

Section 1: 10-K (SENSIENT TECHNOLOGIES CORP 10-K 12-31-2012)

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

FORM 10-K

- ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the Fiscal Year Ended December 31, 2012
OR
 TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

Commission File Number 1-7626

Sensient Technologies Corporation

WISCONSIN
(State of Incorporation)

39-0561070
(IRS Employer Identification Number)

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

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

<u>TITLE OF EACH CLASS</u>	<u>NAME OF EACH EXCHANGE ON WHICH REGISTERED</u>
Common Stock, \$0.10 par value	New York Stock Exchange, Inc.

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

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

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for at least the past 90 days. Yes No

Indicate by check mark 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

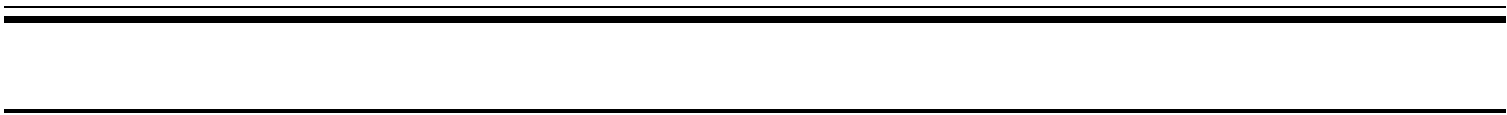
Indicate by check mark if the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

The aggregate market value of the voting Common Stock held by non-affiliates of the Registrant as of June 30, 2012, was \$1,802,797,132. 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 49,990,166 shares of Common Stock outstanding as of February 18, 2013.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of: (1) the Company's Annual Report to Shareholders for the fiscal year ended December 31, 2012 (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, 2013 (see Part III of this Form 10-K).



SENSIENT TECHNOLOGIES CORPORATION—FORM 10-K FOR YEAR ENDED DECEMBER 31, 2012 INDEX

<u>PART I</u>	3
<u>Item 1. Business</u>	3
General	3
Description of Business	3
Flavors & Fragrances Group	4
Color Group	4
Asia Pacific and China Groups	5
Flavors Central & South America	5
Research and Development/Quality Assurance	5
Products and Application Activities	6
Raw Materials	6
Competition	6
Foreign Operations	7
Patents, Formulae and Trademarks	7
Employees	7
Regulation	7
Item 1A. Risk Factors	8
Item 1B. Unresolved Staff Comments	10
Item 2. Properties	10
Item 3. Legal Proceedings	14
Item 4. Mine Safety Disclosure	16
Executive Officers of the Registrant	16
<u>PART II</u>	17
Item 5. Market for the Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities	17
Item 6. Selected Financial Data	18
Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operation	18
Item 7A. Quantitative and Qualitative Disclosures about Market Risk	18
Item 8. Financial Statements and Supplementary Data	18
Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure	18
Item 9A. Controls and Procedures	18
Item 9B. Other Information	19
<u>PART III</u>	19
Item 10. Directors, Executive Officers of the Registrant and Corporate Governance	19
Item 11. Executive Compensation	19
Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters	19
Item 13. Certain Relationships and Related Transactions, and Director Independence	20
Item 14. Principal Accountant Fees and Services	20
<u>PART IV</u>	20
Item 15. Exhibits and Financial Statement Schedules	20
Financial Statements	20
Financial Statement Schedule	20
Report of Independent Registered Public Accounting Firm	21
Schedule II Valuation and Qualifying Accounts	23
<u>SIGNATURES</u>	24
<u>EXHIBIT INDEX</u>	E-1

FORWARD-LOOKING STATEMENTS

This document contains forward-looking statements that reflect management's current assumptions and estimates of future economic circumstances, industry conditions, Company performance and financial results. The Private Securities Litigation Reform Act of 1995 provides a safe harbor for such forward-looking statements. Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties and other factors that could cause actual events to differ materially from those expressed in those statements. A variety of factors could cause the Company's actual results and experience to differ materially from the anticipated results. These factors and assumptions include the pace and nature of new product introductions by the Company and the Company's customers; the Company's ability to successfully implement its growth strategies; the outcome of the Company's various productivity-improvement and cost-reduction efforts; changes in costs of raw materials, including energy; industry and economic factors related to the Company's domestic and international business; growth in markets for products in which the Company competes; industry and customer acceptance of price increases; actions by competitors; currency exchange rate fluctuations; and the matters discussed below under the heading "Risk Factors" and under Part II, including the critical accounting policies incorporated by reference from pages 19-20 of the Company's 2012 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.

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.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 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, Corporate Governance Guidelines, our Policy on Recovery of Incentive Compensation From Executives and our Directors and Officers Stock Ownership 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 leading 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 and fine 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 two reportable segments are the Flavors & Fragrances Group and the Color Group, which are managed on a product-and-services basis. Three additional segments, the Asia Pacific Group, the China Group and the Flavors Central & South America Group are managed on a geographic basis and 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 36 through 38 of the Company's 2012 Annual Report to Shareholders under the heading "Segment and Geographic Information."

In February 2013, the Company announced a broad restructuring program to relocate the Flavors & Fragrances Group headquarters to Chicago, as well as a profit improvement plan across all segments of the Company. This relocation plan does not include the relocation of any of the U.S. Flavors & Fragrances Group production sites.

The profit improvement plan will reduce headcount and consolidate several manufacturing facilities throughout Europe and North America. The Company expects to reduce its global headcount by about 200 and consolidate several manufacturing sites during the next twelve months. These changes will not impact the Company's sales coverage. The anticipated financial impact appears in "Subsequent Events" on pages 38 and 39 of the 2012 Annual Report to Shareholders.

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 industrial colors, 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 LLC. The Group's principal manufacturing plants are located in Missouri, New Jersey, Brazil, Canada, France, Germany, Italy, Mexico, Switzerland and the United Kingdom.

The Color Group operates under the following trade names:

- Sensient Food Colors (food and beverage colors);
- Sensient Pharmaceutical Coating Systems (pharmaceutical colors and coatings);
- Sensient Cosmetic Technologies (cosmetic colors and ingredients and systems); and
- Sensient Industrial 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, Japan, New Zealand and the Philippines. The Asia Pacific Group maintains offices for research and development, as well as sales, in India, Indonesia, Korea, Singapore and Thailand.

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

Flavors Central & South America Group

In 2012, the Flavors Central & South America Group was established to give management greater insight into the Company's flavors operations in this growing region. Previously, this Group was part of the Flavors & Fragrances Group and its results were included therein. Results for 2011 and 2010 have been restated to reflect this change.

The Flavors Central & South America Group develops, manufactures and supplies flavor systems to a broad range of customers across the region, primarily in the food and beverage markets.

The Flavors Central & South America Group has manufacturing and development facilities in Brazil and Costa Rica and maintains sales in offices in multiple Central and South American countries.

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. The Company employed 649 people in research and development, quality assurance, quality control and lab technician positions as of December 31, 2012.

Expenditures for research and development related to continuing operations in calendar year 2012 were \$34.7 million, compared with \$33.2 million in the year ended December 31, 2011, and \$30.6 million in the year ended December 31, 2010. 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, Belgium, Canada, France, Germany, Italy, Mexico, the Netherlands, Spain and the United Kingdom, 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.

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, 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 generally 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 and pigments 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. Competition in the supply of pharmaceutical coatings is based on the development of customized products and solutions as well as quality, customer service, and price. The Company believes that its reputation and capacity as a color producer as well as its product development give it a competitive advantage in the pharmaceutical coatings market.
- *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.
- *Flavors Central & South America.* Competition in the flavors market in Central and South America faces the same global nature and diversified purchasing seen by the Flavors & Fragrances Group. Competition for the supply of flavors is again based on the development of customized ingredients for new and reformulated products, as well as on quality, customer service and price.

Foreign Operations

The information appearing under the heading "Segment and Geographic Information" in Note 9 to the Consolidated Financial Statements of the Company, which appears on page 38 of the 2012 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, 2012, the Company employed 3,983 persons worldwide.

Regulation

Compliance with government provisions regulating discharges into the environment, or otherwise relating to the protection of the environment, did not have a material adverse effect on the Company's operations for the year covered by this report. Current compliance is not expected to have a material adverse effect in the next two years. 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 15 through 22 of the 2012 Annual Report to Shareholders and "Forward Looking Statements" on page 22 of the 2012 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, fragrances and colors which are used in foods, beverages, pharmaceuticals, 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, fragrances and colors, or products which incorporate ingredients we manufacture, cause injury, illness or death. In addition, we or our customers may need to recall products in the event of contamination or damage.

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

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

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

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

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

- *Our sales and profitability are affected by changing consumer preferences 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 efficient 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, including any increases that may result from regulation of greenhouse gases, will raise both our raw material costs and operating costs. We may not be able to increase our product prices enough to offset these increased costs. Increasing our prices also may reduce sales volume and related profitability.

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

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

Our facilities and products are subject to many laws and regulations relating to the processing, packaging, storage, distribution, quality and safety of food, drugs, cosmetics and other consumer products, inkjet inks and industrial colors. These laws and regulations are administered in the United States by the Department of Agriculture, the Food and Drug Administration, the Environmental Protection Agency 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. Our customers, particularly those in the pharmaceutical industry, are also subject to laws and regulations which may impose costs on or create risk for us.

- *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 (including greenhouse gases) and the handling and disposition of wastes. These rules operate or will operate at both the federal and state levels in the United States, and there are analogous laws at many of our overseas locations. 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 or the ability to obtain required permits, 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. Acquired companies may also have significant latent liabilities which may not be discovered before an acquisition or fully reflected in the price we pay.

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

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

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

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

World events, such as the conflict in Afghanistan, the situations in North Korea, Iran, Syria and elsewhere in the Middle East and the financial stresses in Europe, 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, high unemployment and constrained 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.

LOCATION	GROUP/DIVISION	FUNCTION
UNITED STATES		
California		
Carlsbad*	Color	Sales and R&D/inkjet products and specialty inks
Livingston (2)	Flavors & Fragrances	Production, R&D and field/dehydrated flavors
Turlock	Flavors & Fragrances	Production, R&D and sales/dehydrated flavors

Table of Contents

UNITED STATES (continued)		
Illinois		
Amboy	Flavors & Fragrances	Production/ingredients and flavors
Hoffman Estates (2)*	Flavors & Fragrances	R&D, U.S. management/flavors, future group headquarters/flavors & fragrances
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 colors
Wisconsin		
Juneau	Flavors & Fragrances	Production/flavor enhancers and extracts
Milwaukee*	Headquarters	Administrative offices

INTERNATIONAL		
Argentina		
Buenos Aires*	Color	Sales/food colors
Australia		
Keysborough	Asia Pacific	Production, R&D and sales/colors and flavors, group headquarters/Asia Pacific
Austria		
Vienna*	Flavors & Fragrances	Sales/flavors
Belgium		
Brussels*	Flavors & Fragrances	Production and sales/natural health ingredients
Heverlee	Flavors & Fragrances	Production, R&D and sales/ingredients and flavors
Brazil		
Jundiaí*	Color	Production, R&D and sales/food colors and flavors
São Paulo*	Color	R&D and sales/cosmetic colors
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, R&D and sales/food colors
Mississauga, Ontario	Flavors & Fragrances	R&D and sales/flavors and dehydrated flavors
Tara, Ontario	Flavors & Fragrances	Production/ingredients and flavors

Table of Contents

INTERNATIONAL (continued)		
China		
Beijing*	China	R&D and sales/colors and flavors
Guangzhou*	China	Production, R&D and sales/colors and flavors, group headquarters/China
Hong Kong*	China	Sales/colors and flavors
Qingdao*	Flavors & Fragrances	Production/dehydrated flavors
Shanghai*	China	R&D and sales/colors and flavors
Colombia		
Bogota*	Flavors & Fragrances	Sales/flavors and fragrances
Costa Rica		
San Jose*	Flavors & Fragrances	Production and sales/flavors
Czech Republic		
Prague*	Color	Sales/food colors
Denmark		
Nyborg*	Flavors & Fragrances	Sales/flavors
Finland		
Espoo*	Flavors & Fragrances	Sales/flavors
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	Sales/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, warehouse, R&D and sales/natural colors

Table of Contents

INTERNATIONAL (continued)		
Japan		
Hitachi	Asia Pacific	Production/flavors and colors
Tokyo*	Asia Pacific	R&D and sales/flavors and colors
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, fragrances and essential oils
The Netherlands		
Elburg	Flavors & Fragrances	Production/dehydrated flavors
Naarden*	Flavors & Fragrances	Sales/food colors and dehydrated and other flavors
New Zealand		
Auckland	Asia Pacific	Production, R&D and sales/flavors
Philippines		
Manila*	Asia Pacific	Production, R&D and sales/flavors, fragrances, cosmetic ingredients and color blending
Poland		
Poznań*	Color	Sales & warehouse/cosmetics
Warsaw*	Color	Sales/food colors
Warsaw*	Flavors	Sales/flavors
Romania		
Bucharest*	Flavors	Sales/flavors
Oradea*	Color	Sales/food colors
Singapore		
Singapore*	Asia Pacific	R&D and sales/food colors, flavors and dehydrated flavors
South Africa		
Johannesburg*	Color	Production, R&D and sales/food colors
Rivonia*	Flavors	Sales/flavors
South Korea		
Seoul*	Asia Pacific	Sales/flavors, colors and specialty chemicals
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

INTERNATIONAL (continued)		
Thailand		
Bangkok (2)**	Asia Pacific	Production, R&D and sales/colors and flavors
Turkey		
Istanbul*	Flavors & Fragrances	Sales/flavors
Ukraine		
Kiev*	Flavors & Fragrances	Sales/flavors
United Kingdom		
Ceredigion	Flavors & Fragrances	Production, R&D and sales/flavors and flavor enhancers
Kings Lynn*	Color	Production, R&D and sales/food colors and inkjet inks
Milton Keynes	Flavors & Fragrances	Production, R&D and sales/flavors and extracts

() Indicates number of properties at the locations, if more than one.

