

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

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

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**FORM 10-K**

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

For the Fiscal Year Ended December 31, 2009

OR

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

Commission File Number 1-7626

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**Sensient Technologies Corporation**

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**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)

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**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.

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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 whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or

for such shorter period that the registrant was required to submit and post such files). 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, 2009 was \$1,089,040,801. 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 49,225,743 shares of Common Stock outstanding as of February 17, 2010.

#### **DOCUMENTS INCORPORATED BY REFERENCE**

Portions of: (1) the Company's Annual Report to Shareholders for the fiscal year ended December 31, 2009 (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 15, 2010 (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 pages 21-22 of the Company’s 2009 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](http://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.

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. The Asia Pacific and the China Groups are included in the “Corporate & Other” category, along with the Company’s corporate expenses. Financial information regarding the Company’s two reportable segments and the operations included within Corporate & Other is incorporated by reference to the information set forth on pages 39 through 41 of the Company’s 2009 Annual Report to Shareholders under the heading “Segment and Geographic Information.”

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### **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, Mexico, the Netherlands, Spain and the United Kingdom.

### **Color Group**

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

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

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

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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, China, Japan, 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. Beginning in 2009, our employed personnel in this category will include research and development, quality assurance/quality control and lab technicians, a total of 597 employed as of December 31, 2009. This number represents approximately a two percent increase over the number employed in this category on December 31, 2008.

Expenditures for research and development related to continuing operations in calendar year 2009 were \$29.3 million, compared with \$28.3 million in the year ended December 31, 2008, and \$25.7 million in the year ended December 31, 2007. As part of its commitment to quality as a competitive advantage, the Company holds certifications under the requirements established by the International Organization for Standardization in Geneva, Switzerland, through its ISO 9000 series of quality standards. Certified sites include Flavors & Fragrances Group plants in the United States, Spain, Italy, Mexico, Belgium, Germany, the United Kingdom, Canada, the Netherlands and France, and Color Group plants in the United States, Mexico and the United Kingdom. The Flavors & Fragrances Group plant in Spain has also received additional certification through the ISO 14001 and 18001 quality standards.

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### **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 obtained from domestic and foreign suppliers. Flavor enhancers and secondary flavors are produced from yeast and vegetable materials such as corn and soybeans. Chili peppers, onion, garlic and other vegetables are acquired under annual contracts with numerous growers in the western United States and Europe. The Company has expanded its sources of vegetables to include growers in China and expects to add growers in other Asian countries.

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

### **Competition**

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

- *Flavors and Fragrances.* Competition to supply the flavors and fragrances industries has taken on an increasingly global nature. Most of the Company's customers do not buy their entire flavor and/or fragrance products from a single supplier and the Company does not compete with a single supplier in all product categories. Competition for the supply of flavors and fragrances is based on the development of customized ingredients for new and reformulated customer products, as well as on quality, customer service and price. Competition to supply dehydrated vegetable products is present through several large and small domestic competitors, as well as competitors in other countries. Competition for the supply of dehydrated vegetables is based principally on product quality, customer service and price.
- *Color.* Competition in the color market is diverse, with the majority of the Company's competitors specializing in either synthetic dyes or natural colors. The Company believes that it gains a competitive advantage as the only major basic manufacturer of a full range of color products, including synthetic dyes and pigments as well as natural colors. Competition in the supply of inkjet inks is based principally upon price, quality and service, as well as product development and technical capabilities. The Company competes against a number of large and small suppliers of inkjet inks.

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- *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 2009 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, 2009, the Company employed 3,570 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 except for those proposed settlement amounts set forth in Item 3 of this Report under Environmental Matters. Current compliance is not expected to have a material adverse effect in the next two years except for those proposed settlement amounts set forth in Item 3 of this Report under Environmental Matters. 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 2009 Annual Report to Shareholders and “Forward Looking Statements” on page 24 of the 2009 Annual Report to Shareholders, 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 re-evaluate that line. Those developments could affect our results. In addition, the financial condition of our customers may adversely affect their ability to buy from us or to pay for products that they have already purchased.

- *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.



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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 and changing technologies.*

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. Our sales could also be affected by changing technologies that could impact consumer demand for products that contain our flavors, fragrances, colors and inks. 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. 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.

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- *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. Proposed settlements have been reached in principle by the principals and their insurers as described in Item 3 of this Report. Environmental regulations, and the potential failure to comply with them, can have serious consequences, including the costs of compliance and defense, interference with our operations, civil and administrative penalties and negative publicity.

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

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

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

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

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

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

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.

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- *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 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 or by epidemics. Such events and conditions, as well as the current impairment of financial markets, increased unemployment and decreased consumer spending, have adversely affected and could continue to 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>
<b>UNITED STATES</b>		
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, group headquarters/flavors & fragrances
Michigan		
Harbor Beach	Flavors & Fragrances	Production/flavors and flavor enhancers
Missouri		
St. Louis	Color	Production, R&D, sales/food, cosmetic, pharmaceutical and technical colors, group headquarters/colors
New Jersey		
South Plainfield*	Color	Production, R&D and sales/cosmetic and pharmaceutical colors and ingredients

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### UNITED STATES (continued)

#### Wisconsin

Juneau	Flavors & Fragrances	Production/flavor enhancers and extracts
Milwaukee*	Headquarters	Administrative offices

### INTERNATIONAL

#### Argentina

Buenos Aires*	Color	Sales/food colors
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#### Australia

Keysborough	Asia Pacific	Production, R&D and sales/colors and flavors
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#### 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
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#### 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	Flavors & Fragrances	R&D and sales/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

#### Costa Rica

San Jose*	Flavors & Fragrances	Sales/flavors
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#### Czech Republic

Prague*	Color	Sales/food colors
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#### England

Kings Lynn *	Color	Production/food colors and ink jet inks
Milton Keynes	Flavors & Fragrances	Production and sales/flavors and extracts

#### Finland

Espoo	Flavors & Fragrances	Sales/flavors
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### INTERNATIONAL (continued)

France		
Marchais	Flavors & Fragrances	Production/dehydrated flavors
Saint-Denis*	Color	Sales/food colors
Saint Ouen L'Aumone*	Color	Production, R&D and sales/cosmetic colors and ingredients
Strasbourg	Flavors & Fragrances	Production and sales/flavor enhancers and extracts
Germany		
Bremen (2)*	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 specialty chemicals
Mexico		
Celaya	Flavors & Fragrances	Production and sales/flavor enhancers and extracts
Lerma	Color	Production, R&D and sales/food and cosmetic colors
Tijuana*	Color	Production/inkjet inks
Tlalnepantla (2)*	Flavors & Fragrances	Production, R&D, distribution and sales/ingredients, flavors and fragrances
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

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### INTERNATIONAL (Continued)

Philippines		
Manila*	Asia Pacific	Production, R&D and sales/flavors, fragrances, cosmetic ingredients and color blending
Poland		
Warsaw*	Color	Sales/food colors
Warsaw*	Flavors	Sales/flavors
Romania		
Bucharest*	Flavors	Sales/flavors
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.

### **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.

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### 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 2005, 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 appealed the magistrate’s decision to the district court judge. On July 22, 2009, the district court judge issued a decision affirming the magistrate’s opinion and order, largely on sovereign immunity grounds.

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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. 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 exercised its right to appeal the magistrate's decision to the district court judge. On July 22, 2009, the district court judge issued a decision reversing the magistrate and ordering the depositions of Kenny and Rosoff to proceed.

On May 8, 2009, Sensient Colors filed a motion for summary judgment seeking dismissal with prejudice of the United States' claims.

Prior to arguing the summary judgment motion and to scheduling the depositions of the current and former EPA officials, the United States and Sensient Colors agreed to meet with each other, with the parties involved in the Pleasant Gardens dispute described below and with interested insurers to determine if a resolution short of trial was possible. The parties met and ultimately agreed to a settlement in principle to resolve the matter by specified payments among the parties and their insurers. As a result of the proposed settlements, Sensient's results for the quarter and year ended December 31, 2009, include pre-tax charges for estimated settlement liabilities and related legal costs, net of insurance reimbursements, of approximately \$11.3 million. The proposed settlements remain subject to the preparation and execution of definitive agreements and approval of proposed consent decrees by the U.S. District Court in New Jersey and the Superior Court of New Jersey after an opportunity for public comment.

### *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. 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. That amount has been held in escrow pending the outcome of the lawsuit. 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 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. In September 2009, the federal magistrate judge ordered that former EPA officials could be deposed but only as to "individual" and not "official" matters. Sensient Colors is appealing this decision to the district court judge.



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On January 8, 2009, the state court 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 was reassigned to another judge. In light of the recusal and reassignment, the new judge re-scheduled the trial to commence no earlier than June 1, 2009, and, indicated that depending on how certain outstanding discovery issues are resolved, the trial may be deferred further. On April 20, 2009, the court further extended the pretrial schedule and set a trial date for October 5, 2009. On July 24, 2009, Sensient Colors filed a motion for summary judgment on the grounds that the DEP's proposed remedy was arbitrary and capricious.

At a conference held on September 18, 2009, the state court judge ordered that discovery be completed before November 15, 2009, that dispositive motions be heard on December 11, 2009, and that the trial commence on February 8, 2010. The judge also ordered that mediation occur before November 15, 2009.

As described above, Sensient Colors met with the parties to the Pleasant Gardens litigation, to the Superfund claims described above and their respective insurers, and they ultimately agreed to a settlement in principle to resolve the matter by specified payments among the parties and their insurers. As a result of the proposed settlements, Sensient results for the quarter and year ended December 31, 2009, include pre-tax charges for estimated settlement liabilities and related legal costs, net of insurance reimbursements, of approximately \$11.3 million. The proposed settlements remain subject to the preparation and execution of definitive agreements and approval of proposed consent decrees by the U.S. District Court in New Jersey and the Superior Court of New Jersey after an opportunity for public comment.

## Commercial Litigation

On October 13, 2009, J. Lohr Vineyards and Wines ("Lohr") filed suit against the Company and its subsidiary, Sensient Dehydrated Flavors LLC ("Sensient Flavors") in the state court in Monterey, California. The complaint sought to permanently enjoin the Company and Sensient Flavors from processing onions at its Greenfield, California dehydration facility based on a limitation in Sensient Flavors' 1972 use permit to the processing of "peppers, celery and parsley", and based on Lohr's claim that Sensient Flavors' onion processing has been damaging Lohr's grapes and wine. Lohr's complaint, in addition to seeking injunctive relief, sets out claims for "nuisance", "trespass", interference with prospective business advantage, and "negligence per se". Lohr sought damages of "over \$1.6 million" for alleged losses due to an "onion taint" to its grapes, wine and vineyards, as well as punitive and other damages. On October 14, the court denied a temporary restraining order requested by Lohr against the Company and Sensient Flavors. On October 27, the court issued a preliminary injunction enjoining the Company and Sensient Flavors from processing any vegetables not expressly authorized in the 1972 use permit issued by the County to Sensient Flavors or any amendments thereto. Sensient Flavors filed an application with the Planning Department seeking an amendment to its use permit confirming its right to process onions at its Greenfield facility, but later concluded that the likely delays, expenses and regulatory uncertainties involved in pursuing the amendment to the use permit made the permit amendment not worth pursuing. Accordingly, Sensient Flavors decided not to seek to resume onion processing at its Greenfield facility and instead is pursuing arrangements for the processing of these onions at other facilities. Sensient's production of dehydrated onion at the Greenfield facility in 2009 represented less than 10% of its total onion production in California. On December 9, 2009, the Company and Sensient Flavors reached a settlement agreement with Lohr under which the Company and Sensient Flavors undertook not to process products at the Greenfield facility other than as authorized under the existing 1972 permit, and Lohr agreed to drop its claims and dismiss its suit with prejudice, which it has done.

## **Item 4. Reserved**

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### **Executive Officers of the Registrant**

The executive officers of the Company and their ages as of March 1, 2010, are as follows:

<u>Name</u>	<u>Age</u>	<u>Position</u>
Kenneth P. Manning	68	Chairman and Chief Executive Officer
John F. Collopy	40	Vice President and Treasurer
Neil G. Cracknell	48	President and Chief Operating Officer
John L. Hammond	63	Senior Vice President, General Counsel and Secretary
Dr. Gordon E. Hering	53	Vice President, Marketing & Technology
Richard F. Hobbs	62	Senior Vice President and Chief Financial Officer
Richard J. Malin	43	Assistant Controller
Douglas S. Pepper	57	Vice President, Administration
Stephen J. Rolfs	45	Vice President, Controller and Chief Accounting Officer
Robert J. Wilkins	53	President, Asia Pacific

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. 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 April 23, 2009, and previously served as President – Flavors and Fragrances Group (December 2007 - April 2009) and 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. Hammond was Vice President before being named Senior Vice President in December 2008. Dr. Hering has held his current position since December 8, 2009, and previously served as appointed Vice President, Marketing & Technology (2007-2009). Mr. Hobbs was Vice President before being named Senior Vice President 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). Mr. Wilkins has held his present position since April 23, 2009, and previously served as appointed President, Asia Pacific (2005-2009).

## **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 2008 and 2009 appearing under "Common Stock Prices and Dividends" on page 47 of the 2009 Annual Report to Shareholders are incorporated by reference. In 2009, 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, 2010, 2,012,990 shares had been repurchased under the latter authorization. The Company did not repurchase any shares during the fourth quarter of 2009.

The number of shareholders of record on February 17, 2010 was 3,075.

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.

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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 2009 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 2009 Annual Report to Shareholders.

### **Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operation**

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 2009 Annual Report to Shareholders and is incorporated by reference.

### **Item 7A. Quantitative and Qualitative Disclosures about Market Risk**

The information required by this item is set forth under "Market Risk Factors" on pages 22 and 23 of the 2009 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 2009 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, 2009, of the design and operation of the disclosure controls and procedures, as defined in Rule 13a-15(e) of the 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, 2009.

*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 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, 2009. 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, 2009. Management's report on internal control over financial reporting, which appears on page 45 of the 2009 Annual Report to Shareholders, is incorporated by reference.

The Company's internal control over financial reporting as of December 31, 2009, 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 2009 Annual Report to Shareholders, is incorporated by reference.

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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, 2009, that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

### **Item 9B. Other Information**

None.

## **PART III**

### **Item 10. Directors, Executive Officers of the Registrant and Corporate Governance**

Information regarding directors and officers and corporate governance matters including information regarding our Audit Committee and our Nominating and Corporate Governance Committees 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 15, 2010 ("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 corresponding subsection E 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 and Directors Independence**

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, 2009, through December 31, 2009, or in any such proposed transaction except as described under "Transactions With Related Persons" found in the Proxy Statement, which is incorporated by reference herein. 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.

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

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

## **PART IV**

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

Documents filed:

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

	<b>Page Reference in 2009 Annual Report To Shareholders</b>
<b>1. Financial Statements</b>	
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, 2009:	
Reports of Independent Registered Public Accounting Firm	45-46
Consolidated Balance Sheets - December 31, 2009 and 2008	26
Consolidated Statements of Earnings - Years ended December 31, 2009, 2008 and 2007	25
Consolidated Statements of Shareholders' Equity - Years ended December 31, 2009, 2008 and 2007	28-29
Consolidated Statements of Cash Flows - Years ended December 31, 2009, 2008 and 2007	27
Notes to Consolidated Financial Statements	30-44
<b>2. Financial Statement Schedule</b>	<b>Page Reference in Form 10-K</b>
<a href="#"><u>Report of Independent Registered Public Accounting Firm</u></a>	21
<a href="#"><u>Schedule II - Valuation and Qualifying Accounts</u></a>	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 accompanying consolidated balance sheets of Sensient Technologies Corporation and subsidiaries as of December 31, 2009 and 2008, and the related consolidated statements of earnings, shareholders' equity, and cash flows for each of the three years in the period ended December 31, 2009 and the effectiveness of the Company's internal control over financial reporting as of December 31, 2009, and have issued our reports thereon dated March 1, 2010. Such consolidated financial statements and reports are included in your 2009 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  
March 1, 2010

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**Schedule II**

**Valuation and Qualifying Accounts (in thousands); Years Ended December 31, 2009, 2008, 2007**

<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>
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
2009					
Allowance for losses: Trade accounts receivable	\$ 4,295	\$ 1,264	\$ 0	\$ 2,132	\$ 3,427

(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 1, 2010

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below as of March 1, 2010, 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/ 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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<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 3, 2009	Exhibit 3.2 to Current Report on Form 8-K dated December 3, 2009 (Commission File No. 1-7626)	
4.2	Indenture dated as of November 9, 1998 between Registrant and The First National Bank of Chicago, as Trustee	Exhibit 4.1 to Registration Statement on Form S-3 dated November 9, 1998 (Commission File No. 333-67015)	
4.3	Note Purchase Agreement dated as of November 29, 2001, between the Registrant and Various Lenders	Exhibit 4.3 to Annual Report on Form 10-K for the fiscal year ended December 31, 2001 (Commission File No. 1-7626)	
4.4	Note Purchase Agreement dated as of June 27, 2006	Exhibit 10.1 to Current Report on Form 8-K dated June 27, 2006 (Commission File No. 1-7626)	
10	Material Contracts		
10.1	Management Contracts or Compensatory Plans		
10.1(a)(1)	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)	

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<u>Exhibit Number</u>	<u>Description</u>	<u>Incorporated by Reference From</u>	<u>Filed Herewith</u>
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)	
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(i)(1)	Directors Unfunded Retirement Plan, Amended and Restated as of January 1, 2009		X
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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<u>Exhibit Number</u>	<u>Description</u>	<u>Incorporated by Reference From</u>	<u>Filed Herewith</u>
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)	Amended and Restated Sensient Technologies Corporation Rabbi Trust "A" Agreement dated November 30, 2009 between Registrant and Wells Fargo Bank N.A.		X
10.1(m)	Amended and Restated Sensient Technologies Corporation Rabbi Trust "B" Agreement dated November 30, 2009 between Registrant and Wells Fargo Bank N.A.		X
10.1(n)	Amended and Restated Sensient Technologies Corporation Rabbi Trust "C" Agreement dated November 30, 2009 between Registrant and Wells Fargo Bank N.A.		X
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	Exhibit 10.1(s) to Annual Report on form 10-K for the fiscal year ended December 31, 2008 (Commission File No. 1-7626)	
10.1(t)	Form of Agreement for Executive Officers (Supplemental Executive Retirement Plan B), as amended and restated effective as of January 1, 2005	Exhibit 10.1(t) to Annual Report on form 10-K for the fiscal year ended December 31, 2008 (Commission File No. 1-7626)	

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### SENSIENT TECHNOLOGIES CORPORATION EXHIBIT INDEX 2009 ANNUAL REPORT ON FORM 10-K

<u>Exhibit Number</u>	<u>Description</u>	<u>Incorporated by Reference From</u>	<u>Filed Herewith</u>
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)	
13.1	Annual Report to Shareholders for the year ended December 31, 2009		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-10.1.(I).(L) (DIRECTORS UNFUNDED RETIREMENT PLAN)

EXHIBIT 10.1(i)(l)

FINAL PLAN

### SENSIENT TECHNOLOGIES CORPORATION NON-EMPLOYEE DIRECTORS' RETIREMENT PLAN

(Amended and Restated as of January 1, 2009)

Pursuant to a resolution adopted on September 9, 1982, the Board of Directors of the Universal Foods Corporation, the predecessor company to Sensient Technologies Corporation (the "Company"), adopted a program providing retirement benefits to certain board members after they ceased service as a board member (the "Plan"). Effective as of January 1, 2009, the Plan, then known as the Sensient Technologies Corporation Non-Employee Director Retirement Plan was restated by the Company, as set forth herein, to constitute a written plan document in compliance with Section 409A of the Internal Revenue Code of 1986, as amended (the "Code") and to reflect the previous elimination of attainment of a mandatory retirement age as a condition for the receipt of benefits.

**1. PURPOSE.** The Plan is an unfunded retirement plan for Eligible Directors (as defined in Section 2) of the Board of Directors of the Company (the "Board") who, during the period they are receiving benefits under this Plan, are available for consultation by the Chairman of the Board.

**2. ELIGIBLE DIRECTOR.** An "Eligible Director" means a member of the Board who: (i) is not currently an employee of the Company or any of its subsidiaries; (ii) has served at least one (1) year as a member of the Board; and (iii) has not been convicted of any act of fraud, theft or embezzlement, and who has not committed any of the following acts, either while a member of the Board or at any other time, which is substantially injurious to the Company: dishonesty, gross misconduct, or willful disclosure of confidential information regarding the Company or its plans, prospects or opportunities.

### **3. RETIREMENT BENEFITS**

(a) The Plan benefits set forth in Section 3(b) below will be paid, subject to Section 4 and 5 below, to each Eligible Director who, after his or her status as a Board member ceases, agrees to be available for consultation with the Chairman of the Board concerning the business and affairs of the Company and in fact makes himself or herself reasonably available for consultation upon any request by the Chairman of the Board without any compensation except as expressly provided herein. The Company also shall promptly reimburse such Eligible Director for reasonable expenses incurred by such Eligible Director in providing such services.

(b) Each Eligible Director shall be eligible to receive an annual benefit equal to the annual retainer he or she is receiving at the time of his or her departure from the Board for a period equal to the Eligible Director's years of service on the Board. This benefit shall be payable in quarterly installments at the same time as quarterly installments are paid to non-employee directors currently serving on the Board commencing on the first day of the calendar quarter immediately following the Eligible Director's departure from the Board.

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**4. EFFECT OF DEATH.** Any payments being made hereunder shall automatically cease upon the death of the Eligible Director and no benefits shall be paid to any other person.

**5. COMPETITION AND CONFIDENTIAL INFORMATION.** An Eligible Director shall be entitled to receive any future Plan benefit payments only if and for so long as he or she (a) does not engage in any business or activity directly competitive with the business of the Company and (b) except as may otherwise be expressly approved by the Company, holds all confidential Company information in strict confidence.

**6. MISCELLANEOUS**

(a) The right to receive any payment under the Plan shall not be transferable or assignable or shall not be subject to any lien, obligation or liability of any Eligible Director or any other person.

(b) All amounts payable under this Plan are unfunded and unsecured benefits and shall be paid solely from the general assets of the Company and any rights accruing to an Eligible Director shall be those of a general, unsecured creditor; provided, however, that the Company may establish a grantor trust to pay part or all of its Plan payment obligations.

(c) Except as otherwise provided herein, the Plan shall be binding upon the Company, its successors and assigns, including but not limited to any corporation which may acquire all or substantially all of the Company's assets and business or with or into which the Company may be consolidated or merged.

(d) The Board may at any time amend or terminate the Plan provided that no amendment or termination shall impair the rights of an Eligible Director to receive, or continue to receive, the payments to which the Eligible Director would have been entitled hereunder had the Eligible Director ceased to be a Board member immediately preceding such termination or amendment.

(e) Nothing in the Plan shall be deemed to create any obligation on the part of the Board to nominate any person who is or who might become an Eligible Director for reelection as a member of the Board.

(f) 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, construed, operated and administered in accordance with Section 409A of the Code. Notwithstanding anything in this Plan to the contrary, the Company makes no representations regarding 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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(g) The Company shall indemnify the Eligible Director if the Eligible Director 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 caused by erroneous information provided to the Company by the Eligible Director), (2) the Company's failure to administer this Plan in accordance with its written terms (such written terms, the "Plan Document"), or (3) on or after January 1, 2009, 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 Eligible Director 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).

(i) In the event of an Indemnified Section 409A Violation, the Company shall reimburse the Eligible Director for (1) the 20% additional income tax described in Section 409A(a)(1)(B)(i)(II) of the Code (to the extent that the Eligible Director 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 Eligible Director's failure to make a timely payment of the 20% additional income tax described in clause (1), provided that the Eligible Director 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").

(ii) 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 Eligible Director such that the net amount the Eligible Director 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 Eligible Director 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 Eligible Director hereunder.

(h) This Plan shall be construed, regulated and administered in accordance with the laws of the State of Wisconsin.

IN WITNESS WHEREOF, the Company has caused this instrument to be executed this 4<sup>th</sup> day of December, 2008.

SENSIENT TECHNOLOGIES CORPORATION

By: /s/ Douglas S. Pepper  
Douglas S. Pepper  
Vice President, Administration

ATTEST:

By: /s/ John L. Hammond  
John L. Hammond  
Senior Vice President, General Counsel  
and Secretary

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## **Section 3: EX-10.1.(L) (AMENDED AND RESTATED SENSIENT TECHNOLOGIES CORPORATION RABBI TRUST "A" AGREEMENT)**

**EXHIBIT 10.1(I)**

### AMENDED AND RESTATED SENSIENT TECHNOLOGIES CORPORATION RABBI TRUST "A" AGREEMENT

THIS AMENDED AND RESTATED TRUST AGREEMENT (the "Trust Agreement") is made effective as of November 30, 2009 by and between Sensient Technologies Corporation, a Wisconsin corporation (the "Company"), and Wells Fargo Bank, N.A. (collectively with any successor in interest, the "Trustee").

**WHEREAS**, the Company is obligated to make certain payments for the benefit of certain Company executives ("Executives") in accordance with the terms of various employment and change of control and severance agreements specified in, or determined pursuant to, Schedule A, as the same may be amended (collectively the "Contracts"); and

**WHEREAS**, the Company entered into an amended and restated trust agreement dated March 1, 2002 (the "Prior Trust Agreement") with Marshall & Ilsley Trust Company, (the "Prior Trustee"), pursuant to which the Company would make contributions in accordance with the Prior Trust Agreement in order to provide itself with a source of funds to assist it in meeting its obligations under the Contracts; and

**WHEREAS**, consistent with the provisions of the Prior Trust Agreement, the Trustee has been appointed as successor trustee and the Prior Trust Agreement amended and restated in the form set forth herein; and

**WHEREAS**, it is the intention of the Company that the trust established pursuant to this Trust Agreement (the "Trust") shall constitute an unfunded arrangement in accordance with the terms hereof and shall not affect the status of any Contract as being maintained on an unfunded basis in accordance with the provisions of Title I of the Employee Retirement Income Security Act of 1974, as amended, for the purpose of providing deferred compensation for a select group of management or highly compensated employees; and

**NOW, THEREFORE**, in consideration of the mutual agreements of the parties as contained in this Trust Agreement, the Trust shall be comprised, held and disposed of as follows:

#### **Section 1. Successor Trust**

(a) The Company and Trustee hereby acknowledge the deposit with the Trustee of such assets as previously held under the Prior Trust Agreement, which shall continue to be held in accordance with the terms of this Trust Agreement.

