amount to satisfy the Executive’s obligation to pay the taxes incurred as a result of such payment, including any federal, state or local income taxes and the Executive’s portion of any employment taxes;
- (ii) to satisfy the Executive’s portion of employment taxes (to the extent necessary to pay the Federal Insurance Contributions Act tax amount (the “FICA Amount”)) as well as an additional amount to satisfy the Executive’s obligation to pay any federal, state, local or foreign income taxes incurred as a result of such payment; and/or

(iii) if the Executive has an obligation to include amounts in income as a result of Section 409A of the Internal Revenue Code of 1986.”

2. Schedule A of Rabbi Trust C is hereby amended in its entirety to read as follows:

“Schedule A
(As of October 16, 2008)

1. Sensient Technologies Corporation Non-Employee Directors’ Retirement Plan
2. Sensient Technologies Corporation Directors’ Deferred Compensation Plan”

IN WITNESS WHEREOF, this Amendment has been duly executed the 18th day of December, 2008.

SENSIENT TECHNOLOGIES CORPORATION

By /s/ Douglas S. Pepper
Douglas S. Pepper
Vice President — Administration

MARSHALL & ILSLEY TRUST COMPANY

By /s/ Steven Grieb
Steven Grieb
Vice President

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Section 6: EX-10.1(S) (FORM OF AGREEMENT FOR EXECUTIVE OFFICERS)

Exhibit 10.1(s)

**SENSIENT TECHNOLOGIES CORPORATION
FORM OF
SUPPLEMENTAL EXECUTIVE RETIREMENT PLAN A
(Amended and Restated as of January 1, 2005)**

SECTION 1. PURPOSE

The purpose of the Sensient Technologies Corporation Supplemental Executive Retirement Plan A (the “Plan”) is to enable Sensient Technologies Corporation (the “Company”) to attract, retain, and motivate certain key employees and to provide retirement and survivor benefits for the employees, their surviving spouses and designated beneficiaries. The Company intends the Plan to be a non-qualified supplemental executive retirement plan for certain key employees, as designated and described herein. All benefits under this Plan, as amended and restated below, are subject to Section 409A of the Internal Revenue Code of 1986, as amended (the “Code”) and any guidance issued thereunder.

SECTION 2. DEFINITIONS

For the purpose of this Plan, certain words or phrases used herein will have the following meanings:

- A. “Administrator” means the Vice President of Administration of the Company.
- B. “Benefits Administrative Committee” means the Benefits Administrative Committee of the Company, members of which are appointed by the Chief Executive Officer of the Company.
- C. “Board” means the board of directors of Sensient Technologies Corporation.
- D. “Company” means Sensient Technologies Corporation, and shall include all of its wholly-owned subsidiaries.
- E. “Early Retirement Date” means the date the Executive attains age 55 and has completed 10 or more years of continuous service with the Company.
- F. “Executive” means a selected employee of the Company designated to participate in the Plan by the Chief Executive Officer of the Company.
- G. “Final Compensation” means the greater of:
 1. the Executive’s annual base salary as in effect, as of, as applicable, the date of his death or retirement, or the date immediately preceding the Company’s change of control, plus 50% (100% if the Executive has at any time been the Company’s Chief Executive Officer, Chief Operating Officer or Chief Financial Officer) of the highest bonus award, if any, paid to the Executive pursuant to, as applicable, the Sensient Technologies Corporation Management

Incentive Plan for Division Presidents or the Sensient Technologies Corporation Incentive Compensation Plan for Elected Corporate Officers on any one annual bonus payment date coinciding with or following the date on which the Executive attains age 50 and preceding, as applicable, the date of the Executive's death or retirement, or the date of the Company's change of control; or

2. the Executive's average annual base salary as in effect during the 60 highest paid consecutive calendar months of the last 120 calendar months immediately preceding, as applicable, the date of his death or retirement, or the date immediately preceding the Company's change of control, plus 50% (100% if the Executive has at any time been the Company's Chief Executive Officer, Chief Operating Officer or Chief Financial Officer) of the highest bonus award, if any, paid to the Executive pursuant to, as applicable, the Sensient Technologies Corporation Management Incentive Plan for Division Presidents or the Sensient Technologies Corporation Incentive Compensation Plan for Elected Corporate Officers on any one annual bonus payment date coinciding with or following the date on which the Executive attains age 50 and preceding, as applicable, the date of the Executive's death or retirement, or the date of the Company's change of control.
- H. "Normal Retirement Date" means the date the Executive attains age 62; or such date after the Executive attains age 55 and his or her age and years of continuous service with the Company equals or exceeds 85.
- I. "Plan Year" means each twelve (12) consecutive month period commencing on January 1 and ending the following December 31.

SECTION 3. BENEFITS

Participating Executives and/or their spouses and designated beneficiaries shall be entitled to benefits under this Plan provided the Executive is employed by the Company at the time of his or her death or until his or her retirement, or in the event of the Company's change of control, whichever occurs earlier.

A. Survivor Income Benefit

In the event of the Executive's death prior to his or her retirement, a survivor income benefit will be payable to the Executive's designated beneficiary for a guaranteed period of up to 20 years. Each Executive's guaranteed period shall be indicated on the Appendix hereto. The annual survivor income benefit for such period will be equal to the product of the Executive's designated percentage indicated on the Appendix hereto and his or her Final Compensation.

B. Election

The Executive shall be required to submit an election form with respect to the Executive's retirement benefit under subsection C below, in accordance with the following:

1. Executives who were participating in the Plan prior to or on January 1, 2005 must submit the election form no later than December 31, 2007.
2. Executives who begin participation after January 1, 2005 must submit an election form upon commencing participation in the Plan.
3. Any election, once made, is irrevocable and may not be changed.

C. Retirement Benefit

At the Executive's retirement, the survivor income benefit in paragraph A above shall no longer be available, and the Executive shall elect among one of the alternatives described below.

1. The Executive may elect a retirement income benefit payable in the form of a lump sum distribution. If the Executive makes a lump sum distribution election, his or her retirement income benefit will equal the present lump sum value of a benefit, payable for the guaranteed period of up to 20 years (as set forth on the Appendix hereto), equal to the product of the designated percentage (as set forth on the Appendix hereto) and the Executive's Final Compensation, reduced, if applicable, by the early retirement provision in paragraph D below based on the Executive's retirement date.

(or)

2. The Executive may elect to continue in effect the survivor income benefit to be payable to his or her designated beneficiary following the Executive's death for the guaranteed period of up to 20 years. The annual survivor income benefit for such period will be equal to the product of the Executive's designated percentage indicated on the Appendix hereto and his or her Final Compensation, reduced, if applicable, by the early retirement provision in paragraph D below based on the Executive's retirement date.

(or)

3. The Executive may elect to receive following his or her retirement a retirement income benefit to be payable to the Executive or his or her designated beneficiary for the guaranteed period of up to 20 years. The annual retirement/survivor income benefit for such period will be equal to the product of the Executive's designated percentage indicated on the Appendix hereto and his or her Final Compensation, reduced, if applicable, by the early retirement provision in paragraph D below based on the Executive's retirement date.

(or)

4. The Executive may elect to receive a lifetime retirement/survivor income benefit to be payable in the form of a joint and survivor annuity. If elected, the amount payable will be reduced, as provided below, to cover the cost for providing the annuity over the life of the Executive and his or her spouse. The survivor income benefit for the surviving spouse will be 50% of the retirement income benefit for the Executive. The minimum benefit to be paid to the Executive, his or her spouse and designated beneficiary will be equal to the aggregate dollar amount which would have been payable in the guaranteed up to 20 year payout in paragraph 3 above. Therefore, after the death of the later to die of the Executive and the Executive's spouse, the designated beneficiary shall receive the remainder of the minimum benefit. If the aggregate payments to the Executive and the Executive's spouse were made for at least the guaranteed period, the remainder of the minimum benefit shall be paid in a lump sum. If the aggregate payments to the Executive and the Executive's spouse were made for less than the guaranteed period, the remainder of the minimum benefit shall be paid in equal monthly installments over the period necessary such that the aggregate payout period of all benefits related to the Executive equals the number of years in the guaranteed period. The reductions, from the guaranteed up to 20 year amount in paragraph 3 above, to obtain the 50% joint and survivor annuity are:

| <u>Age</u> | <u>% Reduction</u> |
|------------|------------------------|
| 55 | 8 |
| 56 | 7 |
| 57 | 6 |
| 58 | 5 |
| 59 | 4 |
| 60 | 3 |
| 61 | 2 |
| 62 | 0 |

D. Early Retirement Benefit

The retirement income benefit will be reduced by three percent (3%) for each full year the Executive's Early Retirement Date precedes his or her Normal Retirement Date.

SECTION 4. MANNER OF PAYING BENEFITS

Subject to Section 17, within five (5) days following the death (or the finalization of any needed resolution as to beneficiary status) or within five (5) days following the retirement of the Executive, an initial benefit payment shall be made as defined under Section 3. All subsequent benefits under this Plan shall accrue on the first day of each succeeding month after death or retirement and shall be made on or about such day during the period for which benefits are payable.

SECTION 5. BENEFICIARY DESIGNATION

The benefits payable by the Company under Section 3 shall be paid as they become due to the beneficiary or beneficiaries as designated by the Executive in writing on the Beneficiary Designation form provided by the Administrator. The Executive shall have the right to change or amend such beneficiary designation from time to time (without the consent of any prior beneficiary) by a writing similarly filed. If the Executive fails to make such beneficiary designation or if no beneficiary so designated survives the Executive, payments shall be made as they become due to the duly appointed personal representative of the estate of the Executive.

SECTION 6. TERMINATION OF EMPLOYMENT

If an Executive's employment with the Company is terminated prior to the Executive's Early Retirement Date, either by the Company or by the Executive, with or without cause, no amounts shall be paid under any provision of this Plan. Disability or death shall not be deemed a termination of employment for purposes of this Section.

SECTION 7. DISABILITY

Retirement benefits that are payable under this Plan will be reduced if and to the extent the Executive is receiving benefits under the Company's long-term disability plan.

SECTION 8. TITLE TO LIFE INSURANCE

If the Company elects to purchase a life insurance contract to provide the Company with funds to make payments hereunder, the Company shall at all times be the sole owner of and the beneficiary under such contract, and shall have the unrestricted right to use all amounts and to exercise all options and privileges thereunder without knowledge or consent of the Executive, his or her designated beneficiary or any third party. It is expressly agreed that neither the Executive, designated beneficiary, nor any third party shall have any right, title, or interest whatsoever in or to any such contract.

SECTION 9. PAYMENTS ARE NOT SECURED

The Executive, his or her designated beneficiary or any third party having or claiming a right to payments hereunder or to any interest in this Plan shall rely solely on the unsecured promise of the Company and nothing herein shall be construed to give the Executive, his or her designated beneficiary or any third party any right, title, interest or claim in or to any specific asset, fund, reserve, account or property of any kind whatsoever owned by the Company or in which it may have any right, title or interest now or in the future. The Executive shall have the right to enforce his or her claim against the Company in the same manner as any unsecured creditor.

SECTION 10. NON-ASSIGNABILITY OF BENEFITS

Except as permitted by Section 5, no rights of any kind under this Plan shall, without the written consent of the Company, be transferable or assignable by the Executive or any designated beneficiary or be subject to alienation, encumbrance, garnishment, attachment, execution, levy or seizure by legal process of any kind, voluntary or involuntary. Notwithstanding the preceding sentence, pursuant to rules comparable to those applicable to qualified domestic relations orders (“QDROs”), as determined by the Administrator, the Administrator may direct a distribution, prior to any distribution date otherwise described in the Plan, to an alternate payee (as defined under the rules applicable to QDROs).

SECTION 11. AMENDMENT

This Plan may be amended at any time or from time to time by the Board. Any amendment shall not reduce the benefit of any participating Executive, or any party receiving benefits under this Plan without a consent in writing by the affected Executive or party. The failure of either the Company or any Executive to enforce any of the provisions hereof shall not be deemed a waiver thereof. No provision of this Plan shall be deemed to have been waived or modified unless such waiver or modification shall be in writing, and signed by the appropriate party. The Board reserves the right to terminate the Plan at any time, provided that any such termination shall comply with Treas. Reg. §1.409A-3(j)(4)(ix). The termination of the Plan shall not affect the benefits of any Executive, Executive’s spouse or designated beneficiary covered by the Plan, prior to termination.

SECTION 12. CHANGE OF CONTROL OF THE COMPANY

- A. 1. Notwithstanding any other provision of the Plan, including specifically Section 3 and 6, in the event of the change of control of the Company, each Executive employed with the Company as of the date of the change of control shall receive, in lieu of any benefit accrued under any other provision of the Plan (other than paragraph 4 below of this subsection A, if applicable), a change of control benefit as calculated under paragraph 3 below of this subsection A payable in the form of a lump sum distribution as soon as administratively feasible after the date of such change of control, but no later than five (5) days following the change of control, regardless of the Executive’s age or period of continuous service as of the date of the change of control.
2. Notwithstanding any other provision of the Plan, including specifically Section 3, in the event of the change of control of the Company, each Executive who terminated employment before the date of the change of control (except for an Executive of a division of the Company divested before the change of control, unless otherwise determined by the Administrator in his or her discretion) who has not received full payment of his or her accrued benefit under Section 3 (or if any such Executive is deceased, such Executive’s spouse or other designated beneficiary) shall receive, in full satisfaction of such accrued benefit, a lump sum distribution of the present value of such accrued benefit (or a lump

sum distribution of the present value of his or her remaining payments if already in pay status) as soon as administratively feasible after the date of such change of control, but no later than five (5) days following the change of control.

3. The change of control benefit calculated under this subsection A, and subject to paragraph 5 below, will be the present lump sum value of a benefit, payable for a guaranteed 20 year period, equal to the product of the designated percentage (as set forth in Section 3) and the Executive's Final Compensation (without imposition of a reduction of 3% for each full year the payment date precedes the Executive's Normal Retirement Date, if applicable).
 4. Each Executive employed with the Company as of the date of the change of control shall continue to be eligible to participate in this Plan until his or her termination of employment, and upon such Executive's termination he or she shall be eligible for any benefits accrued under the Plan subsequent to the payment of the change of control benefit, regardless of the Executive's age or period of continuous service as of the date of his or her termination of employment. Any such accrued benefit shall be paid as indicated on the election form submitted by the Executive pursuant to subsection B of Section 3. The calculation of the Executive's accrued benefit following the change of control will equal the present value of a benefit, payable for a guaranteed 20 year period, equal to the product of the designated percentage (as set forth in the Appendix hereto) and the Executive's Final Compensation, reduced for the change of control benefit determined under paragraph 3 above of this subsection A (but without imposition of a reduction of 3% for each full year the payment date precedes the Executive's Normal Retirement Date, if applicable).
 5. Notwithstanding anything in this Plan to the contrary, in the event an Executive has entered into an individual change of control and severance agreement with the Company, as amended from time to time (a "Change of Control Agreement") that provides for different terms and conditions for determining the benefit payable and the timing of payment upon a change of control of the Company under this Plan, such terms and conditions of the Change of Control Agreement shall apply as if written herein.
- B. For purposes of subsection A of this Section, the term "change of control of the Company" means:
1. the acquisition by any individual, entity or group (within the meaning of Section 13(d)(3) or 14(d)(2) of the Securities Exchange Act of 1934 (the "Exchange Act") (a "Person") of beneficial ownership (within the meaning of Rule 13d-3 promulgated under the Exchange Act) of 30% or more of either (A) the then outstanding shares of common stock of the Company (the "Outstanding Company Common Stock") or (B) the combined voting power of

the then outstanding voting securities of the Company entitled to vote generally in the election of directors (the “Outstanding Company Voting Securities”); provided, however, that for purposes of this subsection (i), the following acquisitions shall not constitute a Change of Control: (1) any acquisition directly from the Company, (2) any acquisition by the Company, (3) any acquisition by any employee benefit plan (or related trust) sponsored or maintained by the Company or any corporation controlled by the Company or (4) any acquisition pursuant to a transaction which complies with clauses (A), (B) and (C) of subsection (iii) of this Section; or

2. individuals who, as of September 10, 1998, constitute the Board (the “Incumbent Board”) cease for any reason to constitute at least a majority of the Board; provided, however, that any individual becoming a director subsequent to September 10, 1998 whose election, or nomination for election by the Company’s shareholders, was approved by a vote of at least a majority of the directors then comprising the Incumbent Board shall be considered as though such individual were a member of the Incumbent Board, but excluding for this purpose, any such individual whose initial assumption of office occurs as a result of an actual or threatened election contest with respect to the election or removal of directors or other actual or threatened solicitation of proxies or consents by or on behalf of a Person other than the Board; or
3. consummation by the Company of a reorganization, merger or consolidation or sale or other disposition of all or substantially all of the assets of the Company or the acquisition of assets of another entity (a “Business Combination”), in each case, unless, following such Business Combination, (A) all or substantially all of the individuals and entities who were the beneficial owners, respectively, of the Outstanding Company Common Stock and Outstanding Company Voting Securities immediately prior to such Business Combination beneficially own, directly or indirectly, more than 50% of, respectively, the then outstanding shares of common stock and the combined voting power of the then outstanding voting securities entitled to vote generally in the election of directors, as the case may be, of the corporation resulting from such Business Combination (including, without limitation, a corporation which as a result of such transaction owns the Company or all or substantially all of the Company’s assets either directly or through one or more subsidiaries) in substantially the same proportions as their ownership immediately prior to such Business Combination of the Outstanding Company Common Stock and Outstanding Company Voting Securities, as the case may be, (B) no Person (excluding any employee benefit plan (or related trust) of the Company or of such corporation resulting from such Business Combination) beneficially owns, directly or indirectly, 30% or more of, respectively, the then outstanding shares of common stock of the corporation resulting from such Business Combination or the combined voting power of the then outstanding voting securities of such corporation except to the extent that such ownership existed prior to the Business Combination and (C) at

least a majority of the members of the board of directors of the corporation resulting from such Business Combination were members of the Incumbent Board at the time of the execution of the initial agreement, or the action of the Board, providing for such Business Combination; or

4. approval by the shareholders of the Company of a complete liquidation or dissolution of the Company taxed under Section 331 of the Code or with the approval of a bankruptcy court pursuant to Section 503(b)(1)(A) of Title 11 of the U.S. Bankruptcy Code.
5. Notwithstanding the foregoing, a change of control of the Company as defined in this subsection B shall not be treated as a change of control of the Company for purposes of this Plan unless it constitutes a “change in control event” within the meaning of Treasury Regulation Section 1.409A-3(i)(5) or results in a termination or liquidation of a plan within the meaning of Treasury Regulation Section 1.409A-3(j)(4)(ix)(A) or (B) (as applicable).