* Indicates one leased property at the location.

** Indicates two leased properties at the location.

Item 3. Legal Proceedings.

Commercial Litigation

Cherry Blossom Litigation

Cherry Blossom LLC, a Traverse City, Michigan, contractor that had produced cherry products for the Company, ceased operations in May 2009. At the time, Cherry Blossom had physical possession of brined cherries belonging to the Company with a book value of approximately \$0.5 million. Despite the Company's demands, Cherry Blossom refused to permit the Company to take possession of the cherries for processing elsewhere.

In June 2009, the Company sued Cherry Blossom in the Circuit Court of Grand Traverse County, Michigan, seeking an order for return of the cherries. Cherry Blossom's asset based lender, Crossroads Financial (which claimed to be owed \$1.4 million) ("Crossroads"), intervened and claimed a senior lien on the cherries. The Circuit Court denied the Company's request for immediate possession and permitted Cherry Blossom to retain and process the cherries. The Circuit Court later held that Crossroads had a senior lien on the cherries and was entitled to receive the proceeds from the sale of the cherries. The Circuit Court also denied the Company's cross claims against Crossroads to recoup certain overpayments that the Company made to Cherry Blossom/Crossroads and to recoup payments made by the Company to the United States Department of Labor on Cherry Blossom's/Crossroads' behalf. The Company has appealed these adverse decisions of the Circuit Court.

Crossroads asserted a claim against the Company for money damages in an undetermined amount. Crossroads claimed that it has a lien on all of Cherry Blossom's accounts receivable from the Company and that the Company had performed a number of offsets against its accounts payable to Cherry Blossom in derogation of Crossroads' rights as lienholder. The Circuit Court denied Crossroads' claims for money damages against the Company. Crossroads has appealed this adverse decision of the Circuit Court.

The Company and Crossroads completed briefing on their respective appeals on January 6, 2012. The Company has requested oral argument on its appeal. To date, the appellate court has not yet decided whether to grant oral argument, and if so, when argument will take place.

Cherry Blossom counterclaimed against the Company, alleging that Cherry Blossom had purchased exclusive rights to certain proprietary cherry processing formulas used in the Company's cherry product. Cherry Blossom sought a preliminary injunction against the Company's delivery of copies of the formulas to any third party. The Court denied Cherry Blossom's motion regarding the formulas and eventually dismissed Cherry Blossom's claims. The Company also initiated a suit against Cherry Blossom in the United States District Court for the Western District of Michigan seeking a declaratory judgment that the Company has the right to use the cherry processing formulas. Because Cherry Blossom subsequently filed a petition in bankruptcy, the Federal District Court closed the matter. This closing was for administrative purposes only and did not constitute a decision on the merits.

Christopher Hubbell, a principal of Cherry Blossom, has personally filed a petition for bankruptcy. The Company originally opposed the bankruptcy petition to the extent Mr. Hubbell sought a discharge of the Company's alleged damages arising from his own fraudulent acts connected to Cherry Blossom's granting of an allegedly superior interest in the Company's cherries to Crossroads. The Company and Hubbell filed a joint motion to dismiss the Company's claims against Hubbell without prejudice pending the Michigan state court action. The Bankruptcy Court granted the motion. Under the terms of the dismissal, if the state courts determine that the Company is liable to Crossroads, the Company will have 60 days to reopen the adversary proceeding and pursue its claims against Hubbell. If the state courts determine that the Company is not liable to Crossroads, the dismissal shall be deemed with prejudice.

Daito Kasei Kogyo Co. Ltd. v. Sensient Cosmetic Technologies SAS

In 1992 Sensient Cosmetic Technologies SAS ("SCT") and Daito Kasei Kogyo Co., Ltd. ("Daito") entered into a distribution agreement pursuant to which SCT became the exclusive distributor in Europe of coloring agents and ingredients manufactured in Japan by Daito and, in turn, Daito became the exclusive distributor in Japan of certain products produced in France by SCT. By 2008, the sale of Daito products represented €4 million of SCT's sales. In contrast, Daito's sales of SCT's products in Japan amounted to only €0.4 million in 2008. The agreement was entered into for an initial period to end on December 31, 1993, and was tacitly renewed for two-year periods through December 31, 2009, subject to a requirement of six months' notice for termination.

On July 7, 2009, Daito notified SCT of its decision to terminate SCT's distributorship in Europe, with effect as of February 10, 2010. SCT informed Daito that the notice of termination was insufficient in light of the lengthy commercial relationship between the parties. Daito eventually ostensibly agreed to extend the notice period but the commercial relationship did not function as it had in the past. On August 10, 2010, SCT filed a complaint before the Paris Commercial Court alleging that Daito wrongfully terminated its long-standing established commercial relationship with SCT, that SCT should have been given a notice period of thirty-six months in light of the twenty-year relationship between the parties and that Daito should pay damages to SCT of over €3.8 million.

On January 26, 2011, Daito filed a response in a hearing of the Court in which it denied any liability for SCT's claims and asserted counter-claims of €1.6 million for unlawful termination of Daito's distributorship in Japan, unlawful termination of an alleged "agency contract" in Japan and SCT's cancellation of certain Daito orders in October 2010.

At a hearing on May 4, 2011, Daito's counsel indicated that she would no longer represent Daito in this case due to a conflict of interest. On September 14, 2011, new counsel appeared for Daito at a hearing and filed slightly amended pleadings contending that SCT had not suffered any loss as a result of the termination. SCT responded to the amended pleadings confirming the extent of its losses at a hearing on November 9, 2011. At a hearing on February 1, 2012, SCT re-asserted its claims against Daito and again requested dismissal of Daito's counter-claims. Alternatively, SCT requested that the Court sever the proceedings by separating Daito's counter-claims from SCT's claim and in addition find that Japanese law is applicable to the counter-claims. In submissions filed on April 11 and July 4, 2012, the parties re-affirmed their respective positions.

On December 7, 2012, the parties entered into a Settlement Agreement pursuant to which all claims and counter-claims were dismissed and the litigation was terminated in exchange for mutual releases and a payment by Daito to SCT.

Vega v. Sensient Dehydrated Flavors LLC

On January 3, 2013, Thomas Vega, a current employee, filed (but did not serve) a Class Action Complaint in San Francisco County Superior Court against Sensient Dehydrated Flavors LLC. On February 11, 2013, Vega filed and served a First Amended Complaint ("Complaint") against the Company and a Company supervisor. Vega alleges that the Company failed to provide alleged class members with meal periods, compensation for the alleged absence of meal periods, and accurate wage statements, in violation of the California labor code. The alleged class includes all employees paid on an hourly basis and all forklift operators. The Complaint seeks damages, back wages, injunctive relief, penalties, interest, and attorneys' fees for the members of the alleged class. The Complaint alleges that the total damages and costs "do not exceed a[n] aggregate of \$4,999,999.99."

The Complaint alleges two causes of action. The first cause of action is for “Unfair Competition.” The plaintiff’s theory is that the Company, by allegedly not complying with state wage and hour laws, had an unfair competitive advantage against other employers who were complying with those laws. The main strategic reason that plaintiffs plead this cause of action is that the statute of limitations is four years. The second cause of action is for alleged substantive violations of the California labor code provisions governing wages, hours, and meal periods.

In this type of class action, damages are based on the number of current and former employees who were subjected to the alleged failure to comply with California meal periods, compensation for missed meal periods, and wage statement requirements. Under California law, an employee who is not “provided with an opportunity” to take a meal period is entitled to pay for one additional hour for each day that occurred. Penalties for wage statement violations are \$50 for the first pay period and \$100 for each subsequent pay period and are capped at \$4,000 per employee. Both the meal period and wage statement penalties would apply to current and former employees going back the full four years from the date the original complaint was filed, that is since January 3, 2009.

The Company believes that for the great majority of employees that any meal period violations that may have occurred are attributable to inadequate documentation and do not involve a failure to provide meal periods.

In order to obtain class certification under California law, the plaintiff must establish: (1) the existence of a sufficiently numerous (no minimum), ascertainable class; (2) a well-defined community of interest among the class members; and (3) that proceeding as a class is superior to other methods. Trial courts have substantial discretion in granting or denying class certification. In the circumstances, it is possible that Vega could obtain class certification. Moreover, under California law, Vega may pursue full discovery in the matter even before class certification is granted.

The Company is evaluating the merits of this case and intends to vigorously defend its interests.

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

Item 4. Mine Safety Disclosure.

Not Applicable

Executive Officers of the Registrant

The executive officers of the Company and their ages as of March 1, 2013, are as follows:

Name	Age	Position
Kenneth P. Manning	71	Chairman and Chief Executive Officer
John F. Collopy	43	Vice President and Treasurer
Christopher M. Daniels	39	Vice President, Human Resources
Michael C. Geraghty	51	President, Color Group
John L. Hammond	66	Senior Vice President, General Counsel and Secretary
Richard F. Hobbs	65	Senior Vice President and Chief Financial Officer
Jeffrey T. Makal	49	Vice President, Controller & Chief Accounting Officer
Richard J. Malin	46	Assistant Controller
John J. Manning	44	Vice President and Assistant General Counsel
Paul Manning	38	President and Chief Operating Officer
Stephen J. Rolfs	48	Vice President, Administration
Robert J. Wilkins	56	President, Asia Pacific Group

The Company has employed all of the individuals named above, in substantively their current positions, for at least the past five years except as follows. Mr. Daniels has held his present office since July 22, 2010, and previously served as Assistant Treasurer (October 2008 – July 2010), Director, Treasury Services (February 2006 – October 2008) and Manager, Treasury & Risk (April 2005 – February 2006). Mr. Geraghty has held his present office since October 18, 2012, and previously served as General Manager, Food Color Group (April 2011 – October 2012). Mr. Hammond was Vice President before being named Senior Vice President in December 2008. Mr. Hobbs was Vice President before being named Senior Vice President in December 2008. Mr. Makal has held his present office since July 22, 2010, and previously served as Vice President Taxation (December 2006 – July 2010) and Director Taxation (2000-2006). Mr. John Manning has held his present office since January 2, 2013. Mr. Paul Manning has held his present office since October 18, 2012, and previously served as President, Color Group (July 2010 – October 2012), General Manager, Colors – North America (November 2009 – July 2010) and General Manager, Food Colors – North America (June 2009 – November 2009). Mr. Rolfs has held his present position since July 22, 2010, and previously served as Vice President, Controller and Chief Accounting Officer (2001-2010). 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 2012 and 2011 appearing under “Common Stock Prices and Dividends” on page 43 of the 2012 Annual Report to Shareholders are incorporated by reference. In 2012, 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 18, 2013, 2,639,241 shares had been repurchased under the latter authorization. The Company repurchased 166,251 shares during the fourth quarter of 2012.

The following table provides the specified information about the repurchases of shares by the Company during the fourth quarter of 2012.

Period	Total number of shares purchased	Average price paid per share	Total number of shares purchased as part of a publicly announced plan	Maximum number of shares that may be purchased under publicly announced plans
October 1 to 31, 2012	110,000	\$ 36.08	110,000	2,417,010
November 1 to 30, 2012	56,251	37.00	56,251	2,360,759
December 1 to 31, 2012	-	-	-	2,360,759
Total	166,251	\$ 36.39	166,251	

The number of shareholders of record on February 18, 2013 was 2,775.

On April 26, 2012, the Company announced an increase in its cash dividend on its common stock from an annual rate of 84 cents per share to an annual rate of 88 cents per share, commencing with the quarterly dividend paid on June 1, 2012, to shareholders of record on May 9, 2012.

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

The graph found on page 43 of the Company's 2012 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 44 and 45 of the 2012 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 15 through 22 of the 2012 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 20 and 21 of the 2012 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 23 through 40 and page 43 of the 2012 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, 2012, 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, 2012.

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, 2012. 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, 2012. Management's report on internal control over financial reporting, which appears on page 41 of the 2012 Annual Report to Shareholders, is incorporated by reference.