(b) The Trust shall become irrevocable upon a Change of Control, as defined in Section 12(d) hereof. After a Change of Control the Company shall have no right or power, except as provided for in Section 2, Section 3, Section 8 and Section 11(c) hereof, to direct the Trustee to return to the Company, or to divert to others, any of the Trust assets before all obligations to Executives pursuant to the terms of the Contracts, and expenses pursuant to the terms of Section 8 of this Trust Agreement, have been satisfied. The Trust also may not be revoked while a Potential Change of Control is pending in accordance with Section 12(e).



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(c) The Trust is intended to be a grantor trust, of which the Company is the grantor, within the meaning of subpart E, part 1, subchapter J, chapter 1, subtitle A of the Internal Revenue Code of 1986, as amended, and shall be construed accordingly.

(d) The assets of the Trust shall be held separate and apart from other funds of the Company and shall be subject to the claims of the Company's general creditors under federal and state law in the event the Company is Insolvent, as defined in Section 3(a) herein. Executives shall have no preferred claim on, or any beneficial ownership interest in, any assets of the Trust. Any rights created under the Contracts and this Trust Agreement shall be mere unsecured contractual rights of Executives against the Company. Upon becoming irrevocable, subject to Section 3, assets held by the Trust will be applied solely to provide benefits to Executives pursuant to the Contracts and to pay expenses of the Trust in accordance with the terms of this Trust Agreement. After the satisfaction of all obligations under the Contracts and payment of all such expenses, any amount remaining in the Trust shall be distributed to the Company.

(e) Prior to a Change of Control, the Company, in its sole discretion, may at any time make additional deposits of cash, or other property acceptable to the Trustee to be held, administered and disposed of by the Trustee as provided in this Trust Agreement. Neither the Trustee nor any Executive shall have any right to compel any additional deposits prior to a Change of Control or a Potential Change of Control.

(f) (1) Upon the first to occur of a Potential Change of Control or a Change of Control, the Company shall make a contribution to the Trust, in cash, equal to: (i) the excess of (A) an amount determined in accordance with the Benefits Calculation Schedule described in Section 2(a) as required to pay the Executives the benefits to which Executives are entitled pursuant to the terms of the Contract(s) as of the date the Potential Change of Control is deemed to occur or the date of the Change of Control, as applicable, over (B) the amount, if any, of the Trust balance prior to such contribution; plus (ii) to provide for expenses of the Trust pursuant to Section 8, an amount equal to 3% of the amount determined pursuant to the preceding Section 1(f)(1)(i)(A).

(2) Subject to Section 1(f)(3), after the date the Potential Change of Control is deemed to occur, the Company shall have no right to withdraw the amounts contributed by the Company to the Trust under Section 1(f)(1) or any income attributable thereto.

(3) Following notification to the Trustee pursuant to Section 12(e) that the Potential Change of Control is no longer pending and that a Change of Control has not occurred as a result of such Potential Change of Control, the Company shall have the right to withdraw the principal amount contributed by the Company to the Trust under Section 1(f)(1).

(g) Nothing contained herein shall be construed to require a transfer of funds to the Trust in connection with a change in the Company's financial health, or during a restricted period with respect to the Company, as such terms are defined in subsections (b)(2) and (b)(3) of Section 409A of the Internal Revenue Code of 1986, as amended, and any regulations or other guidance issued thereunder ("Section 409A").

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## Section 2. Tax Payments and Payments to Executives

(a) As of the effective date of this Trust Agreement, as of each January 1 thereafter, upon the occurrence of a Potential Change of Control and upon the occurrence of a Change of Control, the Company shall deliver to the Trustee a schedule (the "Benefits Calculation Schedule") setting forth the names and addresses of the Executives and, with respect to each Executive, the formula or other methodology or instructions applicable in determining the amounts payable to the Executive pursuant to the applicable Contract, as well as the time of commencement for, and the form of payment of, such amounts; provided, however, that the payment of any benefits through this Rabbi Trust A shall not duplicate any benefits payable to Executives pursuant to any non-qualified benefit plans of the Company or any other grantor trust maintained to assist the Company in satisfying its obligations pursuant to such non-qualified benefit plans and will be limited only to those benefits as specified in such Benefits Calculation Schedule. Each Benefits Calculation Schedule delivered to the Trustee pursuant to this Section 2(a) shall be certified by the Vice President of Administration. In the event the Company refuses or neglects to provide an updated Benefits Calculation Schedule as provided in this Section 2(a), the Trustee shall determine the amounts payable to the Executive based on the most recent Benefits Calculation Schedule properly furnished to it by the Company. The Trustee shall incur no liability to the Company or an Executive for its good faith determination of benefits in accordance with such Benefits Calculation Schedule.

(b) The Trustee shall make payments to Executives in accordance with such Benefits Calculation Schedule, subject to Section 2(c), including providing for the reporting, withholding and payment of any federal and state taxes (other than FICA, FUTA or local taxes allocable to the Executive) that may be required with respect to the payment of benefits pursuant to the terms of the Benefits Calculation Schedule or Section 2(c). Notwithstanding the foregoing, the Company shall direct the Trustee: (i) if any tax withholding is required on a payment subject to state income taxes in a state other than the state in which the Executive currently resides ("Non-resident taxes"), which shall be remitted by the Trustee to the appropriate taxing authority; and (ii) if any FICA, FUTA or local taxes are payable by the Executive with respect to a benefit payment, which amount shall be transferred by the Trustee to the Company who shall have the responsibility for reporting and paying such FICA, FUTA or local taxes to the appropriate taxing authorities. The Company will indemnify and hold harmless the Trustee from any and all liability to which the Trustee may become subject due to the Company's failure to properly remit FICA, FUTA or local taxes in connection with payments received from the Trust, or for failure to direct the Trustee regarding withholding on any payment subject to Non-resident taxes.

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(c) Following a Change of Control, in the event any Contract provision fails to comply with the requirements of Section 409A, the Company shall direct the Trustee in writing (with a copy of such direction delivered to each affected Executive) to distribute to the Executive the amount required to be included in income as a result of such Section 409A failure, less any relevant tax withheld pursuant to Section 2(b) and the Executive shall have the responsibility for reporting and paying any taxes related to such distribution. In the event that either: (i) the Company does not direct the Trustee to make a distribution to an Executive under this Section 2(c) and such Executive reasonably believes that a distribution is due under this Section 2(c); or (ii) the Company directs the Trustee to make a distribution to an Executive under this Section 2(c) and such Executive reasonably believes that a distribution is not due under this Section 2(c), such Executive shall be entitled to deliver to the Trustee an affidavit (a "409A Notice") setting forth: (x) payment instructions for the amount the Executive believes will be or is due under this Section 2(c); or (y) the reasons the Executive believes that a distribution is not due under this Section 2(c). The Executive also shall deliver a copy of the 409A Notice to the Company within three (3) business days following the date the 409A Notice is delivered to the Trustee. Unless the Trustee receives written objection from the Company within ten (10) business days after receipt by the Trustee of such notice, the Trustee shall make the payment distribution, if any, in accordance with the amount and instructions set forth in the 409A Notice to the extent, if applicable, the funds necessary to make any such payments due are available within the Trust. If the Company makes an objection during the ten (10) business days referred to in the preceding sentence, the Trustee shall retain any disputed amounts pending the determination of an arbitrator pursuant to Section 13 hereof. A distribution made under this Section 2(c) shall constitute a payment of the benefits that are subject to Section 409A under the applicable Contract and shall be limited to the amount required to be included in income as such Contract benefit and shall not include any amounts with respect to any penalty taxes resulting from such Section 409A failure.

(d) In the event that an Executive reasonably believes that a Benefits Calculation Schedule or a specific benefit payment does not properly reflect the amount payable to such Executive, or the time or form of payment, in accordance with the applicable Contract and this Trust Agreement, such Executive shall be entitled to deliver to the Trustee an affidavit (the "Executive's Notice") setting forth payment instructions for the amount the Executive believes will be or is due under the relevant terms of the Contracts and this Trust Agreement. The Executive also shall deliver a copy of the Executive's Notice to the Company within three (3) business days following the date the Executive's Notice is delivered to the Trustee. Unless the Trustee receives written objection from the Company within ten (10) business days after receipt by the Trustee of such notice, the Trustee shall make the payment distribution in accordance with the amount and instructions set forth in the Executive Notice to the extent the funds necessary to make any such payments due are available within the Trust. If the Company makes an objection during the ten (10) business days referred to in the preceding sentence, the Trustee shall retain any disputed amounts pending the determination of an arbitrator pursuant to Section 13 hereof.

(e) The Company may make payment of benefits directly to Executives as they become due under the terms of the Contracts. Prior to the time amounts are payable to an Executive, the Company shall notify the Trustee of its decision to make payment of benefits directly to an Executive. In addition, if at any time the principal of the Trust, and any earnings thereon, are not sufficient to make payments of benefits in accordance with the terms of the Contracts, the Company shall make the balance of, or all of, each such payment as it falls due. The Trustee shall notify the Company where principal and earnings are not sufficient.

### **Section 3. Trustee Responsibility Regarding Payments to Trust Beneficiary When The Company Is Insolvent**

(a) The Trustee shall cease payment of benefits to Executives if the Company is Insolvent. The Company shall be considered "Insolvent" for purposes of this Trust Agreement if (i) the Company is unable to pay its debts as they become due, (ii) the Company is subject to a pending proceeding as a debtor under the United States Bankruptcy Code, or (iii) the Company is determined to be insolvent by any state or federal regulatory authority.

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(b) At all times during the continuance of this Trust, as provided in Section 1(d) hereof, the principal and income of the Trust shall be subject to claims of general creditors of the Company under federal and state law as set forth below.

(1) The Board of Directors and the Chief Executive Officer of the Company shall have the duty to inform the Trustee in writing that the Company is Insolvent. If a person claiming to be a creditor of the Company alleges in writing to the Trustee that the Company has become Insolvent, the Trustee shall determine whether the Company is Insolvent and, pending such determination, the Trustee shall discontinue payment of benefits to Executives.

(2) Unless the Trustee has actual knowledge that the Company is Insolvent, or has received notice from the Company or a person claiming to be a creditor alleging that the Company is Insolvent, the Trustee shall have no duty to inquire whether the Company is Insolvent. The Trustee may in all events rely on such evidence concerning whether the Company is Insolvent as may be furnished to the Trustee and that provides the Trustee with a reasonable basis for making a determination whether the Company is Insolvent.

(3) If at any time the Trustee has determined that the Company is Insolvent, the Trustee shall discontinue payments to Executives and shall hold the assets of the Trust for the benefit of the Company's general creditors. Nothing in this Trust Agreement shall in any way diminish any rights of Executives to pursue their rights as general creditors of the Company with respect to benefits due under the Contracts or otherwise.

(4) The Trustee shall resume the payment of benefits to Executives in accordance with Section 2 of this Trust Agreement only after the Trustee has been advised that the Company is not Insolvent (or is no longer Insolvent).

(5) Provided that there are sufficient assets, if the Trustee discontinues the payment of benefits from the Trust pursuant to Section 3(b) hereof and subsequently resumes such payments, the first payment following such discontinuance shall include the aggregate amount of all payments due to Executives under the terms of the Contracts for the period of such discontinuance, less the aggregate amount of any payments made to Executives by the Company in lieu of the payments provided for hereunder during any such period of discontinuance.

#### **Section 4. Investment Authority**

(a) Investments of the Trust shall be limited to cash, cash equivalents, other short term fixed income securities or shares of a comparable registered investment company (including any such security or shares for which the Trustee or an affiliate receives any compensation or fee).

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(b) Prior to a Change of Control the Company or the Benefit Investment Committee established pursuant to action by the Finance Committee, or such other committee that the Finance Committee may designate (the “Benefit Investment Committee”), shall have the authority to: (i) direct the Trustee as to specific securities consistent with Section 4(a) in which Trustee shall invest Trust Fund assets; or (ii) delegate such authority to the Trustee or select an investment manager. Following a Change of Control, such power and authority regarding investments shall rest solely with the Trustee who shall invest Trust Fund assets in such cash equivalents and other short term fixed income securities or shares of a comparable registered investment company (including any such security or shares from which the Trustee or an affiliate receives any compensation or fee) as the Trustee, in its sole discretion, shall determine. In no event shall any investment authority be exercisable by or rest with Executives. Prior to a Change of Control the voting, tendering and the exercise of all other rights with respect to Trust assets will be exercised by the Company, the Benefit Investment Committee, or the Trustee or investment manager to whom the Company or the Benefit Investment Committee has delegated such authority. Following a Change of Control, such authority will be exercised solely by the Trustee.

(c) Notwithstanding the foregoing provisions in Section 4(b), prior to a Change of Control, the Trustee shall have no: (i) duty or responsibility to question any direction of the Company, the Benefit Investment Committee or an investment manager or to review any investment made pursuant to any such direction or to make recommendations to the Company, the Benefit Investment Committee or an investment manager in connection therewith; or (ii) liability or responsibility for its action or inaction pursuant to the direction of, or its failure to act in the absence of directions from, the Company, the Benefit Investment Committee or an investment manager regarding the investment of Trust Fund assets.

(d) Subject to Section 1(f)(2), prior to a Change of Control the Company shall have the right at anytime, and from time to time, to withdraw assets from the Trust or to substitute assets, acceptable to the Trustee, of equal fair market value for any assets held by the Trust. This right is exercisable by the Company in a nonfiduciary capacity without the approval or consent of any person in a fiduciary capacity.

(e) The Trustee shall have the following administrative responsibilities which may be necessary to carry out the provisions of the Trust, subject to the Company’s proper directions in accordance with the terms of this Trust Agreement:

(1) To receive and hold all contributions paid to it by the Company; provided, however, that the Trustee shall have no duty to require any contributions to be made to it except with respect to such an amount required to be contributed to it upon the occurrence of a Potential Change of Control or a Change of Control, as applicable;

(2) To effectuate the proper written investment instructions given by the Company or its designee in accordance with the terms of this Trust without regard to any law now or hereafter in force limiting investments of fiduciaries;

(3) To have the authority to invest and reinvest assets of the Trust in cash, cash equivalents and other short term fixed income securities or shares of a comparable investment company (including any such security or shares from which the Trustee or an affiliate receives any compensation or fee);

(4) To retain any interest with respect to an amount issued from the Trust as a benefit distribution pending the settlement of the amount so distributed;

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(5) To establish accounts in any affiliate of the Trustee and in such other banks and financial institutions as the Trustee deems appropriate to carry out the purpose of the Trust;

(6) To sell, exchange, assign, transfer, and convey any security or property held in the Trust, at public or private sale, at such time and price and upon such terms and conditions (including credit) as directed;

(7) To vote, tender, or exercise any right appurtenant to any stock or securities held in the Trust, as directed;

(8) To consent to and participate in any plan for liquidation, reorganization, consolidation, merger, or any similar action of any corporation, any security of which is held in the Trust, as directed;

(9) To sell or exercise any "rights" issued on any security held in the Trust;

(10) To deposit securities with a clearing corporation as defined in Article Eight of the Uniform Commercial Code; to hold the certificates representing securities, including those in bearer form, in bulk form with and to merge such certificates into certificates of the same class of the same issuer which constitutes assets of other accounts or owners, without certification as to the ownership attached; and to utilize a book-entry system for the transfer or pledge of securities held by the Trustee or by a clearing corporation, provided that the records of the Trustee shall indicate the actual ownership of the securities and other property of the Trust Fund;

(11) To participate in and use the Federal book-entry account system, a service provided by the Federal Reserve Bank for its member banks for deposit of Treasury securities; and

(12) To hold securities in the name of the Trustee or its nominee or nominees or in such other form as it determines best with or without disclosing the Trust relationship, providing the records of the Trust shall indicate the actual ownership of such securities or other property.

#### **Section 5. Disposition of Income**

Prior to a Change of Control, subject to Section 1(f)(2), all or part of the income received by the Trust, net of expenses, may be returned to the Company, as determined by the Company. Following a Change of Control, all income shall be accumulated and reinvested.

#### **Section 6. Accounting by Trustee**

The Trustee shall keep accurate and detailed records of all investments, receipts, disbursements, and all other transactions required to be made, including such specific records as shall be agreed upon in writing between the Company and the Trustee. Within thirty (30) days after the removal or resignation of the Trustee, the Trustee shall deliver to the Company a written account of its administration of the Trust during such year or during the period from the close of the last preceding year to the date of such removal or resignation, setting forth all investments, receipts, disbursements and other transactions effected by it, including a description of all securities and investments purchased and sold with the cost or net proceeds of such purchases or sales (accrued interest paid or receivable being shown separately), and showing all cash, securities and other property held in the Trust at the end of such year or as of the date of such removal or resignation, as the case may be.

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## Section 7. Responsibility of Trustee

(a) The Trustee shall act with the care, skill, prudence and diligence under the circumstances then prevailing that a prudent person acting in like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims; provided, however, that the Trustee shall incur no liability to any person for any action taken pursuant to a proper direction, request or approval given by the Company which is contemplated by, and in conformity with, the terms of this Trust Agreement and is given in writing by the Company. Subject to Section 13 hereof, in the event of a dispute between the Company and a party, the Trustee may apply to a court of competent jurisdiction to resolve the dispute.

(b) If the Trustee undertakes or defends any litigation arising in connection with this Trust, including, without limitation by specification, under Section 4(e)(1), the Company agrees to indemnify the Trustee against the Trustee's costs, expenses and liabilities (including, without limitation, attorneys' fees and expenses) described in Section 8(a) and Section 8(b). The Company further agrees to make payments to the Trust with respect to expenses described in Section 8(c).

(c) The Trustee may consult with legal counsel (who prior to a Change of Control also may be counsel for the Company generally) with respect to any of its duties or obligations hereunder.

(d) The Trustee may hire agents, accountants, actuaries, investment advisors, financial consultants or other professionals to assist it in performing any of its duties or obligations hereunder.

(e) The Trustee shall have, without exclusion, all powers conferred on Trustees by applicable law, unless expressly provided otherwise herein; provided, however, that if an insurance policy is held as an asset of the Trust, the Trustee shall have no power to name a beneficiary of the policy other than the Trust, to assign the policy (as distinct from conversion of the policy to a different form) other than to a successor Trustee, or to loan to any person the proceeds of any borrowing against such policy.

(f) Notwithstanding any powers granted to the Trustee pursuant to this Trust Agreement or to applicable law, the Trustee shall not have any power that could give this Trust the objective of carrying on a business and dividing the gains therefrom, within the meaning of section 301.7701-2 of the Procedure and Administrative Regulations promulgated pursuant to the Internal Revenue Code.

(g) The Company hereby agrees to indemnify and to hold Trustee harmless from and against all claims, expenses (including reasonable attorney fees), liabilities, damages, actions or other charges incurred by or assessed against Trustee, other than on account of the: (i) Trustee's own gross negligence or willful misconduct; or (ii) Trustee's breach of the standard set forth in the preceding Section 7(a) with respect to investments directed by it.

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(h) Notwithstanding anything to the contrary herein, the Trustee shall incur no liability to the Company or an Executive for any determination that it makes pursuant to the terms of this Trust Agreement in good faith and in accordance with the standard set forth in Section 7 (a).

#### **Section 8. Compensation and Expenses of Trustee**

(a) Subject to Section 12(f)(2), prior to a Change of Control, the Company shall pay all Trust administrative costs and the Trustee's fees and expenses. If not so paid in a timely manner, the costs, fees and expenses shall be paid from the Trust, but shall remain an obligation of the Company.

(b) Following a Change of Control, the expenses of the Trust, as described in Section 8(c), shall be paid from the Trust, provided, however, that to the extent that the payment of any such expense would reduce the principal of the Trust below the amount determined by the Trustee, in accordance with the applicable Benefits Calculation Schedule, as necessary to pay the benefits then remaining due under the terms of the Contracts, the Trustee shall notify the Company in writing and the Company agrees that it will pay all expenses in excess of the amount so determined as required to satisfy such remaining benefit obligations. If the Company does not pay such expenses within sixty (60) days of the day of delivery by the Trustee of such written notice, the Trustee may obtain payment from the Trust, but the amount so paid shall remain an obligation of the Company.

(c) Following a Change of Control, expenses of the Trust shall include: (i) all Trust administrative costs and the Trustee's fees and expenses, including any legal, professional or other expense the Trustee may incur pursuant to Section 1(f), Section 7(b), Section 10(b) or Section 13; and (ii) all expenses, legal, professional or otherwise, that an Executive may incur in accordance with Sections 2(c), 2(d) and 13.

#### **Section 9. Resignation and Removal of Trustee**

(a) Subject to Section 12(f)(3), prior to a Change of Control the Trustee may resign at any time by written notice to the Company, which shall be effective no less than sixty (60) days after receipt of such notice unless the Company and the Trustee agree otherwise. Subject to Section 12(f) (4), prior to a Change of Control the Trustee may be removed by the Company on thirty (30) days notice or upon shorter notice accepted by the Trustee.

(b) For the two-year period following a Change of Control, the Trustee may not resign and any resignation after such two-year period shall be effective no less than ninety (90) days after receipt of such notice, unless the Company and the Trustee agree otherwise. Following a Change of Control, the Trustee may be removed by the Company only if Executives who represent, as of the last day of the month preceding the date notice of the removal is given, at least sixty-five percent (65%) of the aggregate value of benefits payable under the Contracts as of such date agree to the removal of the Trustee.



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(c) If, prior to a Change of Control, the Trustee resigns or is removed in accordance with Section 9(a), a successor shall be appointed, in accordance with Section 10(a) hereof, by the effective date of resignation or removal under paragraphs (a) or (b) of Section 10. If no such appointment has been made, the Trustee may apply to a court of competent jurisdiction for appointment of a successor or for instructions. All expenses of the Trustee in connection with the proceeding shall be allowed as administrative expenses of the Trust. If, following a Change of Control, the Trustee resigns or is removed in accordance with Section 9(b), a successor shall be appointed in accordance with Section 10(b) hereof.

#### **Section 10. Appointment of Successor**

(a) Subject to Section 12(f)(5), if the Trustee resigns or is removed prior to a Change of Control in accordance with Section 9(a), the Company may appoint a bank trust department or other party that may be granted corporate trustee powers under state law, as a successor to replace the Trustee. The appointment shall be effective when accepted in writing by the new Trustee, who shall have all of the rights and powers of the former Trustee, including ownership rights in the Trust assets. Upon such resignation by, or removal of, the Trustee prior to a Change of Control, and appointment of a successor Trustee, all assets shall subsequently be transferred to the successor Trustee. The transfer shall be completed within thirty (30) days after the effective date of the resignation or removal or transfer, unless the Company extends such time limit. The Trustee shall execute any instrument necessary or reasonably requested by the Company or the successor Trustee to effect or evidence the transfer.

The successor Trustee need not examine the records and any acts of any prior Trustee and may retain or dispose of any existing Trust assets, subject to Sections 6 and 7 hereof. The successor Trustee shall not be responsible for, and the Company shall indemnify and defend the successor Trustee from, any claim or liability resulting from any action or inaction of any prior Trustee or from any other past event, or any condition existing at the time it becomes successor Trustee.

(b) If the Trustee resigns or is removed following a Change of Control in accordance with Section 9(b), the Company may appoint a bank trust department or other entity granted corporate trustee powers under state law as successor trustee provided that Executives who represent, as of the last day of the month preceding the date notice of resignation or removal is given, at least sixty-five percent (65%) of the aggregate value of benefits payable under the Contracts as of such date agree to the designated successor trustee within forty-five (45) days following the notice of the Trustee's departure. If such Executive agreement is not achieved, the Trustee shall be entitled to petition a court of competent jurisdiction to appoint its successor. All reasonable expenses of the Trustee in connection with the proceeding shall be allowed as administrative expenses of the Trust.

#### **Section 11. Amendment or Termination**

(a) Subject to Section 12(f)(6), prior to a Change of Control this Trust Agreement may be amended by a written instrument executed by the Trustee and the Company. Following a Change of Control, this Trust Agreement, including Schedule A, may be amended by the Trustee and the Company only if Executives who represent, as of the last day of the month preceding the date notice of the amendment is given, at least sixty-five percent (65%) of the aggregate value of benefits payable under the Contracts as of such date agree to the amendment. Notwithstanding the foregoing, no such amendment shall conflict with the terms of the Contracts or shall make the Trust revocable after it has become irrevocable in accordance with Section 1(b) hereof.

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(b) The Trust shall not terminate until the date on which Executives are no longer entitled to benefits pursuant to the terms of the Contracts, unless approved as provided in Section 11(c) hereof and expenses of the Trust are paid. All assets remaining in the Trust at such termination shall be returned to the Company

(c) Upon written approval of all Executives who remain entitled to payment of benefits pursuant to the terms of the Contracts, the Company may terminate this Trust prior to the time all benefits payable pursuant to the Benefits Calculation Schedule have been made, provided, that any such termination shall not affect the Company's ongoing obligation to continue to make payments to the Executives pursuant to the Benefits Calculation Schedule.

## **Section 12. Miscellaneous**

(a) Any provision of this Trust Agreement prohibited by law shall be ineffective to the extent of any such prohibition, without invalidating the remaining provisions hereof.

(b) Benefits payable to Executives under this Trust Agreement may not be anticipated, assigned (either at law or in equity), alienated, pledged, encumbered or subjected to attachment, garnishment, levy, execution or other legal or equitable process.

(c) This Trust Agreement shall be governed by and construed in accordance with the laws of Wisconsin.