SECTION 13. FORFEITURE OF BENEFITS

Executive shall forfeit any right to receive benefits hereunder (including any benefits payable to Executive’s spouse or designated beneficiary), and all benefit payments hereunder shall terminate, if, at any time during the period in which Executive, his/her spouse and designated beneficiaries shall be entitled to benefits under this Plan or benefits are being paid hereunder, Executive, directly or indirectly, either individually or as an employee, officer, principal, agent, partner, shareholder, owner, trustee, beneficiary, co-venturer, distributor or consultant or in any other capacity: (1) in a capacity that could reasonably be expected to cause Executive to use or disclose confidential information of the Company acquired by Executive during the term of Executive’s employment with the Company, and in a manner materially detrimental to the business of the Company, participates in, becomes associated with, provides assistance to, or has a financial or other interest in any business, activity or enterprise which competes (with any product or product lines of the Company) for Active Customers of the business of the Company or any successor or assign of the Company; (2) induces or attempts to induce any employee, officer, director, sales representative, consultant or other personnel of the Company to terminate his or her relationship or breach his or her agreements with the Company; or (3) induces or attempts to induce any Active Customer of the Company to cease doing business, in whole or in part, with or through the Company, or to do business with any other person, firm, partnership, corporation or any other entity competitive with the business of the Company. The ownership of less than a five percent (5%) interest in a corporation whose shares are traded in a recognized stock exchange or traded in the over-the-counter market, even though that corporation may be a competitor of the Company, shall not be deemed financial participation in a competitor. “Active Customer” shall mean any customer of the Company which purchased any of the Company’s products or services during the one-year period preceding the date Executive engages in any activity specified in subsection (1) or (3) above.

In the event of a change of control of the Company (as defined in Section 11 above), this forfeiture provision shall be void.

SECTION 14. SUCCESSORS AND ASSIGNS

If the Company sells, assigns or transfers all or substantially all of its business and assets to any party, excluding affiliates of the Company, or if the Company merges into or consolidates or otherwise combines with any party which is a continuing or successor entity, then the Company shall assign all of its right, title and interest in this Plan as of the date of such event to the party which is either the acquiring or successor corporation, and such party shall assume and perform from and after the date of such assignment all of the terms, conditions and provisions imposed under this Plan upon the Company. In case of such assignment by the Company and such assumption and agreement by such party all further rights as well as all other obligations of the Company under this Plan thenceforth shall cease and terminate and thereafter the expression “the Company” wherever used herein shall be deemed to mean such party.

SECTION 15. NON-GUARANTEED OF EMPLOYMENT

This Plan shall not be construed as giving the Executive the right to be retained as an employee of the Company for any period.

SECTION 16. VESTING

There is no vesting under the Plan, except upon death while an employee or, subject to Section 13, on or after an Executive has attained the age and service required for an Early Retirement Date or a Normal Retirement Date.

SECTION 17. TAX MATTERS

- A. All distributions, payments and benefits under this Plan shall be subject to all income and employment tax withholdings as required under applicable federal, state or local tax laws and regulations.
- B. It is the intention of the Company that this Plan comply with the requirements of Section 409A of the Code and any guidance issued thereunder, and the Plan shall be interpreted, operated and administered accordingly. If an Executive is a “specified employee” or “key employee” within the meaning of Section 409A of the Code and the Company continues to be or is publicly traded at the time of the Executive’s separation from service with the Company within the meaning of Section 409A of the Code, payments under this Plan will be delayed (or will not be made in the case of a lump sum payment) until the earlier of the date that is six months following the Executive’s separation from service or, the Executive’s date of death, at which time all delayed payments will be paid or made up and installment or annuity payments will be payable thereafter as if the six month delay had not occurred. Notwithstanding anything in this Plan to the contrary, the Company does not guarantee the tax treatment of any payments or benefits under this Plan, whether pursuant to the Code, federal, state or local tax laws or regulations.

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- C. The Administrator may distribute to an Executive an amount:
1. to satisfy the Executive's obligation to pay state, local or foreign taxes as well as an additional amount to satisfy the Executive's obligation to pay the taxes incurred as a result of such payment, including any federal, state or local income taxes and the Executive's portion of any employment taxes;
 2. to satisfy the Executive's portion of employment taxes (to the extent necessary to pay the Federal Insurance Contributions Act tax amount (the "FICA Amount")) as well as an additional amount to satisfy the Executive's obligation to pay any federal, state, local or foreign income taxes incurred as a result of such payment; and/or
 3. if the Executive has an obligation to include amounts in income as a result of Section 409A of the Internal Revenue Code of 1986.

Any distribution under this Section shall affect and reduce the benefit to be paid to the Executive under this Plan.

- D. The Company shall indemnify the Executive if the Executive incurs additional tax under Section 409A of the Code as a result of a violation of Section 409A of the Code under this Plan (an "Indemnified Section 409A Violation") that occurs as a result of (1) the Company's clerical error (other than an error cause by erroneous information provided to the Company by the Executive), (2) the Company's failure to administer this Plan in accordance with its written terms (such written terms, the "Plan Document"), or (3) following December 31, 2008, the Company's failure to maintain the Plan Document in compliance with Section 409A of the Code; provided, that the indemnification set forth in clause (3) shall not be available to the Executive if (x) the Company has made a reasonable, good faith attempt to maintain the Plan Document in compliance with Code Section 409A but has failed to do so or (y) the Company has maintained the Plan Document in compliance with Section 409A of the Code but subsequent issuance by the Internal Revenue Service or the Department of the Treasury of interpretive authority results in the Plan Document not (or no longer) complying with Section 409A of the Code (except that, if the Company is permitted by such authority or other authority to amend the Plan Document to bring the Plan Document into compliance with Section 409A of the Code and fails to do so, then such indemnification shall be provided).
1. In the event of an Indemnified Section 409A Violation, the Company shall reimburse the Executive for (1) the 20% additional income tax described in Section 409A(a)(1)(B)(i)(II) of the Code (to the extent that the Executive incurs the 20% additional income tax as a result of the Indemnified Section 409A Violation), and (2) any interest or penalty that is assessed with respect to the Executive's failure to make a timely payment of the 20% additional income tax described in clause (1), provided that the Executive pays the 20% additional income tax promptly upon being notified that the tax is due (the amounts described in clause (1) and clause (2) are referred to collectively as the "Section 409A Tax").

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2. In addition, in the event of an Indemnified Section 409A Violation, the Company shall make a payment (the “Section 409A Gross-Up Payment”) to the Executive such that the net amount the Executive retains, after paying any federal, state, or local income tax or FICA tax on the Section 409A Gross-Up Payment, shall be equal to the Section 409A Tax. The Executive shall reasonably cooperate with measures identified by the Company that are intended to mitigate the Section 409A Tax to the extent that such measures do not materially reduce or delay the payments and benefits to the Executive hereunder.

SECTION 18. ADMINISTRATION

The Administrator shall be responsible for the general operation and administration of the Plan and shall have the full authority to interpret and construe the Plan and to establish the interest rate for determining the present lump sum value of benefits under the Plan. The Administrator’s interpretation and construction of the Plan, and actions thereunder, shall be binding and conclusive on all persons and for all purposes.

SECTION 19. CLAIMS PROCEDURE

- A. Any claimant believing him/herself to be entitled to benefits under this Plan may file a written claim for benefits with the Administrator setting forth the benefits to which he/she feels entitled and the reasons therefor. Within 90 days after receipt of a claim for benefits, the Administrator shall determine the claimant’s right, if any, to the benefits claimed, shall give the claimant written notice of its decision unless the Administrator determines that special circumstances require an extension of time to process the claim. If such an extension is required, the claimant will receive a written notice from the Administrator indicating the reason for the delay and the date the claimant may expect a final decision, which shall be no more than 180 days from the date the claim was filed. If the claim is denied in whole or in part, the written notice shall set forth in a manner calculated to be understood by the claimant (i) the specific reason or reasons for the denial; (ii) specific reference to pertinent Plan provisions on which the denial is based; (iii) a description of any additional material or information necessary for the claimant to perfect the claim and an explanation of why such material or information is necessary; and (iv) an explanation of the Plan’s appeal procedure and a statement of the claimant’s right to bring an action under the Employee Retirement Income Security Act of 1974, as it may be amended, and regulations thereunder (“ERISA”) Section 502(a) following an adverse determination on appeal.
- B. Any claimant whose claim for benefits has been denied by the Administrator may appeal to the Benefits Administrative Committee (or its delegate) for a review of the denial by making a written request therefore within 60 days of receipt of a notification of denial. Any such request may include any written comments, documents, records and other information relating to the claim and may include a request for “relevant” documents to be provided free of charge. The claimant may, if he or she chooses, request a representative to make such written submissions on his or her behalf.

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1. Within 60 days after receipt of a request for an appeal, the Benefits Administrative Committee (or its delegate) shall notify the claimant in writing of its final decision. If the Benefits Administrative Committee (or its delegate) determines that special circumstances require additional time for processing, the Benefits Administrative Committee (or its delegate) may extend such 60 day period, but not by more than an additional 60 days, and shall notify the claimant in writing of such extension. If the period of time is extended due to a claimant's failure to submit information necessary to decide a claim, the period for making the benefit determination on appeal shall be tolled from the date on which the notification of the extension is sent to the claimant until the date on which the claimant responds to the request for additional information.
 2. In the case of an adverse benefit determination on appeal, the Benefits Administrative Committee (or its delegate) will provide written notification to the claimant, set forth in a manner calculated to be understood by the claimant, of: (A) the specific reason or reasons for the adverse determination on appeal; (B) the specific Plan provisions on which the denial of the appeal is based; (C) a statement that the claimant is entitled to receive, upon request and free of charge, reasonable access to, and copies of all documents, records, and other information "relevant" to the claimant's claim for benefits; and (D) a statement of the claimant's right to bring a civil action under ERISA Section 502(a).
- C. In the event the claimant is the Administrator, the Benefits Administrative Committee (or its delegate) shall conduct both the review of the initial claim for benefits under Section 19A, as well as the appeal under Section 19B.
- D. For purposes of this Section, a document, record or other information shall be considered "relevant" to a claimant's claim if such document, record or other information: (i) was relied upon in making the benefit determination; (ii) was submitted, considered, or generated in the course of making the benefit determination, without regard to whether such document, record, or other information was relied upon in making the benefit determination; or (iii) demonstrates compliance with the administrative processes and safeguards required in making the benefit determination.

SECTION 20. NOTICES

All notices, requests, demands, and other communications under this Plan shall be in writing and delivered in person or by certified mail, postage prepaid as follows:

Company

Sensient Technologies Corporation
777 E. Wisconsin Avenue
Milwaukee, WI 53202
Attn: Vice President of Administration

Executive

Names of Executives are listed on the
Appendix

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of _____, 2008.

Sensient Technologies Corporation

By: _____
[NAME], [TITLE]

(CORPORATE SEAL)

Attest:

[NAME], [TITLE]

_____, Executive

APPENDIX

DESIGNATED PERCENTAGES

Executive's Name

Designated Percentage

Guaranteed Period

16

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Section 7: EX-10.1(T) (FORM OF AGREEMENT FOR EXECUTIVE OFFICERS)

Exhibit 10.1(t)

SENSIENT TECHNOLOGIES CORPORATION
FORM OF
SUPPLEMENTAL EXECUTIVE RETIREMENT PLAN B

(Amended and Restated as of January 1, 2005)

SECTION 1. PURPOSE

The purpose of the Sensient Technologies Corporation Supplemental Executive Retirement Plan B (the "Plan") is to enable Sensient Technologies Corporation (the "Company") to attract, retain, and motivate certain key employees and to provide retirement and survivor benefits for the employees, their surviving spouses and designated beneficiaries. The Company intends the Plan to be a non-qualified supplemental executive retirement plan for certain key employees, as designated and described herein. All benefits under this Plan, as amended and restated below, are subject to Section 409A of the Internal Revenue Code of 1986, as amended (the "Code") and any guidance issued thereunder.

SECTION 2. DEFINITIONS

For the purpose of this Plan, certain words or phrases used herein will have the following meanings:

- A. "Administrator" means the Vice President of Administration of the Company.
- B. "Benefits Administrative Committee" means the Benefits Administrative Committee of the Company, members of which are appointed by the Chief Executive Officer of the Company.
- C. "Board" means the board of directors of Sensient Technologies Corporation.
- D. "Company" means Sensient Technologies Corporation, and shall include all of its wholly-owned subsidiaries.
- E. "Disability" means permanent long-term disability for which the Executive would be entitled to long-term disability benefits under the Company's long-term disability plan. During periods of determined Disability, solely for purposes of this Plan, the Executive shall be considered to be in the full employ of the Company.
- F. "Early Retirement Date" means the later of (i) the date the Executive attains age 55 and (ii) the date the Executive has completed 10 or more years of continuous service with the Company.

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- G. “Executive” means a selected employee of the Company designated to participate in the Plan by the Chief Executive Officer of the Company.
- H. “Final Compensation” means the greater of:
- (i) the Executive’s annual base salary as in effect, prior to reduction for the Executive’s contributions to this Plan, as of, as applicable, the date of his death or retirement, or the date immediately preceding the Company’s change of control, plus 50% (100% if the Executive has at any time been the Company’s Chief Executive Officer, Chief Operating Officer or Chief Financial Officer) of the highest bonus award, if any, paid to the Executive pursuant to, as applicable, the Sensient Technologies Corporation Management Incentive Plan for Division Presidents or the Sensient Technologies Corporation Incentive Compensation Plan for Elected Corporate Officers on any one annual bonus payment date coinciding with or following the date on which the Executive attains age 50 and preceding, as applicable, the date of the Executive’s death or retirement, or the date of the Company’s change of control; or
 - (ii) the Executive’s average annual base salary as in effect, prior to reduction for the Executive’s contributions to this Plan, during the 60 highest paid consecutive calendar months of the last 120 calendar months immediately preceding, as applicable, the date of his death or retirement, or the date immediately preceding the Company’s change of control, plus 50% (100% if the Executive has at any time been the Company’s Chief Executive Officer, Chief Operating Officer or Chief Financial Officer) of the highest bonus award, if any, paid to the Executive pursuant to, as applicable, the Sensient Technologies Corporation Management Incentive Plan for Division Presidents or the Sensient Technologies Corporation Incentive Compensation Plan for Elected Corporate Officers on any one annual bonus payment date coinciding with or following the date on which the Executive attains age 50 and preceding, as applicable, the date of the Executive’s death or retirement, or the date of the Company’s change of control.
- I. “Normal Retirement Date” means the earlier of (i) the date the Executive attains age 62 or (ii) the later of (A) the date the Executive attains age 55 and (B) the date his or her age and years of continuous service with the Company equals or exceeds 85.
- J. “Plan Year” means each twelve (12) consecutive month period commencing on January 1 and ending the following December 31.

SECTION 3. EXECUTIVE CONTRIBUTION

While employed with the Company, Executive will contribute on a payroll basis, through a reduction in base salary, an annual amount equal to the Northwestern Mutual Life Insurance Company's non-rated term insurance premium applicable to a life insurance benefit of two times the Executive's base salary in effect on the date of acceptance into the Plan.

SECTION 4. BENEFITS

Except as otherwise provided in Section 13, participating Executives, their spouses and designated beneficiaries shall only be entitled to benefits under this Plan if the Executive is employed by the Company at time of death or until his or her Early Retirement Date, whichever occurs earlier.

- A. In the event the Executive dies while employed by the Company, the Executive will have a survivor income benefit payable to his or her designated beneficiary for a guaranteed period (see Section 18). The benefit will equal the designated percentage of the Executive's Final Compensation (see Section 18).
- B. The Executive shall be required to submit an election form with respect to the Executive's retirement benefit under subsection C below, in accordance with the following:
 - 1. Executives who were participating in the Plan prior to or on January 1, 2005 must submit the election form no later than December 31, 2007.
 - 2. Executives who begin participation after January 1, 2005 must submit an election form upon commencing participation in the Plan.
 - 3. Any election, once made, is irrevocable and may not be changed.
- C. At retirement, the benefit in paragraph A shall no longer be available, and the Executive shall elect one of the alternatives in paragraphs 1, 2, 3 and 4 below as set forth in paragraph B above.
 - 1. The Executive may elect to continue in effect a survivor income benefit payable to his or her designated beneficiary for a guaranteed period (see Section 18) commencing after the Executive's death. The benefit will equal the designated percentage (see Section 18) of the Executive's Final Compensation, reduced if applicable by the early retirement provision in paragraph D below based on the Executive's retirement date.

2. The Executive may elect to receive a supplemental retirement income benefit payable for a guaranteed period (see Section 18) to the Executive or, in the event of the Executive's death, his or her designated beneficiary. The benefit will be the designated percentage (see Section 18) of the Executive's Final Compensation, reduced if applicable by the early retirement provision in paragraph D below. Payments cease after an aggregate of the guaranteed period of payments have been made to the Executive and the beneficiary.