The Company's internal control over financial reporting as of December 31, 2012, 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 42 of the 2012 Annual Report to Shareholders, is incorporated by reference.

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

Changes in Internal Control over Financial Reporting. During the quarter end December 31, 2012, the Company implemented a new financial reporting consolidation system. The Company followed a system development process that required significant pre-implementation planning, design and testing. There has been no other change in the Company's internal control over financial reporting during the quarter ended December 31, 2012, that has materially affected, or is reasonable 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, 2013 ("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 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 Director Independence.

Kenneth Manning is the father of John J. Manning and Paul Manning. There are no other 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, 2012, through December 31, 2012, 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.

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.

List of Financial Statements and Financial Statement Schedule

1. Financial Statements	Page Reference in 2012 Annual Report to Shareholders
The following consolidated financial statements of Sensient Technologies Corporation and subsidiaries are incorporated by reference from the Annual Report to Shareholders for the year ended December 31, 2012:	
Reports of Independent Registered Public Accounting Firm	41-42
Consolidated Balance Sheets – December 31, 2012 and 2011	25
Consolidated Statements of Earnings – Years ended December 31, 2012, 2011 and 2010	23
Consolidated Statements of Comprehensive Income – Years ended December 31, 2012, 2011 and 2010	24
Consolidated Statements of Shareholders' Equity – Years ended December 31, 2012, 2011 and 2010,	27
Consolidated Statements of Cash Flows – Years ended December 31, 2012, 2011 and 2010	26
Notes to Consolidated Financial Statements	28-40

	Page Reference in <u>Form 10-K</u>
2. Financial Statement Schedule	
Report of Independent Registered Public Accounting Firm	22
Schedule II – Valuation and Qualifying Accounts	23

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

Report of Independent Registered Public Accounting Firm

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

We have audited the accompanying consolidated balance sheets of Sensient Technologies Corporation and subsidiaries as of December 31, 2012 and 2011, and the related consolidated statements of earnings, comprehensive income, shareholders' equity, and cash flows for each of the three years in the period ended December 31, 2012 and the effectiveness of the Company's internal control over financial reporting as of December 31, 2012, and have issued our reports thereon dated February 27, 2013. Such consolidated financial statements and reports are included in your 2012 Annual Report to Shareholders and are incorporated herein by reference. Our audits also included the consolidated financial statement schedule of the Company listed in Item 15. That consolidated financial statement schedule is the responsibility of the Company's management. Our responsibility is to express an opinion based on our audits.

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

/s/ **ERNST & YOUNG LLP**

Milwaukee, Wisconsin
February 27, 2013

Schedule II

Valuation and Qualifying Accounts (in thousands); Years Ended December 31, 2012, 2011, 2010

<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>
2010					
Allowance for losses:	\$ 3,427	\$ 1,326	\$ 0	\$ 754	\$ 3,999
Trade accounts receivable					
2011					
Allowance for losses:	\$ 3,999	\$ 747	\$ 0	\$ 1,158	\$ 3,588
Trade accounts receivable					
2012					
Allowance for losses:	\$ 3,588	\$ 745	\$ 0	\$ 1,288	\$ 3,045
Trade accounts receivable					

(A) Accounts written off, net of recoveries.

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: February 27, 2013

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below as of February 27, 2013, 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/ James A.D. Croft

James A.D. Croft
Director

/s/ Richard F. Hobbs

Richard F. Hobbs
Senior Vice President and
Chief Financial Officer

/s/ William V. Hickey

William V. Hickey
Director

/s/ Jeffrey T. Makal

Jeffrey T. Makal
Vice President, Controller and
Chief Accounting Officer

/s/ Peter M. Salmon

Peter M. Salmon
Director

/s/ Paul Manning

Paul Manning
Director, President and
Chief Operating Officer

/s/ Elaine R. Wedral

Elaine R. Wedral
Director

/s/ Hank Brown

Hank Brown
Director

/s/ Essie Whitelaw

Essie Whitelaw
Director

/s/ Fergus M. Clydesdale

Fergus M. Clydesdale
Director

SENSIENT TECHNOLOGIES CORPORATION
EXHIBIT INDEX
2012 ANNUAL REPORT ON FORM 10-K

Exhibit Number	Description	Incorporated by Reference from	Filed Herewith
3.1	Amended and Restated Articles of Incorporation adopted January 21, 1999, as amended as of April 21, 2005	Exhibit 3.1 to Quarterly Report on Form 10-Q for the quarter ended March 31, 2005 (Commission File No.1-7626)	
<u>3.2</u>	Amended and Restated By-Laws of Sensient Technologies Corporation as amended as of December 6, 2012		X
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 Company 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 (superseded)	Exhibit 10.1 to Current Report on Form 8-K dated February 5, 2009 (Commission File No. 1-7626)	
10.1(a)(4)	Amended and Restated Executive Employment Agreement Contract dated as of July 22, 2010, between the Company and Kenneth P. Manning (superseded)	Exhibit 10.1 to Current Report on Form 8-K dated July 22, 2010 (Commission File No. 1-7626)	
10.1(a)(5)	Amended and Restated Executive Employment Agreement Contract dated as of August 15, 2011, between the Company and Kenneth P. Manning (superseded)	Exhibit 10.1 to Current Report on Form 8-K dated August 15, 2011 (Commission File No. 1-7626)	
10.1(a)(6)	Amended and Restated Executive Employment Agreement Contract dated as of October 18, 2012, between the Company and Kenneth P. Manning	Exhibit 10.1 to Current Report on Form 8-K dated October 18, 2012 (Commission File No. 1-7626)	
10.1(b)(1)	Form of Amended and Restated Change of Control Employment and Severance Agreement for Executive Officers (“Executive Change in Control Agreement”) (superseded)	Exhibit 10.1 to Quarterly Report on Form 10-Q for the quarter ended September 30, 2008 (Commission File No. 1-7626)	
10.1(b)(2)	Form of Amendments to Executive Change in Control Agreement (superseded)	Exhibit 10.1 to Current Report on Form 8-K dated March 23, 2010 (Commission File No. 1-7626)	
10.1(b)(3)	Form of Change of Control Employment and Severance Agreement	Exhibit 10.1(b)(3) to Annual Report on Form 10-K for the fiscal year ended December 31, 2011(Commission File No. 1-7626)	
10.1(c)(1)	Sensient Technologies Corporation 2002 Non-Employee Directors Stock Plan (superseded)	Appendix C to Definitive Proxy Statement filed on Schedule 14A on March 15, 2004 (Commission File No. 1-7626)	
10.1(c)(2)	Sensient Technologies Corporation 2012 Non-Employee Directors Stock Plan	Exhibit 10.1 to Quarterly Report on Form 10-Q for the quarter ended March 31, 2012 (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)	

SENSIENT TECHNOLOGIES CORPORATION
EXHIBIT INDEX
2012 ANNUAL REPORT ON FORM 10-K

Exhibit Number	Description	Incorporated by Reference from	Filed Herewith
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 on 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 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	Exhibit 10.1(i)(1) to Annual Report on Form 10-K for the fiscal year ended December 31, 2009 (Commission File No. 1-7626)	
10.1(j)(1)	Management Income Deferral Plan, as amended and restated effective as of December 31, 2004 (frozen portion)	Exhibit 10.5(a) to Quarterly Report on Form 10-Q for the quarter ended September 30, 2008 (Commission File No. 1-7626)	
10.1(j)(2)	Management Income Deferral Plan, as amended and restated effective as of January 1, 2005 (non-frozen portion)	Exhibit 10.5(b) to Quarterly Report on Form 10-Q for the quarter ended September 30, 2008 (Commission File No. 1-7626)	

SENSIENT TECHNOLOGIES CORPORATION
EXHIBIT INDEX
2012 ANNUAL REPORT ON FORM 10-K

Exhibit Number	Description	Incorporated by Reference from	Filed Herewith
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.	Exhibit 10.1(l) to Annual Report on Form 10-K for the fiscal year ended December 31, 2009 (Commission File No. 1-7626)	
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.	Exhibit 10.1(m) to Annual Report on Form 10-K for the fiscal year ended December 31, 2009 (Commission File No. 1-7626)	
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.	Exhibit 10.1(n) to Annual Report on Form 10-K for the fiscal year ended December 31, 2009 (Commission File No. 1-7626)	
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)(1)	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(s)(2)	Form of Amendment No. 1 to the Sensient Technologies Corporation Amended and Restated Supplemental Executive Retirement Plan A (Effective as of January 1, 2005)	Exhibit 10.1(s)(2) to Annual Report on Form 10-K for the fiscal year ended December 31, 2010 (Commission file No. 1-7626)	
10.1(s)(3)	Form of Amendment No. 2 to the Sensient Technologies Corporation Amended and Restated Supplemental Executive Retirement Plan A (Effective as of January 1, 2005)	Exhibit 10.1 to Current Report on Form 8-K dated April 22, 2010 (Commission File No. 1-7626)	

SENSIENT TECHNOLOGIES CORPORATION
EXHIBIT INDEX
2012 ANNUAL REPORT ON FORM 10-K

Exhibit Number	Description	Incorporated by Reference From	Filed Herewith
10.1(t)(1)	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)	
10.1(t)(2)	Form of Amendment No. 1 to the Sensient Technologies Corporation Amended and Restated Supplemental Executive Retirement Plan B (Effective as of January 1, 2005)	Exhibit 10.1(t)(2) to Annual Report on Form 10-K for the fiscal year ended December 31, 2010 (Commission File No. 1-7626)	
10.1(t)(3)	Form of Amendment No. 2 to the Sensient Technologies Corporation Amended and Restated Supplemental Executive Retirement Plan B (Effective as of January 1, 2005)	Exhibit 10.2 to Current Report on Form 8-K dated April 22, 2010 (Commission File No. 1-7626)	
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)	Sensient Technologies Corporation Policy on Recovery of Incentive Compensation from Executives effective January 1, 2012	Exhibit 10.1 to Current Report on Form 8-K dated December 8, 2011 (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, 2012		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

SENSIENT TECHNOLOGIES CORPORATION
EXHIBIT INDEX
2012 ANNUAL REPORT ON FORM 10-K

Exhibit Number	Description	Filed Herewith
101.INS*	Instance Document	X
101.SCH*	XBRL Taxonomy Extension Schema Document	X
101.CAL*	XBRL Taxonomy Extension Calculation Linkbase Document	X
101.DEF*	XBRL Taxonomy Extension Definition Linkbase Document	X
101.LAB*	XBRL Taxonomy Extension Label Linkbase Document	X
101.PRE*	XBRL Taxonomy Extension Presentation Linkbase Document	X

*The following financial information formatted in XBRL (eXtensible Business Reporting Language) and furnished electronically herewith: (i) Consolidated Statements of Earnings for the twelve months ended December 31, 2012, December 31, 2011, and December 31, 2010; (ii) Consolidated Statements of Comprehensive Income for the twelve months ended December 31, 2012, December 31, 2011 and December 31, 2010; (iii) Consolidated Balance Sheets as of December 31, 2012 and December 31, 2011; (iv) Consolidated Statements of Shareholders' Equity for the twelve months ended December 31, 2012, December 31, 2011, and December 31, 2010; (v) Consolidated Statements of Cash Flow for the twelve months ended December 31, 2012, December 31, 2011, and December 31, 2010; and (vi) Notes to Consolidated Financial Statements.

E-5

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

Section 2: EX-3.2 (EXHIBIT 3.2)

Exhibit 3.2

SENSIENT TECHNOLOGIES CORPORATION
AMENDED AND RESTATED BY-LAWS
(as amended December 6, 2012)

1. OFFICES

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

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

2. SHAREHOLDERS

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

2.2 **Purposes of Annual Meeting.** At an annual meeting of shareholders (an "Annual Meeting"), only business properly brought before the meeting as provided in this Section may be transacted. To be properly brought before an Annual Meeting, business must be (i) brought before the meeting by or at the direction of the Board of Directors, or (ii) otherwise properly brought before the meeting by a shareholder of record where the shareholder has complied with the requirements of this Section. To bring business before an Annual Meeting, a shareholder must have given written notice thereof, either by personal delivery or by United States certified mail, postage prepaid, to the Secretary of the corporation, that is received by the Secretary not less than fifty (50) days in advance of the third Thursday after the first Friday in the month of April next following the last Annual Meeting held; provided that if the Annual Meeting of shareholders is held earlier than the third Thursday after the first Friday in the month of April, such notice must be given on or before the later of (x) the date fifty (50) days prior to the earlier date of the Annual Meeting and (y) the date ten (10) business days after the first public disclosure, which may include any public filing with the Securities and Exchange Commission or a press release to Dow Jones & Company or any similar service, of the earlier date of the Annual Meeting. Any such notice shall set forth the following as to each matter the shareholder proposes to bring before the Annual Meeting: (A) a brief description of the business desired to be brought before the meeting and the reasons for conducting such business at the meeting and, if such business includes a proposal to amend the Amended and Restated Articles of Incorporation or By-laws of the corporation, the language of the proposed amendment; (B) the name and address, as they appear on the corporation's books, of the shareholder proposing such business and the beneficial owner or owners, if any, on whose behalf the business is proposed; (C) the class and number of shares of the corporation which are beneficially owned by such shareholder and beneficial owner or owners; (D) a representation that the shareholder is a holder of record of stock of the corporation entitled to vote at such meeting and intends to appear in person or by proxy at the meeting to propose such business; and (E) any material interest of the shareholder and beneficial owner or owners in such business and such persons' reasons for conducting such business at the meeting. If the chairman of the shareholders meeting shall determine that business was not properly brought before the meeting and in accordance with the provisions of the By-laws, he or she shall so declare to the meeting and any such business not properly brought before the meeting shall not be transacted. Notwithstanding the foregoing provisions of this Section, a shareholder shall also comply with all applicable requirements of the Securities Exchange Act of 1934, as amended, and the rules and regulations thereunder with respect to the matters set forth in this Section.