(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

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(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 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).

The Company promptly shall provide notice to the Trustee of the occurrence of a Change of Control.

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(e) For purposes of this Trust, Potential Change of Control shall mean the occurrence of any of the following events:

- (1) the commencement of a tender offer or exchange offer by any third person which, if consummated, would result in a Change of Control;
- (2) the execution of an agreement by the Company, the consummation of which would result in the occurrence of a Change of Control;
- (3) the public announcement by any person (including the Company) of an intention to take or consider taking actions which if consummated would constitute a Change of Control; or
- (4) the adoption by the Board of Directors of the Company, as a result of other circumstances, including, without limitation, circumstances similar or related to the foregoing, of a resolution to the effect that a Potential Change of Control has occurred.

Notwithstanding anything in this Section 12(e) to the contrary, for purposes of this Trust Agreement, a Potential Change of Control shall not be deemed to have occurred until the date on which the Chief Executive Officer or the general counsel of the Company delivers a written certification to the Trustee that such event has taken place.

A Potential Change of Control shall be deemed to be pending from the date the Potential Change of Control is deemed to have occurred pursuant to the prior paragraph, until the date on which the Chief Executive Officer or the general counsel of the Company delivers a written certification to the Trustee that the Potential Change of Control is no longer pending and that a Change of Control has not occurred as a result of such Potential Change of Control.

(f) During the period of time that a Potential Change of Control is pending, the following shall apply:

- (1) the Company shall have no right to withdraw any asset held in the Trust under Section 1(f)(1) or to revoke the Trust;
- (2) the expenses of the Trust, as described in Section 8(c), shall be paid from the Trust, provided, however, that to the extent that the payment of any such expense would reduce the principal of the Trust below the amount determined by the Trustee, in accordance with the applicable Benefits Calculation Schedule, as necessary to pay the benefits then remaining due under the terms of the Contracts, the Trustee shall notify the Company in writing and the Company agrees that it will pay all expenses in excess of the amount so determined as required to satisfy such remaining benefit obligations. If the Company does not pay such expenses within sixty (60) days of the day of delivery by the Trustee of such written notice, the Trustee may obtain payment from the Trust, but the amount so paid shall remain an obligation of the Company;
- (3) the Trustee may not resign;
- (4) the Trustee may be removed by the Company only if Executives who represent, as of the last day of the month preceding the date notice of removal is given, at least sixty-five percent (65%) of the aggregate value of benefits payable under the Contracts as of such date agree to the removal of the Trustee;

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(5) if the Trustee is removed, the Company may appoint an entity granted corporate trustee powers under state law as successor trustee provided that Executives who represent, as of the last day of the month preceding the date notice of resignation or removal is given, at least sixty-five percent (65%) of the aggregate value of benefits payable under the Contracts as of such date agree to the designated successor trustee within forty-five (45) days following the notice of the Trustee's departure; and

(6) this Trust Agreement, including Schedule A, may be amended by the Trustee and the Company only if Executives who represent, as of the last day of the month preceding the date notice of the amendment is given, at least sixty-five percent (65%) of the aggregate value of benefits payable under the Contracts as of such date agree to the amendment.

### **Section 13. Arbitration**

Any dispute between the Executives and the Company or the Trustee as to the interpretation or application of the provisions of this Trust, and any questions concerning benefits payable hereunder, shall be determined exclusively by arbitration in accordance with the rules of the American Arbitration Association for employment disputes then in effect. Such determination shall be final, conclusive and binding upon the parties. Judgment may be entered on the arbitrator's award in any court of competent jurisdiction. Except as provided in Section 8, all fees and expenses of such arbitration (including, without limitation, fees and disbursements of counsel incurred by the Executives and Trustee) shall be paid by the Company. Each Executive is an intended third party beneficiary of the Company's obligations arising upon the occurrence of a Potential Change of Control or Change of Control (including without limitation the obligation to make the contributions described in Section 1(f)) and shall have the right to commence an arbitration proceeding to enforce such obligations.

### **Section 14. Effective Date**

The effective date of this Trust Agreement shall be November 30, 2009.

[SIGNATURE PAGE TO FOLLOW]

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IN WITNESS WHEREOF, the Company and Trustee have caused this Trust Agreement to be duly executed as of the Effective Date indicated above.

**SENSIENT TECHNOLOGIES CORPORATION**

By: \_\_\_\_\_  
Douglas S. Pepper

Title: \_\_\_\_\_

Date: \_\_\_\_\_

**WELLS FARGO BANK, N.A.**

By: \_\_\_\_\_  
Lawrence Scinto

Title: \_\_\_\_\_

Date: \_\_\_\_\_

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**Schedule A**

**SENSIENT TECHNOLOGIES CORPORATION  
RABBI TRUST "A" AGREEMENT**

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 the Executives listed on the Benefits Calculation Schedule delivered to the Trustee in accordance with Section 2(a).

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## **Section 4: EX-10.1.(M) (AMENDED AND RESTATED SENSIENT TECHNOLOGIES CORPORATION RABBI TRUST "B" AGREEMENT)**

**EXHIBIT 10.1(m)**

AMENDED AND RESTATED  
SENSIENT TECHNOLOGIES CORPORATION  
RABBI TRUST "B" AGREEMENT

THIS AMENDED AND RESTATED TRUST AGREEMENT (the "Trust Agreement") is made effective as of November 30, 2009 by and between Sensient Technologies Corporation, a Wisconsin corporation (the "Company"), and Wells Fargo Bank, N.A. (collectively with any successor in interest, the "Trustee").

**WHEREAS**, the Company is obligated to make certain payments for the benefit of certain Company executives ("Executives") in accordance with the terms of the plans specified in Schedule A, as the same may be amended (collectively the "Plans"); and

**WHEREAS**, the Company entered into a trust agreement dated January 18, 1988 (the "Prior Trust Agreement") with Marshall & Ilsley Trust Company, (the "Prior Trustee"), pursuant to which the Company could make contributions in accordance with the Prior Trust Agreement in order to provide itself with a source of funds to assist it in meeting its obligations under the Plans; and

**WHEREAS**, consistent with the provisions of the Prior Trust Agreement, the Trustee has been appointed as successor trustee and the Prior Trust Agreement amended and restated in the form set forth herein; and

**WHEREAS**, it is the intention of the Company that the trust established pursuant to this Trust Agreement (the "Trust") shall constitute an unfunded arrangement in accordance with the terms hereof and shall not affect the status of any Plan as being maintained on an unfunded basis in accordance with the provisions of Title I of the Employee Retirement Income Security Act of 1974, as amended, for the purpose of providing deferred compensation for a select group of management or highly compensated employees; and

**NOW, THEREFORE**, in consideration of the mutual agreements of the parties as contained in this Trust Agreement, the Trust shall be comprised, held and disposed of as follows:

### **Section 1. Successor Trust**

(a) The Company and Trustee hereby acknowledge the deposit with the Trustee of such assets as previously held under the Prior Trust Agreement, which shall continue to be held in accordance with the terms of this Trust Agreement. Subject to Section 1(e), the Company shall be responsible for delivering to the Trustee, to be held in trust hereunder, such an amount as it determines, in cash plus marketable securities acceptable to the Trustee, and life insurance policies, to assist the Company in meeting its obligations to pay (i) benefits payable to Executives under the Plans and (ii) the appropriate insurer premiums due and payable on such life insurance policies.

(b) Except as provided for in Section 1(e)(2), Section 2, Section 3, Section 4(b)(2) and Section 8 hereof, the Trust is irrevocable. The Company shall have no right or power, except as otherwise specified in the prior sentence, to direct the Trustee to return to the Company, or to divert to others, any of the Trust assets before all obligations to Executives pursuant to the terms of the Plans, and expenses pursuant to the terms of Section 8 of this Trust Agreement, have been satisfied.

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(c) The Trust is intended to be a grantor trust, of which the Company is the grantor, within the meaning of subpart E, part 1, subchapter J, chapter 1, subtitle A of the Internal Revenue Code of 1986, as amended, and shall be construed accordingly.

(d) The assets of the Trust shall be held separate and apart from other funds of the Company and shall be subject to the claims of the Company's general creditors under federal and state law in the event the Company is Insolvent, as defined in Section 3(a) herein. Executives shall have no preferred claim on, or any beneficial ownership interest in, any assets of the Trust. Any rights created under the Plans and this Trust Agreement shall be mere unsecured contractual rights of Executives against the Company. Assets held by the Trust will be applied solely to provide benefits to Executives pursuant to the Plans and to pay expenses of the Trust in accordance with the terms of this Trust Agreement. After the satisfaction of all obligations under the Plans and payment of all such expenses, any amount remaining in the Trust shall be distributed to the Company.

(e) (1) Upon the first to occur of a Potential Change of Control or a Change of Control, the Company shall make a contribution to the Trust, in cash, equal to: (i) the excess of (A) an amount determined in accordance with the Benefits Calculation Schedule described in Section 2(a) as required to pay the Executives the benefits to which Executives are entitled pursuant to the terms of the Plan(s) as of the date the Potential Change of Control is deemed to occur or the date of the Change of Control, as applicable, over (B) the amount, if any, of the Trust balance prior to such contribution, without regard to the cash surrender value of insurance policies held in the Trust as of the date the Potential Change of Control is deemed to occur or the date of the Change of Control, as applicable (the "Cash Surrender Value"); plus (ii) to provide for expenses of the Trust pursuant to Section 8, an amount equal to 3% of the amount determined pursuant to the preceding Section 1(e)(i)(A).

(2) Following notification to the Trustee pursuant to Section 12(e) that the Potential Change of Control is no longer pending and that a Change of Control has not occurred as a result of such Potential Change of Control, the Company shall have the right to withdraw the principal amount contributed by the Company to the Trust under Section 1(e)(1).

(f) Nothing contained herein shall be construed to require a transfer of funds to the Trust in connection with a change in the Company's financial health, or during a restricted period with respect to the Company, as such terms are defined in subsections (b)(2) and (b)(3) of Section 409A of the Internal Revenue Code of 1986, as amended, and any regulations or other guidance issued thereunder ("Section 409A").



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## Section 2. Tax Payments and Payments to Executives

(a) As of the effective date of this Trust Agreement, as of each January 1 thereafter, upon the occurrence of a Potential Change of Control and upon the occurrence of a Change of Control, the Company shall deliver to the Trustee a schedule (the "Benefits Calculation Schedule") setting forth: (i) the names and addresses of the Executives and, with respect to each Executive, the formula or other methodology or instructions applicable in determining the amounts payable to the Executive pursuant to the applicable Plan, as well as the time of commencement for, and the form of payment of, such amounts; and (ii) prior to a Change of Control, the amounts payable in respect of any premiums on any life insurance policies held in the Trust; provided, however, that the payment of any benefits through this Rabbi Trust B shall not duplicate any benefits payable to Executives pursuant to any non-qualified benefit plans of the Company or any other grantor trust maintained to assist the Company in satisfying its obligations pursuant to such non-qualified benefit plans and will be limited only to those benefits as specified in such Benefits Calculation Schedule. Each Benefits Calculation Schedule delivered to the Trustee pursuant to this Section 2(a) shall be certified by the Vice President of Administration. In the event the Company refuses or neglects to provide an updated Benefits Calculation Schedule as provided in this Section 2(a), the Trustee shall determine the amounts payable to the Executive based on the most recent Benefits Calculation Schedule properly furnished to it by the Company. The Trustee shall incur no liability to the Company or an Executive for its good faith determination of benefits in accordance with such Benefits Calculation Schedule.

(b) As of each January 1, the Company shall be responsible for reviewing the amount of assets to fund the Company's obligations. The Company shall determine the amount, if any, to pay to the Trustee, in a form consistent with Section 1(a), to provide such funding.

(c) The Trustee shall make payments to Executives in accordance with such Benefits Calculation Schedule, subject to Section 2(d), including providing for the reporting, withholding and payment of any federal and state taxes (other than FICA, FUTA or local taxes allocable to the Executive) that may be required with respect to the payment of benefits pursuant to the terms of the Benefits Calculation Schedule or Section 2(d). Notwithstanding the foregoing, the Company shall direct the Trustee: (i) if any tax withholding is required on a payment subject to state income taxes in a state other than the state in which the Executive currently resides ("Non-resident taxes"), which shall be remitted by the Trustee to the appropriate taxing authority; and (ii) if any FICA, FUTA or local taxes are payable by the Executive with respect to a benefit payment, which amount shall be transferred by the Trustee to the Company who shall have the responsibility for reporting and paying such FICA, FUTA or local taxes to the appropriate taxing authorities. The Company will indemnify and hold harmless the Trustee from any and all liability to which the Trustee may become subject due to the Company's failure to properly remit FICA, FUTA or local taxes in connection with payments received from the Trust, or for failure to direct the Trustee regarding withholding on any payment subject to Non-resident taxes.

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(d) Following a Change of Control, in the event any Plan provision fails to comply with the requirements of Section 409A, the Company shall direct the Trustee in writing (with a copy of such direction delivered to each affected Executive) to distribute to the Executive the amount required to be included in income as a result of such Section 409A failure, less any relevant tax withheld pursuant to Section 2(c) and the Executive shall have the responsibility for reporting and paying any taxes related to such distribution. In the event that either: (i) the Company does not direct the Trustee to make a distribution to an Executive under this Section 2(d) and such Executive reasonably believes that a distribution is due under this Section 2(d); or (ii) the Company directs the Trustee to make a distribution to an Executive under this Section 2(d) and such Executive reasonably believes that a distribution is not due under this Section 2(d), such Executive shall be entitled to deliver to the Trustee an affidavit (a "409A Notice") setting forth: (x) payment instructions for the amount the Executive believes will be or is due under this Section 2(d); or (y) the reasons the Executive believes that a distribution is not due under this Section 2(d). The Executive also shall deliver a copy of the 409A Notice to the Company within three (3) business days following the date the 409A Notice is delivered to the Trustee. Unless the Trustee receives written objection from the Company within ten (10) business days after receipt by the Trustee of such notice, the Trustee shall make the payment distribution, if any, in accordance with the amount and instructions set forth in the 409A Notice to the extent, if applicable, the funds necessary to make any such payments due are available within the Trust. If the Company makes an objection during the ten (10) business days referred to in the preceding sentence, the Trustee shall retain any disputed amounts pending the determination of an arbitrator pursuant to Section 13 hereof. A distribution made under this Section 2(d) shall constitute a payment of the benefits that are subject to Section 409A under the applicable Plan and shall be limited to the amount required to be included in income as such Plan benefit and shall not include any amounts with respect to any penalty taxes resulting from such Section 409A failure.

(e) In the event that an Executive reasonably believes that a Benefits Calculation Schedule or a specific benefit payment does not properly reflect the amount payable to such Executive, or the time or form of payment, in accordance with the applicable Plan and this Trust Agreement, such Executive shall be entitled to deliver to the Trustee an affidavit (the "Executive's Notice") setting forth payment instructions for the amount the Executive believes will be or is due under the relevant terms of the Plans and this Trust Agreement. The Executive also shall deliver a copy of the Executive's Notice to the Company within three (3) business days following the date the Executive's Notice is delivered to the Trustee. Unless the Trustee receives written objection from the Company within ten (10) business days after receipt by the Trustee of such notice, the Trustee shall make the payment distribution in accordance with the amount and instructions set forth in the Executive Notice to the extent the funds necessary to make any such payments due are available within the Trust. If the Company makes an objection during the ten (10) business days referred to in the preceding sentence, the Trustee shall retain any disputed amounts pending the determination of an arbitrator pursuant to Section 13 hereof.

(f) The Company may make payment of benefits directly to Executives as they become due under the terms of the Plans. Prior to the time amounts are payable to an Executive, the Company shall notify the Trustee of its decision to make payment of benefits directly to an Executive. In addition, if at any time the principal of the Trust, and any earnings thereon, are not sufficient to make payments of benefits in accordance with the terms of the Plans, the Company shall make the balance of, or all of, each such payment as it falls due. The Trustee shall notify the Company where principal and earnings are not sufficient.

(g) In the event that, prior to a Change of Control, the aggregate amount payable in any calendar month to the Executives entitled to payments during such month exceeds the liquid assets in the Trust, the Trustee shall, upon direction from the Committee pursuant to Section 4(b)(1), borrow on any life insurance policies held in the Trust to the extent necessary to satisfy the monthly payment obligations. In the event that notwithstanding such borrowing, the assets of the Trust are not sufficient to satisfy the monthly payment obligations and the Company does not make a contribution to the Trust in an amount to satisfy such monthly payment obligations, the Trustee shall make a pro rata payment to each Executive entitled to a payment during such month based on the amount so payable to such Executive in proportion to the aggregate amount so payable to all such Executives.

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### **Section 3. Trustee Responsibility Regarding Payments to Trust Beneficiary When The Company Is Insolvent**

(a) The Trustee shall cease payment of benefits to Executives if the Company is Insolvent. The Company shall be considered “Insolvent” for purposes of this Trust Agreement if (i) the Company is unable to pay its debts as they become due, (ii) the Company is subject to a pending proceeding as a debtor under the United States Bankruptcy Code, or (iii) the Company is determined to be insolvent by any state or federal regulatory authority.

(b) At all times during the continuance of this Trust, as provided in Section 1(d) hereof, the principal and income of the Trust shall be subject to claims of general creditors of the Company under federal and state law as set forth below.

(1) The Board of Directors and the Chief Executive Officer of the Company shall have the duty to inform the Trustee in writing that the Company is Insolvent. If a person claiming to be a creditor of the Company alleges in writing to the Trustee that the Company has become Insolvent, the Trustee shall determine whether the Company is Insolvent and, pending such determination, the Trustee shall discontinue payment of benefits to Executives.

(2) Unless the Trustee has actual knowledge that the Company is Insolvent, or has received notice from the Company or a person claiming to be a creditor alleging that the Company is Insolvent, the Trustee shall have no duty to inquire whether the Company is Insolvent. The Trustee may in all events rely on such evidence concerning whether the Company is Insolvent as may be furnished to the Trustee and that provides the Trustee with a reasonable basis for making a determination whether the Company is Insolvent.

(3) If at any time the Trustee has determined that the Company is Insolvent, the Trustee shall discontinue payments to Executives and shall hold the assets of the Trust for the benefit of the Company’s general creditors. Nothing in this Trust Agreement shall in any way diminish any rights of Executives to pursue their rights as general creditors of the Company with respect to benefits due under the Plans or otherwise.

(4) The Trustee shall resume the payment of benefits to Executives in accordance with Section 2 of this Trust Agreement only after the Trustee has been advised that the Company is not Insolvent (or is no longer Insolvent).

(5) Provided that there are sufficient assets, if the Trustee discontinues the payment of benefits from the Trust pursuant to Section 3(b) hereof and subsequently resumes such payments, the first payment following such discontinuance shall include the aggregate amount of all payments due to Executives under the terms of the Plans for the period of such discontinuance, less the aggregate amount of any payments made to Executives by the Company in lieu of the payments provided for hereunder during any such period of discontinuance.

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#### Section 4. Investment Authority

(a) Investments of the Trust shall be limited to cash, cash equivalents, other short term fixed income securities or shares of a comparable registered investment company (including any such security or shares for which the Trustee or an affiliate receives any compensation or fee) and life insurance policies.

(b) (1) Prior to a Change of Control the Company or the Benefit Investment Committee established pursuant to action by the Finance Committee, or such other committee that the Finance Committee may designate (the "Benefit Investment Committee"), shall have the authority to: (i) direct the Trustee (x) as to specific securities consistent with Section 4(a) in which Trustee shall invest Trust Fund assets and (y) borrow on any life insurance policy held in the Trust or surrender any life insurance policies held in the Trust and invest the cash surrender value of such policies as described above; or (ii) delegate such authority to the Trustee or select an investment manager. Prior to a Change of Control the voting, tendering and the exercise of all other rights with respect to Trust assets will be exercised by the Company, the Benefit Investment Committee, or the Trustee or investment manager to whom the Company or the Benefit Investment Committee has delegated such authority.

(2) Upon the occurrence of a Change of Control, the Trustee shall surrender all life insurance policies held in the Trust and receive the Cash Surrender Value of such policies; provided, however, that if a Change of Control occurs and if a contribution has been made to the Trust by the Company without regard to the Cash Surrender Value of the life insurance policies in accordance with Section 1(e)(1), the Trustee shall pay such Cash Surrender Value to the Company when received from the applicable insurer.

(3) Following a Change of Control, such power and authority regarding investments shall rest solely with the Trustee who shall invest Trust Fund assets in such cash equivalents and other short term fixed income securities or shares of a comparable registered investment company (including any such security or shares from which the Trustee or an affiliate receives any compensation or fee) as the Trustee, in its sole discretion, shall determine. In no event shall any investment authority be exercisable by or rest with Executives. Following a Change of Control, the voting, tendering and the exercise of all other rights with respect to Trust assets will be exercised solely by the Trustee.

(c) Notwithstanding the foregoing provisions in Section 4(b), prior to a Change of Control, the Trustee shall have no: (i) duty or responsibility to question any direction of the Company, the Benefit Investment Committee or an investment manager or to review any investment made pursuant to any such direction or to make recommendations to the Company, the Benefit Investment Committee or an investment manager in connection therewith; or (ii) liability or responsibility for its action or inaction pursuant to the direction of, or its failure to act in the absence of directions from, the Company, the Benefit Investment Committee or an investment manager regarding the investment of Trust Fund assets.

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(d) The Trustee shall have the following administrative responsibilities which may be necessary to carry out the provisions of the Trust, subject to the Company's proper directions in accordance with the terms of this Trust Agreement:

(1) To receive and hold all contributions paid to it by the Company; provided, however, that the Trustee shall have no duty to require any contributions to be made to it except with respect to such an amount required to be contributed to it upon the occurrence of a Potential Change of Control or a Change of Control, as applicable;

(2) To effectuate the proper written investment instructions given by the Company or its designee in accordance with the terms of this Trust without regard to any law now or hereafter in force limiting investments of fiduciaries;

(3) To have the authority to invest and reinvest assets of the Trust in cash, cash equivalents and other short term fixed income securities or shares of a comparable investment company (including any such security or shares from which the Trustee or an affiliate receives any compensation or fee);

(4) To retain any interest with respect to an amount issued from the Trust as a benefit distribution pending the settlement of the amount so distributed;

(5) To establish accounts in any affiliate of the Trustee and in such other banks and financial institutions as the Trustee deems appropriate to carry out the purpose of the Trust;

(6) To sell, exchange, assign, transfer, and convey any security or property held in the Trust, at public or private sale, at such time and price and upon such terms and conditions (including credit) as directed;

(7) To vote, tender, or exercise any right appurtenant to any stock or securities held in the Trust, as directed;

(8) To consent to and participate in any plan for liquidation, reorganization, consolidation, merger, or any similar action of any corporation, any security of which is held in the Trust, as directed;

(9) To sell or exercise any "rights" issued on any security held in the Trust;

(10) To deposit securities with a clearing corporation as defined in Article Eight of the Uniform Commercial Code; to hold the certificates representing securities, including those in bearer form, in bulk form with and to merge such certificates into certificates of the same class of the same issuer which constitutes assets of other accounts or owners, without certification as to the ownership attached; and to utilize a book-entry system for the transfer or pledge of securities held by the Trustee or by a clearing corporation, provided that the records of the Trustee shall indicate the actual ownership of the securities and other property of the Trust Fund;

(11) To participate in and use the Federal book-entry account system, a service provided by the Federal Reserve Bank for its member banks for deposit of Treasury securities;

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(12) To hold securities in the name of the Trustee or its nominee or nominees or in such other form as it determines best with or without disclosing the Trust relationship, providing the records of the Trust shall indicate the actual ownership of such securities or other property; and

(13) To borrow on any life insurance policies held in the Trust

#### **Section 5. Disposition of Income**

All interest and other income earned on the investment of the assets of the Trust Fund shall be accumulated and reinvested as assets of the Trust.

#### **Section 6. Accounting by Trustee**

The Trustee shall keep accurate and detailed records of all investments, receipts, disbursements, and all other transactions required to be made, including such specific records as shall be agreed upon in writing between the Company and the Trustee. Within thirty (30) days after the removal or resignation of the Trustee, the Trustee shall deliver to the Company a written account of its administration of the Trust during such year or during the period from the close of the last preceding year to the date of such removal or resignation, setting forth all investments, receipts, disbursements and other transactions effected by it, including a description of all securities and investments purchased and sold with the cost or net proceeds of such purchases or sales (accrued interest paid or receivable being shown separately), and showing all cash, securities and other property held in the Trust at the end of such year or as of the date of such removal or resignation, as the case may be.

#### **Section 7. Responsibility of Trustee**

(a) The Trustee shall act with the care, skill, prudence and diligence under the circumstances then prevailing that a prudent person acting in like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims; provided, however, that the Trustee shall incur no liability to any person for any action taken pursuant to a proper direction, request or approval given by the Company which is contemplated by, and in conformity with, the terms of this Trust Agreement and is given in writing by the Company. Subject to Section 13 hereof, in the event of a dispute between the Company and a party, the Trustee may apply to a court of competent jurisdiction to resolve the dispute.

(b) If the Trustee undertakes or defends any litigation arising in connection with this Trust, including, without limitation by specification, under Section 4(d)(1), the Company agrees to indemnify the Trustee against the Trustee's costs, expenses and liabilities (including, without limitation, attorneys' fees and expenses) described in Section 8(a) and Section 8(b). The Company further agrees to make payments to the Trust with respect to expenses described in Section 8(c).

(c) The Trustee may consult with legal counsel (who prior to a Change of Control also may be counsel for the Company generally) with respect to any of its duties or obligations hereunder.

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(d) The Trustee may hire agents, accountants, actuaries, investment advisors, financial consultants or other professionals to assist it in performing any of its duties or obligations hereunder.