3. The Executive may elect to receive a lifetime supplemental retirement income benefit in a joint or survivor form with the Executive's spouse on the date of retirement as the contingent beneficiary. The benefit will be the designated percentage of the Executive's Final Compensation (see Section 18), reduced, if applicable, by the early retirement provision in paragraph D below and further reduced, as provided below, to cover the cost for providing the benefit over the lives of the Executive and the spouse. The benefit for a surviving spouse will be 50% of the monthly benefit for the Executive. The minimum benefit to be paid in the aggregate to the Executive, spouse, and designated beneficiary will be equal to the aggregate dollar amount which would have been payable in the guaranteed period of payout in paragraph 2 above. Therefore, after the death of the later to die of the Executive and the Executive's spouse the designated beneficiary shall receive the remainder of the minimum benefit. If the aggregate payments to the Executive and the Executive's spouse were made for at least the guaranteed period, the remainder of the minimum benefit shall be paid in a lump sum. If the aggregate payments to the Executive and the Executive's spouse were made for less than the guaranteed period, the remainder of the minimum benefit shall be paid in equal monthly installments over the period necessary such that the aggregate payment period for all benefits related to the Executive equals the guaranteed period. The reductions, from the guaranteed period amount in paragraph 2 above, to obtain the 50% joint and survivor benefit are:

| <u>Executive's Age at Retirement</u> | <u>% Reduction</u> |
|--|--------------------|
| 55 | 8 |
| 56 | 7 |
| 57 | 6 |
| 58 | 5 |
| 59 | 4 |
| 60 | 3 |
| 61 | 2 |
| 62 | 0 |

-
4. The Executive may elect a retirement income benefit payable in the form of a lump sum distribution. If the Executive makes a lump sum distribution election, his or her retirement income benefit will equal the present lump sum value of a benefit, payable for a guaranteed 20 year period, equal to the designated percentage of the Executive's Final Compensation, reduced, if applicable, by the early retirement provision in subsection D below based on the Executive's retirement date.
 - D. In the event that the Executive retires after the Early Retirement Date but prior to the Normal Retirement Date, the retirement benefit in paragraph C1, 2, 3 and 4 above will be reduced by 3% for each full year the retirement precedes the Executive's Normal Retirement Date.

SECTION 5. MANNER OF PAYING BENEFITS

Subject to Section 19, within five (5) days following the death (or the finalization of any needed resolution as to beneficiary status) or within five (5) days following the retirement of the Executive eligible under Section 4, an initial benefit payment shall be made as defined under Section 4. All subsequent benefits under this Plan shall accrue on the first day of each succeeding month after such payment and shall be made on or about such day during the period for which benefits are payable.

SECTION 6. BENEFICIARY DESIGNATIONS

The benefits payable by the Company under Section 4 shall be paid as they become due to the beneficiary or beneficiaries as designated by the Executive in writing on the Beneficiary Designation form provided by the Administrator. The Executive shall have the right to change or amend such beneficiary designation from time to time (without the consent of any prior beneficiary) by submitting a newly executed Exhibit B to the Company. If the Executive fails to make such beneficiary designation or if no beneficiary so designated survives the Executive, payments shall be made as they become due to the duly appointed personal representative of the estate of the Executive.

SECTION 7. TERMINATION OF EMPLOYMENT

Except as otherwise provided in Section 13, if an Executive's employment with the Company is terminated prior to the Executive's Early Retirement Date, either by the Company or by the Executive, with or without cause, no amounts shall be paid under any provision of this Plan. Disability or death shall not be deemed a termination of employment for purposes of this Section.

SECTION 8. DISABILITY

If the Executive incurs a Disability, Executive contributions will be waived unless and until the Executive returns to full employment. Retirement benefits that are payable under this Plan will be reduced if and to the extent the Executive is receiving benefits under the Company's long-term disability plan.

SECTION 9. TITLE TO LIFE INSURANCE

If the Company elects to purchase a life insurance contract to provide the Company with funds to make payments hereunder, the Company shall at all times be the sole owners of and the beneficiary under such contract, and shall have the unrestricted right to use all amounts and to exercise all options and privileges thereunder without knowledge or consent of the Executive, his or her designated beneficiary or any third party. It is expressly agreed that neither the Executive, designated beneficiary, nor any third party shall have any right, title, or interest whatsoever in or to any such contract.

SECTION 10. PAYMENTS ARE NOT SECURED

The Executive, his or her designated beneficiary or any third party having or claiming a right to payments hereunder or to any interest in this Plan shall rely solely on the unsecured promise of the Company, and nothing herein shall be construed to give the Executive, his or her spouse or designated beneficiary or any third party any right, title, interest, or claim in or to any specific asset, fund, reserve, account or property of any kind whatsoever owned by the Company or in which it may have any right, title or interest now or in the future. The Executive shall have the right to enforce his or her claim against the Company in the same manner as any unsecured creditor.

SECTION 11. NON-ASSIGNABILITY OF BENEFITS

Except as permitted by Section 6, no rights of any kind under this Plan shall be transferable or assignable by the Executive, spouse or any designated beneficiary or be subject to alienation, encumbrance, garnishment, attachment, execution, levy or seizure by legal process of any kind, voluntary or involuntary. Notwithstanding the preceding sentence, pursuant to rules comparable to those applicable to qualified domestic relations orders ("QDROs"), as determined by the Administrator, the Administrator may direct a distribution, prior to any distribution date otherwise described in the Plan, to an alternate payee (as defined under the rules applicable to QDROs).

SECTION 12. AMENDMENT

This Plan may be amended at any time or from time to time by the Board. Any amendment shall not reduce the benefit of any participating Executive, or any party receiving benefits under this Plan without a consent in writing by the affected Executive or party, as applicable. The failure of either the Company or the Executive to enforce any of the provisions hereof shall not be deemed a waiver thereof. No provision of this Plan shall be deemed to have been waived or modified unless such waiver or modification shall be in writing and signed by the appropriate party. The Board reserves the right to terminate the Plan at any time, provided that any such termination shall comply with Treas. Reg. §1.409A-3(j)(4)(ix). The termination of the Plan shall not affect the payment of benefits due to or accrued by any Executive, Executive's spouse, or designated beneficiary covered by the Plan prior to termination.

SECTION 13. CHANGE OF CONTROL OF THE COMPANY

- A. 1. Notwithstanding any other provision of the Plan, including specifically Section 4 and 7, in the event of the change of control of the Company, each Executive employed with the Company as of the date of the change of control shall receive, in lieu of any benefit accrued under any other provision of the Plan (other than paragraph 4 below of this subsection A, if applicable), a change of control benefit as calculated under paragraph 3 below of this subsection A payable in the form of a lump sum distribution as soon as administratively feasible after the date of such change of control, but no later than five (5) days following the change of control, regardless of the Executive's age or period of continuous service as of the date of the change of control.
2. Notwithstanding any other provision of the Plan, including specifically Section 4, in the event of the change of control of the Company, each Executive who terminated employment before the date of the change of control (except for an Executive of a division of the Company divested before the change of control, unless otherwise determined by the Administrator in his or her discretion) who has not received full payment of his or her accrued benefit under Section 4 (or if any such Executive is deceased, such Executive's spouse or other designated beneficiary) shall receive, in full satisfaction of such accrued benefit, a lump sum distribution of the present value of such accrued benefit (or a lump sum distribution of the present value of his or her remaining payments if already in pay status) as soon as administratively feasible after the date of such change of control, but no later than five (5) days following the change of control.
3. The change of control benefit calculated under this subsection A, and subject to paragraph 5 below, will equal the present lump sum value of a benefit, payable for a guaranteed 20 year period, equal to the product of the designated

percentage of the Executive's Final Compensation and such Executive's Final Compensation as of the date of the change of control (without imposition of a reduction of 3% for each full year the payment date precedes the Executive's Normal Retirement Date, if applicable).

4. Each Executive employed with the Company as of the date of the change of control shall continue to be eligible to participate in this Plan until his or her termination of employment, and upon such Executive's termination he or she shall be eligible for any benefits accrued under the Plan subsequent to the payment of the change of control benefit, regardless of the Executive's age or period of continuous service as of the date of his or her termination of employment. Any such accrued benefit shall be paid as indicated on the election form submitted by the Executive pursuant to subsection B of Section 3. The calculation of the Executive's accrued benefit following the change of control will equal the present value of a benefit, payable for a guaranteed 20 year period, equal to the product of the designated percentage of the Executive's Final Compensation and such Executive's Final Compensation reduced for the change of control benefit determined under paragraph 3 above of this subsection A (but without imposition of a reduction of 3% for each full year the payment date precedes the Executive's Normal Retirement Date, if applicable). After termination of employment, no further contributions shall be required of the Executive under Section 3.
 5. Notwithstanding anything in this Plan to the contrary, in the event an Executive has entered into an individual change of control and severance agreement with the Company, as amended from time to time (a "Change of Control Agreement") that provides for different terms and conditions for determining the benefit payable and the timing of payment upon a change of control of the Company under this Plan, such terms and conditions of the Change of Control Agreement shall apply as if written herein.
- B. For purposes of paragraph A of this Section, the term "change of control of the Company" means:
- (i) the acquisition by any individual, entity or group (within the meaning of Section 13(d)(3) or 14(d)(2) of the Securities Exchange Act of 1934 (the Exchange Act) (a Person) of beneficial ownership (within the meaning of Rule 13d-3 promulgated under the Exchange Act) of 30% or more of either (A) the then outstanding shares of common stock of the Company (the "Outstanding Company Common Stock") or (B) the combined voting power of the then

outstanding voting securities of the Company entitled to vote generally in the election of directors (the “Outstanding Company Voting Securities”); provided, however, that for purposes of this subparagraph (i), the following acquisitions shall not constitute a Change of Control: (1) any acquisition directly from the Company, (2) any acquisition by the Company, (3) any acquisition by any employee benefit plan (or related trust) sponsored or maintained by the Company or any corporation controlled by the Company, or (4) any acquisition pursuant to a transaction which complies with Clauses (A), (B) and (C) of subparagraph (iii) of this paragraph B; or

(ii) individuals who, as of September 10, 1998, constitute the Board (the “Incumbent Board”) cease for any reason to constitute at least a majority of the Board, provided, however, that any individual becoming a director subsequent to September 10, 1998 whose election, or nomination for election by the Company’s shareholders, was approved by a vote of at least a majority of the directors then comprising the Incumbent Board shall be considered as though such individual were a member of the Incumbent Board, but excluding, for this purpose, any such individual whose initial assumption of office occurs as a result of an actual or threatened election contest with respect to the election or removal of directors or other actual or threatened solicitation of proxies or consents by or on behalf of a Person other than the Board; or

(iii) consummation by the Company of a reorganization, merger or consolidation or sale or other disposition of all or substantially all of the assets of the Company or the acquisition of assets of another entity (a “Business Combination”), in each case unless, following such Business Combination (A) all or substantially all of the individuals and entities who were the beneficial owners, respectively, of the Outstanding Company Common Stock and Outstanding Company Voting Securities immediately prior to such Business Combination beneficially own, directly or indirectly, more than 50% of, respectively the then outstanding shares of common stock and the combined voting power of the then outstanding voting securities entitled to vote generally in the election of directors, as the case may be, of the corporation resulting from such Business Combination (including, without limitation, a corporation which as a result of such transaction owns the Company or all or substantially all of the Company’s assets either directly or through one or more subsidiaries) in substantially the same proportions as their ownership immediately prior to such Business Combination of the Outstanding Company Common Stock and Outstanding Company Voting Securities, as the case may be, (B) no Person (excluding any employee benefit plan (or related trust) of the Company or of such corporation resulting from such Business Combination) beneficially

owns, directly or indirectly, 30% or more of, respectively, the then outstanding shares of common stock of the corporation resulting from such Business Combination or the combined voting power of the then outstanding voting securities of such corporation except to the extent that such ownership existed prior to the Business Combination and (C) at least a majority of the members of the board of directors of the corporation resulting from such Business Combination were members of the Incumbent Board at the time of the execution of the initial agreement, or the action of the Board, providing for such Business Combination; or

(iv) approval by the shareholders of the Company of a complete liquidation or dissolution of the Company taxed under Section 331 of the Code or with the approval of a bankruptcy court pursuant to Section 503(b)(1)(A) of Title 11 of the U.S. Bankruptcy Code.

(v) Notwithstanding the foregoing, a change of control of the Company as defined in this paragraph B shall not be treated as a change of control of the Company for purposes of this Plan unless it constitutes a “change in control event” within the meaning of Treasury Regulation Section 1.409A-3(i)(5) or results in a termination or liquidation of a plan within the meaning of Treasury Regulation Section 1.409A-3(j)(4)(ix)(A) or (B) (as applicable).

SECTION 14. FORFEITURE OF BENEFITS

Executive shall forfeit any right to receive benefits hereunder (including any benefit payable to Executive’s spouse or designated beneficiary), and all benefit payments hereunder shall terminate, if, at any time during the period in which Executive, his/her spouse and designated beneficiaries shall be entitled to benefits under this Plan or benefits are being paid hereunder, Executive, directly or indirectly, either individually or as an employee, officer, principal, agent, partner, shareholder, owner, trustee, beneficiary, co-venturer, distributor or consultant or in any other capacity: (1) within the continental United States, in a capacity that could reasonably be expected to cause Executive to use or disclose confidential information of the Company acquired by Executive during the term of Executive’s employment with the Company, and in a manner materially detrimental to the business of the Company, participates in, becomes associated with, provides assistance to, or has a financial or other interest in any business, activity or enterprise which competes (with any product or product lines of the Company) for Active Customers of the business of the Company or any successor or assign of the Company; (2) induces or attempts to induce any employee, officer, director, sales representative, consultant or other personnel of the Company to terminate his or her relationship or breach his or her agreements with the Company; or (3) within the continental United States induces or attempts to induce any Active Customer or the Company to cease doing business, in whole or in

part, with or through the Company, or to do business with any other person, firm, partnership, corporation or any other entity competitive with the business of the Company. The ownership of less than a five percent (5%) interest in a corporation whose shares are traded in a recognized stock exchange or traded in the over-the-counter market, even though that corporation may be a competitor of the Company, shall not be deemed financial participation in a competitor. "Active Customer" shall mean any customer of the Company which purchased any of the Company's products or services during the one-year period preceding the date Executive engages in any activity specified in subsection (1) or (3) above.

In the event of a change of control of the Company (as defined in Section 14 above), this forfeiture provision shall be void.

SECTION 15. SUCCESSORS AND ASSIGNS

If the Company sells, assigns or transfers all or substantially all of its business and assets to any party, excluding affiliates of the Company, or if the Company merges into or consolidates or otherwise combines with any party which is a continuing or successor entity, then the Company shall assign all of its right, title and interest in this Plan as of the date of such event to the party which is either the acquiring or successor corporation, and such party shall assume and perform from and after the date of such assignment all of the terms, conditions and provisions imposed under this Plan upon the Company. In case of such assignment by the Company and such assumption and agreement by such party all further rights as well as all other obligations of the Company under this Plan thenceforth shall cease and terminate and thereafter the expression "the Company" wherever used herein shall be deemed to mean such party.

SECTION 16. NON-GUARANTEED OF EMPLOYMENT

This Plan shall not be construed as giving the Executive the right to be retained as an employee of the Company for any period.

SECTION 17. VESTING

There is no vesting under the Plan, except upon death while an employee or, subject to Section 14, on or after an Executive has attained the age and service required for an Early Retirement Date or a Normal Retirement Date.

SECTION 18. DESIGNATED PERCENTAGES AND GUARANTEED PERIOD

The designated percentage under Section 4 for the Executive is 30% or 25%.

The designated guaranteed period under Section 4 for the Executive is 20 years.

SECTION 19. TAX MATTERS

- A. All distributions, payments and benefits under this Plan shall be subject to all income and employment tax withholdings as required under applicable federal, state or local tax laws and regulations.
- B. It is the intention of the Company that this Plan comply with the requirements of Section 409A of the Code and any guidance issued thereunder, and the Plan shall be interpreted, operated and administered accordingly. If an Executive is a “specified employee” or “key employee” within the meaning of Section 409A of the Code and the Company continues to be or is publicly traded at the time of the Executive’s separation from service with the Company within the meaning of Section 409A of the Code, payments under this Plan will be delayed (or will not be made in the case of a lump sum payment) until the earlier of the date that is six months following the Executive’s separation from service or, the Executive’s date of death, at which time all delayed payments will be paid or made up and installment or annuity payments will be payable thereafter as if the six month delay had not occurred. Notwithstanding anything in this Plan to the contrary, the Company does not guarantee the tax treatment of any payments or benefits under this Plan, whether pursuant to the Code, federal, state or local tax laws or regulations.
- C. The Administrator may distribute to an Executive an amount:
 - 1. to satisfy the Executive’s obligation to pay state, local or foreign taxes as well as an additional amount to satisfy the Executive’s obligation to pay the taxes incurred as a result of such payment, including any federal, state or local income taxes and the Executive’s portion of any employment taxes;
 - 2. to satisfy the Executive’s portion of employment taxes (to the extent necessary to pay the Federal Insurance Contributions Act tax amount (the “FICA Amount”)) as well as an additional amount to satisfy the Executive’s obligation to pay any federal, state, local or foreign income taxes incurred as a result of such payment; and/or
 - 3. if the Executive has an obligation to include amounts in income as a result of Section 409A of the Internal Revenue Code of 1986.

Any distribution under this Section shall affect and reduce the benefit to be paid to the Executive under this Plan.

- D. The Company shall indemnify the Executive if the Executive incurs additional tax under Section 409A of the Code as a result of a violation of Section 409A of the Code under this Plan (an “Indemnified Section 409A Violation”) that occurs as a result of (1) the Company’s clerical error (other than an error cause by erroneous information provided to the Company

by the Executive), (2) the Company's failure to administer this Plan in accordance with its written terms (such written terms, the "Plan Document"), or (3) following December 31, 2008, the Company's failure to maintain the Plan Document in compliance with Section 409A of the Code; provided, that the indemnification set forth in clause (3) shall not be available to the Executive if (x) the Company has made a reasonable, good faith attempt to maintain the Plan Document in compliance with Code Section 409A but has failed to do so or (y) the Company has maintained the Plan Document in compliance with Section 409A of the Code but subsequent issuance by the Internal Revenue Service or the Department of the Treasury of interpretive authority results in the Plan Document not (or no longer) complying with Section 409A of the Code (except that, if the Company is permitted by such authority or other authority to amend the Plan Document to bring the Plan Document into compliance with Section 409A of the Code and fails to do so, then such indemnification shall be provided).