2.3 Special Meetings.

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

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

(c) For a shareholder or shareholders to demand a Special Meeting, a written demand or demands for a Special Meeting by the holders of record as of the Demand Record Date of shares representing at least ten percent (10%) of all the votes entitled to be cast on each issue proposed to be considered at the Special Meeting must be delivered to the corporation. To be valid, each written demand by a shareholder for a Special Meeting shall set forth the specific purpose or purposes for which the Special Meeting is to be held (which purpose or purposes shall be limited to the purpose or purposes set forth in the written request to set a Demand Record Date received by the corporation pursuant to paragraph (b) of this Section 2.3), shall be signed by one or more persons who as of the Demand Record Date are shareholders of record (or their duly authorized proxies or other representatives), shall bear the date of signature of each such shareholder (or proxy or other representative), shall set forth the name and address, as they appear in the corporation's books, of each shareholder signing such demand and the class or series and number of shares of the corporation which are owned of record and beneficially by each such shareholder, shall be sent to the Secretary by hand or by certified or registered mail, return receipt requested, and shall be received by the Secretary within seventy (70) days after the Demand Record Date.

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

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

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

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

(f) The corporation may engage independent inspectors of elections to act as an agent of the corporation for the purpose of promptly performing a ministerial review of the validity of any purported written demand or demands for a Special Meeting received by the Secretary. For the purpose of permitting the inspectors to perform such review, no purported demand shall be deemed to have been delivered to the corporation until the earlier of (i) five (5) Business Days following receipt by the Secretary of such purported demand and (ii) such date as the independent inspectors certify to the corporation that the valid demands received by the Secretary represent at least ten percent (10%) of all the votes entitled to be cast on each issue proposed to be considered at the Special Meeting. Nothing contained in this paragraph shall in any way be construed to suggest or imply that the Board of Directors or any shareholder shall not be entitled to contest the validity of any demand, whether during or after such five (5) Business Day period, or to take any other action (including, without limitation, the commencement, prosecution or defense of any litigation with respect thereto).

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

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

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

2.6 Fixing of Certain Record Dates.

(a) The Board of Directors may fix a future date not less than ten (10) days and not more than sixty (60) days prior to the date of any Annual Meeting or Special Meeting as the record date for the determination of shareholders entitled to notice of, or to vote at, such meeting (the "Meeting Record Date"). In the case of any Demand Special Meeting, (i) the Meeting Record Date shall be not later than the thirtieth (30th) day after the Delivery Date and (ii) if the Board of Directors fails to fix the Meeting Record Date within thirty (30) days after the Delivery Date, then the close of business on such thirtieth (30th) day shall be the Meeting Record Date. The shareholders of record on the Meeting Record Date shall be the shareholders entitled to notice of and to vote at the meeting. Except as may be otherwise provided by law, a determination of shareholders entitled to notice of or to vote at a meeting of shareholders is effective for any adjournment of such meeting unless the Board of Directors fixes a new Meeting Record Date, which it shall do if the meeting is postponed or adjourned to a date more than one hundred twenty (120) days after the date fixed for the original meeting.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

2.14 Postponement; Adjournment.

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

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

3. BOARD OF DIRECTORS

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

3.2 Number, Tenure and Qualifications.

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

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

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

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

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

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

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

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

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

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

3.9 Nominations. Nominations for the election of directors may be made only by the Board of Directors, by the Nominating and Corporate Governance Committee of the Board of Directors (or, if none, any other committee serving a similar function) or by any shareholder entitled to vote generally in elections of directors where the shareholder complies with the requirements of this Section. Except as provided in the next sentence, any shareholder of record entitled to vote generally in elections of directors may nominate one or more persons for election as directors at a meeting of shareholders only if written notice of such shareholder's intent to make such nomination or nominations has been given to the Secretary of the corporation and is received by the Secretary (i) with respect to an election to be held at an Annual Meeting, not more than ninety (90) days nor less than fifty (50) days in advance of the third Thursday after the first Friday of the month of April next following the last Annual Meeting held; provided, that if the Annual Meeting is held earlier than the third Thursday after the first Friday of the month of April, such notice must be given on or before the later of (x) the date fifty (50) days prior to the earlier date of the Annual Meeting and (y) the date ten (10) business days after the first public disclosure, which may include any public filing with the Securities and Exchange Commission or a press release to Dow Jones & Company or any similar service, of the earlier date of the Annual Meeting, and (ii) with respect to an election to be held at a Special Meeting as to which notice of such meeting states that it is to be held for the election of directors, not earlier than ninety (90) days prior to such Special Meeting and not later than the close of business on the later of (x) the tenth (10th) business day following the date on which notice of such meeting is first given to shareholders and (y) the fiftieth (50th) day prior to such Special Meeting. Notwithstanding the foregoing, any shareholder nomination that complies with applicable SEC rules and is included in the corporation's proxy statement for an Annual Meeting or Special Meeting shall be deemed to have met the foregoing timeliness requirements. To be valid, each such notice of a shareholder's intent to nominate a director or directors at an Annual Meeting or Special Meeting also shall include the following: (A) the name and address, as they appear on the corporation's books, of the shareholder who intends to make the nomination and of the beneficial owner or owners, if any, on whose behalf the nomination is to be made and the name and residence address of the person or persons to be nominated; (B) the class and number of shares of the corporation which are beneficially owned by the shareholder and beneficial owner or owners; (C) a representation that the shareholder is a holder of record of stock of the corporation entitled to vote at such meeting and intends to appear in person or by proxy at the meeting to nominate the person or persons specified in the notice; (D) a description of all arrangements or understandings between the shareholder and/or beneficial owner or owners and each nominee and any other person or persons (naming such person or persons) pursuant to which the nomination or nominations are to be made by the shareholders; (E) such other information regarding each nominee proposed by such shareholder as would be required to be disclosed in solicitations of proxies for election of directors, or would be otherwise required, in each case pursuant to Regulation 14A under the Securities Exchange Act of 1934, as amended, including any information that would be required to be included in a proxy statement filed pursuant to Regulation 14A had the nominee been nominated by the Board of Directors; (F) a completed Directors' & Officers' Questionnaire (in the form applicable to Board nominees for that Annual Meeting or Special Meeting, which shall be available from the Secretary of the corporation upon written request) signed by the nominee; (G) a truthful written affirmation by the nominee that he or she is not an employee, director or affiliate of any competitor of the corporation; (H) a written affirmation by the nominee that, if elected, the nominee will preserve and protect the corporation's confidential information and will faithfully serve the best interests of the corporation and its shareholders collectively rather than the interests of any single shareholder or group of shareholders or other persons; (I) a written affirmation by the nominee that, if elected, the nominee will comply with applicable law and the corporation's corporate governance guidelines, code of conduct, stock ownership guidelines and related policies as in effect from time to time; and (J) the written consent of each nominee to be named in a proxy statement and to serve as a director of the corporation if so elected. No person shall be eligible to serve as a director of the corporation unless nominated in accordance with the procedures and other requirements set forth in this By-law. If the corporation shall determine that a nomination was not made in accordance with the procedures and other requirements prescribed by the By-laws, the defective nomination shall be disregarded. Notwithstanding the foregoing provisions of this Section 3.9, a shareholder shall also comply with all applicable requirements of the Securities Exchange Act of 1934, as amended, and the rules and regulations thereunder with respect to the matters set forth in this Section.

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

3.11 Presumption of Assent. A director of the corporation who is present and is announced as present at a meeting of the Board of Directors or a committee thereof of which he or she is a member at which action on any corporate matter is taken assents to the action taken, unless any of the following occurs: (i) the director objects at the beginning of the meeting or promptly upon his or her arrival to the holding of the meeting or transacting business at the meeting; (ii) the director's dissent or abstention from the action taken is entered in the minutes of the meeting; (iii) the director delivers written notice of his or her dissent or abstention to the presiding officer of the meeting before its adjournment or to the corporation immediately after adjournment of the meeting; or (iv) the director dissents or abstains from action taken, minutes of the meeting are prepared that fail to show the director's dissent or abstention from the action taken and the director delivers to the corporation a written notice of that failure that complies with Section 180.0141 of the Wisconsin Business Corporation Law promptly after receiving the minutes. Such right to dissent or abstain shall not apply to a director who voted in favor of such action.

3.12 Committees of the Board of Directors.

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

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

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

3.14 Audit Committee. There shall be an Audit Committee of the Board of Directors. The purposes of the Committee are: (1) to assist the Board of Directors in overseeing (a) the quality and integrity of the corporation's financial statements, (b) the qualifications and independence of the corporation's independent auditor, (c) the performance of the corporation's internal audit function and independent auditor, (d) the corporation's risk assessment and risk management processes and programs in light of the corporation's risk tolerances, and (e) the corporation's compliance with legal and regulatory requirements and with its Code of Conduct, Standards of Conduct for International Employees, and Code of Ethics for Senior Financial Officers; (2) to prepare the disclosure of the Committee required to be included in the corporation's annual proxy statement under the rules of the Securities and Exchange Commission; and (3) to perform the duties and responsibilities set forth below. The provisions of this Section 3.14 shall constitute the Charter of the Audit Committee.

Membership

1. The Committee shall have at least three (3) members. Each member of the Committee shall satisfy the independence requirements relating to directors and audit committee members (a) of the New York Stock Exchange and (b) under Section 10A(m) of the Securities Exchange Act of 1934 (the "Exchange Act") and any related rules and exemptions promulgated thereunder by the Securities and Exchange Commission.
2. The members of the Committee shall be appointed by the Board of Directors on the recommendation of the Nominating and Corporate Governance Committee, which shall recommend for Committee membership such directors as it believes are qualified. Members of the Committee shall serve at the pleasure of the Board of Directors and for such term or terms as the Board of Directors may determine.

3. No director may serve as a member of the Committee if such director serves on the audit committee of more than two other public companies, unless the Board of Directors determines that such simultaneous service would not impair the ability of such director to effectively serve on the Committee.
4. Each member of the Committee shall be financially literate, as such qualification is interpreted by the Board of Directors in its business judgment, or must become financially literate within a reasonable period of time after appointment to the Committee. At least one member of the Committee shall qualify as a financial expert, as such term is defined by the Securities and Exchange Commission in Item 401 of Regulation S-K.

Structure and Operations

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

Duties and Responsibilities

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

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

8. The Committee shall report regularly to the Board of Directors and review with the Board of Directors any issues that arise with respect to: (i) the quality or integrity of the corporation's financial statements; (ii) the performance and independence of the corporation's independent auditor; (iii) the performance of the corporation's internal audit function; (iv) the corporation's risk assessment and risk management processes and programs; and (v) the corporation's compliance with legal and regulatory requirements and with its Code of Conduct, Standards of Conduct for International Employees, and Code of Ethics for Senior Financial Officers.
9. The Committee shall undertake and review with the Board of Directors an annual performance evaluation of the Committee, which shall compare the performance of the Committee with the requirements of this Charter and set forth the goals and objectives of the Committee for the upcoming year. The performance evaluation by the Committee shall be conducted in such manner as the Committee deems appropriate. The report to the Board of Directors may take the form of an oral report by the chairperson of the Committee or any other member of the Committee designated by the Committee to make this report.
10. The Committee shall review and reassess the adequacy of this charter at least annually and recommend any proposed changes to the Board of Directors for approval.