(e) The Trustee shall have, without exclusion, all powers conferred on Trustees by applicable law, unless expressly provided otherwise herein; provided, however, that if an insurance policy is held as an asset of the Trust, the Trustee shall have no power to name a beneficiary of the policy other than the Trust, to assign the policy (as distinct from conversion of the policy to a different form) other than to a successor Trustee, or to loan to any person the proceeds of any borrowing against such policy.

(f) Notwithstanding any powers granted to the Trustee pursuant to this Trust Agreement or to applicable law, the Trustee shall not have any power that could give this Trust the objective of carrying on a business and dividing the gains therefrom, within the meaning of section 301.7701-2 of the Procedure and Administrative Regulations promulgated pursuant to the Internal Revenue Code.

(g) The Company hereby agrees to indemnify and to hold Trustee harmless from and against all claims, expenses (including reasonable attorney fees), liabilities, damages, actions or other charges incurred by or assessed against Trustee, other than on account of the: (i) Trustee's own gross negligence or willful misconduct; or (ii) Trustee's breach of the standard set forth in the preceding Section 7(a) with respect to investments directed by it.

(h) Notwithstanding anything to the contrary herein, the Trustee shall incur no liability to the Company or an Executive for any determination that it makes pursuant to the terms of this Trust Agreement in good faith and in accordance with the standard set forth in Section 7 (a).

#### **Section 8. Compensation and Expenses of Trustee**

(a) Subject to Section 12(f)(1), prior to a Change of Control, the Company shall pay all Trust administrative costs and the Trustee's fees and expenses. If not so paid in a timely manner, the costs, fees and expenses shall be paid from the Trust, but shall remain an obligation of the Company.

(b) Following a Change of Control, the expenses of the Trust, as described in Section 8(c), shall be paid from the Trust, provided, however, that to the extent that the payment of any such expense would reduce the principal of the Trust below the amount determined by the Trustee, in accordance with the applicable Benefits Calculation Schedule, as necessary to pay the benefits then remaining due under the terms of the Plans, the Trustee shall notify the Company in writing and the Company agrees that it will pay all expenses in excess of the amount so determined as required to satisfy such remaining benefit obligations. If the Company does not pay such expenses within sixty (60) days of the day of delivery by the Trustee of such written notice, the Trustee may obtain payment from the Trust, but the amount so paid shall remain an obligation of the Company.

(c) Following a Change of Control, expenses of the Trust shall include: (i) all Trust administrative costs and the Trustee's fees and expenses, including any legal, professional or other expense the Trustee may incur pursuant to Section 1(e), Section 7(b), Section 10(b) or Section 13; and (ii) all expenses, legal, professional or otherwise, that an Executive may incur in accordance with Sections 2(d), 2(e) and 13.

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## **Section 9. Resignation and Removal of Trustee**

(a) Subject to Section 12(f)(2), prior to a Change of Control the Trustee may resign at any time by written notice to the Company, which shall be effective no less than sixty (60) days after receipt of such notice unless the Company and the Trustee agree otherwise. Subject to Section 12(f)(3), prior to a Change of Control the Trustee may be removed by the Company on thirty (30) days notice or upon shorter notice accepted by the Trustee.

(b) For the two-year period following a Change of Control, the Trustee may not resign and any resignation after such two-year period shall be effective no less than ninety (90) days after receipt of such notice, unless the Company and the Trustee agree otherwise. Following a Change of Control, the Trustee may be removed by the Company only if Executives who represent, as of the last day of the month preceding the date notice of the removal is given, at least sixty-five percent (65%) of the aggregate value of benefits payable under the Plans as of such date agree to the removal of the Trustee.

(c) If, prior to a Change of Control, the Trustee resigns or is removed in accordance with Section 9(a), a successor shall be appointed, in accordance with Section 10(a) hereof, by the effective date of resignation or removal under paragraphs (a) or (b) of Section 10. If no such appointment has been made, the Trustee may apply to a court of competent jurisdiction for appointment of a successor or for instructions. All expenses of the Trustee in connection with the proceeding shall be allowed as administrative expenses of the Trust. If, following a Change of Control, the Trustee resigns or is removed, in accordance with Section 9(b), a successor shall be appointed in accordance with Section 10(b) hereof.

## **Section 10. Appointment of Successor**

(a) Subject to Section 12(f)(4), if the Trustee resigns or is removed prior to a Change of Control in accordance with Section 9(a), the Company may appoint a successor to replace the Trustee, provided that the Trustee and any successor thereto appointed hereunder shall be a commercial bank or trust company which is not an affiliate of the Company, but which is a national banking association or established under the laws of one of the states of the United States, and which has equity in excess of One Hundred Million Dollars (\$100,000,000), provided that Executives who represent, as of the last day of the month preceding the date notice of resignation or removal is given, at least sixty-five percent (65%) of the aggregate value of benefits payable under the Plans as of such date agree to the designated successor trustee within forty-five (45) days following the notice of the Trustee's departure. If such Executive agreement is not achieved, the Trustee shall be entitled to petition a court of competent jurisdiction to appoint its successor. All reasonable expenses of the Trustee in connection with the proceeding shall be allowed as administrative expenses of the Trust. The appointment shall be effective when accepted in writing by the new Trustee, who shall have all of the rights and powers of the former Trustee, including ownership rights in the Trust assets. Upon such resignation by, or removal of, the Trustee prior to a Change of Control, and appointment of a successor Trustee, all assets shall subsequently be transferred to the successor Trustee. The transfer shall be completed within thirty (30) days after the effective date of the resignation or removal or transfer, unless the Company extends such time limit. The Trustee shall execute any instrument necessary or reasonably requested by the Company or the successor Trustee to effect or evidence the transfer.



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The successor Trustee need not examine the records and any acts of any prior Trustee and may retain or dispose of any existing Trust assets, subject to Sections 6 and 7 hereof. The successor Trustee shall not be responsible for, and the Company shall indemnify and defend the successor Trustee from, any claim or liability resulting from any action or inaction of any prior Trustee or from any other past event, or any condition existing at the time it becomes successor Trustee.

(b) If the Trustee resigns or is removed following a Change of Control in accordance with Section 9(b), the Company may appoint a successor to replace the Trustee, provided that the Trustee and any successor thereto appointed hereunder shall be a commercial bank or trust company which is not an affiliate of the Company, but which is a national banking association or established under the laws of one of the states of the United States, and which has equity in excess of One Hundred Million Dollars (\$100,000,000), provided that Executives who represent, as of the last day of the month preceding the date notice of resignation or removal is given, at least sixty-five percent (65%) of the aggregate value of benefits payable under the Plans as of such date agree to the designated successor trustee within forty-five (45) days following the notice of the Trustee's departure. If such Executive agreement is not achieved, the Trustee shall be entitled to petition a court of competent jurisdiction to appoint its successor. All reasonable expenses of the Trustee in connection with the proceeding shall be allowed as administrative expenses of the Trust.

#### **Section 11. Amendment or Termination**

(a) The Trust shall not terminate until the date on which Executives are no longer entitled to benefits pursuant to the terms of the Plans and expenses of the Trust are paid. All assets remaining in the Trust at such termination shall be returned to the Company.

(b) Following a Change of Control, or if an amendment to this Trust would adversely affect the rights of the Executives hereunder, this Trust may be amended by the Trustee and the Company only if Executives who represent, as of the last day of the month preceding the date notice of the amendment is given, at least sixty-five percent (65%) of the aggregate value of benefits payable under the Plans as of such date agree to the amendment. Prior to a Change of Control, this Trust may be amended by written agreement of the parties hereto without obtaining the consent of the Executives only if such amendment does not adversely affect the rights of the Executives hereunder.

#### **Section 12. Miscellaneous**

(a) Any provision of this Trust Agreement prohibited by law shall be ineffective to the extent of any such prohibition, without invalidating the remaining provisions hereof.

(b) Benefits payable to Executives under this Trust Agreement may not be anticipated, assigned (either at law or in equity), alienated, pledged, encumbered or subjected to attachment, garnishment, levy, execution or other legal or equitable process.

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(c) This Trust Agreement shall be governed by and construed in accordance with the laws of Wisconsin.

(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

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(5) 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 approval of a bankruptcy court pursuant to Section 503(b)(1)(A) of Title II of the U.S. Bankruptcy Code.

(6) 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).

The Company promptly shall provide notice to the Trustee of the occurrence of a Change of Control.

(e) For purposes of this Trust, Potential Change of Control shall mean the occurrence of any of the following events:

- (1) the commencement of a tender offer or exchange offer by any third person which, if consummated, would result in a Change of Control;
- (2) the execution of an agreement by the Company, the consummation of which would result in the occurrence of a Change of Control;
- (3) the public announcement by any person (including the Company) of an intention to take or consider taking actions which if consummated would constitute a Change of Control; or
- (4) the adoption by the Board of Directors of the Company, as a result of other circumstances, including, without limitation, circumstances similar or related to the foregoing, of a resolution to the effect that a Potential Change of Control has occurred.

Notwithstanding anything in this Section 12(e) to the contrary, for purposes of this Trust Agreement, a Potential Change of Control shall not be deemed to have occurred until the date on which the Chief Executive Officer or the general counsel of the Company delivers a written certification to the Trustee that such event has taken place.

A Potential Change of Control shall be deemed to be pending from the date the Potential Change of Control is deemed to have occurred pursuant to the prior paragraph, until the date on which the Chief Executive Officer or the general counsel of the Company delivers a written certification to the Trustee that the Potential Change of Control is no longer pending and that a Change of Control has not occurred as a result of such Potential Change of Control.

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(f) During the period of time that a Potential Change of Control is pending, the following shall apply:

(1) the expenses of the Trust, as described in Section 8(c), shall be paid from the Trust, provided, however, that to the extent that the payment of any such expense would reduce the principal of the Trust below the amount determined by the Trustee, in accordance with the applicable Benefits Calculation Schedule, as necessary to pay the benefits then remaining due under the terms of the Plans, the Trustee shall notify the Company in writing and the Company agrees that it will pay all expenses in excess of the amount so determined as required to satisfy such remaining benefit obligations. If the Company does not pay such expenses within sixty (60) days of the day of delivery by the Trustee of such written notice, the Trustee may obtain payment from the Trust, but the amount so paid shall remain an obligation of the Company;

(2) the Trustee may not resign;

(3) the Trustee may be removed by the Company only if Executives who represent, as of the last day of the month preceding the date notice of removal is given, at least sixty-five percent (65%) of the aggregate value of benefits payable under the Plans as of such date agree to the removal of the Trustee; and

(4) if the Trustee is removed, the Company may appoint a successor to replace the Trustee, provided that the Trustee and any successor thereto appointed hereunder shall be a commercial bank or trust company which is not an affiliate of the Company, but which is a national banking association or established under the laws of one of the states of the United States, and which has equity in excess of One Hundred Million Dollars (\$100,000,000), provided that Executives who represent, as of the last day of the month preceding the date notice of resignation or removal is given, at least sixty-five percent (65%) of the aggregate value of benefits payable under the Plans as of such date agree to the designated successor trustee within forty-five (45) days following the notice of the Trustee's departure. If such Executive agreement is not achieved, the Trustee shall be entitled to petition a court of competent jurisdiction to appoint its successor.

### **Section 13. Arbitration**

Any dispute between the Executives and the Company or the Trustee as to the interpretation or application of the provisions of this Trust, and any questions concerning benefits payable hereunder, shall be determined exclusively by arbitration in accordance with the rules of the American Arbitration Association for employment disputes then in effect. Such determination shall be final, conclusive and binding upon the parties. Judgment may be entered on the arbitrator's award in any court of competent jurisdiction. Except as provided in Section 8, all fees and expenses of such arbitration (including, without limitation, fees and disbursements of counsel incurred by the Executives and Trustee) shall be paid by the Company. Each Executive is an intended third party beneficiary of the Company's obligations arising upon the occurrence of a Potential Change of Control or Change of Control (including without limitation the obligation to make the contributions described in Section 1(e)) and shall have the right to commence an arbitration proceeding to enforce such obligations.

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**Section 14. Effective Date**

The effective date of this Trust Agreement shall be November 30, 2009.

[SIGNATURE PAGE TO FOLLOW]

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IN WITNESS WHEREOF, the Company and Trustee have caused this Trust Agreement to be duly executed as of the Effective Date indicated above.

**SENSIENT TECHNOLOGIES CORPORATION**

By: \_\_\_\_\_  
Douglas S. Pepper

Title: \_\_\_\_\_

Date: \_\_\_\_\_

**WELLS FARGO BANK, N.A.**

By: \_\_\_\_\_  
Lawrence Scinto

Title: \_\_\_\_\_

Date: \_\_\_\_\_

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**Schedule A**

**SENSIENT TECHNOLOGIES CORPORATION  
RABBI TRUST "B" AGREEMENT**

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
11. Sensient Technologies Supplemental Deferred Compensation Plan

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## **Section 5: EX-10.1.(N) (AMENDED AND RESTATED SENSIENT TECHNOLOGIES CORPORATION RABBI TRUST "C" AGREEMENT)**

**EXHIBIT 10.1(n)**

AMENDED AND RESTATED  
SENSIENT TECHNOLOGIES CORPORATION  
RABBI TRUST "C" AGREEMENT

THIS AMENDED AND RESTATED TRUST AGREEMENT (the "Trust Agreement") is made effective as of November 30, 2009 by and between Sensient Technologies Corporation, a Wisconsin corporation (the "Company"), and Wells Fargo Bank, N.A. (collectively with any successor in interest, the "Trustee").

**WHEREAS**, the Company is obligated to make certain payments for the benefit of certain non-employee directors of the Company ("Directors") in accordance with the terms of the plans specified in Schedule A, as the same may be amended (collectively the "Plans"); and

**WHEREAS**, the Company entered into a trust agreement dated September 8, 1988 (the "Prior Trust Agreement") with Marshall & Ilsley Trust Company, (the "Prior Trustee"), pursuant to which the Company could make contributions in accordance with the Prior Trust Agreement in order to provide itself with a source of funds to assist it in meeting its obligations under the Plans; and

**WHEREAS**, consistent with the provisions of the Prior Trust Agreement, the Trustee has been appointed as successor trustee and the Prior Trust Agreement amended and restated in the form set forth herein; and

**WHEREAS**, it is the intention of the Company that the trust established pursuant to this Trust Agreement (the "Trust") shall constitute an unfunded arrangement in accordance with the terms hereof and shall not affect the status of any Plan as being maintained on an unfunded basis in accordance with the provisions of Title I of the Employee Retirement Income Security Act of 1974, as amended, for the purpose of providing deferred compensation for a select group of management or highly compensated employees; and

**NOW, THEREFORE**, in consideration of the mutual agreements of the parties as contained in this Trust Agreement, the Trust shall be comprised, held and disposed of as follows:

### **Section 1. Successor Trust**

(a) The Company and Trustee hereby acknowledge the deposit with the Trustee of such assets as previously held under the Prior Trust Agreement, which shall continue to be held in accordance with the terms of this Trust Agreement. Subject to Section 1(e), the Company shall be responsible for delivering to the Trustee, to be held in trust hereunder, such an amount as it determines in cash or marketable securities acceptable to the Trustee or any combination thereof, to assist the Company in meeting its obligations to pay benefits payable to Directors under the Plans.

(b) Except as provided for in Section 1(e)(2), Section 2, Section 3 and Section 8 hereof, the Trust is irrevocable. The Company shall have no right or power, except as otherwise specified in the prior sentence, to direct the Trustee to return to the Company, or to divert to others, any of the Trust assets before all obligations to Directors pursuant to the terms of the Plans, and expenses pursuant to the terms of Section 8 of this Trust Agreement, have been satisfied.



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(c) The Trust is intended to be a grantor trust, of which the Company is the grantor, within the meaning of subpart E, part 1, subchapter J, chapter 1, subtitle A of the Internal Revenue Code of 1986, as amended, and shall be construed accordingly.

(d) The assets of the Trust shall be held separate and apart from other funds of the Company and shall be subject to the claims of the Company's general creditors under federal and state law in the event the Company is Insolvent, as defined in Section 3(a) herein. Directors shall have no preferred claim on, or any beneficial ownership interest in, any assets of the Trust. Any rights created under the Plans and this Trust Agreement shall be mere unsecured contractual rights of Directors against the Company. Assets held by the Trust will be applied solely to provide benefits to Directors pursuant to the Plans and to pay expenses of the Trust in accordance with the terms of this Trust Agreement. After the satisfaction of all obligations under the Plans and payment of all such expenses, any amount remaining in the Trust shall be distributed to the Company.

(e) (1) Upon the first to occur of a Potential Change of Control or a Change of Control, the Company shall make a contribution to the Trust, in cash, equal to: (i) the excess of (A) an amount determined in accordance with the Benefits Calculation Schedule described in Section 2(a) as required to pay the Directors the benefits to which Directors are entitled pursuant to the terms of the Plan(s) as of the date the Potential Change of Control is deemed to occur or the date of the Change of Control, as applicable, over (B) the amount, if any, of the Trust balance prior to such contribution; plus (ii) to provide for expenses of the Trust pursuant to Section 8, an amount equal to 3% of the amount determined pursuant to the preceding Section 1(e)(i)(A).

(2) Following notification to the Trustee pursuant to Section 12(e) that the Potential Change of Control is no longer pending and that a Change of Control has not occurred as a result of such Potential Change of Control, the Company shall have the right to withdraw the principal amount contributed by the Company to the Trust under Section 1(e)(1).

(f) Nothing contained herein shall be construed to require a transfer of funds to the Trust in connection with a change in the Company's financial health, or during a restricted period with respect to the Company, as such terms are defined in subsections (b)(2) and (b)(3) of Section 409A of the Internal Revenue Code of 1986, as amended, and any regulations or other guidance issued thereunder ("Section 409A").

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## Section 2. Tax Payments and Payments to Directors

(a) As of the effective date of this Trust Agreement, as of each January 1 thereafter, upon the occurrence of a Potential Change of Control and upon the occurrence of a Change of Control, the Company shall deliver to the Trustee a schedule (the "Benefits Calculation Schedule") setting forth the names and addresses of the Directors and, with respect to each Director, the formula or other methodology or instructions applicable in determining the amounts payable to the Director pursuant to the applicable Plan, as well as the time of commencement for, and the form of payment of, such amounts; provided, however, that the payment of any benefits through this Rabbi Trust C shall be limited to those benefits as specified in such Benefits Calculation Schedule. Each Benefits Calculation Schedule delivered to the Trustee pursuant to this Section 2 (a) shall be certified by the Vice President of Administration. In the event the Company refuses or neglects to provide an updated Benefits Calculation Schedule as provided in this Section 2(a), the Trustee shall determine the amounts payable to the Director based on the most recent Benefits Calculation Schedule properly furnished to it by the Company. The Trustee shall incur no liability to the Company or a Director for its good faith determination of benefits in accordance with such Benefits Calculation Schedule.

(b) As of each January 1, the Company shall be responsible for reviewing the amount to fund the Company's obligations. The Company shall determine the amount, if any, to pay to the Trustee, in a form consistent with Section 1(a), to provide such funding.

(c) The Trustee shall make payments to Directors in accordance with such Benefits Calculation Schedule, subject to Section 2(d), including providing for the reporting, withholding and payment of any federal and state taxes (other than local taxes allocable to the Director) that may be required with respect to the payment of benefits pursuant to the terms of the Benefits Calculation Schedule or Section 2(d). Notwithstanding the foregoing, the Company shall direct the Trustee: (i) if any tax withholding is required on a payment subject to state income taxes in a state other than the state in which the Director currently resides ("Non-resident taxes"), which shall be remitted by the Trustee to the appropriate taxing authority; and (ii) if any local taxes are payable by the Director with respect to a benefit payment, which amount shall be transferred by the Trustee to the Company who shall have the responsibility for reporting and paying such local taxes to the appropriate taxing authorities. The Company will indemnify and hold harmless the Trustee from any and all liability to which the Trustee may become subject due to the Company's failure to properly remit local taxes in connection with payments received from the Trust, or for failure to direct the Trustee regarding withholding on any payment subject to Non-resident taxes.

(d) Following a Change of Control, in the event any Plan provision fails to comply with the requirements of Section 409A, the Company shall direct the Trustee in writing (with a copy of such direction delivered to each affected Director) to distribute to the Director the amount required to be included in income as a result of such Section 409A failure, less any relevant tax withheld pursuant to Section 2(c) and the Director shall have the responsibility for reporting and paying any taxes related to such distribution. In the event that either: (i) the Company does not direct the Trustee to make a distribution to a Director under this Section 2(d) and such Director reasonably believes that a distribution is due under this Section 2(d); or (ii) the Company directs the Trustee to make a distribution to a Director under this Section 2(d) and such Director reasonably believes that a distribution is not due under this Section 2(d), such Director shall be entitled to deliver to the Trustee an affidavit (a "409A Notice") setting forth: (x) payment instructions for the amount the Director believes will be or is due under this Section 2(d); or (y) the reasons the Director believes that a distribution is not due under this Section 2(d). The Director also shall deliver a copy of the 409A Notice to the Company within three (3) business days following the date the 409A Notice is delivered to the Trustee. Unless the Trustee receives written objection from the Company within ten (10) business days after receipt by the Trustee of such notice, the Trustee shall make the payment distribution, if any, in accordance with the amount and instructions set forth in the 409A Notice to the extent, if applicable, the funds necessary to make any such payments due are available within the Trust. If the Company makes an objection during the ten (10) business days referred to in the preceding sentence, the Trustee shall retain any disputed amounts pending the determination of an arbitrator pursuant to Section 13 hereof. A distribution made under this Section 2(d) shall constitute a payment of the benefits that are subject to Section 409A under the applicable Plan and shall be limited to the amount required to be included in income as such Plan benefit and shall not include any amounts with respect to any penalty taxes resulting from such Section 409A failure.

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(e) In the event that a Director reasonably believes that a Benefits Calculation Schedule or a specific benefit payment does not properly reflect the amount payable to such Director, or the time or form of payment, in accordance with the applicable Plan and this Trust Agreement, such Director shall be entitled to deliver to the Trustee an affidavit (the "Director's Notice") setting forth payment instructions for the amount the Director believes will be or is due under the relevant terms of the Plans and this Trust Agreement. The Director also shall deliver a copy of the Director's Notice to the Company within three (3) business days following the date the Director's Notice is delivered to the Trustee. Unless the Trustee receives written objection from the Company within ten (10) business days after receipt by the Trustee of such notice, the Trustee shall make the payment distribution in accordance with the amount and instructions set forth in the Director Notice to the extent the funds necessary to make any such payments due are available within the Trust. If the Company makes an objection during the ten (10) business days referred to in the preceding sentence, the Trustee shall retain any disputed amounts pending the determination of an arbitrator pursuant to Section 13 hereof.

(f) The Company may make payment of benefits directly to Directors as they become due under the terms of the Plans. Prior to the time amounts are payable to a Director, the Company shall notify the Trustee of its decision to make payment of benefits directly to a Director. In addition, if at any time the principal of the Trust, and any earnings thereon, are not sufficient to make payments of benefits in accordance with the terms of the Plans, the Company shall make the balance of, or all of, each such payment as it falls due. The Trustee shall notify the Company where principal and earnings are not sufficient.

### **Section 3. Trustee Responsibility Regarding Payments to Trust Beneficiary When The Company Is Insolvent**

(a) The Trustee shall cease payment of benefits to Directors if the Company is Insolvent. The Company shall be considered "Insolvent" for purposes of this Trust Agreement if (i) the Company is unable to pay its debts as they become due, (ii) the Company is subject to a pending proceeding as a debtor under the United States Bankruptcy Code, or (iii) the Company is determined to be insolvent by any state or federal regulatory authority.

(b) At all times during the continuance of this Trust, as provided in Section 1(d) hereof, the principal and income of the Trust shall be subject to claims of general creditors of the Company under federal and state law as set forth below.

(1) The Board of Directors and the Chief Executive Officer of the Company shall have the duty to inform the Trustee in writing that the Company is Insolvent. If a person claiming to be a creditor of the Company alleges in writing to the Trustee that the Company has become Insolvent, the Trustee shall determine whether the Company is Insolvent and, pending such determination, the Trustee shall discontinue payment of benefits to Directors.

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(2) Unless the Trustee has actual knowledge that the Company is Insolvent, or has received notice from the Company or a person claiming to be a creditor alleging that the Company is Insolvent, the Trustee shall have no duty to inquire whether the Company is Insolvent. The Trustee may in all events rely on such evidence concerning whether the Company is Insolvent as may be furnished to the Trustee and that provides the Trustee with a reasonable basis for making a determination whether the Company is Insolvent.

(3) If at any time the Trustee has determined that the Company is Insolvent, the Trustee shall discontinue payments to Directors and shall hold the assets of the Trust for the benefit of the Company's general creditors. Nothing in this Trust Agreement shall in any way diminish any rights of Directors to pursue their rights as general creditors of the Company with respect to benefits due under the Plans or otherwise.

(4) The Trustee shall resume the payment of benefits to Directors in accordance with Section 2 of this Trust Agreement only after the Trustee has been advised that the Company is not Insolvent (or is no longer Insolvent).

(5) Provided that there are sufficient assets, if the Trustee discontinues the payment of benefits from the Trust pursuant to Section 3(b) hereof and subsequently resumes such payments, the first payment following such discontinuance shall include the aggregate amount of all payments due to Directors under the terms of the Plans for the period of such discontinuance, less the aggregate amount of any payments made to Directors by the Company in lieu of the payments provided for hereunder during any such period of discontinuance.

#### **Section 4. Investment Authority**

(a) Investments of the Trust shall be limited to cash, cash equivalents, other short term fixed income securities or shares of a comparable registered investment company (including any such security or shares for which the Trustee or an affiliate receives any compensation or fee).