1. In the event of an Indemnified Section 409A Violation, the Company shall reimburse the Executive for (1) the 20% additional income tax described in Section 409A(a)(1)(B)(i)(II) of the Code (to the extent that the Executive incurs the 20% additional income tax as a result of the Indemnified Section 409A Violation), and (2) any interest or penalty that is assessed with respect to the Executive's failure to make a timely payment of the 20% additional income tax described in clause (1), provided that the Executive pays the 20% additional income tax promptly upon being notified that the tax is due (the amounts described in clause (1) and clause (2) are referred to collectively as the "Section 409A Tax").
2. In addition, in the event of an Indemnified Section 409A Violation, the Company shall make a payment (the "Section 409A Gross-Up Payment") to the Executive such that the net amount the Executive retains, after paying any federal, state, or local income tax or FICA tax on the Section 409A Gross-Up Payment, shall be equal to the Section 409A Tax. The Executive shall reasonably cooperate with measures identified by the Company that are intended to mitigate the Section 409A Tax to the extent that such measures do not materially reduce or delay the payments and benefits to the Executive hereunder.

SECTION 20. ADMINISTRATION

The Administrator shall be responsible for the general operation and administration of the Plan and shall have the full authority to interpret and construe the Plan and to establish the interest rate for determining the present lump sum value of benefits under the Plan. The Administrator's interpretation and construction of the Plan, and actions thereunder, shall be binding and conclusive on all persons and for all purposes.

SECTION 21. CLAIMS PROCEDURE

- A. Any claimant believing him/herself to be entitled to benefits under this Plan may file a written claim for benefits with the Administrator setting forth the benefits to which he/she feels entitled and the reasons therefor. Within 90 days after receipt of a claim for benefits, the Administrator shall determine the claimant's right, if any, to the benefits claimed, shall give the claimant written notice of its decision unless the Administrator determines that special circumstances require an extension of time to process the claim. If such an extension is required, the claimant will receive a written notice from the Administrator indicating the reason for the delay and the date the claimant may expect a final decision, which shall be no more than 180 days from the date the claim was filed. If the claim is denied in whole or in part, the written notice shall set forth in a manner calculated to be understood by the claimant (i) the specific reason or reasons for the denial; (ii) specific reference to pertinent Plan provisions on which the denial is based; (iii) a description of any additional material or information necessary for the claimant to perfect the claim and an explanation of why such material or information is necessary; and (iv) an explanation of the Plan's appeal procedure and a statement of the claimant's right to bring an action under the Employee Retirement Income Security Act of 1974, as it may be amended, and regulations thereunder ("ERISA") Section 502(a) following an adverse determination on appeal.
- B. Any claimant whose claim for benefits has been denied by the Administrator may appeal to the Benefits Administrative Committee (or its delegate) for a review of the denial by making a written request therefore within 60 days of receipt of a notification of denial. Any such request may include any written comments, documents, records and other information relating to the claim and may include a request for "relevant" documents to be provided free of charge. The claimant may, if he or she chooses, request a representative to make such written submissions on his or her behalf.
1. Within 60 days after receipt of a request for an appeal, the Benefits Administrative Committee (or its delegate) shall notify the claimant in writing of its final decision. If the Benefits Administrative Committee (or its delegate) determines that special circumstances require additional time for processing, the Benefits Administrative Committee (or its delegate) may extend such 60 day period, but not by more than an additional 60 days, and shall notify the claimant in writing of such extension. If the period of time is extended due to a claimant's failure to submit information necessary to decide a claim, the period for making the benefit determination on appeal shall be tolled.

from the date on which the notification of the extension is sent to the claimant until the date on which the claimant responds to the request for additional information.

2. In the case of an adverse benefit determination on appeal, the Benefits Administrative Committee (or its delegate) will provide written notification to the claimant, set forth in a manner calculated to be understood by the claimant, of: (A) the specific reason or reasons for the adverse determination on appeal; (B) the specific Plan provisions on which the denial of the appeal is based; (C) a statement that the claimant is entitled to receive, upon request and free of charge, reasonable access to, and copies of all documents, records, and other information “relevant” to the claimant’s claim for benefits; and (D) a statement of the claimant’s right to bring a civil action under ERISA Section 502(a).
- C. In the event the claimant is the Administrator, the Benefits Administrative Committee (or its delegate) shall conduct both the review of the initial claim for benefits under Section 21A, as well as the appeal under Section 21B.
- D. For purposes of this Section, a document, record or other information shall be considered “relevant” to a claimant’s claim if such document, record or other information: (i) was relied upon in making the benefit determination; (ii) was submitted, considered, or generated in the course of making the benefit determination, without regard to whether such document, record, or other information was relied upon in making the benefit determination; or (iii) demonstrates compliance with the administrative processes and safeguards required in making the benefit determination.

SECTION 22. NOTICES

All notices, requests, demands, and other communications under this Plan shall be in writing and delivered in person or by certified mail, postage prepaid as follows:

Company

Sensient Technologies Corporation
777 E. Wisconsin Avenue
Milwaukee, WI 53202
Attn: Vice President of Administration

Executive

Names and addresses of Executives are listed
on the Appendix

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of _____, 2008.

Sensient Technologies Corporation

By: _____
[NAME], [TITLE]

(CORPORATE SEAL)

Attest:

[NAME], [TITLE]

, Executive

APPENDIX
EXECUTIVE NAME AND ADDRESS

Executive Name

Address

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[\(Back To Top\)](#)

Section 8: EX-13.1 (ANNUAL REPORT)


Broaden
Increase
Enhance
Extend



2008
ANNUAL
REPORT

SENSIENT TECHNOLOGIES CORPORATION 2008 A RECORD YEAR

Growth



Sensient Technologies Corporation is a leading global developer, manufacturer and marketer of advanced color, flavor and fragrance systems. Sensient uses state-of-the-art technologies at facilities around the world to develop and manufacture customized food and beverage systems, pharmaceutical colors and coatings, cosmetic and personal care formulations, inkjet inks, industrial colors and other specialty chemicals.

“Sensient has achieved significant earnings growth for twelve consecutive quarters. Our consistently strong performance demonstrates that our long-term strategy for growth is succeeding.”

— Kenneth P. Manning
Chairman and Chief Executive Officer

Financial Highlights

in thousands except per share, employee and shareholder data

| Years ended December 31, | 2008 | 2007 | % Change |
|------------------------------------|-------------|-------------|----------|
| Results of operations | | | |
| Revenue | \$1,252,620 | \$1,184,778 | 5.7% |
| Operating Income | 161,599 | 147,370 | 9.7% |
| Net Earnings | 90,861 | 77,786 | 16.8% |
| Per common share | | | |
| Net Earnings: | | | |
| Basic | \$ 1.91 | \$ 1.66 | 15.1% |
| Diluted | 1.89 | 1.65 | 14.5% |
| Dividends | 0.74 | 0.68 | 8.8% |
| Book Value | 16.87 | 17.10 | (1.3)% |
| Other information | | | |
| Capital Expenditures | \$ 53,680 | \$ 41,961 | 27.9% |
| Depreciation and Amortization | \$ 44,445 | \$ 44,312 | 0.3% |
| Total Debt | \$ 479,895 | \$ 507,108 | (5.4)% |
| Number of Employees | 3,613 | 3,623 | (0.3)% |
| Number of Shareholders of Record | 3,189 | 3,309 | (3.6)% |
| Average Common Shares Outstanding: | | | |
| Basic | 47,654 | 46,740 | 2.0% |
| Diluted | 48,131 | 47,257 | 1.8% |

Kenneth P. Manning
Chairman and
Chief Executive Officer



Letter to Shareholders

Record Results in 2008

In 2008, Sensient's total revenue reached an all-time high of \$1.3 billion, an increase of 5.7% over 2007. The Company's profit increase was also substantial. Net earnings were \$90.9 million, a 16.8% increase over 2007. These results reflect the strong performance of all of Sensient's operating Groups.

Sensient continued to strengthen the Company's balance sheet in 2008 despite global economic challenges and the tightening of credit markets. In October 2008, we completed a new \$105 million term loan agreement that will enable us to retire public debt that matures in 2009. This transaction reflects the confidence banks place in Sensient, based on our strong operating performance and balance sheet.

Since the beginning of 2004, we have reduced debt by more than \$170 million. Sensient's debt-to-capital ratio is now 37%. We expect debt to be lowered further in 2009.

The Company has paid an uninterrupted dividend to shareholders since public trading in our stock began in 1962. The Board of Directors strongly believes that Sensient investors should share directly in the results of the Company's performance. In response to the Company's steady growth, on July 17, 2008, the Board announced an increase of the quarterly cash dividend paid on common stock to 19 cents per share. In the past six years, Sensient's quarterly dividend has increased by 43.4%.

A Strategy for Success

Sensient has recorded consistent earnings growth over the last 12 quarters. We began executing a long-term strategy for sustained growth more than a decade ago. The Company's strong performance demonstrates the merit of this strategy. Sensient is now rewarding loyal shareholders who had the foresight to remain invested in the Company during our period of transformation.

Today, Sensient is a global business that current and potential customers recognize as a leading developer and supplier of advanced color, flavor and fragrance systems. We have established a solid foundation for ongoing success by acquiring sophisticated technologies, developing new products and expanding into growing markets.

To complete the evolution of our Company, we unified 20 global acquisitions into a single corporate culture. The Sensient name has become a rallying point for employees throughout the Company.

Expanding Technical and Production Capabilities

We benefit from decentralized profit centers that place R&D and production close to our markets. Sensient recognizes and rewards local initiative, which results in efficient operations and new growth.

Sensient's scientific and technical personnel worldwide have strong educational backgrounds and extensive experience in refining and developing complex chemical systems and production processes. The Company maintains world-class expertise and R&D capabilities in numerous fields, including extraction, encapsulation and micro-emulsion technology, pigment and dye production, flavor formulation, fragrance compounding and more.

2008 was a record year for revenue and profit at Sensient Technologies Corporation. The Company's strong product mix, robust R&D program and global reach will continue to result in sustainable growth moving forward.

We transfer our best new technologies to multiple locations in order to expand production capabilities and better meet the needs of local customers. For instance, the Company's Fusion line of natural colors was developed in Germany. This technology is now being transferred to other facilities around the world to serve customers seeking stable, high-performance natural colors for foods and beverages.

Driving Growth through Extended Distribution

Sensient develops a wide range of exceptional specialty chemical systems that enable our customers' products to excel in highly competitive markets. Product development, however, is only part of the equation. We are also accelerating growth by building an extended distribution system.

Through this initiative, Sensient identifies and evaluates geographic markets that have the potential to provide significant new revenues. Once a location is selected for the extended distribution system, the Company establishes on-the-ground personnel who provide sales and technical support to local manufacturers.

This process represents an efficient way to develop new accounts and to provide the Company with a valuable local presence in new regions. As business expands, we add additional technical staff and even base-level production. In the last decade, Sensient has become highly proficient at incorporating new locations into our unified corporate culture. We continue to use this capability to enter and compete in new locations in several promising regions, including China and Eastern Europe.

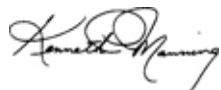
Management and Leadership

Sensient's performance requires that we maintain an exceptional workforce, strong management and the very best leadership. The Company's executives provide needed direction to local facilities and play a pivotal role in implementing our broader global strategy. From Sensient's headquarters, we lead programs that enhance personnel, strengthen our corporate culture and expand the Company's reach into new markets.

We will continue to monitor the impact of the broader economy on our business, but we foresee no need to modify our strategy or limit our expansion into new markets. Sensient has succeeded by consistently executing a disciplined strategy for sustainable growth.

I am confident that we will continue to deliver strong results.

Sincerely,



Kenneth P. Manning
Chairman and Chief Executive Officer

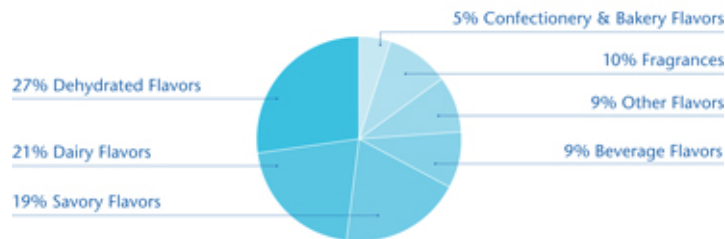
Flavors & Fragrances Group

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

- Exceptional proprietary technologies for extraction and encapsulation
- Global R&D and service capabilities for product customization
- Broad product mix to meet the needs of diverse customers
- Leadership in raw materials sourcing and development

REVENUE BY PRODUCT LINE



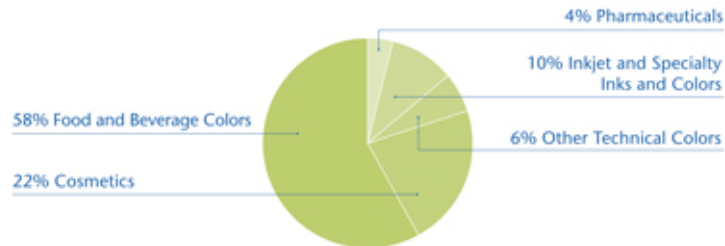
Color Group

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, plastics and paper products.

Strategic Advantages

- Recognized as an industry leader worldwide
- A wide range of advanced natural and synthetic color systems
- On-the-ground access to diverse geographic markets
- Product development capabilities at multiple locations

REVENUE BY PRODUCT LINE





Broaden

Production Capabilities

Sensient is capturing new business by investing in production capabilities and process technologies at facilities in targeted regions.



Bringing Extraction Technology Closer to Customers

Sensient has long been a leading developer of liquid CO2 extraction technology used for producing unique and highly concentrated flavors. The Company's Templar® natural extracts provide high-quality flavor and fragrance to foods, beverages and other products. This technology is also used to produce natural antioxidants that enhance the health benefits of functional beverages. We are transferring this process technology from the United Kingdom to other global locations in order to broaden production and grow sales. We will also increase the range of raw materials processed with this technology and improve the purity and performance of our extracts.



Increase

Product Development

Sensient's exceptional global R&D operations contributed to a 22 percent increase in product development in 2008.



Creating Next-Generation Cosmetic Systems

Consumers around the world are increasingly seeking natural ingredients not only in food and beverages, but also in cosmetics and personal care products. In response to this worldwide trend, Sensient Cosmetic Technologies is expanding the development of advanced cosmetic systems. The Company's natural colors for make-up, skin care, hair care and other consumer products are found in some of the world's best-known brands. Sensient has also expanded product development by transferring proprietary pigment technology from our cosmetics business to other markets, including confectionery and pharmaceutical manufacturing.



Enhance

Technology Transfer

Sensient has built a solid foundation of technical expertise, proprietary systems and state-of-the-art labs to drive organic growth through product development and technology transfer.



Expanding the Range of Natural Color Technology

Sensient's new line of Fusion Precise Natural Colors™ meets a growing consumer demand for natural food and beverage products. These preservative- and GMO-free, shade-specific colors offer consistent quality and shelf life to manufacturers seeking high-performance natural ingredient systems. First developed in Germany, proprietary Fusion technology is being transferred to Sensient facilities in the U.S. and Italy. Sensient will also utilize this technology to extend its development of functional ingredient systems that add nutrients such as beta-carotene and anthocyanins to foods and beverages.



Extend Distribution

Sensient is accelerating growth and maximizing production capacity by building an extended distribution system in key geographic markets.

**Bringing Savory Flavor Technology to New Markets**

Sensient has developed a line of savory reaction flavors that has no equal in the marketplace. These high-performance concentrated flavors enable food manufacturers to improve operations, enhance finished products and introduce new offerings. Sensient is bringing these advanced flavor systems to new customers in diverse markets through our extended distribution system. This operational initiative places local personnel in targeted regions that offer significant potential for growth, including Eastern Europe and Latin America. Our sales and technical experts work directly with manufacturers to customize Sensient flavor systems for local preferences.



Broaden
Production Capabilities

+

Increase
Product Development

+

Enhance
Technology Transfer

+

Extend
Distribution

= G

Revenue (in billions)



Operating Income (in millions)



Earnings Per Share





rowth

Building Value for Shareholders

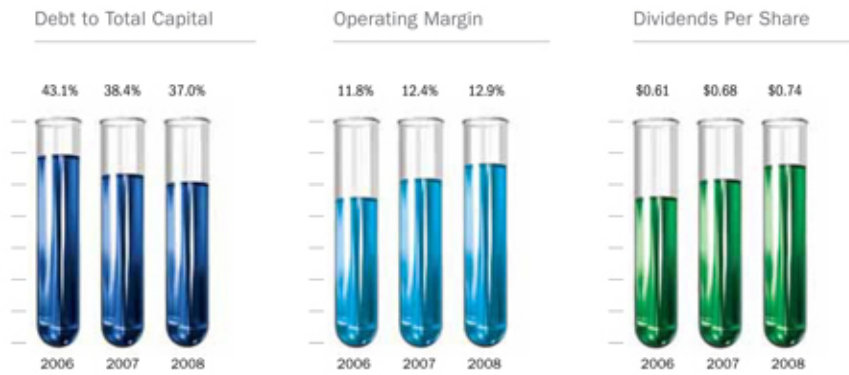


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of Operations & Financial Condition

Overview

During 2008, Sensient Technologies Corporation (the "Company") reported record revenue of \$1.3 billion. Double-digit increases in earnings per share were reported in all four quarters of 2008 from the comparable quarters in 2007. The Flavors & Fragrances Group and Color Group each reported record revenue in 2008, and operating margin for each group increased from 2007. The Company also continued to strengthen its financial position. Total debt was reduced by more than \$27 million during 2008. In October 2008, the Company entered into a \$105 million unsecured term loan agreement. The Company intends to borrow funds under this agreement in 2009 to retire maturing public debt. This new debt and the Company's existing unused capacity in its revolving loan agreement will provide required liquidity for the Company's operations through 2012.



Revenue for 2008 increased 5.7% to \$1.3 billion from \$1.2 billion in 2007. Sensient's operating income was \$161.6 million in 2008 versus \$147.4 million in 2007. The primary factors driving higher operating income include the impact of higher selling prices in 2008 and increased volumes. The increase in operating income as a result of these factors was partially offset by higher raw material, energy and manufacturing costs. Additional information on these items is included in Results of Operations. Net earnings in 2008 were \$90.9 million versus \$77.8 million in 2007. Diluted earnings per share were \$1.89 in 2008 compared to \$1.65 in 2007.