The Corporation's Relationship With the Independent Auditor

11. The Committee shall have the sole and direct responsibility and authority for the appointment, compensation, retention, and oversight of the work of each independent auditor engaged by the corporation for the purpose of preparing or issuing an audit report or related work or performing other audit, review or attest services for the corporation, and each such independent auditor shall report directly to the Committee. The Committee shall be responsible for resolving disagreements between management and each such independent auditor regarding financial reporting.
12. The Committee shall have the responsibility and authority to approve, in advance of the provision thereof, all audit services and, subject to the de minimus exception of Section 10A(i) of the Exchange Act and the Securities and Exchange Commission rules promulgated thereunder, all permitted non-audit services to be provided to the corporation by any such independent auditor. The Committee shall have the sole authority to approve any compensation payable by the corporation for any approved audit or non-audit services to any such independent auditor, including the fees, terms and conditions for the performance of such services.
13. The Committee shall review the independent auditors' audit plan, including its scope, staffing, locations, reliance upon management, and internal audit and general audit approach.
14. The Committee shall, at least annually: (i) obtain a written report by the independent auditor describing, to the extent permitted under applicable auditing standards: (a) the independent auditor's internal quality-control procedures; (b) any material issues raised by the most recent quality-control review, or peer review, of the independent auditor, or by any inquiry or investigation by governmental or professional authorities, within the preceding five years, respecting one or more independent audits carried out by the independent auditor, and any steps taken to deal with any such issues; and (c) all relationships between the independent auditor and the corporation; and (ii) review the foregoing report and the independent auditor's work throughout the year and evaluate the independent auditor's qualifications, performance and independence, including a review and evaluation of the lead partner on the independent auditor's engagement with the corporation, and present its conclusions to the Board of Directors and, if so determined by the Committee, recommend that the Board of Directors take additional action to satisfy itself of the qualifications, performance and independence of the independent auditor.

15. The Committee shall, at least annually, discuss with the independent auditor, out of the presence of management if deemed appropriate: (i) the matters required to be discussed by Statement on Auditing Standards 61, as it may be modified or supplemented, relating to the conduct of the audit; (ii) the audit process, including, without limitation, any problems or difficulties encountered in the course of the performance of the audit, including any restrictions on the independent auditor's activities or access to requested information imposed by management, and management's response thereto, and any significant disagreements with management; and (iii) the corporation's internal controls and the responsibilities, budget and staffing of the corporation's internal audit function, including any "management" or "internal control" letter issued or proposed to be issued by such auditor to the corporation.
16. The Committee shall establish policies for the corporation's hiring of employees or former employees of the independent auditor.
17. The Committee shall review, and discuss as appropriate with management, the internal auditors and the independent auditor, the report of the independent auditor required by Section 10A(k) of the Exchange Act.

Financial Reporting, Risk Management and Disclosure Matters

18. The Committee shall review and discuss with management and the independent auditor:
 - (i) prior to the annual audit, the scope, planning and staffing of the annual audit;
 - (ii) the corporation's annual audited financial statements and quarterly financial statements, including the corporation's disclosures under "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the results of the independent auditor's reviews of the quarterly financial statements;
 - (iii) significant issues regarding accounting and auditing principles and practices and financial statement presentations, including all critical accounting policies and estimates, any significant changes in the corporation's selection or application of accounting principles and any significant issues as to the adequacy of the corporation's internal controls and any special audit steps adopted in light of material control deficiencies;
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- (iv) analyses prepared by management and/or the independent auditor setting forth significant financial reporting issues and judgments made in connection with the preparation of the financial statements, including analyses of the effects of alternative GAAP methods on the financial statements;
 - (v) the effect of regulatory and accounting initiatives, as well as off-balance sheet structures, on the financial statements;
 - (vi) any significant changes to the corporation's auditing and accounting principles and practices suggested by the independent auditor, internal audit personnel or management; and
 - (vii) management's internal control report prepared in accordance with rules promulgated by the Securities and Exchange Commission pursuant to Section 404 of the Sarbanes-Oxley Act.
19. The Committee shall recommend to the Board of Directors whether the annual audited financial statements should be included in the corporation's Annual Report and Form 10-K.
 20. The Committee shall review and discuss with management the corporation's practices regarding earnings press releases and the provision of financial information and earnings guidance by management to analysts and ratings agencies.
 21. The Committee shall periodically review and discuss with management the corporation's guidelines and policies with respect to the process by which the corporation undertakes risk assessment and risk management, including discussion of the corporation's major financial risk exposures and the steps management has taken to monitor and control such exposures in light of the corporation's risk tolerances. The Committee shall have primary responsibility for overseeing the executives' risk assessments and implementation of appropriate risk management policies and guidelines generally, including those related to financial reporting and regulatory compliance. The Committee shall undertake these reviews and discussions in a general manner, but it is not required to undertake more specific actions to the extent they are performed by the Compensation and Development Committee (which has primary oversight responsibility to insure that compensation programs and practices do not encourage unreasonable or excessive risk-taking and that any risks are subject to appropriate controls) or by the Finance Committee (which has primary oversight responsibility with respect to types and amounts of insurance and with respect to foreign currency management).
 22. The Committee shall review and discuss with the Chief Executive Officer and Chief Financial Officer the procedures undertaken in connection with the Chief Executive Officer and Chief Financial Officer certifications for Forms 10-K, Forms 10-Q and other reports including their evaluation of the corporation's disclosure controls and procedures and internal controls.
 23. The Committee shall annually obtain from the independent auditor assurance that the audit was conducted in a manner consistent with Section 10A of the Exchange Act and any other applicable rules or regulations.

Internal Audit, Compliance Matters and Other

24. The Committee shall review the budget, activities, organizational structure, qualifications and performance of the internal audit department, as needed.
25. The Committee shall review any reports to management covering issues which are material to the company's financial statements prepared by internal audit personnel, and management's responses.
26. The Committee shall establish and maintain procedures for: (i) the receipt, retention, and treatment of complaints or concerns received by the corporation regarding accounting, internal accounting controls, auditing or other compliance matters; and (ii) the confidential, anonymous submission by employees of the corporation of concerns regarding questionable compliance matters.
27. The Committee shall review with management and the independent auditor any correspondence with regulators or governmental agencies and any employee complaints or concerns or published reports that raise material issues regarding the corporation's financial statements or accounting policies.
28. On at least an annual basis, the Committee shall review with the corporation's counsel, any legal matters that could have a significant impact on the corporation's financial statements, the corporation's compliance with applicable laws and regulations and with its Code of Conduct, Standards of Conduct for International Employees, and Code of Ethics for Senior Financial Officers, and inquiries received from regulators or governmental agencies.
29. The Committee shall exercise such other powers and perform such other duties and responsibilities as are required or recommended under New York Stock Exchange rules.
30. The Committee shall exercise such other powers and perform such other duties and responsibilities as are incidental to the purposes, duties and responsibilities specified herein and as may from time to time be delegated to the Committee by the Board of Directors.

Authority and Resources

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

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

3.15 Compensation and Development Committee. There shall be a Compensation and Development Committee of the Board of Directors. The purposes of the Committee are to: (1) assist the Board of Directors in the discharge of its responsibilities relating to compensation of officers appointed by the Board of Directors of the corporation and relating to risk-taking incentives arising from the compensation practices and programs of the corporation and its subsidiaries for executives and other employees; (2) prepare any report of the Committee required by the rules and regulations of the Securities and Exchange Commission to be included in the corporation's annual proxy statement; and (3) perform the duties and responsibilities set forth below. The provisions of this Section 3.15 shall constitute the Charter of the Compensation and Development Committee.

Membership

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

Structure and Operations

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

Duties and Responsibilities

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

- (e) The Committee shall review and approve all compensation plans and programs (philosophy and guidelines) of the corporation and, in consultation with senior management and taking into consideration any recent shareholder advisory votes and any other shareholder communications regarding executive compensation, oversee the development and implementation of the corporation's compensation program, including salary structure, base salary, short and long-term incentive compensation plans, including stock options and restricted stock awards, and nonqualified benefit plans and programs, including fringe benefit plans and programs.
- (f) The Committee shall have primary oversight responsibility to insure that compensation programs and practices do not encourage unreasonable or excessive risk-taking and that any risks are subject to appropriate controls. The Committee shall, at least annually, review and discuss with management the policies and practices of the corporation and its subsidiaries for compensating their employees, including non-executive officers and employees, as those policies and practices relate to risk management practices and/or risk-taking incentives.
- (g) The Committee shall, at least annually, review and approve all compensation arrangements and changes in the compensation of the Chief Executive Officer and the other officers appointed by the Board of Directors, including, without limitation: (i) base salary; (ii) short and long-term incentive awards and opportunities; (iii) employment agreements, severance arrangements and change-in-control agreements/provisions, in each case as, when and if appropriate; and (iv) any special or supplemental benefits.
- (h) The Committee shall, at least annually, review and approve corporate goals and objectives relevant to compensation of the Chief Executive Officer, evaluate the performance of the Chief Executive Officer in light of those goals and objectives, report the results of such evaluation to the Board of Directors and determine and approve the Chief Executive Officer's compensation level based on this evaluation.
- (i) The Committee shall review and approve all awards under the corporation's Stock Option Plans and Restricted Stock Plans.
- (j) The Committee shall review and make recommendations to the Board of Directors with respect to incentive compensation plans and equity-based plans (including the relationships of these plans to risk management practices and/or risk-taking incentives), oversee the administration of these plans and discharge any responsibilities imposed on the Committee by any of these plans.
- (k) The Committee shall consider and make recommendations to the Board of Directors regarding the selection and retention of all elected officers of the corporation (as defined in Section 4.1) and shall annually recommend to the Board of Directors the appointment of such officers of the corporation at the time of the Annual Meeting of shareholders.

- (l) The Committee shall approve all executive employment contracts.
- (m) The Committee shall prepare such reports as are required to be included in the corporation's proxy statement, including an annual report regarding its review and discussion with management of the "Compensation Discussion and Analysis" to be included in the corporation's annual proxy statement in accordance with applicable Securities and Exchange Commission rules and regulations.
- (n) The Committee shall undertake and review with the Board of Directors an annual performance evaluation of the Committee, which shall compare the performance of the Committee with the requirements of the corporation's By-laws and the Committee's charter and set forth the goals and objectives of the Committee for the upcoming year. The Committee shall conduct such performance evaluation in such manner as the Committee deems appropriate, and may report the results of its performance evaluation through an oral report by the chairperson of the Committee or any other member of the Committee designated by the Committee to make this report.
- (o) The Committee shall annually review and approve the Chief Executive Officer's succession plans for the corporation.
- (p) The Committee shall oversee the corporation's regulatory compliance with respect to compensation matters, including the corporation's policies on structuring compensation programs to preserve tax deductibility, and, as and when required, establishing performance goals and certifying that performance goals have been obtained for purposes of Section 162(m) of the Internal Revenue Code.
- (q) The Committee shall report to the Board of Directors periodically on all matters for which the Committee has responsibility and at such times as the Board of Directors may otherwise request.
- (r) The Committee shall annually review and reassess the adequacy of this Charter and recommend to the Board of Directors for approval such changes as the Committee believes are appropriate.
- (s) The Committee shall exercise such other powers and perform such other duties and responsibilities as are incidental to the purposes, duties and responsibilities specified herein and as may from time to time be delegated to the Committee by the Board of Directors.

Authority and Resources

The Committee shall have the sole authority, without further approval by the Board of Directors, to select, retain and terminate a compensation consultant to assist in the evaluation of compensation of the Chief Executive Officer or other executives and employees of the corporation and its subsidiaries and to approve any compensation payable by the corporation to such consultant, including the fees, terms and other conditions for the performance of such services. The Committee shall consider whether the other work (if any) of the consultant for the corporation or its affiliates has raised any conflict of interest and, if so, shall approve any public disclosures by the corporation regarding the nature of the conflict and how the conflict is being addressed. In addition, the Committee may, without further approval by the Board of Directors, obtain such advice and assistance from outside accounting, legal or other advisors as the Committee determines to be necessary or advisable in connection with the discharge of its duties and responsibilities hereunder. Any accounting, legal or other advisor retained by the Committee may, but need not, be in the case of an outside accountant, the same accounting firm employed by the corporation for the purpose of rendering or issuing an audit report on the corporation's annual financial statements, or in the case of outside counsel or other advisors, otherwise engaged by the corporation for any other purpose.

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

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

(a) The Committee shall have at least three (3) members.

(b) The Committee shall review and approve the corporation's annual capital budget, long-term financing plans, borrowings, notes and credit facilities, investments and commercial and investment banking relationships.

(c) The Committee shall have primary oversight responsibility with respect to Sensient's capital structure (leverage, debt maturities, mix of debt obligations bearing fixed and floating interest rates, etc.), with respect to types and amounts of insurance maintained by the corporation and with respect to foreign currency management. The Committee shall review and approve the corporation's existing insurance coverages, foreign currency management and Stock Repurchase Program.

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

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

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

Membership

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

Structure and Operations

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

Duties and Responsibilities

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

Board of Directors and Committees

- (e) The Committee shall recommend to the Board of Directors appropriate criteria for the selection of new directors and shall periodically review the criteria adopted by the Board of Directors and, if deemed desirable, recommend to the Board of Directors changes to such criteria.
- (f) The Committee shall identify and recommend to the Board of Directors candidates the Committee believes are qualified and suitable to serve as director consistent with criteria for selection of new directors adopted from time to time by the Board of Directors and shall recommend candidates to the Board of Directors for nomination to stand for election at each Annual Meeting of shareholders or, if applicable, at special meetings of shareholders where directors are to be elected. The Committee shall recommend persons to serve as proxies to vote proxies solicited by the Board of Directors in connection with such meetings. In the case of a vacancy in the office of a director (including a vacancy created by an increase in the size of the Board of Directors), the Committee shall recommend to the Board of Directors an individual to fill such vacancy through appointment by a majority of the corporation's directors.