(b) Prior to a Change of Control the Company or the Benefit Investment Committee established pursuant to action by the Finance Committee, or such other committee that the Finance Committee may designate (the "Benefit Investment Committee"), shall have the authority to: (i) direct the Trustee as to specific securities consistent with Section 4(a) in which Trustee shall invest Trust Fund assets; or (ii) delegate such authority to the Trustee or select an investment manager. Following a Change of Control, such power and authority regarding investments shall rest solely with the Trustee who shall invest Trust Fund assets in such cash equivalents and other short term fixed income securities or shares of a comparable registered investment company (including any such security or shares from which the Trustee or an affiliate receives any compensation or fee) as the Trustee, in its sole discretion, shall determine. In no event shall any investment authority be exercisable by or rest with Directors. Prior to a Change of Control the voting, tendering and the exercise of all other rights with respect to Trust assets will be exercised by the Company, the Benefit Investment Committee, or the Trustee or investment manager to whom the Company or the Benefit Investment Committee has delegated such authority. Following a Change of Control, such authority will be exercised solely by the Trustee.

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(c) Notwithstanding the foregoing provisions in Section 4(b), prior to a Change of Control, the Trustee shall have no: (i) duty or responsibility to question any direction of the Company, the Benefit Investment Committee or an investment manager or to review any investment made pursuant to any such direction or to make recommendations to the Company, the Benefit Investment Committee or an investment manager in connection therewith; or (ii) liability or responsibility for its action or inaction pursuant to the direction of, or its failure to act in the absence of directions from, the Company, the Benefit Investment Committee or an investment manager regarding the investment of Trust Fund assets.

(d) The Trustee shall have the following administrative responsibilities which may be necessary to carry out the provisions of the Trust, subject to the Company's proper directions in accordance with the terms of this Trust Agreement:

(1) To receive and hold all contributions paid to it by the Company; provided, however, that the Trustee shall have no duty to require any contributions to be made to it except with respect to such an amount required to be contributed to it upon the occurrence of a Potential Change of Control or a Change of Control, as applicable;

(2) To effectuate the proper written investment instructions given by the Company or its designee in accordance with the terms of this Trust without regard to any law now or hereafter in force limiting investments of fiduciaries;

(3) To have the authority to invest and reinvest assets of the Trust in cash, cash equivalents and other short term fixed income securities or shares of a comparable investment company (including any such security or shares from which the Trustee or an affiliate receives any compensation or fee);

(4) To retain any interest with respect to an amount issued from the Trust as a benefit distribution pending the settlement of the amount so distributed;

(5) To establish accounts in any affiliate of the Trustee and in such other banks and financial institutions as the Trustee deems appropriate to carry out the purpose of the Trust;

(6) To sell, exchange, assign, transfer, and convey any security or property held in the Trust, at public or private sale, at such time and price and upon such terms and conditions (including credit) as directed;

(7) To vote, tender, or exercise any right appurtenant to any stock or securities held in the Trust, as directed;

(8) To consent to and participate in any plan for liquidation, reorganization, consolidation, merger, or any similar action of any corporation, any security of which is held in the Trust, as directed;

(9) To sell or exercise any "rights" issued on any security held in the Trust;

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(10) To deposit securities with a clearing corporation as defined in Article Eight of the Uniform Commercial Code; to hold the certificates representing securities, including those in bearer form, in bulk form with and to merge such certificates into certificates of the same class of the same issuer which constitutes assets of other accounts or owners, without certification as to the ownership attached; and to utilize a book-entry system for the transfer or pledge of securities held by the Trustee or by a clearing corporation, provided that the records of the Trustee shall indicate the actual ownership of the securities and other property of the Trust Fund;

(11) To participate in and use the Federal book-entry account system, a service provided by the Federal Reserve Bank for its member banks for deposit of Treasury securities; and

(12) To hold securities in the name of the Trustee or its nominee or nominees or in such other form as it determines best with or without disclosing the Trust relationship, providing the records of the Trust shall indicate the actual ownership of such securities or other property.

#### **Section 5. Disposition of Income**

All interest and other income earned on the investment of the assets of the Trust Fund shall be accumulated and reinvested as assets of the Trust.

#### **Section 6. Accounting by Trustee**

The Trustee shall keep accurate and detailed records of all investments, receipts, disbursements, and all other transactions required to be made, including such specific records as shall be agreed upon in writing between the Company and the Trustee. Within thirty (30) days after the removal or resignation of the Trustee, the Trustee shall deliver to the Company a written account of its administration of the Trust during such year or during the period from the close of the last preceding year to the date of such removal or resignation, setting forth all investments, receipts, disbursements and other transactions effected by it, including a description of all securities and investments purchased and sold with the cost or net proceeds of such purchases or sales (accrued interest paid or receivable being shown separately), and showing all cash, securities and other property held in the Trust at the end of such year or as of the date of such removal or resignation, as the case may be.

#### **Section 7. Responsibility of Trustee**

(a) The Trustee shall act with the care, skill, prudence and diligence under the circumstances then prevailing that a prudent person acting in like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims; provided, however, that the Trustee shall incur no liability to any person for any action taken pursuant to a proper direction, request or approval given by the Company which is contemplated by, and in conformity with, the terms of this Trust Agreement and is given in writing by the Company. Subject to Section 13 hereof, in the event of a dispute between the Company and a party, the Trustee may apply to a court of competent jurisdiction to resolve the dispute.

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(b) If the Trustee undertakes or defends any litigation arising in connection with this Trust, including, without limitation by specification, under Section 4(d)(1), the Company agrees to indemnify the Trustee against the Trustee's costs, expenses and liabilities (including, without limitation, attorneys' fees and expenses) described in Section 8(a) and Section 8(b). The Company further agrees to make payments to the Trust with respect to expenses described in Section 8(c).

(c) The Trustee may consult with legal counsel (who prior to a Change of Control also may be counsel for the Company generally) with respect to any of its duties or obligations hereunder.

(d) The Trustee may hire agents, accountants, actuaries, investment advisors, financial consultants or other professionals to assist it in performing any of its duties or obligations hereunder.

(e) The Trustee shall have, without exclusion, all powers conferred on Trustees by applicable law, unless expressly provided otherwise herein; provided, however, that if an insurance policy is held as an asset of the Trust, the Trustee shall have no power to name a beneficiary of the policy other than the Trust, to assign the policy (as distinct from conversion of the policy to a different form) other than to a successor Trustee, or to loan to any person the proceeds of any borrowing against such policy.

(f) Notwithstanding any powers granted to the Trustee pursuant to this Trust Agreement or to applicable law, the Trustee shall not have any power that could give this Trust the objective of carrying on a business and dividing the gains therefrom, within the meaning of section 301.7701-2 of the Procedure and Administrative Regulations promulgated pursuant to the Internal Revenue Code.

(g) The Company hereby agrees to indemnify and to hold Trustee harmless from and against all claims, expenses (including reasonable attorney fees), liabilities, damages, actions or other charges incurred by or assessed against Trustee, other than on account of the: (i) Trustee's own gross negligence or willful misconduct; or (ii) Trustee's breach of the standard set forth in the preceding Section 7(a) with respect to investments directed by it.

(h) Notwithstanding anything to the contrary herein, the Trustee shall incur no liability to the Company or a Director for any determination that it makes pursuant to the terms of this Trust Agreement in good faith and in accordance with the standard set forth in Section 7(a).

#### **Section 8. Compensation and Expenses of Trustee**

(a) Subject to Section 12(f)(1), prior to a Change of Control, the Company shall pay all Trust administrative costs and the Trustee's fees and expenses. If not so paid in a timely manner, the costs, fees and expenses shall be paid from the Trust, but shall remain an obligation of the Company.

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(b) Following a Change of Control, the expenses of the Trust, as described in Section 8(c), shall be paid from the Trust, provided, however, that to the extent that the payment of any such expense would reduce the principal of the Trust below the amount determined by the Trustee, in accordance with the applicable Benefits Calculation Schedule, as necessary to pay the benefits then remaining due under the terms of the Plans, the Trustee shall notify the Company in writing and the Company agrees that it will pay all expenses in excess of the amount so determined as required to satisfy such remaining benefit obligations. If the Company does not pay such expenses within sixty (60) days of the day of delivery by the Trustee of such written notice, the Trustee may obtain payment from the Trust, but the amount so paid shall remain an obligation of the Company.

(c) Following a Change of Control, expenses of the Trust shall include: (i) all Trust administrative costs and the Trustee's fees and expenses, including any legal, professional or other expense the Trustee may incur pursuant to Section 1(e), Section 7(b), Section 10(b) or Section 13; and (ii) all expenses, legal, professional or otherwise, that a Director may incur in accordance with Sections 2(d), 2(e) and 13.

#### **Section 9. Resignation and Removal of Trustee**

(a) Subject to Section 12(f)(2), prior to a Change of Control the Trustee may resign at any time by written notice to the Company, which shall be effective no less than sixty (60) days after receipt of such notice unless the Company and the Trustee agree otherwise. Subject to Section 12(f)(3), prior to a Change of Control the Trustee may be removed by the Company on thirty (30) days notice or upon shorter notice accepted by the Trustee.

(b) For the two-year period following a Change of Control, the Trustee may not resign and any resignation after such two-year period shall be effective no less than ninety (90) days after receipt of such notice, unless the Company and the Trustee agree otherwise. Following a Change of Control, the Trustee may be removed by the Company only if Directors who represent, as of the last day of the month preceding the date notice of the removal is given, at least sixty-five percent (65%) of the aggregate value of benefits payable under the Plans as of such date agree to the removal of the Trustee.

(c) If, prior to a Change of Control, the Trustee resigns or is removed in accordance with Section 9(a), a successor shall be appointed, in accordance with Section 10(a) hereof, by the effective date of resignation or removal under paragraphs (a) or (b) of Section 10. If no such appointment has been made, the Trustee may apply to a court of competent jurisdiction for appointment of a successor or for instructions. All expenses of the Trustee in connection with the proceeding shall be allowed as administrative expenses of the Trust. If, following a Change of Control, the Trustee resigns or is removed in accordance with Section 9(b), a successor shall be appointed in accordance with Section 10(b) hereof.



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## **Section 10. Appointment of Successor**

(a) Subject to Section 12(f)(4), if the Trustee resigns or is removed prior to a Change of Control in accordance with Section 9(a), the Company may appoint a successor to replace the Trustee, provided that the Trustee and any successor thereto appointed hereunder shall be a commercial bank or trust company which is not an affiliate of the Company, but which is a national banking association or established under the laws of one of the states of the United States, and which has equity in excess of One Hundred Million Dollars (\$100,000,000), provided that Directors who represent, as of the last day of the month preceding the date notice of resignation or removal is given, at least sixty-five percent (65%) of the aggregate value of benefits payable under the Plans as of such date agree to the designated successor trustee within forty-five (45) days following the notice of the Trustee's departure. If such Director agreement is not achieved, the Trustee shall be entitled to petition a court of competent jurisdiction to appoint its successor. All reasonable expenses of the Trustee in connection with the proceeding shall be allowed as administrative expenses of the Trust. The appointment shall be effective when accepted in writing by the new Trustee, who shall have all of the rights and powers of the former Trustee, including ownership rights in the Trust assets. Upon such resignation by, or removal of, the Trustee prior to a Change of Control, and appointment of a successor Trustee, all assets shall subsequently be transferred to the successor Trustee. The transfer shall be completed within thirty (30) days after the effective date of the resignation or removal or transfer, unless the Company extends such time limit. The Trustee shall execute any instrument necessary or reasonably requested by the Company or the successor Trustee to effect or evidence the transfer.

The successor Trustee need not examine the records and any acts of any prior Trustee and may retain or dispose of any existing Trust assets, subject to Sections 6 and 7 hereof. The successor Trustee shall not be responsible for, and the Company shall indemnify and defend the successor Trustee from, any claim or liability resulting from any action or inaction of any prior Trustee or from any other past event, or any condition existing at the time it becomes successor Trustee.

(b) If the Trustee resigns or is removed following a Change of Control in accordance with Section 9(b), the Company may appoint a successor to replace the Trustee, provided that the Trustee and any successor thereto appointed hereunder shall be a commercial bank or trust company which is not an affiliate of the Company, but which is a national banking association or established under the laws of one of the states of the United States, and which has equity in excess of One Hundred Million Dollars (\$100,000,000), provided that Directors who represent, as of the last day of the month preceding the date notice of resignation or removal is given, at least sixty-five percent (65%) of the aggregate value of benefits payable under the Plans as of such date agree to the designated successor trustee within forty-five (45) days following the notice of the Trustee's departure. If such Director agreement is not achieved, the Trustee shall be entitled to petition a court of competent jurisdiction to appoint its successor. All reasonable expenses of the Trustee in connection with the proceeding shall be allowed as administrative expenses of the Trust.

## **Section 11. Amendment or Termination**

(a) The Trust shall not terminate until the date on which Directors are no longer entitled to benefits pursuant to the terms of the Plans and expenses of the Trust are paid. All assets remaining in the Trust at such termination shall be returned to the Company.

(b) Following a Change of Control, or if an amendment to this Trust would adversely affect the rights of the Directors hereunder, this Trust may be amended by the Trustee and the Company only if Directors who represent, as of the last day of the month preceding the date notice of the amendment is given, at least sixty-five percent (65%) of the aggregate value of benefits payable under the Plans as of such date agree to the amendment. Prior to a Change of Control, this Trust may be amended by written agreement of the parties hereto without obtaining the consent of the Directors only if such amendment does not adversely affect the rights of the Directors hereunder.

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## Section 12. Miscellaneous

(a) Any provision of this Trust Agreement prohibited by law shall be ineffective to the extent of any such prohibition, without invalidating the remaining provisions hereof.

(b) Benefits payable to Directors under this Trust Agreement may not be anticipated, assigned (either at law or in equity), alienated, pledged, encumbered or subjected to attachment, garnishment, levy, execution or other legal or equitable process.

(c) This Trust Agreement shall be governed by and construed in accordance with the laws of Wisconsin.

(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

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(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 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).

The Company promptly shall provide notice to the Trustee of the occurrence of a Change of Control.

(e) For purposes of this Trust, Potential Change of Control shall mean the occurrence of any of the following events:

(1) the commencement of a tender offer or exchange offer by any third person which, if consummated, would result in a Change of Control;

(2) the execution of an agreement by the Company, the consummation of which would result in the occurrence of a Change of Control;

(3) the public announcement by any person (including the Company) of an intention to take or consider taking actions which if consummated would constitute a Change of Control; or

(4) the adoption by the Board of Directors of the Company, as a result of other circumstances, including, without limitation, circumstances similar or related to the foregoing, of a resolution to the effect that a Potential Change of Control has occurred.

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Notwithstanding anything in this Section 12(e) to the contrary, for purposes of this Trust Agreement, a Potential Change of Control shall not be deemed to have occurred until the date on which the Chief Executive Officer or the general counsel of the Company delivers a written certification to the Trustee that such event has taken place.

A Potential Change of Control shall be deemed to be pending from the date the Potential Change of Control is deemed to have occurred pursuant to the prior paragraph, until the date on which the Chief Executive Officer or the general counsel of the Company delivers a written certification to the Trustee that the Potential Change of Control is no longer pending and that a Change of Control has not occurred as a result of such Potential Change of Control.

(f) During the period of time that a Potential Change of Control is pending, the following shall apply:

(1) the expenses of the Trust, as described in Section 8(c), shall be paid from the Trust, provided, however, that to the extent that the payment of any such expense would reduce the principal of the Trust below the amount determined by the Trustee, in accordance with the applicable Benefits Calculation Schedule, as necessary to pay the benefits then remaining due under the terms of the Plans, the Trustee shall notify the Company in writing and the Company agrees that it will pay all expenses in excess of the amount so determined as required to satisfy such remaining benefit obligations. If the Company does not pay such expenses within sixty (60) days of the day of delivery by the Trustee of such written notice, the Trustee may obtain payment from the Trust, but the amount so paid shall remain an obligation of the Company;

(2) the Trustee may not resign;

(3) the Trustee may be removed by the Company only if Directors who represent, as of the last day of the month preceding the date notice of removal is given, at least sixty-five percent (65%) of the aggregate value of benefits payable under the Plans as of such date agree to the removal of the Trustee; and

(4) if the Trustee is removed, the Company may appoint a successor to replace the Trustee, provided that the Trustee and any successor thereto appointed hereunder shall be a commercial bank or trust company which is not an affiliate of the Company, but which is a national banking association or established under the laws of one of the states of the United States, and which has equity in excess of One Hundred Million Dollars (\$100,000,000), provided that Directors who represent, as of the last day of the month preceding the date notice of resignation or removal is given, at least sixty-five percent (65%) of the aggregate value of benefits payable under the Plans as of such date agree to the designated successor trustee within forty-five (45) days following the notice of the Trustee's departure. If such Director agreement is not achieved, the Trustee shall be entitled to petition a court of competent jurisdiction to appoint its successor.

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**Section 13. Arbitration**

Any dispute between the Directors and the Company or the Trustee as to the interpretation or application of the provisions of this Trust, and any questions concerning benefits payable hereunder, shall be determined exclusively by arbitration in accordance with the rules of the American Arbitration Association for employment disputes then in effect. Such determination shall be final, conclusive and binding upon the parties. Judgment may be entered on the arbitrator's award in any court of competent jurisdiction. Except as provided in Section 8, all fees and expenses of such arbitration (including, without limitation, fees and disbursements of counsel incurred by the Directors and Trustee) shall be paid by the Company. Each Director is an intended third party beneficiary of the Company's obligations arising upon the occurrence of a Potential Change of Control or Change of Control (including without limitation the obligation to make the contributions described in Section 1(e)) and shall have the right to commence an arbitration proceeding to enforce such obligations.

**Section 14. Effective Date**

The effective date of this Trust Agreement shall be November 30, 2009.

[SIGNATURE PAGE TO FOLLOW]

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IN WITNESS WHEREOF, the Company and Trustee have caused this Trust Agreement to be duly executed as of the Effective Date indicated above.

**SENSIENT TECHNOLOGIES CORPORATION**

By: \_\_\_\_\_  
Douglas S. Pepper

Title: \_\_\_\_\_

Date: \_\_\_\_\_

**WELLS FARGO BANK, N.A.**

By: \_\_\_\_\_  
Lawrence Scinto

Title: \_\_\_\_\_

Date: \_\_\_\_\_

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Schedule A

**SENSIENT TECHNOLOGIES CORPORATION  
RABBI TRUST “C” AGREEMENT**

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

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**Section 6: EX-13.1 (ANNUAL REPORT TO SHAREHOLDERS)**







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“Our strategy of reducing debt and investing in  
our business has allowed the Company to deliver  
stable results during a challenging period. Sensient’s  
prospects in 2010 and beyond are excellent.”

– Kenneth P. Manning, Chairman and Chief Executive Officer, Sensient Technologies Corporation

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 and colors, and other specialty colors and chemicals.

*Financial Highlights*

in thousands except per share, employee and shareholder data

Years ended December 31,	2009	2008	% Change
<b>Results of operations</b>			
Revenue	\$1,201,412	\$1,252,620	(4)%
Operating Income*	146,963	161,599	(9)%
Net Earnings*	86,561	90,861	(5)%
<b>Per common share</b>			
Net Earnings:			
Basic*	\$ 1.79	\$ 1.91	(6)%
Diluted*	1.78	1.89	(6)%
Dividends	0.76	0.74	3%
Book Value	18.49	16.87	10%
<b>Other information</b>			
Capital Expenditures	\$ 47,716	\$ 53,680	
Depreciation and Amortization	\$ 42,183	\$ 44,445	
Total Debt	\$ 428,033	\$ 479,895	
Number of Employees	3,570	3,613	
Number of Shareholders of Record	3,082	3,189	
Average Common Shares Outstanding:			
Basic	48,379	47,654	
Diluted	48,641	48,131	

\* Results for 2009 include charges for the proposed settlement of environmental claims and related legal expenses, net of insurance reimbursements, of \$11.3 million (\$6.9 million after-tax, or \$0.14 per share).

Sensient Technologies Corporation maintained positive momentum during a challenging economic environment in 2009. Investments in technology, production and distribution position the Company to benefit in 2010.



Kenneth P. Manning  
Chairman and Chief Executive Officer

**2009 Results** Total 2009 revenue was \$1.20 billion, compared to record revenue of \$1.25 billion in 2008. Cash flow from operating activities exceeded \$138 million, the highest in the Company's history. Net earnings were \$86.6 million. In January 2010, Sensient announced a proposed settlement of environmental claims against the Company stemming from an acquisition that was made over 20 years ago. Charges for this settlement were recorded in the fourth quarter of 2009, resulting in diluted earnings per share for 2009 of \$1.78. Without this charge, earnings per share would have reached \$1.92.

The Company demonstrated strength in key areas, but soft consumer demand kept revenues flat overall. Large customers also took a cautious approach to new product introductions, which affected revenues.

The difficult economic environment did not alter the execution of Sensient's strategies. We remained focused on further strengthening our balance sheet. The Company's total debt was reduced by \$51.9 million, bringing our debt-to-capital ratio to 32%. Over the last six years, we have lowered outstanding debt by more than \$227 million.

We have paid a dividend without interruption since public trading in the Company commenced in 1962. In 2009, we paid a quarterly dividend of 19 cents per share of common stock, amounting to 76 cents per share for the year.

#### **Sustained Investment During a Difficult Economy**

Historically, businesses have thrived in periods of economic recovery by continuing to invest in innovation during downturns. In 2009, we followed a disciplined program of investment in the most promising areas of our business. Unlike many companies, we did not lay off employees. In fact, we added sales and technical personnel to extend our geographic reach. By staying our strategic course, Sensient is particularly well positioned to succeed.

The Company's investments focused on three areas—technology, production capabilities and distribution.

#### **Developing New Technologies and Products**

Sensient operates state-of-the-art labs and pilot plants at locations around the world. By maintaining R&D capabilities in North America, Europe, Latin America and Asia Pacific, we can better serve significant regional customers as well as multinationals.

The Company's scientific and technical staff develop products for local consumption as well as new technologies that have global potential. For instance, our R&D strengths enable us to respond rapidly to growing worldwide consumer demand for natural colors and flavors for food and beverage products.

At the same time, our R&D effort benefits from operating as a unified Company. Information-sharing among our businesses makes product development more efficient and speeds time to market.

### **Increasing Production Capabilities**

Sensient continues to add new customers and build accounts with current customers by expanding our production capabilities. In Guangzhou, China, we opened a new facility in 2009 that includes offices, labs, warehouses and a manufacturing plant. This extensive operation produces color and flavor systems for food and beverages, fragrances and pharmaceutical coatings, primarily for the Chinese marketplace.

The Company now has five locations in China. We expect China and Asia Pacific to play an increasingly important role in our growth going forward.

In 2009, Sensient also opened a facility in Alajuela, Costa Rica, which now serves as the base for the Company's Central American and Caribbean operations. We continue to expand production capabilities at established facilities as well. In St. Louis, we completed investments in pharmaceutical colors and coatings. We also added new production for flavor extracts in Indianapolis.

### **Extended Distribution System**

Sensient has the ability to develop entirely new products, extend existing technologies and increase production to support specific applications. We are also expanding another essential element of our business: sales and distribution.

To reach new customers—and to demonstrate our long-term commitment to emerging markets—Sensient is building an extended distribution system. As part of this initiative, we have opened satellite locations in numerous cities, including Kristianstad, Sweden, Warsaw, Poland, and Bucharest, Romania.

These offices include sales and technical personnel who introduce local manufacturers to Sensient's products, services and R&D capabilities. We continue to refine this already successful expansion model, which entails low risk and brings significant opportunities.

### **A Balanced Product Mix**

Sensient has weathered the difficult economic environment in large part because we maintain a robust, balanced product mix. Systems for food and beverage manufacturing sustain and even increase sales during periods of recession as manufacturers reformulate products and consumers purchase more ready-to-eat foods.

In 2009, customers increasingly turned to Sensient for advanced natural color and flavor technologies. Our line of Fusion Precise Natural Colors™ provides highly stable, shade-specific colors derived from GMO-free raw materials. We are also expanding our line of high-performance extraction flavors, marketed under the Sensient Natural Origins™ brand. These highly innovative natural food and beverage systems enhance our customers' products and result in higher margins for Sensient.

We are adding to our product portfolio for non-food markets as well. We developed and are now introducing a proprietary line of self-dispersing pigment-based inkjet inks for consumer and industrial applications. These color chemicals outperform competitor products on several measures. The foundation of this new chemical technology also has applications for our global cosmetics business.

### **New Opportunities in 2010 and Beyond**

The combination of R&D, innovative products and strong leadership makes Sensient a resilient competitor in markets around the world. We will continue to increase sales with current customers as well as add new accounts. The Company's operational and financial discipline will drive our immediate and long-term success.

I look forward to leading the Company through a period of continuing growth.

Sincerely,



Kenneth P. Manning  
Chairman and Chief Executive Officer

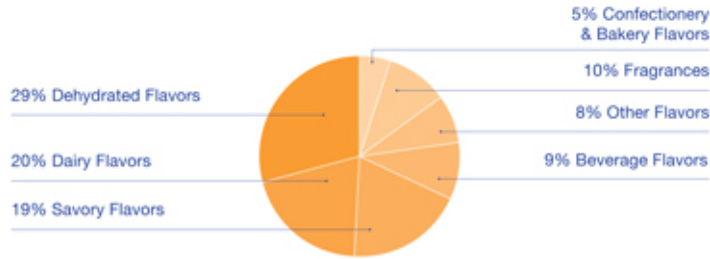
## FLAVORS & FRAGRANCES GROUP

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

- Extended distribution system provides local market access
- Independent profit centers streamline operations
- New product lines meet the growing demand for natural flavor sources
- Superior application capabilities service customer needs

REVENUE BY PRODUCT LINE



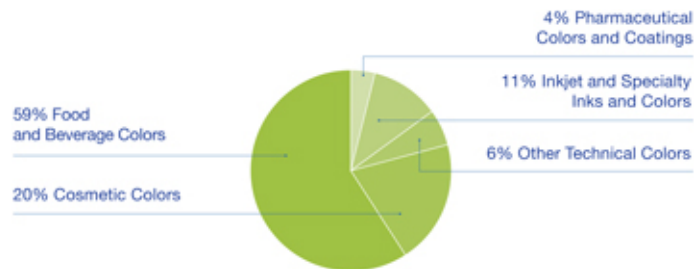
## COLOR GROUP

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

- Global reach and market leadership
- Natural color technology outperforms competitors' offerings
- Proprietary chemistry results in superior technical colors
- Global R&D is increasing product introductions

REVENUE BY PRODUCT LINE



State-of-the-Art

# EXTRACTIONS



Sensient maintains proprietary liquid CO<sub>2</sub> extraction manufacturing capabilities at facilities in North America and Europe.