*Results Of Operations***2008 vs. 2007**

The Company's revenue for 2008 was \$1.25 billion, an increase of 5.7% from \$1.18 billion reported in 2007. Revenue in the Flavors & Fragrances Group increased \$41.5 million, or 5.4%, over 2007 to \$809.6 million. Color Group revenue increased 6.2% to \$402.4 million from \$379.0 million reported in 2007. Corporate and Other revenue, which includes the Company's operations in the Asia Pacific region, increased 12.5% in 2008. The impact of foreign currency translation increased revenues in the first nine months of 2008 and then began to decrease revenues in the fourth quarter as the U.S. dollar strengthened against most foreign currencies. In total, foreign currency translation added \$18.5 million to revenue in 2008. Additional information on Group results can be found in the Segment Information section.

The Company's gross margin decreased 20 basis points to 30.4% in 2008, from 30.6% in 2007. Although the increase in selling prices more than offset the dollar impact of higher raw material, energy and manufacturing costs, there was a slight negative impact on the gross margin rate as revenue increased more than the net increase in gross profit.

Selling and administrative expenses as a percent of revenue decreased to 17.5% in 2008 from 18.1% in 2007. The decrease of 60 basis points was due to a slight increase in selling and administrative expenses compared to a more significant increase in revenue. The overall increase in selling and administrative expenses was 2.0%. Normal inflationary increases and the impact of changes in foreign exchange rates were partially offset by lower share-based compensation expense.

Operating income was \$161.6 million in 2008 compared to \$147.4 million in 2007. The increased operating income was attributable to the higher selling prices and volume increases partially offset by higher raw material, energy and manufacturing costs discussed above. Changes in foreign exchange rates in 2008 versus 2007 increased operating income by \$2.2 million.

Interest expense decreased 10.6% to \$32.3 million in 2008 from \$36.1 million in 2007. The decrease is due to lower rates and lower average outstanding debt balances.

The effective income tax rate was 29.7% and 30.1% in 2008 and 2007, respectively. The effective tax rates for both 2008 and 2007 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 2008 reported rate was decreased and the 2007 reported rate was increased because of tax rate changes that impacted the future benefit of certain deferred tax assets. In total, these discrete items reduced the effective tax rate for 2008 and 2007 by 2.7% and 3.0%, respectively. The 2008 rate excluding discrete items decreased 70 basis points in comparison to the rate in 2007 primarily due to lower statutory rates in certain foreign jurisdictions.

| | <u>2008</u> | <u>2007</u> |
|-------------------------------|--------------|--------------|
| Rate excluding discrete items | 32.4% | 33.1% |
| Discrete items | (2.7)% | (3.0)% |
| Reported effective tax rate | <u>29.7%</u> | <u>30.1%</u> |

The effective tax rate for 2009 is expected to be approximately 32.5% 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. The Company broke out its operations in China as a separate group in 2008. The results of the China Group as well as the Asia Pacific Group are reported in the Corporate and Other segment. These changes in segments have been reflected in the results for 2008 and other years presented.

Flavors & Fragrances Flavors & Fragrances Group revenue for the year ended December 31, 2008, increased 5.4% to \$809.6 million. The increase of \$41.5 million was primarily a result of increased selling prices (\$32.5 million) partially offset by lower volumes (\$3.2 million). The favorable impact of foreign currency translation also increased revenue by \$12.2 million. Increased selling prices occurred in all regions of the Group in both dehydrated flavors and other flavors. The volume decrease occurred primarily in Latin America.

Gross margin was 26.3% in 2008, a 20 basis point decrease from the 26.5% gross margin in 2007. Although the increase in selling prices more than offset the dollar impact of higher raw material, energy and manufacturing costs, there was a slight negative impact on the gross margin rate as revenue increased more than the net increase in gross profit.

The Flavors & Fragrances Group operating income was \$123.5 million in 2008, an increase of 7.6% from \$114.7 million in 2007. The increase in operating income was primarily due to higher sales in North America (\$8.7 million) and Europe (\$1.1 million) partially offset by the impact of lower volumes in Latin America (\$1.1 million). The increased profit in North America and Europe was primarily due to higher selling prices in dehydrated and other flavors partially offset by higher raw material, energy and manufacturing costs. Operating income as a percent of revenue increased 40 basis points to 15.3% from 14.9% in 2007 primarily for the reasons discussed above.

Color Revenue for the Color Group increased 6.2% to \$402.4 million in 2008 from \$379.0 million in 2007. The higher revenue was primarily due to increased sales of food and beverage colors in all markets (\$7.6 million), increased sales of cosmetic colors (\$5.5 million) and increased sales of pharmaceutical colors (\$2.7 million). The favorable impact of foreign currency translation also increased revenue by \$6.0 million. The increased sales of food and beverage colors were primarily due to higher selling prices. The increased sales of cosmetic and pharmaceutical colors were primarily due to higher volumes.

Gross margin for the Color Group was 35.1% in 2008, a 60 basis point decrease from the Group's 35.7% gross margin in 2007. Higher raw material, energy and manufacturing costs were partially offset by higher selling prices. In the fourth quarter of 2008, higher selling prices more than offset the impact of higher raw material, energy and manufacturing costs resulting in margins that were equal to the fourth quarter of 2007.

Color Group operating income of \$71.6 million in 2008 was an increase of 7.5% from \$66.6 million in 2007. The increase in operating income was primarily due to higher profit in technical colors (\$3.6 million) and pharmaceutical colors (\$0.8 million). The favorable impact of foreign currency translation increased operating income by \$2.0 million. These increases were partially

offset by lower profit in cosmetic colors (\$1.5 million). The higher profits in technical colors were primarily due to increased selling prices and lower costs. The higher profit in pharmaceutical colors was primarily due to higher volumes. The lower profit in cosmetic colors was primarily due to higher raw material and manufacturing costs. Operating income as a percent of revenue increased 20 basis points to 17.8% from 17.6% in 2007 primarily due to the reasons described above.

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 \$48.8 million, or 6.8%, over 2006 to \$768.1 million. Revenue for the Color Group increased 8.0% to \$379.0 million from \$351.0 million reported in 2006. Corporate and Other revenue in 2007, which includes the Company's operations in the Asia Pacific region, increased 18.7%. The favorable impact of foreign currency translation increased revenue by \$43.2 million. 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.

| | <u>2007</u> | <u>2006</u> |
|-------------------------------|--------------|--------------|
| Rate excluding discrete items | 33.1% | 34.2% |
| Discrete items | (3.0)% | (5.2)% |
| Reported effective tax rate | <u>30.1%</u> | <u>29.0%</u> |

SEGMENT INFORMATION

Flavors & Fragrances Revenue for the Flavors & Fragrances Group for the year ended December 31, 2007, increased 6.8% to \$768.1 million. The increase of \$48.8 million was primarily a result of increased selling prices (\$14.7 million) and higher volumes (\$9.3 million). The favorable impact of currency translation increased revenue by \$24.8 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 Japan.

Gross margin was 26.5% in 2007, a 30 basis point increase from the 26.2% gross margin in 2006. This change was primarily a result of increased selling prices partially offset by higher raw material costs.

Operating income of \$114.7 million in 2007 was an increase of 12.6% from \$101.9 million in 2006. The increase in operating income was primarily due to higher sales in North America (\$9.7 million) and Europe (\$0.8 million). The favorable impact of foreign currency translation increased operating income by \$2.0 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 in the flavors business partially offset by lower selling prices in fragrances. Operating income as a percent of revenue increased 70 basis points to 14.9% from 14.2% in 2006 primarily for the reasons discussed above.



Color Revenue for the Color Group increased 8.0% to \$379.0 million in 2007 from \$351.0 million in 2006. The higher revenue was primarily due to increased sales of food and beverage colors in all markets (\$14.5 million) and increased sales of cosmetic colors (\$5.1 million). Also, the favorable impact of foreign currency translation increased revenue by \$14.3 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 35.7% in 2007, a 40 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 \$66.6 million in 2007 was an increase of 13.2% from \$58.8 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 \$2.6 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 90 basis points to 17.6% from 16.7% in 2006 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 \$105 million term loan agreement in October 2008. The new facility matures in June 2012 and is unsecured. The term loan allows the Company to make one or more borrowings on or before April 1, 2009. There were no borrowings under the term loan as of December 31, 2008. The Company intends to utilize all or a portion of this facility to retire the Company's public debt when it matures in April 2009.

The Company's ratio of debt to total capital improved to 37.0% at December 31, 2008, compared to 38.4% and 43.1% at December 31, 2007 and 2006, respectively. The improvement in 2008 resulted primarily from a reduction in debt. Debt was reduced by \$27.2 million since December 31, 2007, and by \$52.6 million since December 31, 2006.

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.

Net cash provided by operating activities was \$87.0 million in 2008, \$105.2 million in 2007 and \$99.2 million in 2006. Operating cash flow provided the primary source of funds to finance operating needs, capital expenditures and shareholder dividends, and to reduce net borrowings. The decrease in net cash provided by operating activities in 2008 was primarily due to a larger increase in net

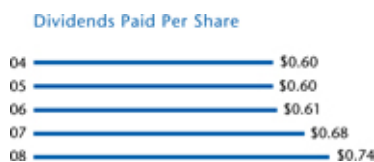
working capital this year compared to 2007 partially offset by higher earnings. The increase in working capital was primarily due to higher volumes of dehydrated flavors inventory, increases in certain raw material costs and higher accounts receivable as a result of strong sales.



Net cash used in investing activities was \$50.0 million in 2008, \$39.2 million in 2007 and \$33.8 million in 2006. Capital expenditures were \$53.7 million in 2008, \$42.0 million in 2007 and \$39.3 million in 2006.

Net cash used in financing activities was \$38.4 million in 2008, \$61.4 million in 2007 and \$68.7 million in 2006. The Company had net reductions in debt of \$21.6 million in 2008, \$44.8 million in 2007 and \$43.5 million in 2006. In 2008, 2007 and 2006, the Company was able to finance capital expenditures, any share repurchases and dividend payments and still reduce debt levels. 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 2008 to \$0.19 per share from \$0.18 per share. Dividends paid per share were \$0.74 in 2008, \$0.68 in 2007 and \$0.61 in 2006. Total dividends paid were \$35.6 million, \$32.0 million and \$28.3 million in 2008, 2007 and 2006, respectively.



As discussed above, the Company has been impacted by rising raw material, energy and manufacturing costs. However, the Company has offset these cost increases with higher selling prices and expects to offset any future cost increases with additional increases in selling prices.

Issuer Purchases of Equity Securities

During 2007 and 2006, the Company repurchased 0.05 million and 0.2 million, respectively, of Company stock at a total cost of \$1.3 million and \$3.6 million. There were no purchases of Company stock in 2008. 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, 2008, 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 invested indefinitely.

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 legal 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, 2008 and 2007, the fair values of these instruments, based on dealer quotes, were an asset of \$1.5 million and \$0.1 million, respectively. At December 31, 2008 and 2007, 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 \$12.0 million and \$5.0 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 \$0.7 million and \$1.0 million at December 31, 2008 and 2007, 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, 2008 and 2007, the potential increase or decrease in annual interest expense, assuming a hypothetical 10% fluctuation in interest rates of floating rate debt, would be approximately \$0.4 million and \$0.8 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 \$9.5 million as of December 31, 2008. 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 benefits in the following table of significant contractual obligations as of December 31, 2008.

Payments due by period

| <u>(in thousands)</u> | <u>Total</u> | <u>1 year</u> | <u>2-3 years</u> | <u>4-5 years</u> | <u>> 5 years</u> |
|-------------------------------------|------------------|------------------|------------------|------------------|---------------------|
| Long-term debt | \$445,682 | \$129,868 | \$131,403 | \$182,672 | \$ 1,739 |
| Interest payments on long-term debt | 45,969 | 15,241 | 23,645 | 7,010 | 73 |
| Operating lease obligations | 25,754 | 8,047 | 9,729 | 3,736 | 4,242 |
| Manufacturing purchase commitments | 50,912 | 34,235 | 11,817 | 4,860 | — |
| Pension benefit obligations | 39,330 | 2,470 | 18,908 | 8,605 | 9,347 |
| Total contractual obligations | <u>\$607,647</u> | <u>\$189,861</u> | <u>\$195,502</u> | <u>\$206,883</u> | <u>\$15,401</u> |

New Pronouncements

On January 1, 2008, the Company adopted SFAS No. 157, *Fair Value Measurements*. This statement defines fair value for financial assets and liabilities, establishes a framework for measuring fair value in generally accepted accounting principles and expands disclosures about fair value measurements. The adoption did not have a material effect on its financial statements and related disclosures.

The Company reviewed SFAS No. 159, *The Fair Value Option for Financial Assets and Financial Liabilities*, which permits companies to choose to measure many financial instruments and certain other items at fair value. The Company chose not to elect the fair value option for any assets and liabilities not currently valued at fair value and determined that this statement does not have an impact on its financial statements and disclosures.

In December 2007, the Financial Accounting Standards Board ("FASB") issued SFAS No. 141(R), *Business Combinations*. This statement applies to acquisitions by the Company after January 1, 2009. The Company does not expect the adoption of this statement to have a current impact on its consolidated financial statements. An impact may, however, result from any future acquisition.

In December 2007, the FASB issued SFAS No. 160, *Noncontrolling Interests in Consolidated Financial Statements*, an amendment of Accounting Research Bulletin ("ARB") No. 51. This statement requires that a noncontrolling interest (minority interest) in a subsidiary held by parties other than the parent should be clearly identified and presented in the financial statements of the parent company. This statement is effective for the Company beginning January 1, 2009. The Company does not believe this statement will have a material effect on its financial statements.

In March 2008, the FASB issued SFAS No. 161, *Disclosure about Derivative Instruments*. This statement requires enhanced disclosures regarding a company's hedging activities. This statement is effective for the Company beginning January 1, 2009 and will impact future disclosures relating to the Company's hedging activities.

Off-Balance Sheet Arrangements

The Company had no off-balance sheet arrangements as of December 31, 2008.

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, 2008, 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; cost and availability of credit; 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.

of Earnings

(in thousands except per share amounts) Years ended December 31,

| | 2008 | 2007 | 2006 |
|-------------------------------------|------------------|------------------|------------------|
| Revenue | \$1,252,620 | \$1,184,778 | \$1,098,774 |
| Cost of products sold | 871,754 | 822,479 | 766,506 |
| Selling and administrative expenses | 219,267 | 214,929 | 202,991 |
| Operating Income | 161,599 | 147,370 | 129,277 |
| Interest expense | 32,306 | 36,127 | 35,748 |
| Earnings Before Income Taxes | 129,293 | 111,243 | 93,529 |
| Income taxes | 38,432 | 33,457 | 27,104 |
| Net Earnings | <u>\$ 90,861</u> | <u>\$ 77,786</u> | <u>\$ 66,425</u> |
| Earnings per share: | | | |
| Basic | \$ 1.91 | \$ 1.66 | \$ 1.45 |
| Diluted | \$ 1.89 | \$ 1.65 | \$ 1.44 |
| Average common shares outstanding: | | | |
| Basic | 47,654 | 46,740 | 45,900 |
| Diluted | 48,131 | 47,257 | 46,204 |

See notes to consolidated financial statements.

Consolidated

Balance Sheets

| <u>(in thousands except share and per share amounts) December 31,</u> | <u>2008</u> | <u>2007</u> |
|--|--------------------|--------------------|
| Assets | | |
| Current Assets: | | |
| Cash and cash equivalents | \$ 8,498 | \$ 10,522 |
| Trade accounts receivable, less allowance for losses of \$4,295 and \$4,242, respectively | 198,903 | 196,458 |
| Inventories | 381,246 | 361,534 |
| Prepaid expenses and other current assets | 30,319 | 29,705 |
| Deferred income taxes | 8,557 | 11,825 |
| Total current assets | 627,523 | 610,044 |
| Other assets | 40,878 | 44,404 |
| Intangible assets – at cost, less accumulated amortization of \$10,077 and \$9,501, respectively | 13,754 | 14,789 |
| Goodwill | 440,416 | 476,611 |
| Property, Plant and Equipment: | | |
| Land | 47,315 | 46,013 |
| Buildings | 248,366 | 259,830 |
| Machinery and equipment | 594,858 | 612,265 |
| Construction in progress | 40,200 | 30,335 |
| | 930,739 | 948,443 |
| Less accumulated depreciation | (527,873) | (530,109) |
| | 402,866 | 418,334 |
| Total assets | <u>\$1,525,437</u> | <u>\$1,564,182</u> |
| Liabilities and Shareholders' Equity | | |
| Current Liabilities: | | |
| Trade accounts payable | \$ 82,976 | \$ 88,812 |
| Accrued salaries, wages and withholdings from employees | 24,269 | 23,684 |
| Other accrued expenses | 52,825 | 56,948 |
| Income taxes | 1,988 | 2,342 |
| Short-term borrowings | 34,213 | 57,487 |
| Current maturities of long-term debt | — | — |
| Total current liabilities | 196,271 | 229,273 |
| Deferred income taxes | 14,590 | 12,548 |
| Other liabilities | 12,682 | 14,122 |
| Accrued employee and retiree benefits | 37,616 | 44,197 |
| Long-term debt | 445,682 | 449,621 |
| 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 | 82,261 | 75,233 |
| Earnings reinvested in the business | 873,444 | 818,180 |
| Treasury stock, 5,798,297 and 6,603,650 shares, respectively, at cost | (116,217) | (132,358) |
| Accumulated other comprehensive (loss) income | (26,288) | 47,970 |
| | 818,596 | 814,421 |
| Total liabilities and shareholders' equity | <u>\$1,525,437</u> | <u>\$1,564,182</u> |

See notes to consolidated financial statements.

of Cash Flows

| (in thousands) Years ended December 31, | 2008 | 2007 | 2006 |
|---|-----------------|------------------|-----------------|
| Cash Flows from Operating Activities | | | |
| Net earnings | \$ 90,861 | \$ 77,786 | \$ 66,425 |
| Adjustments to arrive at net cash provided by operating activities: | | | |
| Depreciation and amortization | 44,445 | 44,312 | 43,044 |
| Share-based compensation | 3,798 | 4,731 | 5,035 |
| Loss (gain) on assets | 1,358 | (467) | 795 |
| Deferred income taxes | 3,329 | 9,381 | (278) |
| Changes in operating assets and liabilities: | | | |
| Trade accounts receivable | (16,908) | (6,152) | (5,104) |
| Inventories | (40,591) | (15,299) | (7,537) |
| Prepaid expenses and other assets | (672) | (5,115) | (3,998) |
| Accounts payable and other accrued expenses | (2,216) | 4,217 | (5,066) |
| Accrued salaries, wages and withholdings from employees | 2,084 | (1,753) | 8,458 |
| Income taxes | 1,939 | (8,876) | (8,125) |
| Other liabilities | (453) | 2,440 | 5,568 |
| Net cash provided by operating activities | <u>86,974</u> | <u>105,205</u> | <u>99,217</u> |
| Cash Flows from Investing Activities | | | |
| Acquisition of property, plant and equipment | (53,680) | (41,961) | (39,314) |
| Proceeds from sale of assets | 2,064 | 2,291 | 3,321 |
| Other investing activity | 1,661 | 451 | 2,152 |
| Net cash used in investing activities | <u>(49,955)</u> | <u>(39,219)</u> | <u>(33,841)</u> |
| Cash Flows from Financing Activities | | | |
| Proceeds from additional borrowings | 112,514 | 136,859 | 247,483 |
| Debt payments | (134,135) | (181,680) | (290,992) |
| Purchase of treasury stock | — | (1,267) | (4,563) |
| Dividends paid | (35,597) | (32,017) | (28,292) |
| Proceeds from options exercised and other equity transactions | 18,862 | 16,693 | 7,681 |
| Net cash used in financing activities | <u>(38,356)</u> | <u>(61,412)</u> | <u>(68,683)</u> |
| Effect of exchange rate changes on cash and cash equivalents | (687) | 913 | 1,274 |
| Net (decrease) increase in cash and cash equivalents | (2,024) | 5,487 | (2,033) |
| Cash and cash equivalents at beginning of year | 10,522 | 5,035 | 7,068 |
| Cash and cash equivalents at end of year | <u>\$ 8,498</u> | <u>\$ 10,522</u> | <u>\$ 5,035</u> |
| Cash paid during the year for: | | | |
| Interest | \$ 31,975 | \$ 36,070 | \$ 35,988 |
| Income taxes | 28,424 | 29,735 | 30,885 |
| Capitalized interest | 1,999 | 1,493 | 1,018 |

See notes to consolidated financial statements.