- (g) The Committee shall cause the names of all director candidates that are approved by the Board of Directors and appropriate disclosures regarding each candidate's particular experience, qualifications, attributes and skills to be included in the corporation's proxy materials and shall support the election of all candidates so nominated by the Board of Directors to the extent permitted by law.
- (h) The Committee shall review and make recommendations to the Board of Directors concerning the composition and size of the Board of Directors and potential candidates to serve in the future on the Board of Directors.
- (i) The Committee shall assist the Board of Directors in making a determination as to whether or not each director or nominee of the corporation satisfies the independence requirements relating to directors of the New York Stock Exchange and under Section 10A(m) of the Securities Exchange Act of 1934 and any related rules and exemptions promulgated thereunder by the Securities and Exchange Commission.
- (j) The Committee shall review candidates for election as directors submitted by shareholders for compliance with these By-laws.
- (k) The Committee shall identify Board members qualified to fill vacancies on any committee of the Board (including the Committee) and recommend that the Board appoint the identified member or members to the respective committee. In recommending a member for committee membership, the Committee shall take into consideration the factors set forth in the charter of the committee, if any, as well as any other factors it deems appropriate, including without limitation, the corporation's corporate governance principles, the consistency of the member's experience, qualifications, attributes and skills with the goals of the committee and the interplay of the member's experience, qualifications, attributes and skills with those of the other committee members. The Committee shall consider committee candidates proposed by management, members of the Committee, other members of the Board of Directors and shareholders.
- (l) The Committee shall periodically review the compensation of the corporation's directors and make recommendations to the Board of Directors with respect thereto. In evaluating the compensation of directors who are members of the corporation's Audit Committee, the Committee shall take into consideration, without limitation, the independence requirements for audit committee members under the New York Stock Exchange rules and Section 10A of the Securities Exchange Act of 1934 and any related rules or regulations promulgated thereunder by the Securities and Exchange Commission.

Oversight and Corporate Governance

- (m) The Committee shall establish procedures and shall exercise oversight of the annual self-evaluation of the Board of Directors.
- (n) The Committee shall oversee the system of corporate governance of the corporation, including: (i) developing and recommending to the Board of Directors a set of corporate governance guidelines for the corporation; (ii) reviewing and reassessing the adequacy of those guidelines at least once a year; and (iii) recommending to the Board of Directors for approval any changes to the guidelines and any changes to the leadership structure of the corporation, the Board of Directors, and any committee of the Board (including the Committee and the non-management or independent directors when in executive session) as the Committee believes are appropriate.

- (o) The Committee shall undertake and review with the Board of Directors an annual performance evaluation of the Committee, which shall compare the performance of the Committee with the requirements of this Charter and set forth the goals and objectives of the Committee for the upcoming year. The Performance Evaluation shall be conducted in such manner as the Committee deems appropriate and shall recommend to the Board of Directors any improvements to this Charter deemed necessary or desirable by the Committee. The report to the Board of Directors may take the form of an oral report by the Committee chairperson or any other member of the Committee designated by the Committee to make such report.
- (p) The Committee shall report periodically to the Board of Directors on all matters for which the Committee has been delegated responsibility and at such times as the Board of Directors may otherwise request.

Other

- (q) The Committee shall annually review and reassess the adequacy of this Charter and recommend to the Board of Directors for approval such changes as the Committee believes are appropriate.
- (r) The Committee shall recommend to the Board of Directors the date, time and place of the Annual Meeting of the shareholders.
- (s) The Committee shall exercise such other powers and perform such other duties and responsibilities as are incidental to the purposes, duties and responsibilities specified herein and as may from time to time be delegated to the Committee by the Board of Directors.

Authority and Resources

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

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

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

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

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

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

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

4. OFFICERS

4.1 Number.

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

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

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

4.2 Appointment and Term of Office.

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

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

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

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

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

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

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

4.8 The Secretary. The Secretary shall: (a) keep as permanent records, the minutes of the shareholders' and of the Board of Directors' meetings, records of actions taken by the Board of Directors without a meeting, and records of actions taken by a Committee of the Board of Directors in place of the Board of Directors and on behalf of the corporation; (b) see that all notices are duly given in accordance with the provisions of these By-laws or as required by law; (c) be custodian of the corporate records and of the seal of the corporation and see that the seal of the corporation is affixed to all documents the execution of which on behalf of the corporation under its seal is duly authorized; (d) maintain or cause an authorized agent to maintain a record of the corporation's shareholders, in a form that permits preparation of a list of the names and addresses of all shareholders, by class or series of shares and showing the number and class or series of shares held by each shareholder; and (e) in general perform all duties incident to the office of Secretary and such other duties as from time to time may be assigned to him or her by the Chief Executive Officer or by the Board of Directors.

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

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

4.11 Compensation.

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

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

5. CONTRACTS, LOANS, CHECKS AND DEPOSITS

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

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

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

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

6. CERTIFICATES FOR SHARES AND THEIR TRANSFER

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

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

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

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

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

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

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

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

7. WAIVER OF NOTICE

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

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

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

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

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

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

8. LIABILITY AND INDEMNIFICATION OF OFFICERS AND DIRECTORS

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

from his or her status as a director, unless the person asserting liability proves that the breach or failure to perform constitutes any of the following:

- (a) a willful failure to deal fairly with the corporation or its shareholders in connection with a matter in which the director has a material conflict of interest;
- (b) a violation of criminal law, unless the director had reasonable cause to believe his or her conduct was lawful, or no reasonable cause to believe his or her conduct was unlawful;
- (c) a transaction from which the director derived an improper personal profit; or
- (d) willful misconduct.

8.2 Indemnification.

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

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

- (i) a willful failure to deal fairly with the corporation or its shareholders in connection with a matter in which the director or officer has a material conflict of interest;
- (ii) a violation of criminal law, unless the director or officer had reasonable cause to believe his or her conduct was lawful or no reasonable cause to believe his or her conduct was unlawful;
- (iii) a transaction from which the director or officer derived an improper personal profit; or
- (iv) willful misconduct.

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

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

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

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

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

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

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

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

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

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

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

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

8.7 General.

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

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

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

9. GENERAL

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

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

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

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

10. AMENDMENTS

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

10.2 Restrictions on Amendment and Repeal.

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

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

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

SENSIENT TECHNOLOGIES CORPORATION

Amended and Restated By-laws

TABLE OF CONTENTS

1.	OFFICES	1
1.1	Business Offices	1
1.2	Registered Office	1
2.	SHAREHOLDERS	1
2.1	Annual Meeting	1
2.2	Purposes of Annual Meeting	1
2.3	Special Meetings	2
2.4	Place of Meeting	5
2.5	Notice of Meeting	5
2.6	Fixing of Certain Record Dates	6
2.7	Voting Lists	6
2.8	Quorum; Votes	6
2.9	Proxies	7
2.10	Voting of Shares	7
2.11	Subsidiary Shares	7
2.12	Acceptance of Instruments Showing Shareholder Action	7
2.13	Conduct of Meeting	8
2.14	Postponement; Adjournment	8
3.	BOARD OF DIRECTORS	9
3.1	General Powers	9
3.2	Number, Tenure and Qualifications.	9
3.3	Regular Meetings	9
3.4	Special Meetings	10
3.5	Notice of Meetings	10
3.6	Quorum; Votes	10
3.7	Removal and Resignation	10
3.8	Vacancies	10
3.9	Nominations	11
3.10	Compensation	12
3.11	Presumption of Assent	12
3.12	Committees of the Board of Directors	12
3.13	Executive Committee	13
3.14	Audit Committee	13
3.15	Compensation and Development Committee	19
3.16	Finance Committee	22
3.17	Nominating and Corporate Governance Committee	22
3.18	Scientific Advisory Committee	26
3.19	Meetings of Committees	26
3.20	Informal Action Without Meeting	26
3.21	Telephonic Meetings	27

4.	OFFICERS	28
4.1	Number	28
4.2	Appointment and Term of Office	28
4.3	Removal	28
4.4	Resignation	28
4.5	The Chief Executive Officer	29
4.6	The President	29
4.7	Vice Presidents	29
4.8	The Secretary	30
4.9	The Treasurer	30
4.10	The Controller	30
4.11	Compensation	30
5.	CONTRACTS, LOANS, CHECKS AND DEPOSITS	30
5.1	Contracts	30
5.2	Loans	30
5.3	Checks, Drafts, etc	30
5.4	Deposits	31
6.	CERTIFICATES FOR SHARES AND THEIR TRANSFER	31
6.1	Certificates for Shares	31
6.2	Signature by Former Officer, Transfer Agent or Registrar	31
6.3	Uncertificated Shares	31
6.4	Transfer of Shares	31
6.5	Restrictions on Transfer	31
6.6	Lost, Destroyed or Stolen Certificates	31
6.7	Consideration for Shares	32
6.8	Stock Regulations	32
7.	WAIVER OF NOTICE	32
7.1	Shareholder Written Waiver	32
7.2	Shareholder Waiver by Attendance	32
7.3	Director Written Waiver	32
7.4	Director Waiver by Attendance	32
8.	LIABILITY AND INDEMNIFICATION OF OFFICERS AND DIRECTORS	33
8.1	Limited Liability of Directors to Corporation and Shareholders	33
8.2	Indemnification	33
8.3	Advance of Expenses	34
8.4	Reliance by Directors and Officers	34
8.5	Consideration of Interests in Addition to Shareholders' Interests	34
8.6	Insurance	35
8.7	General	35

9.	GENERAL	35
9.1	Fiscal Year	35
9.2	Seal	35
9.3	Notices	36
9.4	No Nominee Procedures	36
10.	AMENDMENTS	36
10.1	Power to Amend and Repeal	36
10.2	Restrictions on Amendment and Repeal	36

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

Section 3: EX-13.1 (EXHIBIT 13.1)

delivering
solutions



2012 ANNUAL REPORT





“Sensient’s sophisticated technologies and expertise enable us to deliver innovative solutions that help our customers bring outstanding products to the marketplace.”

Kenneth P. Manning Chairman and Chief Executive Officer





Financial Highlights

In thousands except per share, employee and shareholder data

Years ended December 31,	2012	2011	% Change
Results of operations			
Revenue	\$1,459,050	\$1,430,789	2%
Operating Income	191,208	190,823	0%
Net Earnings	123,908	120,484	3%
Per common share			
Net Earnings:			
Basic	\$ 2.50	\$ 2.42	3%
Diluted	2.49	2.41	3%
Dividends	0.87	0.84	4%
Book Value	23.09	20.87	11%
Other information			
Capital Expenditures	\$ 103,806	\$ 72,200	
Depreciation and Amortization	\$ 48,352	\$ 46,099	
Total Debt	\$ 354,027	\$ 335,396	
Number of Employees	3,983	3,887	
Number of Shareholders of Record	2,783	2,865	
Average Common Shares Outstanding:			
Basic	49,596	49,746	
Diluted	49,822	49,937	

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, coatings and excipients, cosmetic ingredients, household and industrial product formulations,

inkjet inks, and other specialty colors and chemicals.

Letter

To Shareholders

Kenneth P. Manning
Chairman and
Chief Executive Officer



SUSTAINED GROWTH

Sensient's revenue, net income and earnings per share all reached record levels in 2012. As a result of the Company's focus on internal growth and investment, Sensient has achieved record revenue and earnings per share in each of the last three years. Both the Color Group and the Flavors & Fragrances Group reported higher revenue in 2012.

In recent years, Sensient has increased its sales coverage, modernized its production facilities and improved its technologies in promising areas such as digital inks, pharmaceutical coatings, and natural colors and flavors. The consistent, focused execution of our long-term strategy has allowed us to deliver sustained growth for our shareholders.

On April 26, 2012, the Board of Directors voted to increase the cash dividend on the Company's common stock to 22 cents per share per quarter. This is our sixth quarterly dividend increase since 2006. We also used the Company's share repurchase program to return more than \$23 million to shareholders in the past year. Our growing dividend and share buy-backs reflect confidence in the long-term strength of the Company and a commitment to increasing shareholder value.

DEVELOPING CUSTOMER SOLUTIONS

One of Sensient's key strengths is our ability to find solutions for the specific needs of our customers. We are a solutions-driven company. Nearly every product we develop is customized to fit the unique requirements of our customers.

We deliver solutions to a broad range of global customers, including manufacturers of foods, beverages, cosmetics, pharmaceuticals, household products, inks and industrial materials. In some instances, manufacturers seek to extend or reformulate current offerings. In other cases, customers turn to us for expertise to create new products that address opportunities in the marketplace.