Sensient's industry-leading extraction technology provides high-performance flavor and aroma profiles used by a wide range of dairy, savory, sweet and beverage manufacturers. These unique natural extracts provide highly concentrated, authentic flavors that cannot be duplicated by our competitors.

The Company's line of Sensient Natural Origins™ includes extracts derived from citrus, vanilla, tea, herbs, spices and other raw materials. Sensient adds flavors and fragrances formulations to products globally.





Innovative

# EMULSIONS



Sensient's Fusion Precise Natural Colors™ line, which includes emulsion-based products, provides market-leading manufacturers with exceptional performance, stability and consistency.

Sensient is a leading developer of emulsion and micro-emulsion technologies used in food, beverage and cosmetics manufacturing. These innovative chemical systems provide vibrant natural colors and improved performance to a range of products, including sports drinks, confections and cosmetic applications.

Derived from natural, renewable resources, Sensient's Fusion product line offers improved stability and color consistency and includes emulsion-based products. The Company's proprietary emulsion technology is also used to deliver natural flavors and nutritional ingredients.

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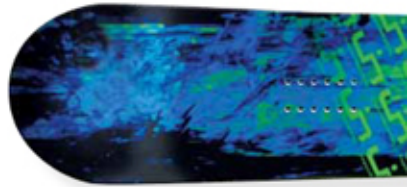
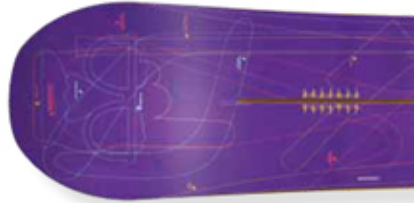
Proprietary  
**CHEMISTRY**



State-of-the-art chemistry gives Sensient's pigment dispersion products a competitive advantage.

Sensient has developed a new, proprietary technology for creating high-performance self-dispersing pigmented colors. This innovative manufacturing process is economical and has a favorable environmental impact.

Developed at Sensient's primary color R&D facility in St. Louis, these advanced specialty chemicals can be used in a wide range of global products. In 2010, Sensient will market this new line of colors to European and North American manufacturers of inkjet inks, textiles and composite coatings.



Leading

# PRODUCT SAFETY

Systems



Sensient's state-of-the-art equipment, such as this aseptic processing unit, contributes to our leading product safety record.

Sensient maintains the industry's highest standards in product safety worldwide. The Company follows a rigorous process for ensuring supply chain integrity and identifying the country of origin of raw materials. Sensient also conducts regular food safety audits, using independent auditors, to ensure product safety. The results are a record of product safety and purity that cannot be matched by U.S. or international specialty chemical manufacturers.

In recent years, Sensient has refined our aseptic processing and packaging capabilities. These advances have helped earn increased business with leading manufacturers of beverages, ice cream and other dairy products.







## Extended Distribution System

# GEOGRAPHIC EXPANSION

### Global Presence

United States

Argentina

Australia

Belgium

Brazil

Canada

China

Costa Rica

Czech Republic

Finland

France

Germany

Guatemala

Hungary

India

Indonesia

Italy

Japan

Korea

Mexico

Netherlands

New Zealand

Philippines

Poland

Romania

Serbia

Singapore

South Africa

Spain

Sweden

Switzerland

Thailand

United Kingdom

Sensient is expanding rapidly into geographic markets with the greatest potential for long-term growth. As part of our extended distribution system, we recently established locations with sales and technical personnel in Helsinki, Warsaw, Bucharest and other cities in Eastern and Central Europe and Scandinavia.

The Company's expanded operations in China and Latin America will also contribute to ongoing growth. Sensient now operates from more than 70 locations in over 30 countries, reaching customers in 150 nations.





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## of Operations &amp; Financial Condition

## Overview

Although the economic environment in 2009 presented difficulties for many companies, consolidated results for Sensient Technologies Corporation (the "Company") were relatively stable and the Company continued to strengthen its financial position. Cash flows from operating activities reached an all-time record level for the Company of \$138.3 million. Total debt was reduced by \$52 million in 2009 and the Company was able to refinance debt on attractive terms. The Company entered into an agreement in November 2009 to issue debt in May 2010 totaling \$110 million through a private placement of notes with four financial institutions with a fixed coupon rate of 4.91%. 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. In addition, in the fourth quarter of 2009, the Company recorded charges for the proposed settlement of legal claims against the Company related to the General Color Company Superfund site in Camden, New Jersey. By settling this matter, the Company believes it will eliminate future litigation expense and the potential for greater liability. Without the charge of \$0.14 per share related to this settlement, Sensient's earnings per share represent the best results in the history of the Company.



Revenue for 2009 was \$1.20 billion compared to \$1.25 billion reported in 2008. Operating income was \$147.0 million in 2009 and \$161.6 million in 2008. Although the impact of foreign currency translation was positive in the fourth quarter of 2009, the full year impact reduced the Company's revenue and operating profit in 2009 by approximately \$53.5 million and \$9.1 million, respectively. In addition, the charges related to the settlement of legal claims reduced 2009 operating income by \$11.3 million. In local currency, Sensient's revenue was comparable with last year. In local currency and without the proposed settlement charges discussed above, operating income was above the prior year by 3.6%. Diluted earnings per share, as reported, were \$1.78 in 2009 compared to \$1.89 in 2008. The impact of the settlement charges on operating income and diluted earnings per share is as follows:

<u>(in thousands except per share amounts)</u>	<u>Operating Income</u>	<u>Diluted Earnings per Share</u>
As reported	\$146,963	\$ 1.78
Settlement charges	11,297	0.14
	<u>\$158,260</u>	<u>\$ 1.92</u>

Additional information on these items is included in Results of Operations.

## Results of Operations

## 2009 vs. 2008

The Company reported revenue in 2009 of \$1.20 billion versus \$1.25 billion in 2008. Revenue in the Flavors & Fragrances Group was \$772.9 million compared to \$800.8 million in 2008. Color Group revenue was \$374.8 million and \$402.4 million in 2009 and 2008, respectively. Corporate and Other revenue, which includes the Company's operations in the Asia Pacific region, increased 2.9% in 2009. The impact of foreign currency translation decreased consolidated revenue in 2009 by approximately \$53.5 million, or 4.3%. In local currency, consolidated revenue was up 0.2% in 2009. Additional information on Group results can be found in the Segment Information section.

The Company's gross margin increased 30 basis points to 30.7% in 2009, from 30.4% in 2008. Selling prices were increased and more than offset the impact of higher raw material costs in 2009. Gross margin was also positively impacted as benefits from lower energy costs were recognized.

Selling and administrative expense as a percent of revenue was 18.5% in 2009 compared to 17.5% in 2008. In 2009, the Company recorded charges for the proposed settlement of legal claims against the Company related to the General Colors Company Superfund site in Camden, New Jersey. The amount of the charges was approximately \$11.3 million, or 0.9% of revenue.

Operating income was \$147.0 million in 2009 compared to \$161.6 million in 2008. The lower operating income was attributable to the charges related to the proposed legal settlements discussed above and the negative impact of foreign currency translation of \$9.1 million. Higher profits from selling price increases were partially offset by lower volumes because of decreased demand and customer inventory destocking. Additional information on Group results can be found in the Segment Information section.

Interest expense decreased 26.4% to \$23.8 million in 2009 from \$32.3 million in 2008. The decrease is due to lower rates and lower average outstanding debt balances.

The effective income tax rate was 29.7% in both 2009 and 2008. The effective tax rates for both 2009 and 2008 were reduced by discrete items, including the favorable resolution of prior years' tax matters. In addition, the rate in 2008 was lowered by the reduction of certain valuation allowances related to the expected use of tax losses and 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 2009 and 2008 by 2.5% and 2.7%, respectively.

	<u>2009</u>	<u>2008</u>
Rate excluding discrete items	<b>32.2%</b>	32.4%
Discrete items	<b>(2.5%)</b>	(2.7%)
Reported effective tax rate	<b><u>29.7%</u></b>	<u>29.7%</u>

The effective tax rate for 2010 is expected to be approximately 33.0% prior to the recording of any discrete items. The rate excluding discrete items in 2009 was lowered by recognition of the tax benefits on the charges taken for the proposed settlement of legal claims.

#### 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 results of two additional operating segments, the Asia Pacific Group and the China Group, are reported in the Corporate and Other segment.

**Flavors & Fragrances** Flavors & Fragrances Group revenue for the year ended December 31, 2009, decreased 3.5% to \$772.9 million from \$800.8 million in 2008. The unfavorable impact of foreign currency translation decreased revenue by \$31.6 million, or 4.0%. Increases in selling prices (\$29.0 million) were partially offset by lower volumes (\$25.3 million). The increased selling prices occurred in all regions of the Group. The volume decrease occurred primarily in North America and was due to soft customer demand and inventory destocking. Demand was partly impacted by a decrease in customer new product introductions in 2009.

Gross margin increased 100 basis points in 2009 to 27.3% from 26.3% in 2008. Increases in selling prices more than offset higher raw material costs and the impact of unfavorable product mix.

The Flavors & Fragrances Group operating income was \$124.5 million in 2009 compared to \$123.5 million in 2008. Excluding the unfavorable impact of foreign currency translation of \$4.7 million, operating profit increased \$5.7 million. The increase in operating income was due to Europe (\$2.7 million), Latin America (\$1.6 million) and North America (\$1.5 million) primarily driven by higher selling prices partially offset by increased raw material costs. Operating income as a percent of revenue increased 70 basis points to 16.1% from 15.4% in 2008 primarily for the reasons discussed above.

**Color** Revenue for the Color Group was \$374.8 million compared to \$402.4 million in 2008. The unfavorable impact of foreign exchange rates decreased revenue by approximately \$22.2 million, or 5.5%. In addition, lower sales of non-food colors (\$7.7 million) were partially offset by higher sales of food and beverage colors (\$2.3 million). The higher sales of food and beverage colors were driven by higher selling prices across all markets partially offset by lower volumes in North America. The decreased sales of non-food colors were primarily related to lower volume. Most product lines in 2009 were impacted by soft demand and customer inventory destocking. The soft demand is partly due to a decrease in customer new product introductions during 2009.

Gross margin for the Color Group was 33.7% in 2009 compared to 35.1% in 2008. Higher raw material costs were partially offset by higher selling prices. Raw material costs improved as the year progressed, and in the fourth quarter of 2009 raw material costs were favorable in comparison to the prior year fourth quarter.

Color Group operating income was \$58.7 million compared to \$71.6 million in 2008. Excluding the unfavorable impact of foreign currency translation of \$4.0 million, operating income decreased \$6.8 million in non-food colors and \$2.1 million in food colors. The lower operating income in non-food colors was primarily due to soft demand, customer inventory destocking and higher raw material costs. The lower operating income in food colors was primarily due to higher raw material costs and lower volumes due to soft demand and customer inventory destocking partially offset by higher selling prices. Operating income as a percent of revenue was 15.7% compared to 17.8% in 2008 primarily due to the reasons described above.

#### 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 \$40.1 million, or 5.3%, over 2007 to \$800.8 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 12.0% 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>

#### SEGMENT INFORMATION

**Flavors & Fragrances** Flavors & Fragrances Group revenue for the year ended December 31, 2008, increased 5.3% to \$800.8 million. The increase of \$40.1 million was primarily a result of increased selling prices (\$32.5 million) partially offset by lower volumes (\$3.0 million). The favorable impact of foreign currency translation also increased revenue by \$10.9 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 \$114.8 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 30 basis points to 15.4% from 15.1% 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% in 2008 from 17.6% in 2007 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. In November 2009, the Company completed an agreement to issue debt totaling \$110 million through a private placement of notes with four financial institutions. The notes will be issued in May 2010, have a final maturity of May 2017 and are unsecured. The Company intends to utilize all or a portion of the proceeds from the private placement to refinance existing debt.

The Company's ratio of debt to total capital improved to 32.0% at December 31, 2009, compared to 37.0% and 38.4% at December 31, 2008 and 2007, respectively. The improvement in 2009 resulted from both a reduction in debt and an increase in equity. Debt was reduced by \$51.9 million since December 31, 2008, and by \$79.1 million since December 31, 2007.

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



Net cash provided by operating activities was \$138.3 million in 2009, \$87.0 million in 2008 and \$105.2 million in 2007. Operating cash flow provided the primary source of funds to finance operating needs, capital expenditures and shareholder dividends, and to reduce net borrowings. The increase in net cash provided by operating activities in 2009 was primarily due to a reduction of working capital in 2009 compared to an increase in net working capital in 2008. The improvement in working capital in 2009 was primarily due to a reduction in inventory which had increased during 2008 as a result of higher volumes and costs of certain raw materials.

Net cash used in investing activities was \$48.0 million in 2009, \$50.0 million in 2008 and \$39.2 million in 2007. Capital expenditures were \$47.7 million in 2009, \$53.7 million in 2008 and \$42.0 million in 2007.

Net cash used in financing activities was \$80.4 million in 2009, \$38.4 million in 2008 and \$61.4 million in 2007. The Company had net reductions in debt of \$54.5 million in 2009, \$21.6 million in 2008 and \$44.8 million in 2007. In 2009, 2008 and 2007, the Company was able to finance capital expenditures, dividend payments and any share repurchases 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's quarterly dividend has been \$0.19 per share since the third quarter of 2008 when it was increased from \$0.18 per share. Dividends paid per share were \$0.76 in 2009, \$0.74 in 2008 and \$0.68 in 2007. Total dividends paid were \$37.0 million, \$35.6 million and \$32.0 million in 2009, 2008 and 2007, respectively.



With the exception of the increase in raw material costs discussed above, the impact of inflation on both the Company's financial position and its results of operations has been minimal and is not expected to adversely affect 2010 results.

#### *Issuer Purchases of Equity Securities*

During 2007, the Company repurchased 0.05 million shares of Company stock at a total cost of \$1.3 million. There were no purchases of Company stock in 2008 or 2009. 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, 2009, 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 esti-

mates 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. The Company completed its annual goodwill impairment test under ASC 350, *Intangibles – Goodwill and Other*, in the third quarter of 2009. In conducting its annual test for impairment, the Company estimates the fair value for each of its reporting units and compares each of these values to the net book value of each reporting unit. Fair value is estimated using both a discounted cash flow analysis and an analysis of comparable company market values. If the fair value of a reporting unit exceeds its net book value, no impairment exists. The Company has three reporting units that were tested for impairment. The Flavors and Fragrances reporting unit and the Asia Pacific reporting unit had fair values that were over 75% above their respective net book values. The fair value of the Color reporting unit, with goodwill of \$313 million at its measurement date, has a premium over net book value of between 10% and 20%. The estimate of fair value for the Color reporting unit is based on current cash flow levels assuming a modest rate of future growth. A sustained reduction of cash flow from this reporting unit or an increase in the discount rate could cause the estimated fair value to fall below the net book value of the reporting unit. Changes in estimates of future cash flows caused by items such as unforeseen events or changes in market conditions could negatively affect the reporting units' fair value and result in an impairment charge.

**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. Examples of deferred tax assets include deductions, net operating losses and tax credits which the Company believes will reduce its future tax payments. In assessing the future realization of these assets, management has considered future taxable income and ongoing tax planning strategies. 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 Company recognizes related insurance reimbursement when receipt is deemed probable. The Company's estimate of liabilities and related insurance recoveries 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 may or may not be designated as cash flow hedges under Accounting Standards Codification ("ASC") 815, *Derivatives and Hedging*. At December 31, 2009 and 2008, the net fair values of these instruments, based on dealer quotes, were a liability of \$0.3 million and an asset of \$1.1 million, respectively. At December 31, 2009 and 2008, 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 \$2.4 million and \$12.0 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 and Euros. These non-derivative debt instruments act as partial hedges of the Company's Swiss Franc and Euro 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 \$0.6 million and \$0.7 million at December 31, 2009 and 2008, 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, 2009 and 2008, the potential increase or decrease in annual interest expense, assuming a hypothetical 10% fluctuation in interest rates of floating rate debt, would be approximately \$0.2 million and \$0.4 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 \$12.2 million as of December 31, 2009. 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, 2009.



Payments Due by Period

(in thousands)	Total	1 year	2-3 years	4-5 years	> 5 years
Long-term debt	\$388,852	\$ 31,017	\$301,460	\$53,410	\$ 2,965
Interest payments on long-term debt	34,156	13,095	17,012	3,866	183
Operating lease obligations	22,749	6,957	8,326	3,401	4,065
Manufacturing purchase commitments	63,668	60,771	2,897	—	—
Pension funding obligations	37,687	4,401	26,386	2,423	4,477
Total contractual obligations	<u>\$547,112</u>	<u>\$116,241</u>	<u>\$356,081</u>	<u>\$63,100</u>	<u>\$11,690</u>

New Pronouncements

The Company adopted the additional disclosure requirements of ASC 815, *Derivatives and Hedging*, on January 1, 2009. See Note 4 to the Consolidated Financial Statements, *Derivative Instruments and Hedging Activity*, for additional information.

The Company adopted the disclosure requirements of ASC 855, *Subsequent Events*, on April 1, 2009. This codification topic provides disclosure requirements pertaining to events that occur after the balance sheet date, but before financial statements are issued or are available to be issued. The Company performed an evaluation of subsequent events through March 1, 2010, the date the financial statements were issued.

The Company adopted new guidance issued by the FASB pertaining to “the calculation of EPS for share-based payment awards with rights to dividends” as of January 1, 2009. This guidance considers unvested share based payments in which the holder receives nonforfeitable rights to dividends as participating securities which shall be included in the computation of earnings per share pursuant to the two-class method described in ASC 260, *Earnings per Share*. After evaluating the impact of this new guidance, the Company determined that its application did not have a material impact on its calculation of earnings per share. See *Earnings per Share* in Note 1 to the Consolidated Financial Statements for additional information on the Company’s earnings per share calculation.

Off-Balance Sheet Arrangements

The Company had no off-balance sheet arrangements as of December 31, 2009.

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, 2009, 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; the completion of the settlement of the various legal items; 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,	2009	2008	2007
<b>Revenue</b>	<b>\$1,201,412</b>	\$1,252,620	\$1,184,778
Cost of products sold	<b>832,382</b>	871,754	822,479
Selling and administrative expenses	<b>222,067</b>	219,267	214,929
<b>Operating Income</b>	<b>146,963</b>	161,599	147,370
Interest expense	<b>23,788</b>	32,306	36,127
<b>Earnings Before Income Taxes</b>	<b>123,175</b>	129,293	111,243
Income taxes	<b>36,614</b>	38,432	33,457
<b>Net Earnings</b>	<b>\$ 86,561</b>	\$ 90,861	\$ 77,786
Earnings per share:			
Basic	\$ 1.79	\$ 1.91	\$ 1.66
Diluted	\$ 1.78	\$ 1.89	\$ 1.65
Average common shares outstanding:			
Basic	<b>48,379</b>	47,654	46,740
Diluted	<b>48,641</b>	48,131	47,257

See notes to consolidated financial statements.

Consolidated

Balance Sheets

(in thousands except share and per share amounts) December 31,	2009	2008
<b>Assets</b>		
Current Assets:		
Cash and cash equivalents	\$ 12,219	\$ 8,498
Trade accounts receivable, less allowance for losses of \$3,427 and \$4,295, respectively	200,186	198,903
Inventories	390,011	381,246
Prepaid expenses and other current assets	42,668	30,319
Deferred income taxes	13,025	8,557
Total current assets	658,109	627,523
Other assets	38,349	40,878
Intangible assets – at cost, less accumulated amortization of \$11,014 and \$10,077, respectively	13,621	13,754
Goodwill	455,995	440,416
Property, Plant and Equipment:		
Land	49,429	47,315
Buildings	293,200	248,366
Machinery and equipment	630,420	594,858
Construction in progress	20,211	40,200
	993,260	930,739
Less accumulated depreciation	(567,643)	(527,873)
	425,617	402,866
Total assets	<u>\$1,591,691</u>	<u>\$1,525,437</u>
<b>Liabilities and Shareholders' Equity</b>		
Current Liabilities:		
Trade accounts payable	\$ 88,915	\$ 82,976
Accrued salaries, wages and withholdings from employees	22,568	24,269
Other accrued expenses	64,789	52,825
Income taxes	692	1,988
Short-term borrowings	39,181	34,213
Current maturities of long-term debt	—	—
Total current liabilities	216,145	196,271
Deferred income taxes	12,810	14,590
Other liabilities	14,393	12,682
Accrued employee and retiree benefits	50,796	37,616
Long-term debt	388,852	445,682
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	85,504	82,261
Earnings reinvested in the business	922,963	873,444
Treasury stock, 5,182,710 and 5,798,297 shares, respectively, at cost	(103,878)	(116,217)
Accumulated other comprehensive loss	(1,290)	(26,288)
	908,695	818,596
Total liabilities and shareholders' equity	<u>\$1,591,691</u>	<u>\$1,525,437</u>

See notes to consolidated financial statements.

## of Cash Flows

(in thousands) Years ended December 31,

	2009	2008	2007
<b>Cash Flows from Operating Activities</b>			
Net earnings	\$ 86,561	\$ 90,861	\$ 77,786
Adjustments to arrive at net cash provided by operating activities:			
Depreciation and amortization	42,183	44,445	44,312
Share-based compensation	3,860	3,798	4,731
Loss (gain) on assets	1,819	1,358	(467)
Deferred income taxes	(3,895)	3,329	9,381
Changes in operating assets and liabilities:			
Trade accounts receivable	5,013	(16,908)	(6,152)
Inventories	1,190	(40,591)	(15,299)
Prepaid expenses and other assets	(14,602)	(672)	(5,115)
Accounts payable and other accrued expenses	14,058	(2,216)	4,217
Accrued salaries, wages and withholdings from employees	(1,557)	2,084	(1,753)
Income taxes	965	1,939	(8,876)
Other liabilities	2,741	(453)	2,440
Net cash provided by operating activities	<u>138,336</u>	<u>86,974</u>	<u>105,205</u>
<b>Cash Flows from Investing Activities</b>			
Acquisition of property, plant and equipment	(47,716)	(53,680)	(41,961)
Proceeds from sale of assets	109	2,064	2,291
Other investing activity	(440)	1,661	451
Net cash used in investing activities	<u>(48,047)</u>	<u>(49,955)</u>	<u>(39,219)</u>
<b>Cash Flows from Financing Activities</b>			
Proceeds from additional borrowings	222,553	112,514	136,859
Debt payments	(277,064)	(134,135)	(181,680)
Purchase of treasury stock	—	—	(1,267)
Dividends paid	(37,042)	(35,597)	(32,017)
Proceeds from options exercised and other equity transactions	11,185	18,862	16,693
Net cash used in financing activities	<u>(80,368)</u>	<u>(38,356)</u>	<u>(61,412)</u>
Effect of exchange rate changes on cash and cash equivalents	(6,200)	(687)	913
Net increase (decrease) in cash and cash equivalents	3,721	(2,024)	5,487
Cash and cash equivalents at beginning of year	8,498	10,522	5,035
Cash and cash equivalents at end of year	<u>\$ 12,219</u>	<u>\$ 8,498</u>	<u>\$ 10,522</u>
Cash paid during the year for:			
Interest	\$ 26,982	\$ 31,975	\$ 36,070
Income taxes	36,801	28,424	29,735
Capitalized interest	840	1,999	1,493

See notes to consolidated financial statements.

Consolidated Statements

of Shareholders' Equity

<u>(in thousands except share and per share amounts)</u>	<u>Common Stock</u>	<u>Additional Paid-in Capital</u>
<b>Balances at December 31, 2006</b>	<b>\$ 5,396</b>	<b>\$ 70,420</b>
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 Accounting for Uncertain Tax Positions (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
<b>Balances at December 31, 2007</b>	<b>5,396</b>	<b>75,233</b>
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 \$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
<b>Balances at December 31, 2008</b>	<b>5,396</b>	<b>82,261</b>
Net earnings		
Unrealized gain on cash flow hedges, arising during the period, net of tax of \$118		
Reclassification adjustment for cash flow hedges included in net income, net of tax of \$141		
Pension adjustment, net of tax of \$3,329		
Foreign currency translation		
Total comprehensive income		
Cash dividends paid – \$0.76 a share		
Share-based compensation		4,088
Stock options exercised		901
Nonvested stock issued upon vesting		(1,830)
Benefit plans		34
Other		50
<b>Balances at December 31, 2009</b>	<b>\$ 5,396</b>	<b>\$ 85,504</b>

See notes to consolidated financial statements.

Earnings Reinvested in the Business	Treasury Stock		Accumulated Other Comprehensive Income (Loss)	Total Comprehensive Income
	Shares	Amount		
\$ 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)		
	22	(4)		
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		
	(21,312)	427		
873,444	5,798,297	(116,217)	(26,288)	
86,561				\$ 86,561
			826	826
			(987)	(987)
			(6,136)	(6,136)
			31,295	31,295
				<u>\$ 111,559</u>
(37,042)				
	11,400	(228)		
	(502,167)	10,065		
	(91,300)	1,830		
	(33,520)	672		
<u>\$ 922,963</u>	<u>5,182,710</u>	<u>\$(103,878)</u>	<u>\$ (1,290)</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, liabilities, revenue and expenses during the reporting period and the disclosure of contingent assets and liabilities at the date of the financial statements. Actual results could differ from those estimates.

**Revenue Recognition** The Company recognizes revenue (net of estimated discounts, allowances and returns) when title of goods 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 \$275.5 million and \$269.8 million at December 31, 2009 and 2008, respectively, and raw materials and supplies of \$114.5 million and \$111.4 million at December 31, 2009 and 2008, 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 2009, 2008 or 2007.