Consolidated Statements

of Shareholders' Equity

| <u>(in thousands except share and per share amounts)</u> | Common Stock | Additional Paid-in Capital |
|---|-----------------|----------------------------------|
| 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 |
| Net earnings | | |
| Unrealized gain 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 \$3 | | |
| Pension adjustment, net of tax of \$1,473 | | |
| Foreign currency translation | | |
| Total comprehensive income | | |
| Cash dividends paid – \$0.74 a share | | |
| Share-based compensation | | 4,989 |
| Stock options exercised | | 2,511 |
| Nonvested stock issued upon vesting | | (1,688) |
| Benefit plans | | 173 |
| Other | | 1,043 |
| Balances at December 31, 2008 | <u>\$ 5,396</u> | <u>\$ 82,261</u> |

See notes to consolidated financial statements.

| Earnings Reinvested in the Business | Treasury Stock | | Unearned Portion of Nonvested Stock | Accumulated Other Comprehensive (Loss) Income | Total Comprehensive Income |
|---|------------------|--------------------|--|--|----------------------------------|
| | Shares | Amount | | | |
| \$ 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 |
| | | | | | <u>\$ 108,077</u> |
| (28,292) | | | | | |
| | | | | (7,777) | |
| | | | 5,965 | | |
| | (387,728) | 7,753 | | | |
| | (43,420) | 868 | | | |
| | 200,949 | (3,649) | | | |
| | <u>(4,620)</u> | <u>93</u> | | | |
| 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 |
| | | | | | <u>\$ 124,483</u> |
| (32,017) | | | | | |
| (2,266) | | | | | |
| | 22,600 | (452) | | | |
| | (676,229) | 13,522 | | | |
| | (142,100) | 2,845 | | | |
| | (32,992) | 660 | | | |
| | 47,100 | (1,267) | | | |
| | <u>22</u> | <u>(4)</u> | | | |
| 818,180 | 6,603,650 | (132,358) | — | 47,970 | |
| 90,861 | | | | | \$ 90,861 |
| | | | | (91) | (91) |
| | | | | 18 | 18 |
| | | | | 3,574 | 3,574 |
| | | | | (77,759) | (77,759) |
| | | | | | <u>\$ 16,603</u> |
| (35,597) | | | | | |
| | 59,400 | (1,191) | | | |
| | (759,241) | 15,217 | | | |
| | (84,200) | 1,688 | | | |
| | <u>(21,312)</u> | <u>427</u> | | | |
| <u>\$ 873,444</u> | <u>5,798,297</u> | <u>\$(116,217)</u> | <u>\$ —</u> | <u>\$ (26,288)</u> | |

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 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 and China Groups, which are managed on a geographic basis, are 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, information technology, 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 \$269.8 million and \$266.3 million at December 31, 2008 and 2007, respectively, and raw materials and supplies of \$111.4 million and \$95.2 million at December 31, 2008 and 2007, 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 40 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 2008, 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.

Cash Flow Hedges 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 may utilize forward exchange contracts, generally, 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 (loss) income ("OCI") until the underlying transaction is recognized in earnings.

In addition, the Company may utilize a derivative to hedge natural gas purchases. These natural gas hedges are intended to offset the effect of fluctuations in natural gas prices. Gains and losses on these instruments are deferred in OCI until the underlying transaction is recognized in earnings. These natural gas hedges qualify as cash flow hedges.

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 foreign accounts into 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, 2008.

Share-Based Compensation The Company accounts for share-based compensation under SFAS No. 123(R), *Share-Based Payment*. 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.

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 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-

Years ended December 31, 2008, 2007 and 2006

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) have an anti-dilutive effect on EPS, and accordingly, are excluded from the calculation. Weighted-average common shares for computation of EPS were:

| <u>(in thousands)</u> | <u>2008</u> | <u>2007</u> | <u>2006</u> |
|---|-------------|-------------|-------------|
| Basic weighted-average shares outstanding | 47,654 | 46,740 | 45,900 |
| Diluted weighted-average shares outstanding | 48,131 | 47,257 | 46,204 |

For the years 2008 and 2006, options for 0.1 million shares and 1.8 million shares, respectively, with weighted-average exercise prices of \$26.52 and \$21.65, 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 (Loss) 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:

| <u>(in thousands)</u> | <u>2008</u> | <u>2007</u> |
|--|-------------------|------------------|
| Foreign currency translation | \$(17,969) | \$ 59,310 |
| Minimum pension liability (net of tax) | (8,305) | (11,399) |
| Unrealized (losses) gains on cash flow hedges (net of tax) | (14) | 59 |
| Accumulated other comprehensive (loss) income | <u>\$(26,288)</u> | <u>\$ 47,970</u> |

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 \$28.3 million, \$25.7 million and \$24.8 million during the years ended December 31, 2008, 2007 and 2006, respectively.

Advertising Advertising costs are recorded in selling and administrative expenses as they are incurred. Advertising costs were \$1.2 million, \$1.6 million and \$1.2 million during the years ended December 31, 2008, 2007 and 2006, 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 The Company adopted FIN 48, 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.

On January 1, 2008, the Company adopted SFAS No. 157, *Fair Value Measurements*. This statement defines fair value for financial assets and liabilities, establishes a framework for measuring fair value in generally accepted accounting principles and expands disclosures about fair value measurement. See Note 9, *Fair Value Measurements*, for additional information.

The Company reviewed SFAS No. 159, *The Fair Value Option for Financial Assets and Liabilities*, which permits companies to choose to measure many financial instruments and certain other items at fair value. The Company chose not to elect the fair value option for any assets and liabilities not currently valued at fair value and determined that this statement does not have an impact on its financial statements and 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 does not expect the adoption of this statement to have a current impact on its consolidated financial statements. An impact may, however, result from any future acquisition.

In December 2007, the FASB issued SFAS No. 160, *Noncontrolling Interests in Consolidated Financial Statements*, an amendment of ARB No. 51. This statement requires that a noncontrolling interest (minority interest) in a subsidiary held by parties other than the parent should be clearly identified and presented in the financial statements of the parent company. This statement is effective for the Company beginning January 1, 2009. The Company does not believe this statement will have a material effect on its financial statements.

In March 2008, the FASB issued SFAS No. 161, *Disclosure about Derivative Instruments*. This statement requires enhanced disclosures regarding a company's hedging activities. This statement is effective for the Company beginning January 1, 2009 and will impact future disclosures relating to the Company's hedging activities.

2.

Goodwill and Intangible Assets

At December 31, 2008 and 2007, 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, 2008 and 2007:

| (in thousands except weighted average amortization years) | Weighted Average Amortization Years | 2008 | | 2007 | |
|---|--|----------|-----------------------------|----------|-----------------------------|
| | | Cost | Accumulated Amortization | Cost | Accumulated Amortization |
| Technological know how | 20.0 | \$ 8,467 | \$ (3,295) | \$ 8,362 | \$ (2,873) |
| Customer relationships | 20.0 | 7,062 | (2,276) | 7,068 | (1,901) |
| Patents, trademarks, non-compete agreements and other | 17.2 | 8,302 | (4,506) | 8,860 | (4,727) |
| Total finite-lived intangibles | 19.0 | \$23,831 | \$ (10,077) | \$24,290 | \$ (9,501) |

Amortization of intangible assets was \$1.6 million, \$1.5 million and \$1.4 million in 2008, 2007 and 2006, respectively. Estimated amortization expense each year for the five years subsequent to December 31, 2008, is as follows: 2009, \$1.2 million; 2010, \$1.2 million; 2011, \$1.2 million; 2012, \$1.2 million; and 2013, \$1.2 million. The changes in goodwill for the years ended December 31, 2008 and 2007, by reportable business segment, were as follows:

| (in thousands) | Flavors & Fragrances | Color | Corporate & Other | Consolidated |
|---------------------------------|-------------------------|-----------|----------------------|--------------|
| 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 |
| Currency translation impact | (15,436) | (20,726) | (33) | (36,195) |
| Balance as of December 31, 2008 | \$ 135,016 | \$304,781 | \$ 619 | \$ 440,416 |

3.

Debt

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

| (in thousands) | 2008 | 2007 |
|---|-----------|-----------|
| 5.85% Euro-denominated senior notes due November 2013 | \$ 27,008 | \$ 28,226 |
| 7.31% senior notes due November 2013 | 25,000 | 25,000 |
| 5.78% Euro-denominated senior notes due November 2011 | 54,016 | 56,452 |
| 7.17% senior notes due November 2011 | 30,000 | 30,000 |
| Floating rate Euro-denominated senior notes due November 2011 | 27,008 | 28,226 |
| 6.68% senior notes due through January 2011 | 6,429 | 8,571 |
| 6.77% senior notes due through January 2010 | 15,000 | 15,000 |
| 6.60% notes due through April 2009 | 122,242 | 149,817 |
| 7.59% senior notes due through December 2008 | — | 4,286 |
| Long-term revolving loan agreement | 129,982 | 91,788 |
| Various other notes | 8,917 | 12,398 |
| Deferred realized gains (losses) on interest rate swaps | 80 | (143) |
| | 445,682 | 449,621 |
| Less current maturities | — | — |
| Total long-term debt | \$445,682 | \$449,621 |

Years ended December 31, 2008, 2007 and 2006

The floating rate long-term Euro-denominated notes had average coupon rates of 6.67% and 6.16% for the years ended December 31, 2008 and 2007, respectively. The borrowings under the long-term revolving loan agreement had an average interest rate of 3.43% and 4.91% for the year ended December 31, 2008 and 2007, respectively.

The aggregate amounts of maturities on long-term debt each year for the five years subsequent to December 31, 2008, are as follows: 2009, \$129.9 million; 2010, \$17.9 million; 2011, \$113.5 million; 2012, \$130.3 million; and 2013, \$52.4 million.

The Company has approximately \$129.9 million of long-term debt that matures in 2009 including \$126.8 million that can be redeemed at the option of the note holder. It is the Company's intention to refinance these maturities under the long-term revolving loan agreement and the new Term Loan agreement (described below) and, accordingly, that maturing debt has been classified as long-term debt in the Consolidated Balance Sheet.

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, 2008.

In October 2008, the Company entered into a \$105 million senior unsecured term loan agreement ("Term Loan") with a group of five banks. The Term Loan allows the Company to make one or more borrowings on or before April 1, 2009. The Term Loan matures on June 15, 2012. The interest rate on the Term Loan is based on floating rates at the Company's election of either (1) the higher of (a) the prime rate or (b) the federal funds rate plus 0.5% or (2) a Eurodollar base rate derived from LIBOR plus a margin (initially 225 basis points but subject to adjustment as the Company's leverage ratio changes). The Company may prepay the Term Loan in whole or in part prior to the maturity date without any penalty. The Term Loan contains a number of requirements and financial covenants similar to those in the Company's current loan agreements. The Term Loan will be used to retire the Company's public debt when it matures in April 2009. Accordingly, that maturing debt has been classified as long-term debt on the Consolidated Balance Sheet.

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

| <u>(in thousands)</u> | <u>2008</u> | <u>2007</u> |
|--|-----------------|-----------------|
| Direct borrowings under the revolving loan agreement | \$25,000 | \$ — |
| Commercial paper | 500 | 11,125 |
| Uncommitted loans | 5,698 | 43,960 |
| Loans of foreign subsidiaries | 3,015 | 2,402 |
| Total | <u>\$34,213</u> | <u>\$57,487</u> |

The weighted-average interest rates on short-term borrowings were 1.95% and 5.09% at December 31, 2008 and 2007, respectively.

The Company has \$138.9 million available under the revolving credit facility and \$32.3 million available under other lines of credit from several banks at December 31, 2008.

The Company has stand-by letters of credit outstanding of \$6.4 million and \$8.0 million as of December 31, 2008 and 2007, 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, 2008 and 2007, the Company had forward exchange contracts (accounted for as cash flow hedges), with maturities of one year or less, of \$134.8 million and \$119.5 million, respectively. The fair value of these instruments, based on dealer quotes, was an asset of \$1.5 million at December 31, 2008. The fair value of these instruments at December 31, 2007, was an asset of \$0.1 million.

Foreign-denominated Debt In November 2006, the Company entered into a 77.3 million Euro-denominated note agreement. Although the Company borrowed Euros under the revolver in 2008, there were no outstanding Euro-denominated borrowings under the revolver at December 31, 2008. The Company has 32.0 million Swiss Francs outstanding under the long-term revolving loan agreement at December 31, 2008. These non-derivative instruments have been designated as partial hedges of the Company's Euro and Swiss Franc net asset positions. A gain of \$8.2 million and a loss of \$17.5 million have been recorded in foreign currency translation in OCI for the years ended December 31, 2008 and 2007, 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, 2008 and 2007.

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, 2008 and 2007 was \$445.7 million and \$449.6 million, respectively. The fair value of long-term debt at December 31, 2008 and 2007 was approximately \$427.3 million and \$439.5 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.

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. Although the Company still has options outstanding under the 1998 Stock Option Plan and the 1994 Stock Option Plan, no new awards may be granted under these plans. 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, 2008, there were 2.4 million shares available to be granted as future stock options and non-vested stock under existing stock plans. Of the shares available, 1.4 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 \$6.77 in 2008, \$5.81 in 2007 and \$4.76 in 2006. Significant assumptions used in estimating the fair value of awards granted are as follows:

| | 2008 | 2007 | 2006 |
|-------------------------|-------|-------|-------|
| Dividend yield | 2.3% | 2.7% | 3.1% |
| Volatility | 26.3% | 26.0% | 27.0% |
| Risk-free interest rate | 3.1% | 4.8% | 4.8% |
| Expected term (years) | 5.3 | 5.0 | 5.2 |

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. The Company expenses awards for nonvested stock based on the fair value of the Company's common stock at the date of the grant.

Total pre-tax share-based compensation recognized in the Consolidated Statements of Earnings was \$3.8 million, \$4.7 million and \$5.0 million in 2008, 2007 and 2006, respectively. Tax related benefits of \$0.7 million, \$0.5 million and \$0.8 million were also recognized in 2008, 2007 and 2006, respectively. Cash received from the exercise of stock options was \$16.0 million, \$14.1 million and \$7.0 million for 2008, 2007 and 2006, respectively, and is reflected in cash flows from financing activities in the Consolidated Statements of Cash Flows.

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, 2008, 2007 and 2006, presented as cash flows from financing activities, were not material. The following table summarizes the transactions involving the stock option plans:

Years ended December 31, 2008, 2007 and 2006

| <u>(in thousands except exercise price and life)</u> | <u>Options</u> | <u>Weighted-Average Exercise Price</u> | <u>Weighted-Average Remaining Life (Years)</u> | <u>Aggregate Intrinsic Value</u> |
|--|----------------|--|--|--|
| 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 |
| Granted | 14 | 30.07 | | |
| Exercised | (759) | 21.09 | | |
| Cancelled | (33) | 21.64 | | |
| Outstanding at December 31, 2008 | <u>1,450</u> | <u>\$ 21.17</u> | <u>5.0</u> | <u>\$ 4,110</u> |
| Exercisable at December 31, 2008 | <u>1,336</u> | <u>\$ 20.94</u> | <u>4.8</u> | <u>\$ 3,975</u> |

The aggregate intrinsic values of stock options exercised during 2008, 2007 and 2006, were \$6.5 million, \$4.2 million and \$1.6 million, respectively.

As of December 31, 2008, total remaining unearned compensation, net of expected forfeitures, related to unvested stock options was \$0.3 million, which will be amortized over the weighted-average remaining service period of 1.4 years.