We have strong product development capabilities in locations around the world, close to our most important customers. Decentralized R&D allows us to focus on what customers want in specific regions and to customize our solutions to local preferences. Sensient wins customer loyalty by matching our sophisticated technologies with exceptional service.

FOOD AND BEVERAGE COLORS AND FLAVORS

Sensient's broad product line for food and beverages gives manufacturers an extensive selection of flavors and colors, both natural and synthetic, to build a distinctive product.

In particular, growing consumer demand for natural products has created tremendous opportunities for Sensient. Today we are a market leader in natural colors. We provide manufacturers with shades, rather than single colors, that enable a greater range of end products and ensure product performance across many complex applications. Our advanced capabilities simplify the use of natural color systems.

We are the global leader in synthetic colors and demand continues to expand. Synthetic colors are stable and effective, and they can be used in a wide array of applications. In many cases, they are the preferred product solution.

We are among the industry leaders in flavors. Our flavor systems enhance the products of food and beverage manufacturers worldwide. We have superior savory flavor capabilities that combine top notes and other flavors in sophisticated vertically integrated systems. Our extraction technologies produce exceptionally pure, highly concentrated botanical extracts. We excel in dairy flavors for ice creams and yogurts.

ADVANCED SYSTEMS FOR COSMETICS, PHARMACEUTICALS AND INKS

In 2012, Sensient continued to focus on promising growth opportunities in a number of other markets, including

2012 was the third consecutive record year for Sensient Technologies Corporation. Revenue reached an all-time high of \$1.46 billion, and in local currency, our earnings per share grew over 6%.

strong revenue increases in these global markets, driven by new product development.

The Company is a global leader in the development of sophisticated technologies used in the manufacture of cosmetics and other personal care products. We recently introduced a patented technology that improves color treatments for hair. Our specialty dispersions and treated pigments continue to find favor among cosmetics manufacturers worldwide.

In pharmaceuticals, we created several new color and coating systems that are winning business from large manufacturers. Sensient's natural enteric coatings provide a functional film to pharmaceuticals without the use of alcohol or preservatives. We have also improved the performance of Sensient's line of moisture-barrier coatings for pharmaceuticals.

In 2013, we will complete a significant expansion of our digital ink facility in Switzerland. With this investment, we are broadening our offerings in inks and industrial colors. Our specialty inks improve the performance of digital industrial printers, enabling significantly faster printing of short runs. Sensient's digital printing technology is used for textiles, plastics, packaging and other end products.

LOCAL KNOWLEDGE AND GLOBAL REACH

Sensient's global reach extends to more than 75 locations in over 35 countries. We retain local managers with detailed knowledge of their markets. Their regional expertise allows us to adjust our products and formulations to local conditions for greater competitive advantage.

We will continue to expand by investing in infrastructure, establishing new locations, and acquiring and developing new technologies that broaden our product portfolio.

In 2012, we made significant investments in facilities in North America, South America and Europe. We announced plans to build a new color and flavor complex in South Africa to serve

this growing market. We believe our facilities and personnel are second to none in our industry.

LOOKING AHEAD

In October 2012, Sensient's Board of Directors elected Paul Manning to the position of President and Chief Operating Officer. He was also elected to the Board of Directors. Paul's leadership has already strengthened the Color Group and will now reach all units of the Company.

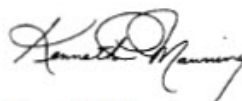
Sensient also initiated a broad and strategic restructuring program in the first quarter of 2013 to consolidate and simplify operations, reduce costs and facilitate future growth.

As one component of the plan, we will relocate the Flavors & Fragrances Group headquarters to Chicago. This relocation will give the Company better access to customers, improve access to food industry talent and allow us to showcase our broad product portfolio in a state-of-the-art facility.

We also plan to reduce global headcount and consolidate several facilities throughout Europe and North America in order to increase operating efficiencies. These changes will not impact the Company's sales coverage and will reduce annual operating costs by between \$10 million and \$12 million. We are making these changes to position the Company for even greater profitability.

I am very confident about Sensient's future. We will continue to grow by providing high-performance, technology-based solutions to customers in markets around the world. I expect shareholders to benefit from our ongoing success.

Sincerely,



Kenneth P. Manning
Chairman and Chief Executive Officer



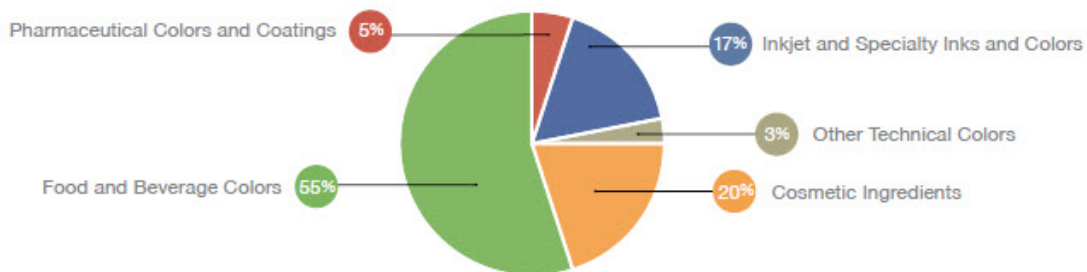
color group

Sensient is a leading developer and manufacturer of specialized color systems used in the production of foods and beverages, cosmetics, pharmaceuticals and inkjet inks. Sensient also produces a range of ingredients and specialty chemicals used in the manufacture of cosmetics, pharmaceuticals and other products.

strategic advantages

- Broadest product lines of natural and synthetic color systems for foods and beverages, pharmaceuticals and nutraceuticals
- Leading industry expertise in natural color development, local technical support and production
- World leading product safety programs
- Comprehensive product line of inks, including sublimation, pigmented and other industrial inks
- Global R&D capabilities to ensure a steady pipeline of new product and technology development

revenue by product line





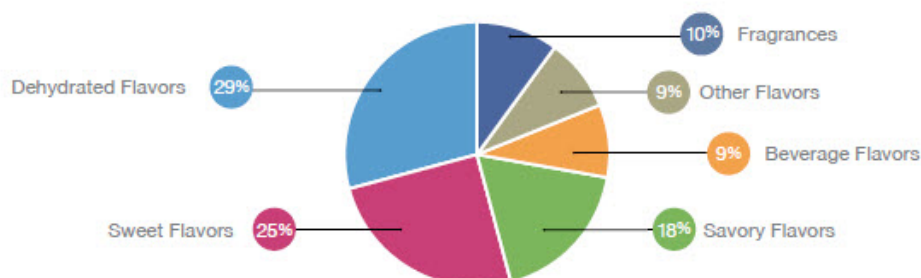
flavors & fragrances group

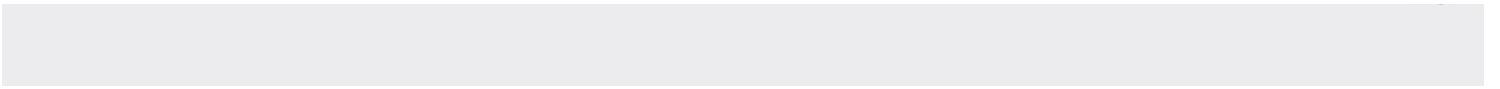
Sensient develops, manufactures and distributes flavor and fragrance systems found in thousands of consumer products worldwide. The Company's flavor and aroma technologies are essential components of leading foods, beverages, household supplies and personal care products. Sensient's specialty systems enable our customers to excel in highly competitive global markets.

strategic advantages

- Substantial product development and manufacturing capabilities in locations around the world
- Extensive range of customized flavors for food and beverage applications
- Significant scientific and technical resources to meet customer requirements
- Advanced technologies for state-of-the-art formulations
- Unique extraction capabilities
- Substantial vertical integration
- World leading product safety programs

revenue | by product line





food & beverage

colors, flavors, functional ingredients



Sensient uses advanced technologies to deliver the broadest

industrial inks

dyes, pigments, dispersions





pharmaceuticals

colors, coatings, taste-masking excipients



product lines in the industry for major global manufacturers.

cosmetics

colors, fragrances





leading technologies

Sensient succeeds in a highly competitive industry by developing, licensing and acquiring advanced technologies that form the foundation of our customer solutions. We will continue to invest in innovation to drive growth.

TASTE-MASKING EXCIPIENTS



Sensient applies research on bitter taste receptors to develop complex masking systems. These customized systems block bitter tastes of specific compounds and target undesirable flavors in pharmaceuticals to make medication more palatable. They also help mask off-notes generated by natural colors.

Sensient offers leading edge micro-emulsion technology reducing particle sizes to achieve the targeted clarity for beverages. Sensient's micro-emulsions are produced using a proprietary manufacturing process and formulation to provide the food and beverage industry with stable, high quality colors in a wide range of shades.



MICRO-EMULSION TECHNOLOGY



PHARMACEUTICAL COATINGS

Sensient recently introduced advanced pharmaceutical coating technology that protects new, larger molecules from heat and moisture. The Company also launched a line of all-natural enteric coatings that improve the performance of vitamins and pharmaceuticals.





customer solutions

Sensient works closely with customers to develop unique solutions that create new opportunities in regions around the world. We combine technical expertise and sophisticated technologies to respond to the demands of rapidly changing markets. Our cutting-edge products also help customers meet regulatory challenges.

BOTANICAL EXTRACTS



Sensient produces proprietary botanical extracts using advanced extraction processes. These highly concentrated natural extracts are customized to meet the specific requirements of food and beverage manufacturers.

Sensient develops the highest-quality surface treatments available to cosmetics manufacturers.

The Company's treated pigment technology results in superior color, coverage and consistency in foundation, blush, lipstick and other cosmetics.



TREATED PIGMENTS



INDUSTRIAL INKS

Sensient is a leading developer of specialty inks used in the manufacture of textiles, plastics, packaging and other products. Sensient recently developed a line of inks that significantly increases the speed of short-run digital printing on fabric.





expanded capabilities

Sensient has made critical investments that expand our capabilities in locations around the world. We maintain state-of-the-art R&D labs, pilot plants and production facilities that enable us to deliver solutions customized for a broad range of local and multinational manufacturers.

DIGITAL INK TECHNOLOGIES



Morges, Switzerland — Sensient has significantly expanded its digital ink development capabilities to better serve European and Middle Eastern customers. The Company offers a full line of ink technologies, including new proprietary sublimation and pigmented inks.

St. Louis, Missouri — Sensient is well-positioned to benefit from the growing worldwide preference for natural colors in foods and beverages. We develop shade-specific solutions that help define our customers' brands.



ADVANCED NATURAL COLORS



EXTENDED MARKET REACH

São Paulo, Brazil — The Company's new color, flavor and cosmetics complex in Brazil greatly enhances our ability to serve customers throughout South America. Onsite technical personnel, R&D labs and production capabilities enable us to develop solutions for regional customers.





Financial Review

T A B L E O F C O N T E N T S

Management's Discussion & Analysis of Operations & Financial Condition	15
Consolidated Statements of Earnings	23
Consolidated Statements of Comprehensive Income	24
Consolidated Balance Sheets	25
Consolidated Statements of Cash Flows	26
Consolidated Statements of Shareholders' Equity	27
Notes to Consolidated Financial Statements	28
Management's Report on Internal Control Over Financial Reporting	41
Report of Independent Registered Public Accounting Firm	41
Report of Independent Registered Public Accounting Firm on Internal Control Over Financial Reporting	42
Quarterly Data	43
Common Stock Prices and Dividends	43
Company Stock Performance	43
Five Year Review	44
Directors & Officers	46
Investor Information	inside back cover



OVERVIEW

Sensient Technologies Corporation (the "Company") reported record revenue and earnings per share for the year ended December 31, 2012. The Flavors & Fragrances Group and the Color Group also reported record revenue in 2012. The Company's gross profit margin increased 30 basis points to 31.7% driven by the Color Group's focus on higher margin business. The Company's continued investment in sales and technical staff were key drivers in Sensient's increased revenue and gross margin. The Company's debt to capital ratio was 23.5% at December 31, 2012, an improvement of 70 basis points. Sensient's capital expenditures were over \$100 million in 2012 as the Company continued to invest in its production facilities and to expand its technical capabilities.



Consolidated revenue was \$1.46 billion in 2012, an increase of 2.0% from \$1.43 billion reported in 2011. Sensient's operating income was \$191.2 million and \$190.8 million in 2012 and 2011, respectively. In local currency, 2012 revenue and operating income increased by approximately 4.6% and 2.9%, respectively. Diluted earnings per share were \$2.49 in 2012 compared to \$2.41 in 2011, an increase of 3.3%. In local currency, earnings per share increased 6.2% in 2012.

The Company's cash flows from operating activities were \$139.4 million and \$142.9 million in 2012 and 2011, respectively. The Company's dividend per share was 87 cents in 2012 and 84 cents in 2011. The current quarterly dividend rate of 22 cents was 47% higher than at the beginning of 2006. Capital expenditures were \$103.8 million and \$72.2 million in 2012 and 2011, respectively, reflecting the Company's continued investment in its facilities and new technologies. Sensient utilized some of its excess debt capacity to purchase \$23.2 million of Company stock during 2012. Even with the increase in capital expenditures and the purchase of Company stock, Sensient's debt to capital ratio improved to 23.5% at December 31, 2012, from 24.2% at December 31, 2011.