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.

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 Accounting Standards Codification ("ASC") 815, *Derivatives and Hedging*.

**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 recorded in foreign currency translation in OCI. 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, 2009.

**Share-Based Compensation** 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 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 carry-forwards. 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 considered likely.



Years ended December 31, 2009, 2008 and 2007

**Earnings Per Share** Basic earnings per share (“EPS”) of common stock is computed in accordance with ASC 260, *Earning Per Share*. The difference between basic and diluted EPS is the dilutive effect of stock options and nonvested stock. Diluted EPS assumes that non-vested 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 the computation of EPS were:

<u>(in thousands)</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Basic weighted-average shares outstanding	48,379	47,654	46,740
Diluted weighted-average shares outstanding	48,641	48,131	47,257

For the years 2009 and 2008, options for 0.2 million shares and 0.1 million shares, respectively, with weighted-average exercise prices of \$24.11 and \$26.52, 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 or losses on cash flow hedges. The components of OCI at December 31 were:

<u>(in thousands)</u>	<u>2009</u>	<u>2008</u>
Foreign currency translation	\$ 13,140	\$(17,969)
Minimum pension liability (net of tax)	(14,255)	(8,305)
Unrealized losses on cash flow hedges (net of tax)	(175)	(14)
Accumulated other comprehensive loss	<u>\$ (1,290)</u>	<u>\$(26,288)</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 \$29.3 million, \$28.3 million and \$25.7 million during the years ended December 31, 2009, 2008 and 2007, respectively.

**Advertising** Advertising costs are recorded in selling and administrative expenses as they are incurred. Advertising costs were \$1.0 million, \$1.2 million and \$1.6 million during the years ended December 31, 2009, 2008 and 2007, respectively.

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

**New Pronouncements** On July 1, 2009, the Financial Accounting Standards Board (“FASB”) issued the Accounting Standards Codification (“ASC”) which became the single source of authoritative, nongovernmental U.S. generally accepted accounting principles (“GAAP”), superseding existing authoritative accounting literature. The issuance of the ASC only impacts the Company’s financial statement reference disclosures and does not change U.S. GAAP.

The Company adopted the additional disclosure requirements of ASC 815, *Derivatives and Hedging*, on January 1, 2009. See Note 4, *Derivative Instruments and Hedging Activity*, for additional information.

The Company adopted the disclosure requirements of ASC 855, *Subsequent Events*, on April 1, 2009. This codification topic provides disclosure requirements pertaining to events that occur after the balance sheet date, but before financial statements are issued or are available to be issued. The Company performed an evaluation of subsequent events through March 1, 2010, the date the financial statements were issued.

The Company adopted new guidance issued by the FASB pertaining to “the calculation of EPS for share-based payment awards with rights to dividends” as of January 1, 2009. This guidance considers unvested share based payments in which the holder receives nonforfeitable rights to dividends as participating securities which shall be included in the computation of earnings per share pursuant to the two-class method described in ASC 260, *Earnings per Share*. After evaluating the impact of this new guidance, the Company determined that its application did not have a material impact on its calculation of earnings per share. See *Earnings per Share* in this note, for additional information on the Company’s earnings per share calculation.

## 2.

*Goodwill and Intangible Assets*

At December 31, 2009 and 2008, 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, 2009 and 2008:

<u>(in thousands except weighted average amortization years)</u>	Weighted Average Amortization Years	2009		2008	
		Cost	Accumulated Amortization	Cost	Accumulated Amortization
Technological know-how	20.0	\$ 8,609	\$ (3,744)	\$ 8,467	\$ (3,295)
Customer relationships	20.0	7,185	(2,690)	7,062	(2,276)
Patents, trademarks, non-compete agreements and other	17.5	8,841	(4,580)	8,302	(4,506)
Total finite-lived intangibles	19.1	\$24,635	\$ (11,014)	\$23,831	\$ (10,077)

Amortization of intangible assets was \$1.3 million, \$1.6 million and \$1.5 million in 2009, 2008 and 2007, respectively. Estimated amortization expense each year for the five years subsequent to December 31, 2009 is \$1.1 million in each year from 2010 through 2014. The changes in goodwill for the years ended December 31, 2009 and 2008, by reportable business segment, were as follows:

<u>(in thousands)</u>	Flavors & Fragrances	Color	Corporate & Other	Consolidated
Balance as of December 31, 2007	\$ 147,949	\$ 325,507	\$ 3,155	\$ 476,611
Currency translation impact	(16,007)	(20,726)	538	(36,195)
Balance as of December 31, 2008	131,942	304,781	3,693	440,416
Currency translation impact	7,149	8,472	(42)	15,579
Balance as of December 31, 2009	\$139,091	\$313,253	\$ 3,651	\$ 455,995

## 3.

*Debt*

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

<u>(in thousands)</u>	2009	2008
5.85% Euro-denominated senior notes due November 2013	\$ 27,689	\$ 27,008
7.31% senior notes due November 2013	25,000	25,000
5.78% Euro-denominated senior notes due November 2011	55,377	54,016
7.17% senior notes due November 2011	30,000	30,000
Floating rate Euro-denominated senior notes due November 2011	27,689	27,008
6.68% senior notes due through January 2011	4,286	6,429
6.77% senior notes due through January 2010	15,000	15,000
6.60% notes due through April 2009	—	122,242
Floating Rate Term Loan due June 2012	99,750	—
Long-term revolving loan agreement	98,912	129,982
Various other notes	5,130	8,917
Deferred realized gains on interest rate swaps	19	80
	388,852	445,682
Less current maturities	—	—
Total long-term debt	\$388,852	\$445,682

Years ended December 31, 2009, 2008 and 2007

In October 2008, the Company entered into a \$105 million senior unsecured term loan agreement (“Term Loan”) with a group of five banks. In March 2009, the Company borrowed the entire \$105 million available and used the proceeds to repay amounts outstanding under the Company’s committed revolving credit facility. On April 1, 2009, the Company retired the entire portion of the Company’s public debt with proceeds from the Company’s revolving credit facility. The Term Loan matures on June 15, 2012, and 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.

In November 2009, the Company entered into an agreement to issue U.S. dollar denominated debt totaling \$110 million through a private placement of notes with a group of four financial institutions. These notes will be issued in May 2010 and will have a fixed coupon rate of 4.91% with a final maturity date of May 2017. Proceeds from the sale of the notes will be used to repay existing indebtedness.

The Company has a \$300 million multi-currency revolving credit facility with a group of seven banks. This credit facility matures in June 2012 and is unsecured. Interest rates on borrowings with three days notice are determined based upon LIBOR plus a margin subject to adjustment based on the Company’s debt to EBITDA ratio, as defined, or the rating accorded the Company’s senior debt by Standard & Poor’s and Moody’s, whichever is more favorable to the Company. Without three days notice, interest is based on the higher of the prime rate or the federal funds rate plus 0.50%.

The Company’s floating rate long-term Euro-denominated notes had average coupon rates of 3.62% and 6.67% for the years ended December 31, 2009 and 2008, respectively. The borrowings under the Long-term revolving loan agreement had an average interest rate of 0.85% and 3.43% for the year ended December 31, 2009 and 2008, respectively. The borrowings under the Term Loan had an average interest rate of 2.57% for the year ended December 31, 2009.

The aggregate amounts of contractual maturities on long-term debt each year for the five years subsequent to December 31, 2009, are as follows: 2010, \$31.0 million; 2011, \$134.0 million; 2012, \$167.5 million; 2013, \$53.0 million; and 2014, \$0.4 million.

The Company has approximately \$31.0 million of long-term debt that matures in 2010. It is the Company’s intention to refinance these maturities under the long-term revolving loan agreement or the May 2010 private placement 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, 2009. The following table summarizes the Company’s most restrictive loan covenants calculated in accordance with the applicable agreements as of December 31, 2009:

<u>(dollars in thousands)</u>	<u>Actual</u>	<u>Required</u>
Debt to Capital (Maximum)	31.9%	60.0%
Debt to EBITDA (Maximum)	2.21	3.50
Net Worth (Minimum)	\$908,695	\$641,078
Interest Coverage (Minimum)	4.77	2.00

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

<u>(in thousands)</u>	<u>2009</u>	<u>2008</u>
Direct borrowings under the revolving loan agreement	<u>\$25,000</u>	\$25,000
Commercial paper	—	500
Uncommitted loans	<u>11,590</u>	5,698
Loans of foreign subsidiaries	<u>2,591</u>	3,015
Total	<u>\$39,181</u>	<u>\$34,213</u>

The weighted-average interest rates on short-term borrowings were 1.48% and 1.95% at December 31, 2009 and 2008, respectively.

The Company has \$169.3 million available under the revolving credit facility and \$25.6 million available under other lines of credit from several banks at December 31, 2009.

The Company has stand-by letters of credit outstanding of \$5.9 million and \$6.4 million as of December 31, 2009 and 2008, respectively.

## 4.

*Derivative Instruments and Hedging Activity*

The Company may use derivative instruments for the purpose of hedging currency, commodity 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 transaction. Hedge accounting, which generally results in the deferral of derivative gains and losses until such time as the underlying transaction is recognized in net earnings, 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.

The Company manages its exposure to foreign exchange risk by the use of forward exchange contracts and foreign currency denominated debt to reduce the effect of fluctuating foreign currencies on short-term foreign currency denominated intercompany transactions, non-functional currency raw material purchases, non-functional currency sales and other known foreign currency exposures. These derivatives may or may not be designated as hedges under ASC 815. These forward exchange contracts have maturities of less than twelve months. On January 1, 2009, the Company adopted the additional disclosure requirements of ASC 815, *Derivatives and Hedging*. There is no impact on the Company's net earnings or financial position as a result of adopting this codification topic. The Company's primary hedging activities and their accounting treatment are summarized below:

**Forward Contracts Designated as Cash Flow Hedges** The forward exchange contracts that have been designated as hedges are accounted for as cash flow hedges. The Company had \$6.3 million and \$134.8 million of forward exchange contracts, designated as hedges, outstanding as of December 31, 2009 and 2008, respectively. The fair value of these forward exchange contracts was a liability of \$0.1 million and an asset of \$1.5 million classified in Other liabilities and Other assets in the Company's Consolidated Balance Sheets as of December 31, 2009 and 2008, respectively. The gains or losses on these instruments are deferred in OCI until the underlying transaction is recognized in net earnings. As of December 31, 2009, a loss of \$0.2 million was deferred in OCI in the Company's Consolidated Balance Sheet. For the periods ended December 31, 2009 and 2008, a gain of \$1.1 million and a loss of \$0.02 million, respectively, were reclassified into earnings in the Company's Consolidated Statement of Earnings which offset the earnings impact of the related non-functional asset or liability that was hedged in the same period. Over the next twelve months, the Company expects to reclassify a loss of \$0.2 million from OCI into net earnings.

**Forward Contracts not Designated as Cash Flow Hedges** The Company also utilizes forward exchange contracts that are not designated as cash flow hedges under ASC 815. These contracts are marked-to-market in net earnings immediately, at the same time as the non-functional asset or liability is marked-to-market in net earnings. The Company had \$23.2 million and \$23.1 million of forward exchange contracts, not designated as hedges, outstanding as of December 31, 2009 and 2008, respectively, and recognized losses of \$0.6 million and \$2.2 million in net earnings for the twelve month periods ended December 31, 2009, and 2008, respectively, which offset the earnings impact of the related non-functional asset or liability in the period. As of December 31, 2009 and 2008, the fair values of these forward contracts were a liability of \$0.2 million and \$0.4 million, respectively, which were classified in Other liabilities in the Company's Consolidated Balance Sheets.

**Net Investment Hedges** The Company has certain debt denominated in Euros and Swiss Francs. These debt instruments have been designated as partial hedges of the Company's Euro and Swiss Franc net asset positions.

Changes in the fair value of this debt attributable to changes in the spot foreign exchange rate are recorded in foreign currency translation in OCI. As of December 31, 2009 and 2008, the total value of the Company's Euro and Swiss Franc debt was \$141.7 million and \$138.0 million, respectively. A loss of \$3.6 million and a gain of \$8.2 million has been recorded as foreign currency translation in OCI for the years ended December 31, 2009 and 2008, respectively.

**Concentrations of Credit Risk** Counterparties to forward exchange 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.

## 5.

### *Share-Based Compensation*

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.

As of December 31, 2009, there were 2.0 million shares available to be granted as future stock options and non-vested stock under existing stock plans. Of the shares available, 1.3 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 non-vested stock awards and for the exercise of stock options.

Years ended December 31, 2009, 2008 and 2007

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 and \$5.81 in 2007. No options were granted in 2009. Significant assumptions used in estimating the fair value of awards granted are as follows:

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

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 \$3.9 million, \$3.8 million and \$4.7 million in 2009, 2008 and 2007, respectively. Tax related benefits of \$0.5 million, \$0.7 million and \$0.5 million were also recognized in 2009, 2008 and 2007, respectively. Cash received from the exercise of stock options was \$9.7 million, \$16.0 million and \$14.1 million for 2009, 2008 and 2007, respectively, and is reflected in cash flows from financing activities in the Consolidated Statements of Cash Flows.

ASC 718 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, 2009, 2008 and 2007, presented as cash flows from financing activities, were not material. The following table summarizes the transactions involving the stock option plans:

<u>(in thousands except exercise price and life)</u>	Options	Weighted-Average Exercise Price	Weighted-Average Remaining life (Years)	Aggregate Intrinsic Value
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	1,450	21.17	5.0	4,110
Exercised	(502)	19.34		
Cancelled	(38)	22.58		
Outstanding at December 31, 2009	910	\$ 22.13	4.4	\$ 3,852
Exercisable at December 31, 2009	874	\$ 21.96	4.2	\$ 3,809

The aggregate intrinsic values of stock options exercised during 2009, 2008 and 2007, were \$2.5 million, \$6.5 million and \$4.2 million, respectively.

As of December 31, 2009, total remaining unearned compensation, net of expected forfeitures, related to unvested stock options was \$0.1 million, which will be amortized over the weighted-average remaining service period of 0.9 years.

The following table summarizes information concerning outstanding and exercisable stock options at December 31, 2009:

<u>(in thousands except life and exercise price)</u>	Range of Exercise Price		
	\$18.00-19.39	\$19.40-23.08	\$23.09-30.07
Options outstanding	174	318	418
Weighted-average remaining contractual life, in years	4.5	4.3	4.4
Weighted-average exercise price	\$18.58	\$21.86	\$23.80
Options exercisable	174	318	382
Weighted-average exercise price	\$18.58	\$21.86	\$23.58

The closing stock price of Sensient common stock at December 31, 2009, was \$26.30.

The following table summarizes the nonvested stock activity:

Grant Date

<u>(in thousands except fair value)</u>	<u>Shares</u>	<u>Weighted- Average Fair Value</u>	<u>Aggregate Intrinsic Value</u>
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	454	24.42	10,847
Granted	235	24.78	
Vested	(131)	24.66	
Cancelled	(134)	24.76	
Outstanding at December 31, 2009	<u>424</u>	<u>\$ 24.44</u>	<u>\$ 11,142</u>

The total intrinsic values of shares vested during 2009, 2008 and 2007, was \$3.3 million, \$3.0 million and \$8.0 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, 2009, total remaining unearned compensation, net of expected forfeitures, related to nonvested stock was \$7.0 million, which will be amortized over the weighted-average remaining service period of 2.8 years.

## 6.

*Retirement Plans*

The Company provides benefits under defined contribution plans including a savings plan and an employee stock ownership plan (“ESOP”). The savings plan covers substantially all domestic salaried and certain non-union hourly employees and provides for matching contributions up to 4% of each employee’s salary. The ESOP covers substantially all domestic employees not covered by a defined benefit plan and provides for contributions based on a percentage of each employee’s compensation as determined by the Board of Directors. Total expense for the Company’s defined contribution plans was \$3.8 million, \$3.9 million and \$3.6 million in 2009, 2008 and 2007, 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. The funded status of the defined benefit plans was as follows at December 31:

<u>(in thousands)</u>	<u>2009</u>	<u>2008</u>
Benefit obligation at beginning of year	\$ 42,478	\$ 53,341
Service cost	1,285	1,267
Interest cost	2,961	2,922
Plan amendments	2,728	—
Foreign currency exchange rate changes	1,826	(3,902)
Benefits paid	(2,268)	(6,256)
Actuarial loss (gain)	9,132	(4,894)
Benefit obligation at end of year	<u>58,142</u>	<u>42,478</u>
Plan assets at beginning of year	17,465	21,237
Company contributions	3,728	8,502
Foreign currency exchange rate changes	1,946	(3,922)
Benefits paid	(2,268)	(6,256)
Actual gain (loss) on plan assets	1,849	(2,096)
Plan assets at end of year	<u>22,720</u>	<u>17,465</u>
Funded status	<u>\$ (35,422)</u>	<u>\$ (25,013)</u>
Accumulated benefit obligation	<u>\$ 54,675</u>	<u>\$ 40,594</u>

Amounts recognized in the Consolidated Balance Sheets at December 31:

<u>(in thousands)</u>	<u>2009</u>	<u>2008</u>
Accrued employee and retiree benefits	\$ (41,057)	\$ (28,533)
Prepaid expenses and other current assets	5,635	3,520
Net liability	<u>\$ (35,422)</u>	<u>\$ (25,013)</u>

Components of annual benefit cost:

<u>(in thousands)</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Service cost	\$ 1,285	\$ 1,267	\$ 1,564
Interest cost	2,961	2,922	2,851
Expected return on plan assets	(1,103)	(1,264)	(1,120)
Amortization of prior service cost	1,824	1,950	1,950
Recognized actuarial loss	166	175	216
Settlement expense	—	710	—
Defined benefit expense	<u>\$ 5,133</u>	<u>\$ 5,760</u>	<u>\$ 5,461</u>

Weighted-average liability assumptions as of December 31:

	<u>2009</u>	<u>2008</u>
Discount rate	5.04%	6.83%
Expected return on plan assets	6.06%	5.96%
Rate of compensation increase	4.38%	4.28%

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



	<u>2009</u>	<u>2008</u>
Discount rate	<b>6.83%</b>	6.00%
Expected return on plan assets	<b>5.96%</b>	5.98%
Rate of compensation increase	<b>4.28%</b>	4.28%

The aggregate amounts of benefits expected to be paid from defined benefit plans in each of the next five years subsequent to December 31, 2009, which include employees' expected future service are as follows: 2010, \$2.4 million; 2011, \$4.8 million; 2012, \$23.1 million; 2013, \$3.3 million; 2014, \$3.0 million; and \$11.7 million in total for the years 2015 through 2019.

The Company expects to contribute \$4.4 million to defined benefit plans in 2010.

Years ended December 31, 2009, 2008 and 2007

Amounts recognized in accumulated other comprehensive income were as follows:

(in thousands)	2009	2008
Prior service cost	\$ 8,349	\$7,421
Unrecognized net actuarial loss	14,250	5,713

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 2010 are \$3.0 million and \$0.6 million, respectively.

## 7.

## Income Taxes

The provision for income taxes was as follows:

(in thousands)	2009	2008	2007
Currently payable:			
Federal	\$16,637	\$10,467	\$ 1,945
State	2,711	1,902	1,087
Foreign	21,161	22,734	21,044
	<u>40,509</u>	<u>35,103</u>	<u>24,076</u>
Deferred expense (benefit):			
Federal	(2,287)	1,399	4,400
State	40	(603)	47
Foreign	(1,648)	2,533	4,934
	<u>(3,895)</u>	<u>3,329</u>	<u>9,381</u>
Income taxes	<u>\$36,614</u>	<u>\$38,432</u>	<u>\$33,457</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)	2009	2008
Deferred tax assets:		
Benefit plans	\$ 12,080	\$ 11,467
Liabilities and reserves	10,505	5,635
Foreign operating loss carryovers	30,075	28,595
Other	16,569	17,262
Gross deferred tax assets	69,229	62,959
Valuation allowance	(25,682)	(26,091)
Deferred tax assets	<u>43,547</u>	<u>36,868</u>
Deferred tax liabilities:		
Property, plant and equipment	(21,934)	(21,390)
Other assets	(2,619)	(2,936)
Other	(18,779)	(18,575)
Deferred tax liabilities	<u>(43,332)</u>	<u>(42,901)</u>
Net deferred tax assets (liabilities)	<u>\$ 215</u>	<u>\$ (6,033)</u>

At December 31, 2009, foreign operating loss carryovers were \$108.9 million. Included in the foreign operating loss carryovers are losses of \$16.5 million that expire through 2024 and \$92.4 million that do not have an expiration date. At December 31, 2009, state operating loss carryovers were \$119.3 million, all of which expire through 2024.

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

	2009	2008	2007
Taxes at statutory rate	35.0%	35.0%	35.0%
State income taxes, net of federal income tax benefit	1.6	1.1	0.7
Tax credits	(0.3)	(0.2)	(0.3)
Taxes on foreign earnings	(3.6)	(3.2)	(0.1)
Resolution of prior years' tax matters	(2.1)	(1.1)	(5.3)
Valuation allowance adjustments	(0.4)	(0.7)	(0.9)
Other, net	(0.5)	(1.2)	1.0
Effective tax rate	<u>29.7%</u>	<u>29.7%</u>	<u>30.1%</u>

Earnings before income taxes were as follows:

<u>(in thousands)</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
United States	\$ <b>46,467</b>	\$ 40,454	\$ 22,470
Foreign	<b>76,708</b>	88,839	88,773
Total	<b><u>\$123,175</u></b>	<u>\$129,293</u>	<u>\$111,243</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, 2009, federal and state taxes have not been provided for approximately \$266.1 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.

As a result of adopting the minimum recognition threshold requirements which a tax position is required to meet before being recognized in the financial statements, as detailed in ASC 740, *Income Taxes*, 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 2009 and 2008 is as follows:

<u>(in thousands)</u>	<u>2009</u>	<u>2008</u>
Balance at beginning of year	\$ 9,481	\$10,642
Increases for tax positions taken in the current year	1,579	759
Increases for tax positions taken in prior years	4,037	1,199
Decreases for tax positions taken in prior years	(177)	—
Decreases related to settlements with tax authorities	(1,786)	(493)
Decreases as a result of lapse of the applicable statutes of limitations	(1,477)	(1,309)
Foreign currency exchange rate changes	556	(1,317)
Balance at the end of year	<u>\$12,213</u>	<u>\$ 9,481</u>

The amount of the unrecognized tax benefits that would affect the effective tax rate, if recognized, was approximately \$11.4 million. The Company recognizes interest and penalties related to the unrecognized tax benefits in income tax expense. Approximately \$2.2 million of accrued interest and penalties is reported as an income tax liability at December 31, 2009. The liability for unrecognized tax benefits relates to multiple jurisdictions and is reported in Other liabilities on the Consolidated Balance Sheet at December 31, 2009.

The Company believes that it is reasonably possible that the total amount of liability for unrecognized tax benefits as of December 31, 2009, will decrease by approximately \$1.3 million during 2010. The potential decrease relates to various tax matters for which the statute of limitations may expire or will be otherwise settled in 2010. 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 2004.

## 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, 2009, 2008 and 2007

**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. Two additional segments, the Asia Pacific Group and the China Group, are included in the Corporate & Other column below.

<u>(in thousands)</u>	<u>Flavors &amp; Fragrances</u>	<u>Colors</u>	<u>Corporate &amp; Other</u>	<u>Consolidated</u>
<b>2009</b>				
Revenue from external customers	\$755,525	\$358,761	\$ 87,126	\$1,201,412
Intersegment revenue	17,347	16,046	1,280	34,673
Total revenue	<u>772,872</u>	<u>374,807</u>	<u>88,406</u>	<u>1,236,085</u>
Operating income (loss)	124,482	58,685	(36,204)	146,963
Interest expense	—	—	23,788	23,788
Earnings (loss) before income taxes	<u>124,482</u>	<u>58,685</u>	<u>(59,992)</u>	<u>123,175</u>
Assets	800,156	651,446	140,089	1,591,691
Capital expenditures	28,696	11,865	7,155	47,716
Depreciation and amortization	24,155	13,098	4,930	42,183
<b>2008</b>				
Revenue from external customers	\$ 780,254	\$ 388,089	\$ 84,277	\$ 1,252,620
Intersegment revenue	20,496	14,275	1,663	36,434
Total revenue	<u>800,750</u>	<u>402,364</u>	<u>85,940</u>	<u>1,289,054</u>
Operating income (loss)	123,475	71,581	(33,457)	161,599
Interest expense	—	—	32,306	32,306
Earnings (loss) before income taxes	<u>123,475</u>	<u>71,581</u>	<u>(65,763)</u>	<u>129,293</u>
Assets	774,868	635,590	114,979	1,525,437
Capital expenditures	33,097	14,193	6,390	53,680
Depreciation and amortization	25,631	13,594	5,220	44,445
<b>2007</b>				
Revenue from external customers	\$ 741,989	\$ 367,794	\$ 74,995	\$ 1,184,778
Intersegment revenue	18,615	11,236	1,742	31,593
Total revenue	<u>760,604</u>	<u>379,030</u>	<u>76,737</u>	<u>1,216,371</u>
Operating income (loss)	114,775	66,565	(33,970)	147,370
Interest expense	—	—	36,127	36,127
Earnings (loss) before income taxes	<u>114,775</u>	<u>66,565</u>	<u>(70,097)</u>	<u>111,243</u>
Assets	790,955	653,731	119,496	1,564,182
Capital expenditures	27,740	9,723	4,498	41,961
Depreciation and amortization	26,174	13,044	5,094	44,312

**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>2009</u>	<u>2008</u>	<u>2007</u>
Revenue from external customers:			
North America	\$ 650,847	\$ 674,777	\$ 644,463
Europe	334,755	371,414	353,539
Asia Pacific	137,804	128,650	112,226
Other	78,006	77,779	74,550
Consolidated	<u>\$1,201,412</u>	<u>\$1,252,620</u>	<u>\$1,184,778</u>
Long-lived assets:			
North America	\$ 407,758	\$ 393,973	\$ 410,292
Europe	493,263	478,161	521,085
Asia Pacific	31,605	25,047	22,287
Other	956	733	474
Consolidated	<u>\$ 933,582</u>	<u>\$ 897,914</u>	<u>\$ 954,138</u>

Sales in the United States, based on the final country of destination of the Company's products, were \$495.6 million, \$507.3 million and \$476.4 million in 2009, 2008 and 2007, respectively. No other country of destination exceeded 10% of consolidated sales. Total long-lived assets in the United States amounted to \$311.9 million, \$309.5 million and \$312.1 million at December 31, 2009, 2008 and 2007, respectively.