The following table summarizes information concerning outstanding and exercisable stock options at December 31, 2008:

| <u>(in thousands except life and exercise price)</u> | <u>Range of Exercise Price</u> | | |
|---|--------------------------------|---------------------------|---------------------------|
| | <u>\$18.00- 19.39</u> | <u>\$19.40- 23.08</u> | <u>\$23.09- 30.07</u> |
| Options outstanding | 465 | 502 | 483 |
| Weighted-average remaining contractual life, in years | 4.8 | 5.1 | 5.2 |
| Weighted-average exercise price | <u>\$18.56</u> | <u>\$21.09</u> | <u>\$23.77</u> |
| Options exercisable | 440 | 498 | 398 |
| Weighted-average exercise price | <u>\$18.54</u> | <u>\$21.10</u> | <u>\$23.40</u> |

The closing stock price of Sensient common stock at December 31, 2008 was \$23.88.

The following table summarizes the nonvested stock activity:

| <u>(in thousands except fair value)</u> | <u>Shares</u> | <u>Grant Date Weighted- Average Fair Value</u> | <u>Aggregate Intrinsic Value</u> |
|---|---------------|--|--|
| 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 |
| Granted | 266 | 23.02 | |
| Vested | (129) | 21.33 | |
| Cancelled | (134) | 23.93 | |
| Outstanding at December 31, 2008 | <u>454</u> | <u>\$ 24.42</u> | <u>\$ 10,847</u> |

The total intrinsic values of shares vested during 2008, 2007 and 2006, was \$3.0 million, \$8.0 million and \$1.4 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, 2008, total remaining unearned compensation, net of expected forfeitures, related to nonvested stock was \$8.1 million, which will be amortized over the weighted-average remaining service period of 3.3 years.

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 \$3.9 million, \$3.6 million and \$3.2 million in 2008, 2007 and 2006, 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:

| <u>(in thousands)</u> | <u>2008</u> | <u>2007</u> |
|---|-------------------|-------------------|
| Benefit obligation at beginning of year | \$ 53,341 | \$ 48,210 |
| Service cost | 1,267 | 1,564 |
| Interest cost | 2,922 | 2,851 |
| Foreign currency exchange rate changes | (3,902) | 1,250 |
| Benefits paid | (6,256) | (2,644) |
| Actuarial (gain) loss | (4,894) | 2,110 |
| Benefit obligation at end of year | <u>42,478</u> | <u>53,341</u> |
| Plan assets at beginning of year | 21,237 | 17,978 |
| Company contributions | 8,502 | 3,932 |
| Foreign currency exchange rate changes | (3,922) | 1,147 |
| Benefits paid | (6,256) | (2,644) |
| Actual (loss) gain on plan assets | (2,096) | 824 |
| Plan assets at end of year | <u>17,465</u> | <u>21,237</u> |
| Funded status | <u>\$(25,013)</u> | <u>\$(32,104)</u> |
| Accumulated benefit obligation | <u>\$ 40,594</u> | <u>\$ 51,524</u> |

Amounts recognized in the Consolidated Balance Sheets at December 31:

| <u>(in thousands)</u> | <u>2008</u> | <u>2007</u> |
|---|-------------------|-------------------|
| Accrued employee and retiree benefits | \$(28,533) | \$(34,277) |
| Prepaid expenses and other current assets | 3,520 | 2,173 |
| Net liability | <u>\$(25,013)</u> | <u>\$(32,104)</u> |

Components of annual benefit cost:

| <u>(in thousands)</u> | <u>2008</u> | <u>2007</u> | <u>2006</u> |
|------------------------------------|-----------------|-----------------|----------------|
| Service cost | \$ 1,267 | \$ 1,564 | \$1,091 |
| Interest cost | 2,922 | 2,851 | 2,446 |
| Expected return on plan assets | (1,264) | (1,120) | (895) |
| Amortization of prior service cost | 1,950 | 1,950 | 1,935 |
| Recognized actuarial loss | 175 | 216 | 308 |
| Settlement expense | 710 | — | 1,036 |
| Defined benefit expense | <u>\$ 5,760</u> | <u>\$ 5,461</u> | <u>\$5,921</u> |

Weighted-average liability assumptions as of December 31:

| | <u>2008</u> | <u>2007</u> |
|--------------------------------|-------------|-------------|
| Discount rate | 6.83% | 6.00% |
| Expected return on plan assets | 5.96% | 5.98% |
| Rate of compensation increase | 4.28% | 4.28% |

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

| | <u>2008</u> | <u>2007</u> |
|--------------------------------|-------------|-------------|
| Discount rate | 6.00% | 5.75% |
| Expected return on plan assets | 5.98% | 6.00% |
| Rate of compensation increase | 4.28% | 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, 2008, which include employees' expected future service are as follows: 2009, \$2.5 million; 2010, \$1.9 million; 2011, \$17.0 million; 2012, \$6.1 million; 2013, \$2.5 million; and \$9.3 million in total for the years 2014 through 2018.

The Company expects to contribute \$4.1 million to defined benefit plans in 2009.

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

| <u>(in thousands)</u> | <u>2008</u> | <u>2007</u> |
|---------------------------------|-------------|-------------|
| Prior service cost | \$7,421 | \$9,408 |
| Unrecognized net actuarial loss | 5,713 | 8,773 |

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 2009 are \$1.8 million and \$0.2 million, respectively.

Years ended December 31, 2008, 2007 and 2006

7.

Income Taxes

The provision for income taxes was as follows:

| (in thousands) | 2008 | 2007 | 2006 |
|---------------------------------|-----------------|-----------------|-----------------|
| Currently payable (refundable): | | | |
| Federal | \$10,467 | \$ 1,945 | \$11,595 |
| State | 1,902 | 1,087 | (230) |
| Foreign | <u>22,734</u> | <u>21,044</u> | <u>16,017</u> |
| | <u>35,103</u> | <u>24,076</u> | <u>27,382</u> |
| Deferred expense (benefit): | | | |
| Federal | 1,399 | 4,400 | (952) |
| State | (603) | 47 | (637) |
| Foreign | <u>2,533</u> | <u>4,934</u> | <u>1,311</u> |
| | <u>3,329</u> | <u>9,381</u> | <u>(278)</u> |
| Income taxes | <u>\$38,432</u> | <u>\$33,457</u> | <u>\$27,104</u> |

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

| (in thousands) | 2008 | 2007 |
|-----------------------------------|-------------------|-----------------|
| Deferred tax assets: | | |
| Benefit plans | \$ 11,467 | \$ 11,475 |
| Liabilities and reserves | 5,635 | 5,096 |
| Foreign operating loss carryovers | 28,595 | 30,254 |
| Other | <u>17,262</u> | <u>18,600</u> |
| Gross deferred tax assets | 62,959 | 65,425 |
| Valuation allowance | <u>(26,091)</u> | <u>(26,256)</u> |
| Deferred tax assets | <u>36,868</u> | <u>39,169</u> |
| Deferred tax liabilities: | | |
| Property, plant and equipment | (21,390) | (19,918) |
| Other assets | (2,936) | (4,494) |
| Other | <u>(18,575)</u> | <u>(15,480)</u> |
| Deferred tax liabilities | <u>(42,901)</u> | <u>(39,892)</u> |
| Net deferred tax liabilities | <u>\$ (6,033)</u> | <u>\$ (723)</u> |

At December 31, 2008, foreign operating loss carryovers were \$109.7 million. Included in the foreign operating loss carryovers are losses of \$7.2 million that expire through 2023 and \$102.5 million that do not have an expiration date. At December 31, 2008, state operating loss carryovers were \$127.4 million, all of which expire through 2023.

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

| | 2008 | 2007 | 2006 |
|--|--------------|--------------|--------------|
| Taxes at statutory rate | 35.0% | 35.0% | 35.0% |
| State income taxes, net of federal income tax benefit | 1.1 | 0.7 | 0.2 |
| Tax credits | (0.2) | (0.3) | (0.7) |
| Taxes on foreign earnings | (3.2) | (0.1) | (4.5) |
| Foreign sales corporation/ extraterritorial income tax benefit | 0.0 | 0.0 | (0.7) |
| Resolution of prior years' tax matters | (1.1) | (5.3) | (5.9) |
| Valuation allowance adjustments | (0.7) | (0.9) | 0.8 |
| Other, net | (1.2) | 1.0 | 4.8 |
| Effective tax rate | <u>29.7%</u> | <u>30.1%</u> | <u>29.0%</u> |

Earnings before income taxes were as follows:

| (in thousands) | 2008 | 2007 | 2006 |
|----------------|------------------|------------------|-----------------|
| United States | \$ 40,454 | \$ 22,470 | \$18,686 |
| Foreign | <u>88,839</u> | <u>88,773</u> | <u>74,843</u> |
| Total | <u>\$129,293</u> | <u>\$111,243</u> | <u>\$93,529</u> |

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, 2008, federal and state taxes have not been provided for approximately \$241.2 million of unremitted earnings of the foreign subsidiaries that are considered to be invested indefinitely. 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 for 2008 and 2007 is as follows:

| <u>(in thousands)</u> | <u>2008</u> | <u>2007</u> |
|--|-----------------|-----------------|
| Balance at beginning of year | \$10,642 | \$13,945 |
| Increases for tax positions taken in the current year | 759 | 989 |
| Increases for tax positions taken in prior years | 1,199 | 1,326 |
| Decreases for tax positions taken in prior years | — | (553) |
| Decreases related to settlements with tax authorities | (493) | (320) |
| Decreases as a result of lapse of the applicable statutes of limitations | (1,309) | (5,315) |
| Foreign currency exchange rate changes | (1,317) | 570 |
| Balance at the end of year | <u>\$ 9,481</u> | <u>\$10,642</u> |

The amount of the unrecognized tax benefits that would affect the effective tax rate, if recognized, was approximately \$8.9 million. The Company recognizes interest and penalties related to the unrecognized tax benefits in income tax expense. Approximately \$1.7 million of accrued interest and penalties is reported as an income tax liability at December 31, 2008. 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, 2008.

The Company believes that it is reasonably possible that the total amount of liability for unrecognized tax benefits as of December 31, 2008, will decrease by approximately \$1.4 million during 2009. The potential decrease relates to various tax matters for which the statute of limitations may expire in 2009. 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 2003.

8.

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 and China Groups.

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.

Years ended December 31, 2008, 2007 and 2006

Segment Information The Company's operations, except for the Asia Pacific and China Groups, 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 and China Groups. In 2008, the Company's operations in China, previously reported in the Flavors and Fragrances Group, are now reported in the Corporate and Other segment. Results for 2007 and 2006 have been restated to reflect this change.

| <u>(in thousands)</u> | <u>Flavors & Fragrances</u> | <u>Colors</u> | <u>Corporate & Other</u> | <u>Consolidated</u> |
|-------------------------------------|-------------------------------------|----------------|----------------------------------|---------------------|
| 2008 | | | | |
| Revenue from external customers | \$ 791,527 | \$388,089 | \$ 73,004 | \$ 1,252,620 |
| Intersegment revenue | 18,031 | 14,275 | 2,563 | 34,869 |
| Total revenue | <u>809,558</u> | <u>402,364</u> | <u>75,567</u> | <u>1,287,489</u> |
| Operating income (loss) | 123,485 | 71,581 | (33,467) | 161,599 |
| Interest expense | — | — | 32,306 | 32,306 |
| Earnings (loss) before income taxes | <u>123,485</u> | <u>71,581</u> | <u>(65,773)</u> | <u>129,293</u> |
| Assets | 787,615 | 635,590 | 102,232 | 1,525,437 |
| Capital expenditures | 33,136 | 14,193 | 6,351 | 53,680 |
| Depreciation and amortization | 26,090 | 13,594 | 4,761 | 44,445 |
| 2007 | | | | |
| Revenue from external customers | \$ 752,238 | \$367,794 | \$ 64,746 | \$ 1,184,778 |
| Intersegment revenue | 15,870 | 11,236 | 2,453 | 29,599 |
| Total revenue | <u>768,108</u> | <u>379,030</u> | <u>67,199</u> | <u>1,214,337</u> |
| Operating income (loss) | 114,738 | 66,565 | (33,933) | 147,370 |
| Interest expense | — | — | 36,127 | 36,127 |
| Earnings (loss) before income taxes | <u>114,738</u> | <u>66,565</u> | <u>(70,060)</u> | <u>111,243</u> |
| Assets | 802,431 | 653,731 | 108,020 | 1,564,182 |
| Capital expenditures | 28,997 | 9,723 | 3,241 | 41,961 |
| Depreciation and amortization | 26,377 | 13,044 | 4,891 | 44,312 |
| 2006 | | | | |
| Revenue from external customers | \$ 704,666 | \$340,178 | \$ 53,930 | \$ 1,098,774 |
| Intersegment revenue | 14,682 | 10,853 | 2,688 | 28,223 |
| Total revenue | <u>719,348</u> | <u>351,031</u> | <u>56,618</u> | <u>1,126,997</u> |
| Operating income (loss) | 101,860 | 58,788 | (31,371) | 129,277 |
| Interest expense | — | — | 35,748 | 35,748 |
| Earnings (loss) before income taxes | <u>101,860</u> | <u>58,788</u> | <u>(67,119)</u> | <u>93,529</u> |
| Assets | 735,228 | 620,883 | 97,956 | 1,454,067 |
| Capital expenditures | 27,864 | 6,368 | 5,082 | 39,314 |
| Depreciation and amortization | 26,198 | 12,589 | 4,257 | 43,044 |

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

| <u>(in thousands)</u> | <u>2008</u> | <u>2007</u> | <u>2006</u> |
|----------------------------------|--------------------|--------------------|--------------------|
| Revenue from external customers: | | | |
| North America | \$ 674,777 | \$ 644,463 | \$ 623,282 |
| Europe | 371,414 | 353,539 | 320,632 |
| Asia Pacific | 128,650 | 112,226 | 93,960 |
| Other | 77,779 | 74,550 | 60,900 |
| Consolidated | <u>\$1,252,620</u> | <u>\$1,184,778</u> | <u>\$1,098,774</u> |
| Long-lived assets: | | | |
| North America | \$ 393,973 | \$ 410,292 | \$ 393,384 |
| Europe | 478,161 | 521,085 | 485,844 |
| Asia Pacific | 25,047 | 22,287 | 19,644 |
| Other | 733 | 474 | 344 |
| Consolidated | <u>\$ 897,914</u> | <u>\$ 954,138</u> | <u>\$ 899,216</u> |

Sales in the United States, based on the final country of destination of the Company's products, were \$507.3 million, \$476.4 million and \$463.0 million in 2008, 2007 and 2006, respectively. No other country of destination exceeded 10% of consolidated sales. Total long-lived assets in the United States amounted to \$309.5 million, \$312.1 million and \$314.7 million at December 31, 2008, 2007 and 2006, respectively.

9.

Fair Value Measurements

On January 1, 2008, the Company adopted SFAS No. 157, *Fair Value Measurements*. This statement defines fair value for financial assets and liabilities, establishes a framework for measuring fair value in generally accepted accounting principles (GAAP) and expands disclosures about fair value measurements. As of December 31, 2008, the Company's only assets and liabilities subject to this statement are forward contracts (all currently accounted for as cash flow hedges) and mutual fund investments. Both of these financial instruments were previously being recorded by the Company at fair value that meets the requirements as defined by SFAS No. 157. Accordingly, there was no impact on the Company's net earnings and financial position as a result of adopting this statement. The fair value of the forward contracts based on current pricing obtained for comparable derivative products (Level 2 inputs per SFAS No. 157) at December 31, 2008 was an asset of \$1.5 million. The fair value of the investments based on December 31, 2008 market quotes (Level 1 inputs per SFAS No. 157) was an asset of \$12.7 million.

The Company reviewed SFAS No. 159, *The Fair Value Option for Financial Assets and Liabilities*, which permits companies to choose to measure many financial instruments and certain other items at fair value. The Company chose not to elect the fair value option for any assets and liabilities not currently valued at fair value and determined that this statement does not have an impact on its financial statements and disclosures.

10.

Commitments and Contingencies

LEASES

The Company leases certain facilities and equipment under operating lease arrangements. Aggregate minimum rental commitments at December 31, 2008, for all noncancelable operating leases with an initial lease term greater than one year for the years ending December 31 were as follows:

| <u>(in thousands)</u> | |
|-----------------------|-----------------|
| 2009 | \$ 8,047 |
| 2010 | 6,041 |
| 2011 | 3,688 |
| 2012 | 2,365 |
| 2013 | 1,371 |
| Thereafter | 4,242 |
| | <u>\$25,754</u> |

Rent expense totaled \$12.0 million, \$11.6 million and \$10.6 million during the years ended December 31, 2008, 2007 and 2006, 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 a manufacturing site 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 are substantially complete.

Superfund Claim

In July 2004, the Environmental Protection Agency (“EPA”) notified the Company’s subsidiary Sensient Colors Inc. (“Sensient Colors”) that it may be a potentially responsible party (“PRP”) under the Comprehensive Environmental Response, Compensation

Years ended December 31, 2008, 2007 and 2006

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 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 in January 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 informed Sensient Colors that it was unwilling to discuss these legal challenges without prior conditions. In 2006, 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.

In March 2007, the United States filed a complaint in the U.S. District Court in New Jersey against Sensient Colors claiming “over \$16 million” in response costs allegedly incurred and to be incurred by the EPA pursuant to CERCLA. Sensient Colors moved to dismiss the United States’ complaint, which motion was denied by the Court in October 2007. Sensient Colors timely filed its answer and affirmative defenses to the United States’ complaint, as well as a third-party complaint against current and former owners and/or operators of the Site. The United States moved to strike Sensient Colors’ affirmative defenses. In an August 12, 2008 Opinion and Order, following briefs and oral argument, the Court partly granted and partly denied the United States’ motion, effectively preserving most of Sensient Colors’ affirmative defenses, either as originally pled or with changes outlined by the Court. Sensient Colors promptly filed an amended pleading incorporating the revised affirmative defenses. On July 29, 2008, Sensient Colors filed a third-party complaint adding Kohnstamm Inc. (a Canadian affiliate of General Color Company) and its president Avtar Singh as defendants.

In late August 2008, in the course of reviewing documents produced by the EPA, Sensient Colors discovered an e-mail exchange between EPA officials that Sensient Colors believes supports many of the legal theories and affirmative defenses advanced by Sensient Colors in the litigation and undermines key United States cost recovery claims. By letter dated August 26, 2008, based on the above document and other evidence adduced in the case, Sensient Colors demanded that the United States dismiss its case with prejudice and reimburse Sensient Colors for attorneys’ fees and costs incurred. In response to the August 26, 2008 letter, the United States withdrew, without prejudice, its then-pending motion to limit the scope of review to EPA’s administrative record and told the Court that it would respond to Sensient’s letter by September 10, 2008. The United States then sought additional time for its review of Sensient Colors’ demand. In an October 3, 2008 Letter Order, the Court directed the United States to provide Sensient with notice of its decision with respect to the demand for dismissal by October 31, 2008. In a letter to Sensient Colors dated October 31, 2008, the United States declined to voluntarily dismiss the case but agreed, with certain conditions, not to oppose depositions of current and former EPA employees on the issues raised in Sensient Colors’ letter of August 26, 2008. The United States reserved its rights to seek limitations on discovery and to seek to limit review of EPA’s choice of response action to the administrative record.

Using the evidence that supports its demand for dismissal, Sensient Colors moved for leave to amend its responsive pleading to include a new affirmative defense, a counterclaim against the United States and the EPA, and third-party claims against certain EPA employees or agents. After briefing, the motion for leave to amend was argued before the magistrate judge on November 18, 2008. On February 13, 2009, the magistrate issued an opinion and order denying Sensient Colors’ motion for leave to amend. Sensient Colors has until March 2, 2009 to appeal the magistrate’s decision to the district court judge and intends to do so.

Sensient Colors also issued subpoenas or deposition notices to numerous current or former EPA officials. Motions were filed to block the depositions of former EPA Administrator Christine Todd Whitman, former EPA Regional Administrator Jane Kenny, and EPA On-Scene Coordinator David Rosoff. Those motions have been fully briefed. On January 28, 2009, the magistrate judge issued an opinion and order denying or delaying Sensient Color’s ability to conduct the foregoing depositions. Sensient Colors has exercised its right to appeal the magistrate’s decision to the district court judge.

Sensient Colors 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. A portion of Sensient Colors' legal defense costs is being paid by insurers with a reservation of coverage rights. Litigation to resolve coverage issues 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), 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 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 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 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"). 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 is allegedly responsible, such reduction may become a part of the damages claimed by plaintiff. In March 2007, plaintiff filed an amended complaint naming the Agency, the NJSCC and the DEP as additional defendants in furtherance of this effort. In April 2007, Sensient Colors 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 has responded to all three cross-claims. Document discovery was completed in July 2008, and expert and rebuttal expert reports have been exchanged. Depositions of fact and expert witnesses are on-going.

Sensient Colors advised the Court and the other parties in this litigation of the developments in the Superfund Claim as described above. Sensient Colors took supplemental depositions of several DEP officials and served subpoenas upon five current or former EPA officials. The United States, though not a party to the Pleasant Gardens case, initially sought to quash those subpoenas before the Pleasant Gardens court. On November 17, 2008, the United States removed the subpoenas and related proceedings to federal court. At an initial court conference on the removed proceedings on February 19, 2009, the federal magistrate judge asked for additional briefing on the issue of the government's standing to seek to quash the state court subpoenas, which the court has indicated an intent to consider before considering the merits of the motion to quash.

On December 3, 2008, Sensient Colors moved for a 120-day stay of the trial date and commensurate adjustment of case schedule. There has as yet been no ruling on that motion.

On January 8, 2009, the judge recused himself from the Pleasant Gardens case (as well as the related insurance-coverage case) because of a conflict of interest and the Pleasant Gardens case has been reassigned to another judge. In light of the recusal and reassignment, the new judge has re-scheduled the trial to commence no earlier than June 1, 2009 and, depending on how certain outstanding discovery issues are resolved, the trial may be deferred further.

As of December 31, 2008, the liabilities related to environmental matters are estimated to be between \$1.5 million and \$25.7 million. As of December 31, 2008, the Company has accrued \$1.8 million, which is all related to the environmental reserves established in connection with a 2001 acquisition. 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.

Years ended December 31, 2008, 2007 and 2006

COMMERCIAL LITIGATION

The following is a significant commercial case involving the Company.

Smead et al. v. Sensient Flavors Inc. et al.

On April 14, 2008, the Company's subsidiary Sensient Flavors Inc., now known as Sensient Flavors LLC ("Sensient Flavors"), certain other flavor manufacturers, a flavor industry trade association and its management company were sued in Milwaukee County Circuit Court in Milwaukee, Wisconsin, by a former employee of International Flavors & Fragrances, Inc. ("IFF"), Richard Smead, and his spouse, Kathy Smead. Mr. Smead claims that while working in various positions at IFF he was exposed to "butter flavors and/or their constituents" allegedly sold by Sensient Flavors and the other manufacturer defendants, which caused him to suffer "severe and permanent" injury to his respiratory system and other damages. Mrs. Smead's claim is 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 in other jurisdictions over the presence of diacetyl in butter flavoring for use in microwave popcorn production.

The Company believed that plaintiffs' claims were without merit and vigorously defended this case. The Company responded to the Complaint, denying all liability and joining numerous motions to dismiss that were filed by some of the other flavor manufacturers. An analysis of Sensient Flavors' sales records indicated that it never sold any butter flavoring to IFF. On January 6, 2009, the Court entered an Order dismissing Sensient Flavors from this case, without prejudice and without costs.

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.

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, 2008. 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, 2008.

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.

Report of Independent Registered

Public Accounting Firm

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, 2008 and 2007, and the related consolidated statements of earnings, shareholders' equity, and cash flows for each of the three years in the period ended December 31, 2008. 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, 2008 and 2007, and the consolidated results of their operations and their cash flows for each of the three years in the period ended December 31, 2008, 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 also have 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, 2008, 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 16, 2009 expressed an unqualified opinion thereon.

Ernst + Young LLP

Milwaukee, Wisconsin
February 16, 2009

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, 2008, 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, 2008, 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 balance sheets of the Company as of December 31, 2008 and 2007, and the related consolidated statements of earnings, shareholders' equity, and cash flows for each of the three years in the period ended December 31, 2008 and our report dated February 16, 2009 expressed an unqualified opinion thereon.

Ernst + Young LLP

Milwaukee, Wisconsin
February 16, 2009

Quarterly Data

(in thousands except per share amounts) (unaudited)

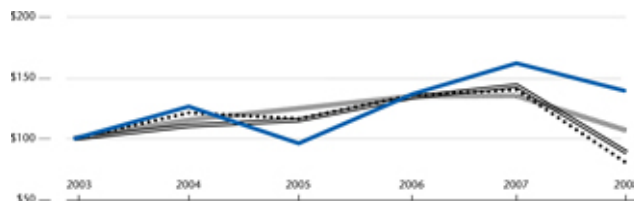
| | Revenue | Gross Profit | Net Earnings | Net Earnings Per Share | |
|----------------|-----------|--------------|--------------|------------------------|---------|
| | | | | Basic | Diluted |
| 2008 | | | | | |
| First Quarter | \$307,419 | \$ 95,642 | \$20,677 | \$ 0.44 | \$ 0.43 |
| Second Quarter | 332,795 | 101,722 | 25,460 | 0.54 | 0.53 |
| Third Quarter | 318,601 | 95,896 | 24,102 | 0.50 | 0.50 |
| Fourth Quarter | 293,805 | 87,606 | 20,622 | 0.43 | 0.43 |
| 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 |

Common Stock Prices and Dividends

| | Market Price | | Dividends Per Share |
|----------------|--------------|---------|---------------------|
| | High | Low | |
| 2008 | | | |
| First Quarter | \$30.27 | \$24.99 | \$ 0.18 |
| Second Quarter | 33.12 | 27.76 | 0.18 |
| Third Quarter | 32.26 | 26.95 | 0.19 |
| Fourth Quarter | 28.55 | 21.05 | 0.19 |
| 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 |

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, 2003 and reinvestment of dividends. The stock performance shown on the graph is not necessarily indicative of future price performance.



| | | | | | | | |
|-------|--------------------------------------|-------|--------|-------|--------|--------|--------|
| — | Sensient Technologies Corporation | \$100 | \$ 125 | \$ 96 | \$ 136 | \$ 160 | \$ 139 |
| | S&P Midcap Specialty Chemicals Index | 100 | 119 | 115 | 135 | 139 | 80 |
| ----- | S&P Food Products Index | 100 | 115 | 124 | 133 | 134 | 107 |
| ———— | S&P 500 Index | 100 | 111 | 116 | 135 | 142 | 90 |

Five Year Review

(in thousands except employee and per share data) Years ended December 31,

| | 2008 | |
|--|-------------|--------|
| Summary of Operations | | |
| Revenue | \$1,252,620 | 100.0% |
| Cost of products sold | 871,754 | 69.6 |
| Selling and administrative expenses | 219,267 | 17.5 |
| Restructuring and other charges | — | — |
| Operating income | 161,599 | 12.9 |
| Interest expense | 32,306 | 2.6 |
| Earnings before income taxes | 129,293 | 10.3 |
| Income taxes | 38,432 | 3.1 |
| Net earnings | 90,861 | 7.3% |
| Earnings per share: | | |
| Basic | \$ 1.91 | |
| Diluted | \$ 1.89 | |
| Other Related Data | | |
| Dividends per share, declared and paid | \$ 0.74 | |
| Average common shares outstanding: | | |
| Basic | 47,654 | |
| Diluted | 48,131 | |
| Book value per common share | \$ 16.87 | |
| Price range per common share | 21.05- | |
| | 33.12 | |
| Share price at December 31 | 23.88 | |
| Capital expenditures | 53,680 | |
| Depreciation | 42,798 | |
| Amortization | 1,647 | |
| Total assets | 1,525,437 | |
| Long-term debt | 445,682 | |
| Total debt | 479,895 | |
| Shareholders' equity | 818,596 | |
| Return on average shareholders' equity | 10.7% | |
| Total debt to total capital | 37.0% | |
| Employees | 3,613 | |

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. The charges were recorded in cost of products sold (\$4.3 million) and in restructuring and other charges (\$8.5 million).

| 2007 | | 2006 | | 2005 | | 2004 | |
|------------------|-------------|------------------|-------------|------------------|-------------|------------------|-------------|
| \$1,184,778 | 100.0% | \$1,098,774 | 100.0% | \$1,023,930 | 100.0% | \$1,047,133 | 100.0% |
| 822,479 | 69.5 | 766,506 | 69.7 | 731,253 | 71.4 | 734,596 | 70.2 |
| 214,929 | 18.1 | 202,991 | 18.5 | 189,998 | 18.6 | 183,381 | 17.5 |
| — | — | — | — | 8,465 | 0.8 | — | — |
| 147,370 | 12.4 | 129,277 | 11.8 | 94,214 | 9.2 | 129,156 | 12.3 |
| 36,127 | 3.0 | 35,748 | 3.3 | 35,737 | 3.5 | 31,265 | 3.0 |
| 111,243 | 9.4 | 93,529 | 8.5 | 58,477 | 5.7 | 97,891 | 9.3 |
| 33,457 | 2.8 | 27,104 | 2.5 | 14,282 | 1.4 | 23,973 | 2.2 |
| <u>\$ 77,786</u> | <u>6.6%</u> | <u>\$ 66,425</u> | <u>6.0%</u> | <u>\$ 44,195</u> | <u>4.3%</u> | <u>\$ 73,918</u> | <u>7.1%</u> |
| \$ 1.66 | | \$ 1.45 | | \$ 0.95 | | \$ 1.59 | |
| <u>\$ 1.65</u> | | <u>\$ 1.44</u> | | <u>\$ 0.94</u> | | <u>\$ 1.58</u> | |
| \$ 0.68 | | \$ 0.61 | | \$ 0.60 | | \$ 0.60 | |
| 46,740 | | 45,900 | | 46,746 | | 46,562 | |
| 47,257 | | 46,204 | | 47,067 | | 46,877 | |
| \$ 17.10 | | \$ 15.12 | | \$ 13.43 | | \$ 13.99 | |
| 23.66- | | 16.92- | | 16.82- | | 17.91- | |
| 31.99 | | 25.33 | | 23.97 | | 24.25 | |
| 28.28 | | 24.60 | | 17.90 | | 23.99 | |
| 41,961 | | 39,314 | | 36,102 | | 49,845 | |
| 42,849 | | 41,658 | | 43,502 | | 43,900 | |
| 1,463 | | 1,386 | | 1,357 | | 1,240 | |
| 1,564,182 | | 1,454,067 | | 1,398,273 | | 1,488,578 | |
| 449,621 | | 441,306 | | 283,123 | | 525,153 | |
| 507,108 | | 532,532 | | 553,682 | | 615,196 | |
| 814,421 | | 704,104 | | 622,228 | | 658,698 | |
| 10.2% | | 9.9% | | 6.8% | | 12.2% | |
| 38.4% | | 43.1% | | 47.1% | | 48.3% | |
| 3,623 | | 3,582 | | 3,518 | | 3,728 | |

Board of Directors

Kenneth P. Manning, 67

Chairman and Chief Executive Officer
Sensient Technologies Corporation
Elected Director in 1989 (2, 6)

Hank Brown, 69

President Emeritus
University of Colorado
Elected Director in 2004 (1, 4, 5)

Fergus M. Clydesdale, Ph.D., 72

Distinguished Professor,
Department of Food Science, and Director
of the Food Science Policy Alliance at the
University of Massachusetts – Amherst
Elected Director in 1998 (2, 3, 4, 6)

James A.D. Croft, 71

Chairman
Bartlodge Limited
Elected Director in 1997 (1, 2, 3, 6)

Robert J. Edmonds, 52

President and Chief Operating Officer
Sensient Technologies Corporation
Elected Director in 2008 (6)

William V. Hickey, 64

President and Chief Executive Officer
Sealed Air Corporation
Elected Director in 1997 (1, 2, 4, 5)

Peter M. Salmon, 59

President
International Food Network, Inc.
Elected Director in 2005 (5, 6)

Elaine R. Wedral, Ph.D., 64

Retired, President
Nestle's Research and Development
Worldwide Food Service Systems
Elected Director in 2006 (5, 6)

Essie Whitelaw, 61

Senior Vice President, Operations
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, 67

Chairman and Chief Executive Officer
With the Company 21 years

Peter G. Bradley, 49

President, Color Group
With the Company 6 years

John F. Collopy, 39

Vice President and Treasurer
With the Company 9 years

Neil G. Cracknell, 47

President, Flavors & Fragrances Group
With the Company 14 years

Robert J. Edmonds, 52

President and Chief Operating Officer
With the Company 4 years

John L. Hammond, 62

Senior Vice President, General Counsel and Secretary
With the Company 11 years

Richard F. Hobbs, 61

Senior Vice President and Chief Financial Officer
With the Company 35 years

Richard J. Malin, 42

Assistant Controller
With the Company 17 years

Douglas S. Pepper, 55

Vice President, Administration
With the Company 3 years

Stephen J. Rolfs, 44

Vice President, Controller and
Chief Accounting Officer
With the Company 11 years

Appointed Officers

Douglas L. Arnold, 45

Vice President, Administrative Services
With the Company 11 years

Christopher M. Daniels, 35

Assistant Treasurer
With the Company 9 years

Gordon E. Hering, Ph.D., 52

Vice President, Marketing & Technology
With the Company 15 years

Patrick E. Laubacher, 51

President, Dehydrated Flavors
With the Company 28 years

Jeffrey T. Makal, 45

Vice President, Taxation
With the Company 12 years

Robert L. Menzl, 52

Vice President, Information Technology

With the Company 13 years

Robert Wilkins, 52

President, Asia Pacific Group

With the Company 5 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/shareownerservices

Common Stock

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

There were 3,164 shareholders of record of Common Stock as of January 30, 2009.

Annual Meeting of Shareholders

The Annual Meeting of Shareholders will be held at 2:00 p.m. (CDT) on Thursday, April 23, 2009, at Trump International Hotel, 401 N. Wabash Avenue, 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, 2008. As Chief

Executive Officer, in 2008 Kenneth P. Manning also has certified compliance with New York Stock Exchange corporate governance listing standards.



777 EAST WISCONSIN AVENUE
MILWAUKEE, WI 53202-5304
WWW.SENSIENT-TECH.COM

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Section 9: EX-21 (SUBSIDIARIES OF THE REGISTRANT)

Exhibit 21

SUBSIDIARIES OF SENSIENT TECHNOLOGIES CORPORATION

| <u>Name</u> | <u>State or other jurisdiction of incorporation</u> | <u>% ownership (if less than 100%)</u> |
|------------------------|---|--|
| <i>Corporate Group</i> | | |
| 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 Holding III BV | Netherlands | |
| Sensient Technologies Colombia Ltda. | Colombia | |
| Sensient Vermögenswertwaltungs 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% |
| 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 | |

SUBSIDIARIES OF SENSIENT TECHNOLOGIES CORPORATION

| <u>Name</u> | <u>State or other jurisdiction of incorporation</u> | <u>% ownership (if less than 100%)</u> |
|---|---|--|
| 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 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 Corp. (China) Ltd. | China | |
| Sensient Technologies Corporation (Japan) | Japan | |
| Sensient Technologies Hong Kong Limited | Hong Kong | |
| Sensient Technologies (Philippines), Inc. | Philippines | |
| Sensient Technologies (Thailand), Ltd. | Thailand | |

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Section 10: 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 (Forms S-8 No. 333-155483, 333-145092, 33-55437, 333-95991, 333-95993, 33-27356, 333-35877, 333-96871, 333-85360, 333-45931 and 333-118539), as amended, of Sensient Technologies Corporation and in the related Prospectus of our reports dated February 16, 2009, 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 year ended December 31, 2008.

/s/ Ernst & Young LLP
Milwaukee, Wisconsin
March 2, 2009

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Section 11: EX-31 (CERTIFICATIONS)

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: March 2, 2009

/s/ Kenneth P. Manning

Kenneth P. Manning, Chairman
& Chief Executive Officer

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: March 2, 2009

/s/ Richard F. Hobbs

Richard F. Hobbs, Senior Vice President and Chief
 Financial Officer

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Section 12: EX-32 (CERTIFICATIONS)

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, 2008 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: March 2, 2009

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.

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, 2008 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: Senior Vice President and Chief Financial Officer

Date: March 2, 2009

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.

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