9.

#### *Fair Value Measurements*

As of December 31, 2009 and 2008, the Company's only assets and liabilities subject to ASC 820, *Fair Value Measurements and Disclosures*, are forward contracts 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 ASC 820. 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) at December 31, 2009 and 2008, was a liability of \$0.3 million and an asset of \$1.1 million, respectively. The fair value of the investments based on December 31, 2009 and 2008, market quotes (Level 1 inputs) was an asset of \$13.5 million and \$12.7 million, respectively.

The carrying values of the Company's cash and cash equivalents, trade accounts receivable, accounts payable, accrued expenses and short term borrowings approximated fair values as of December 31, 2009 and 2008.

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 the long-term debt at December 31, 2009 and 2008, was \$388.9 million and \$445.7 million, respectively. The fair value of the long-term debt at December 31, 2009 and 2008, was approximately \$390.6 million and \$427.3 million, respectively.

10.

#### *Commitments and Contingencies*

##### **LEASES**

The Company leases certain facilities and equipment under operating lease arrangements. Aggregate minimum rental commitments at December 31, 2009, for all noncancelable operating leases with an initial lease term greater than one year for the years ending December 31 were as follows: 2010, \$7.0 million; 2011, \$5.0 million; 2012, \$3.3 million; 2013, \$2.0 million; 2014, \$1.4 million; and \$4.1 million thereafter.

Rent expense totaled \$10.7 million, \$12.0 million and \$11.6 million during the years ended December 31, 2009, 2008 and 2007, 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.

Years ended December 31, 2009, 2008 and 2007

### 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 2005, 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 appealed the magistrate’s decision to the district court judge. On July 22, 2009, the district court judge issued a decision affirming the magistrate’s opinion and order, largely on sovereign immunity grounds.

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. 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 exercised its right to appeal the magistrate’s decision to the district court judge. On July 22, 2009, the district court judge issued a decision reversing the magistrate and ordering the depositions of Kenny and Rosoff to proceed.

On May 8, 2009, Sensient Colors filed a motion for summary judgment seeking dismissal with prejudice of the United States’ claims.

Prior to arguing the summary judgment motion and to scheduling the depositions of the current and former EPA officials, the United States and Sensient Colors agreed to meet with each other, with the parties involved in the Pleasant Gardens dispute described below and with interested insurers to determine if a resolution short of trial was possible. The parties met and ultimately agreed to a settlement in principle to resolve the matter by specified payments among the parties and their insurers. As a result of the proposed settlements, Sensient’s results for the quarter and year ended December 31, 2009 include pre-tax charges for estimated settlement liabilities and related legal costs, net of insurance reimbursements, of approximately \$11.3 million. The proposed settlements remain subject to the preparation and execution of definitive agreements and approval of proposed consent decrees by the U.S. District Court in New Jersey and the Superior Court of New Jersey after an opportunity for public comment.

**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. 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. That amount has been held in escrow pending the outcome of the lawsuit. 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 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. In September 2009, the federal magistrate judge ordered that former EPA officials could be deposed but only as to “individual” and not “official” matters. Sensient Colors is appealing this decision to the district court judge.

On January 8, 2009, the state court 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 was reassigned to another judge. In light of the recusal and reassignment, the new judge re-scheduled the trial to commence no earlier than June 1, 2009, and indicated that depending on how certain outstanding discovery issues are resolved, the trial may be deferred further. On April 20, 2009, the court further extended the pretrial schedule and set a trial date for October 5, 2009. On July 24, 2009, Sensient Colors filed a motion for summary judgment on the grounds that the DEP’s proposed remedy was arbitrary and capricious.



Years ended December 31, 2009, 2008 and 2007

At a conference held on September 18, 2009, the state court judge ordered that discovery be completed before November 15, 2009, that dispositive motions be heard on December 11, 2009, and that the trial commence on February 8, 2010. The judge also ordered that mediation occur before November 15, 2009.

As described above, Sensient Colors met with the parties to the Pleasant Gardens litigation, to the Superfund claims described above and their respective insurers, and they ultimately agreed to a settlement in principle to resolve the matter by specified payments among the parties and their insurers. As a result of the proposed settlements, Sensient's results for the quarter and year ended December 31, 2009, include pre-tax charges for estimated settlement liabilities and related legal costs, net of insurance reimbursements, of approximately \$11.3 million. The proposed settlements remain subject to the preparation and execution of definitive agreements and approval of proposed consent decrees by the U.S. District Court in New Jersey and the Superior Court of New Jersey after an opportunity for public comment.

As of December 31, 2009, the liabilities related to environmental matters are estimated to be between \$20.4 million and \$22.0 million. As of December 31, 2009, the Company has accrued \$20.8 million, which primarily relates to the settlement of legal claims related to the Superfund and Pleasant Gardens claims discussed above. The Company has recorded a receivable of \$11.1 million for agreed upon insurance recoveries related to these liabilities. This accrual and receivable represents management's best estimate of these items; however, the actual amounts may be different than the levels reserved or estimated, in which case the Company would need to recognize the difference in earnings in later periods. There can be no assurance that additional environmental matters will not arise in the future.

### Commercial Litigation

On October 13, 2009, J. Lohr Vineyards and Wines ("Lohr") filed suit against the Company and its subsidiary, Sensient Dehydrated Flavors LLC ("Sensient Flavors") in the state court in Monterey, California. The complaint sought to permanently enjoin the Company and Sensient Flavors from processing onions at its Greenfield, California dehydration facility based on a limitation in Sensient Flavors' 1972 use permit to the processing of "peppers, celery and parsley", and based on Lohr's claim that Sensient Flavors' onion processing has been damaging Lohr's grapes and wine. Lohr's complaint, in addition to seeking injunctive relief, sets out claims for "nuisance", "trespass", interference with prospective business advantage, and "negligence per se". Lohr sought damages of "over \$1.6 million" for alleged losses due to an "onion taint" to its grapes, wine and vineyards, as well as punitive and other damages. On October 14, the court denied a temporary restraining order requested by Lohr against the Company and Sensient Flavors. On October 27, the court issued a preliminary injunction enjoining the Company and Sensient Flavors from processing any vegetables not expressly authorized in the 1972 use permit issued by the County to Sensient Flavors or any amendments thereto. Sensient Flavors filed an application with the Planning Department seeking an amendment to its use permit confirming its right to process onions at its Greenfield facility, but later concluded that the likely delays, expenses and regulatory uncertainties involved in pursuing the amendment to the use permit made the permit amendment not worth pursuing. Accordingly, Sensient Flavors decided not to seek to resume onion processing at its Greenfield facility and instead is pursuing arrangements for the processing of these onions at other facilities. Sensient's production of dehydrated onion at the Greenfield facility in 2009 represented less than 10% of its total onion production in California. On December 9, 2009, the Company and Sensient Flavors reached a settlement agreement with Lohr under which the Company and Sensient Flavors undertook not to process products at the Greenfield facility other than as authorized under the existing 1972 permit, and Lohr agreed to drop its claims and dismiss its suit with prejudice, which it has done.

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, 2009. 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, 2009.

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.

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*Report of Independent Registered*

*Public Accounting Firm*

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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 as of December 31, 2009 and 2008, and the related consolidated statements of earnings, shareholders' equity, and cash flows for each of the three years in the period ended December 31, 2009. 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, 2009 and 2008, and the consolidated results of their operations and their cash flows for each of the three years in the period ended December 31, 2009, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), Sensient Technologies Corporation's internal control over financial reporting as of December 31, 2009, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated March 1, 2010 expressed an unqualified opinion thereon.

*Ernst & Young LLP*

Milwaukee, Wisconsin  
March 1, 2010

*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 internal control over financial reporting as of December 31, 2009, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (the COSO criteria). Sensient Technologies Corporation'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, 2009, 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 Sensient Technologies Corporation as of December 31, 2009 and 2008, and the related consolidated statements of earnings, shareholders' equity, and cash flows for each of the three years in the period ended December 31, 2009 and our report dated March 1, 2010 expressed an unqualified opinion thereon.

*Ernst + Young LLP*

Milwaukee, Wisconsin  
March 1, 2010

**Quarterly Data**

(in thousands except per share amounts) (unaudited)

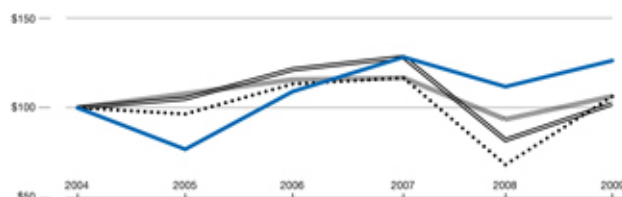
	Revenue	Gross Profit	Net Earnings	Net Earnings Per Share	
				Basic	Diluted
<b>2009</b>					
First Quarter	\$282,824	\$86,530	\$21,607	\$ 0.45	\$ 0.45
Second Quarter	303,959	94,690	25,819	0.53	0.53
Third Quarter	303,179	93,076	22,829	0.47	0.47
Fourth Quarter	311,450	94,734	16,306	0.34	0.33
<b>2008</b>					
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

**Common Stock Prices and Dividends**

	Market Price		Dividends Per Share
	High	Low	
<b>2009</b>			
First Quarter	\$24.95	\$18.42	\$ 0.19
Second Quarter	25.40	22.08	0.19
Third Quarter	28.62	21.89	0.19
Fourth Quarter	29.07	24.62	0.19
<b>2008</b>			
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

**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, 2004 and reinvestment of dividends. The stock performance shown on the graph is not necessarily indicative of future price performance.



	2004	2005	2006	2007	2008	2009
— Sensient Technologies Corporation	\$100	\$77	\$109	\$128	\$111	\$126
..... S&P Midcap Specialty Chemicals Index	100	96	113	117	68	106
— S&P Food Products Index	100	108	116	117	93	106
— S&P 500 Index	100	105	121	128	81	102

## Five Year Review

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

	2009	
<b>Summary of Operations</b>		
Revenue	\$1,201,412	100.0%
Cost of products sold	832,382	69.3%
Selling and administrative expenses	222,067	18.5%
Restructuring and other charges	—	—
Operating income	146,963	12.2%
Interest expense	23,788	2.0%
Earnings before income taxes	123,175	10.3%
Income taxes	36,614	3.0%
Net earnings	<u>\$ 86,561</u>	<u>7.2%</u>
Earnings per share:		
Basic	\$ 1.79	
Diluted	<u>\$ 1.78</u>	
<b>Other Related Data</b>		
Dividends per share, declared and paid	\$ 0.76	
Average common shares outstanding:		
Basic	48,379	
Diluted	48,641	
Book value per common share	\$ 18.49	
Price range per common share	18.42-	
	29.07	
Share price at December 31	26.30	
Capital expenditures	47,716	
Depreciation	40,881	
Amortization	1,302	
Total assets	1,591,691	
Long-term debt	388,852	
Total debt	428,033	
Shareholders' equity	908,695	
Return on average shareholders' equity	10.0%	
Total debt to total capital	32.0%	
Employees	3,570	

The 2009 results include charges for the proposed settlement of environmental claims and related legal expenses, net of insurance reimbursements, of \$11.3 million (\$6.9 million after-tax, or \$0.14 per share).

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).

2008		2007		2006		2005	
\$1,252,620	100.0%	\$1,184,778	100.0%	\$1,098,774	100.0%	\$1,023,930	100.0%
871,754	69.6	822,479	69.5	766,506	69.7	731,253	71.4
219,267	17.5	214,929	18.1	202,991	18.5	189,998	18.6
—	—	—	—	—	—	8,465	0.8
161,599	12.9	147,370	12.4	129,277	11.8	94,214	9.2
32,306	2.6	36,127	3.0	35,748	3.3	35,737	3.5
129,293	10.3	111,243	9.4	93,529	8.5	58,477	5.7
38,432	3.1	33,457	2.8	27,104	2.5	14,282	1.4
<u>\$ 90,861</u>	<u>7.3%</u>	<u>\$ 77,786</u>	<u>6.6%</u>	<u>\$ 66,425</u>	<u>6.0%</u>	<u>\$ 44,195</u>	<u>4.3%</u>
\$ 1.91		\$ 1.66		\$ 1.45		\$ 0.95	
<u>\$ 1.89</u>		<u>\$ 1.65</u>		<u>\$ 1.44</u>		<u>\$ 0.94</u>	
\$ 0.74		\$ 0.68		\$ 0.61		\$ 0.60	
47,654		46,740		45,900		46,746	
48,131		47,257		46,204		47,067	
\$ 16.87		\$ 17.10		\$ 15.12		\$ 13.43	
21.05-		23.66-		16.92-		16.82-	
33.12		31.99		25.33		23.97	
23.88		28.28		24.60		17.90	
53,680		41,961		39,314		36,102	
42,798		42,849		41,658		43,502	
1,647		1,463		1,386		1,357	
1,525,437		1,564,182		1,454,067		1,398,273	
445,682		449,621		441,306		283,123	
479,895		507,108		532,532		553,682	
818,596		814,421		704,104		622,228	
10.7%		10.2%		9.9%		6.8%	
37.0%		38.4%		43.1%		47.1%	
3,613		3,623		3,582		3,518	

*Board of Directors*

**Kenneth P. Manning, 68**  
Chairman and Chief Executive Officer  
Sensient Technologies Corporation  
Elected Director in 1989 (2, 6)

**Hank Brown, 70**  
President Emeritus  
University of Colorado  
Elected Director in 2004 (1, 4, 5)

**Fergus M. Clydesdale, Ph.D., 73**  
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, 72**  
Chairman  
Bartlodge Limited  
Elected Director in 1997 (1, 2, 3, 6)

**William V. Hickey, 65**  
President and Chief Executive Officer  
Sealed Air Corporation  
Elected Director in 1997 (1, 2, 4, 5)

**Peter M. Salmon, 60**  
President  
International Food Network, Inc.  
Elected Director in 2005 (5, 6)

**Elaine R. Wedral, Ph.D., 65**  
Retired, Former President  
Nestle's Research and Development  
Worldwide Food Service Systems  
Elected Director in 2006 (5, 6)

**Essie Whitelaw, 62**  
Retired, Former 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, 68**  
Chairman and Chief Executive Officer  
With the Company 22 years

**John F. Collopy, 40**  
Vice President and Treasurer  
With the Company 10 years

**Neil G. Cracknell, 48**  
President and Chief Operating Officer  
With the Company 15 years

**John L. Hammond, 63**  
Senior Vice President, General Counsel and Secretary  
With the Company 12 years

**Gordon E. Hering, Ph.D., 53**  
Vice President, Marketing & Technology  
With the Company 15 years

**Richard F. Hobbs, 62**  
Senior Vice President and Chief Financial Officer  
With the Company 36 years

**Richard J. Malin, 43**  
Assistant Controller  
With the Company 18 years

**Douglas S. Pepper, 57**  
Vice President, Administration  
With the Company 4 years

**Stephen J. Rolfs, 45**  
Vice President, Controller and  
Chief Accounting Officer  
With the Company 12 years

**Robert J. Wilkins, 53**  
President, Asia Pacific Group  
With the Company 6 years

*Appointed Officers*

**Douglas L. Arnold, 46**  
Vice President, Administrative Services  
With the Company 12 years

**Christopher M. Daniels, 36**  
Assistant Treasurer  
With the Company 10 years

**Patrick E. Laubacher, 52**  
President, Dehydrated Flavors  
With the Company 29 years

**Jeffrey T. Makal, 46**  
Vice President, Taxation  
With the Company 13 years

**James P. McCarthy, 57**  
President, Flavors & Fragrances Group

With the Company 1 year

**Robert L. Menzl, 53**

Vice President, Information Technology

With the Company 14 years

**Edward E. Savard, 44**

Vice President, Engineering

With the Company 16 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](mailto:corporate.communications@sensient-tech.com)  
Web site: [www.sensient-tech.com](http://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](http://www.wellsfargo.com/shareownerservices)

### **Common Stock**

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

There were 3,070 shareholders of record of Common Stock as of January 29, 2010.

### **Annual Meeting of Shareholders**

The Annual Meeting of Shareholders will be held at 2:00 p.m. (CDT) on Thursday, April 22, 2010, 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](http://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](http://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.sensienttech.com](http://www.sensienttech.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.

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In accordance with New York Stock Exchange rules and pursuant to Rule 13a-14 under the Securities 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, 2009. As Chief

Executive Officer, in 2009 Kenneth P. Manning also has certified compliance with New York Stock Exchange corporate governance listing standards.



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## **Section 7: EX-21 (SUBSIDIARIES OF THE REGISTRANT)**

**EXHIBIT 21**

### *SENSIENT TECHNOLOGIES CORPORATION SUBSIDIARIES*

NAME  
DOMESTIC  
POINTING COLOR INC.

INCORPORATION  
DELAWARE

SENSIENT COLORS INC.  
SENSIENT DEHYDRATED FLAVORS LLC  
SENSIENT FLAVORS INTERNATIONAL, INC.  
SENSIENT FLAVORS LLC  
SENSIENT FOOD COLORS LP  
SENSIENT HOLDING COMPANY LLC  
SENSIENT IMAGING TECHNOLOGIES INC.  
SENSIENT TECHNOLOGIES HOLDING COMPANY LLC  
SENSIENT WISCONSIN L.L.C.

NEW YORK  
DELAWARE  
INDIANA  
DELAWARE  
MISSOURI  
DELAWARE  
CALIFORNIA  
DELAWARE  
WISCONSIN

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**SENSIENT TECHNOLOGIES CORPORATION**  
**SUBSIDIARIES**

<u>NAME</u>	<u>INCORPORATION</u>
<b>FOREIGN</b>	
BIOLUX FINANCE NV	BELGIUM
DC FLAVOURS LIMITED	UNITED KINGDOM
LCW POLSKA LTD (60% Owner)	POLAND
LES COLORANTS WACKHERR DO BRASIL LTDA (50% Owner)	BRAZIL
POINTING CANADA LIMITED	CANADA
POINTING CHEMICALS LIMITED	UNITED KINGDOM
POINTING HOLDINGS LIMITED	UNITED KINGDOM
POINTING INTERNATIONAL LTD.	UNITED KINGDOM
POINTING LIMITED	UNITED KINGDOM
PROMAVIL N.V.	BELGIUM
PT SENSIENT TECHNOLOGIES INDONESIA	INDONESIA
SENSIENT COLORS CANADA LIMITED	CANADA
SENSIENT COLORS S.A.	ARGENTINA
SENSIENT COLORS S.A. DE C.V.	MEXICO
SENSIENT COLORS SOUTH AFRICA (PROPRIETARY) LIMITED	SOUTH AFRICA
SENSIENT COLORS UK LIMITED	UNITED KINGDOM
SENSIENT COSMETIC TECHNOLOGIES (F/K/A LCW)	FRANCE
SENSIENT COSTA RICA SRL	COSTA RICA
SENSIENT DEHYDRATED FLAVORS B.V.	NETHERLANDS
SENSIENT DEHYDRATED FLAVORS CANADA, INC.	CANADA
SENSIENT DEHYDRATED FLAVORS (QINGDAO) CO. LTD.	CHINA
SENSIENT DEHYDRATED FLAVORS SAS	FRANCE

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***SENSIENT TECHNOLOGIES CORPORATION***  
***SUBSIDIARIES***

<u>NAME</u>	<u>INCORPORATION</u>
<b>FOREIGN</b>	
SENSIENT ESSENTIAL OILS GERMANY GMBH	GERMANY
SENSIENT FINANCE (ALBERTA) LIMITED PARTNERSHIP	CANADA
SENSIENT FINANCE IRELAND LIMITED	IRELAND
SENSIENT FINANCE (LUXEMBOURG) SARL	LUXEMBOURG
SENSIENT FLAVORS BELGIUM NV	BELGIUM
SENSIENT FLAVORS BIOLUX, NV	BELGIUM
SENSIENT FLAVORS CANADA, INC.	ONTARIO
SENSIENT FLAVORS CENTRAL AMERICA S.A.	COSTA RICA
SENSIENT FLAVORS FINLAND OY	FINLAND
SENSIENT FLAVORS & FRAGRANCES SAS	FRANCE
SENSIENT FLAVORS & FRAGRANCES GMBH & CO KG	GERMANY
SENSIENT FLAVORS GMBH	GERMANY
SENSIENT FLAVORS ITALY S.R.L.	ITALY
SENSIENT FLAVORS LIMITED	UNITED KINGDOM
SENSIENT FLAVORS MEXICO, S.A. DE C.V.	MEXICO
SENSIENT FLAVORS ROMANIA S.R.L.	ROMANIA
SENSIENT FLAVORS SCANDINAVIA AB	SWEDEN
SENSIENT FLAVORS STRASBOURG	FRANCE
SENSIENT FLAVORS WALES LIMITED	UNITED KINGDOM
SENSIENT FOOD COLORS CZECH REPUBLIC S.R.O.	CZECH REPUBLIC
SENSIENT FOOD COLORS FRANCE	FRANCE
SENSIENT FOOD COLORS GERMANY GMBH	GERMANY

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**SENSIENT TECHNOLOGIES CORPORATION**  
**SUBSIDIARIES**

**NAME**

**FOREIGN**

SENSIENT FOOD COLORS HUNGARY KFT  
SENSIENT FOOD COLORS ITALY S.R.L.  
SENSIENT FOOD COLORS POLAND SP.ZO.O.  
SENSIENT FOOD COLORS ROMANIA S.R.L.  
SENSIENT FOOD COLORS SMN D.O.O.  
SENSIENT FOOD COLORS THE NETHERLANDS BV  
SENSIENT FRAGRANCES GUATEMALA, S.A.  
SENSIENT FRAGRANCES MEXICO, S.A. DE C.V.  
SENSIENT FRAGRANCES, S.A.  
SENSIENT HOLDING I BV  
SENSIENT HOLDING II BV  
SENSIENT HOLDING III BV  
SENSIENT HOLDING (ALBERTA) LIMITED PARTNERSHIP  
SENSIENT HOLDING LUXEMBOURG SARL  
SENSIENT HOLDINGS MALTA LTD  
SENSIENT HOLDINGS UK  
SENSIENT IMAGING TECHNOLOGIES GMBH  
SENSIENT IMAGING TECHNOLOGIES LTD  
SENSIENT IMAGING TECHNOLOGIES S.A. DE C.V.  
SENSIENT INDIA PRIVATE LIMITED  
SENSIENT TECHNOLOGIES ASIA PACIFIC PTE, LTD  
SENSIENT TECHNOLOGIES AUSTRALIA PTY, LTD.

**INCORPORATION**

HUNGARY  
ITALY  
POLAND  
ROMANIA  
SERBIA & MONTENEGRO  
NETHERLANDS  
GUATEMALA  
MEXICO  
SPAIN  
NETHERLANDS  
NETHERLANDS  
NETHERLANDS  
CANADA  
LUXEMBOURG  
MALTA  
UNITED KINGDOM  
GERMANY  
SWITZERLAND  
MEXICO  
INDIA  
SINGAPORE  
AUSTRALIA

**SENSIENT TECHNOLOGIES CORPORATION**  
**SUBSIDIARIES**

<u>NAME</u>	<u>INCORPORATION</u>
<b>FOREIGN</b>	
SENSIENT TECHNOLOGIES BRAZIL LTDA.	BRAZIL
SENSIENT TECHNOLOGIES COLOMBIA LTDA	COLOMBIA
SENSIENT TECHNOLOGIES CORP. (CHINA) LTD	CHINA
SENSIENT TECHNOLOGIES CORPORATION (JAPAN)	JAPAN
SENSIENT TECHNOLOGIES HOLDING DEUTSCHLAND GMBH	GERMANY
SENSIENT TECHNOLOGIES HONG KONG LTD	CHINA
SENSIENT TECHNOLOGIES LIMITED	UNITED KINGDOM
SENSIENT TECHNOLOGIES LUXEMBOURG S.A.R.L.	LUXEMBOURG
SENSIENT TECHNOLOGIES (PHILIPPINES), INC.	PHILIPPINES
SENSIENT TECHNOLOGIES REAL ESTATE GMBH	GERMANY
SENSIENT TECHNOLOGIES (THAILAND), LTD.	THAILAND
SENSIENT VERMÖGENSVERWALTUNGSGESELLSCHAFT MBH	GERMANY
SOCIETE CIVILE IMMOBILIERE GRISEDA	FRANCE
UNIVERSAL HOLDINGS CAYMAN	BRITISH WEST INDIES

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## Section 8: 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, 333-118539), as amended, of Sensient Technologies Corporation and in the related Prospectus of our reports dated March 1, 2010, with respect to the consolidated financial statements and schedule of Sensient Technologies Corporation, and the effectiveness of internal control over financial reporting of Sensient Technologies Corporation, incorporated by reference in this Annual Report (Form 10-K) for the years ended December 31, 2009, 2008, and 2007.

/s/ Ernst & Young LLP  
Milwaukee, Wisconsin  
March 1, 2010

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## Section 9: EX-31 (CERTIFICATIONS)

**EXHIBIT 31**

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

I, Kenneth P. Manning, certify that:

- I have reviewed this annual report on Form 10-K of Sensient Technologies Corporation;
- 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;
- 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;
- 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:
  - 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;
  - 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;
  - 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 1, 2010

/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 1, 2010

/s/ Richard F. Hobbs

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

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## Section 10: 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, 2009 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 1, 2010

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, 2009 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 1, 2010

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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