In the first quarter of 2013, the Company initiated a broad restructuring program. One component of the plan is to relocate the Flavors & Fragrances Group headquarters to Chicago. This will give Sensient better access to customers, improve access to food industry talent and showcase Sensient's vast product portfolio in a state-of-the-art facility. This does not involve relocating any of the U.S. Flavors & Fragrances Group production sites. The second component is a profit improvement plan that involves reducing headcount and consolidating several facilities throughout Europe and North America. These changes will not impact the Company's sales coverage and will result in a more efficient utilization of human and capital resources. The Company expects one-time cash costs between \$22 million and \$24 million and non-cash costs of approximately \$8 million to be recorded in the next 12 months. Annual benefits are expected to be approximately \$10 million.

Additional information on the results is included below.

RESULTS OF OPERATIONS

2012 vs. 2011

Sensient's revenue was \$1.46 billion in 2012 and \$1.43 billion in 2011. Revenue in the Flavors & Fragrances Group was \$875.3 million in 2012, an increase of 2.1% from \$857.5 million in 2011. Color Group revenue was \$494.1 million in 2012 and \$491.9 million in 2011. Corporate & Other revenue, which includes the Company's operations in the Asia Pacific region, China and certain flavor operations in Central and South America, increased 9.2% in 2012. Foreign currency translation decreased consolidated revenue in 2012 by approximately 2.6%. Additional information on group results can be found in the Segment Information section.



The Company's gross margin was 31.7% in 2012, an increase of 30 basis points from 31.4% in 2011. The impact of increased selling prices and favorable product mix more than offset higher raw material costs in 2012.

Selling and administrative expense as a percent of revenue was 18.6% in 2012 compared to 18.1% in 2011. The increase in selling and administrative expenses during 2012 was primarily attributable to the Company's continued expansion of its sales force to penetrate new and existing markets.

Operating income was \$191.2 million in 2012 compared to \$190.8 million in 2011. The increase was due to the increased revenue and gross margin discussed above. Additional information on group results can be found in the Segment Information section.

Interest expense decreased 13.1% to \$16.9 million in 2012 from \$19.4 million in 2011. The decrease is due to lower average interest rates partially offset by higher average outstanding debt balances.

The effective income tax rate was 28.9% in 2012 and 29.7% in 2011. The effective tax rates for both 2012 and 2011 were reduced by discrete items, including the favorable resolution of prior years' tax matters. In total, these discrete items reduced the effective tax rate for 2012 and 2011 by 2.2% and 2.5%, respectively.

	2012	2011
Rate before discrete items	31.1%	32.2%
Discrete items	(2.2%)	(2.5%)
Reported effective tax rate	28.9%	29.7%

The effective tax rate for 2013 is expected to be between 32.0% and 32.5% prior to the recording of any discrete items.

SEGMENT INFORMATION

The Company determines its operating segments based on information utilized by the chief operating decision maker to allocate resources and assess performance. The Company's reportable segments consist of the Flavors & Fragrances Group and the Color Group. The results of three additional operating segments, the Asia Pacific Group, the China Group and Flavors & Central & South America, are reported in the Corporate & Other segment. Beginning in 2012, the Company moved certain of its flavor operations in Central and South America into a separate segment, Flavors Central & South America, to give management greater insight into operations in this growing region. The prior year results have been restated as a result of this change.

Flavors & Fragrances Revenue for the Flavors & Fragrances Group was \$875.3 million in 2012 and \$857.5 million in 2011. The Group reported an increase in volumes (\$27.2 million) and higher selling prices (\$12.0 million), partially reduced by the unfavorable impact of foreign currency translation (\$21.5 million). Higher selling prices were reported primarily in traditional flavors. The higher volumes were driven by both the traditional and dehydrated flavors businesses in North America.

Gross margins were 25.6% of revenue in 2012 and 26.7% in 2011. The decrease was primarily due to higher raw material costs in dehydrated flavors. Selling prices have increased in dehydrated flavors and margins are anticipated to improve in 2013. Flavors & Fragrances Group margins are expected to improve in 2013 as a result of the restructuring program initiated in the first quarter of 2013.

The Flavors & Fragrances Group operating income was \$123.0 million in 2012 and \$129.4 million in 2011. The decrease in operating income was related to operations in North America (\$4.8 million), Europe (\$1.4 million) and the unfavorable impact of foreign currency translation (\$1.7 million), partially offset by higher operating income in Mexico (\$1.4 million). The lower profit in North America was driven by the higher raw material costs in dehydrated flavors. The lower profit in Europe was primarily due to higher costs. The higher profit in Mexico was due to favorable product mix combined with higher volumes and selling prices. Operating income as a percent of revenue was 14.1% in 2012 and 15.1% in 2011 primarily for the reasons discussed above. Operating income for the Group is expected to increase in 2013 as a result of the restructuring program initiated in the first quarter of 2013.

Color The Color Group revenue was \$494.1 million in 2012 and \$491.9 million in 2011. The increase in revenue was driven by higher sales of non-food colors (\$15.4 million) and higher sales of food and beverage colors (\$4.9 million), partially offset by the unfavorable impact of foreign currency translation (\$18.0 million). The higher sales of both food and beverage colors and non-food colors were driven by higher volumes and higher selling prices. Although sales of OEM inkjet products increased in 2012 from the prior year, the termination of a supply agreement by a major customer is expected to reduce sales of OEM inkjet ink products beginning in 2013. The Group has been working to replace low margin products such as these with higher margin, value-added products.

Gross margin for the Color Group increased 250 basis points to 37.6% in 2012 compared to 35.1% in 2011. Higher selling prices and favorable product mix more than offset increased raw material and manufacturing costs. The 2012 results reflect the Group's strategy to focus on higher margin products and eliminate lower margin business.

Color Group operating income increased 4.3% to \$94.1 million from \$90.2 million in 2011. The increase in operating income was primarily attributable to higher sales of food and beverage colors (\$6.7 million) and non-food colors (\$0.6 million), partially reduced by the unfavorable impact of foreign exchange rates (\$3.4 million). The higher operating income from food and beverage colors was primarily due to the impact of higher selling prices and favorable product mix. The increase in operating income for non-food colors was primarily due to the higher volumes, higher selling prices and favorable product mix, partially reduced by unfavorable raw material and manufacturing costs. Operating income as a percent of revenue increased 70 basis points to 19.0% from 18.3% in 2011 primarily due to the reasons described above. The Color Group operating income is expected to increase in 2013 as a result of the restructuring program initiated in the first quarter of 2013.

Corporate & Other The Corporate & Other segment includes the Asia Pacific region, China and, beginning in 2012, certain of the Company's flavor businesses in Central and South America, combined with the corporate office expenses. The prior results have been restated to reflect this change.

Revenue for the Corporate & Other segment was \$156.8 million and \$143.6 million in 2012 and 2011, respectively. The increase was primarily related to higher volumes in Asia Pacific.

The Corporate & Other segment reported operating losses of \$25.8 million and \$28.8 million in 2012 and 2011, respectively. The improvement in results was primarily due to the profit on higher volumes in Asia Pacific and lower expenses. Costs in the Corporate & Other segment in 2013 are expected to increase due to the recording of restructuring costs related to the plan initiated in the first quarter of 2013. Group performance is evaluated on operating income of the respective business units before restructuring charges which are reported in the Corporate & Other segment.

2011 vs. 2010

Sensient's revenue increased 7.7% in 2011 to \$1.43 billion from \$1.33 billion in 2010. Revenue in the Flavors & Fragrances Group was \$857.5 million in 2011, an increase of 6.4% from \$806.0 million in 2010. Color Group revenue of \$491.9 million was 9.9% higher than 2010 revenue of \$447.5 million. Corporate & Other revenue increased 14.9% in 2011. The impact of foreign currency translation increased consolidated revenue in 2011 by approximately 2%. Additional information on group results can be found in the Segment Information section.

The Company's gross margin was 31.4% and 30.7% in 2011 and 2010, respectively. The impact of increased selling prices and favorable product mix more than offset the impact of higher raw material costs in 2011.

Selling and administrative expense as a percent of revenue was 18.1% in 2011 compared to 17.6% in 2010. In the fourth quarter of 2011, the Company recorded a restructuring charge of approximately \$4.8 million, or 0.3% of revenue. The Company also reported a gain of \$3.6 million, or 0.3% of revenue, included in selling and administrative expenses related to the revaluation of the previously held equity interest in a business that Sensient obtained controlling interest of during the year. The remaining 50 basis point increase in selling and administrative expenses during 2011 was primarily attributable to the expansion of the Company's sales force to penetrate new and existing markets.

Operating income was \$190.8 million in 2011 compared to \$174.6 million in 2010, an increase of 9.3%. The increase was due to the increased revenue and gross margin discussed above. Additional information on group results can be found in the Segment Information section.

Interest expense decreased 4.6% to \$19.4 million in 2011 from \$20.4 million in 2010. The decrease is due to lower average outstanding debt balances partially offset by higher interest rates.

The effective income tax rate was 29.7% in 2011 and 30.5% in 2010. The effective tax rates for both 2011 and 2010 were reduced by discrete items, including the favorable resolution of prior years' tax matters. In total, these discrete items reduced the effective tax rate for 2011 and 2010 by 2.5% and 2.4%, respectively.

	2011	2010
Rate before discrete items	32.2%	32.9%
Discrete items	(2.5%)	(2.4%)
Reported effective tax rate	29.7%	30.5%

SEGMENT INFORMATION

Flavors & Fragrances Revenue for the Flavors & Fragrances Group for 2011 increased 6.4% to \$857.5 million from \$806.0 million in 2010. The Group reported higher selling prices (\$33.9 million) and an increase in volumes (\$2.0 million) combined with the favorable impact of foreign currency translation (\$15.5 million). Higher selling prices were reported in all businesses and regions. The higher volumes occurred primarily in traditional flavors in North America partially offset by lower volumes in dehydrated flavors.

Gross margin increased 60 basis points to 26.7% of revenue in 2011 from 26.1% in 2010. The increase is primarily due to the higher selling prices and favorable product mix which more than offset higher raw material costs.

The Flavors & Fragrances Group operating income increased 7.6% to \$129.4 million in 2011 from \$120.3 million in 2010. The increase in operating income was related to operations in North America (\$9.0 million) and the favorable impact of foreign currency translation (\$1.8 million) partially offset by lower operating income in Mexico (\$1.6 million). The higher profit in North America was driven by the higher selling prices partially offset by higher raw material costs. The lower profit in Mexico was primarily due to unfavorable product mix and higher costs partially offset by higher selling prices. Operating income as a percent of revenue was 15.1% in 2011 and 14.9% in 2010 primarily for the reasons discussed above.

Color The Color Group revenue increased 9.9% in 2011 to \$491.9 million from \$447.5 million in 2010. The increase in revenue was driven by higher sales of food and beverage colors (\$19.8 million) combined with higher sales of non-food colors (\$11.7 million) and the favorable impact of foreign currency translation (\$11.8 million). The higher sales of food and beverage colors were driven by higher volumes across all major markets and higher selling prices. The higher sales of non-food colors were primarily due to increased volume.

Gross margin for the Color Group increased 70 basis points to 35.1% in 2011 compared to 34.4% in 2010. Higher selling prices and favorable product mix more than offset increased raw material and manufacturing costs.

Color Group operating income increased 16.6% to \$90.2 million from \$77.4 million in 2010. The increase in operating income was primarily attributable to higher sales of food and beverage colors (\$4.3 million) and non-food colors (\$6.0 million) combined with the favorable impact of foreign exchange rates (\$2.4 million). The higher operating income from food and beverage colors was primarily due to the impact of higher selling prices and volumes partially offset by higher raw material costs. The increase in operating income for non-food colors was primarily due to the higher volumes and favorable product mix. Operating income as a percent of revenue increased 100 basis points to 18.3% from 17.3% in 2010 primarily due to the reasons described above.

Corporate & Other Revenue for the Corporate & Other segment was \$143.6 million and \$124.9 million in 2011 and 2010, respectively. The increase was primarily related to higher volumes in Asia Pacific and higher selling prices in both China and Asia Pacific.

The Corporate & Other segment reported operating losses of \$28.8 million and \$23.2 million in 2011 and 2010, respectively. The change was primarily due to the higher raw material costs in China and higher expenses at Corporate, including the restructuring charge, net of the gain on the revaluation of a previously held equity interest, discussed above.

LIQUIDITY AND FINANCIAL POSITION

The Company's financial position remains strong, enabling it to meet cash requirements for operations, acquisitions, capital expansion programs, share repurchases and dividend payments to shareholders. The Company intends to fund working capital requirements, principal and interest payments, acquisitions and other liabilities with cash provided by operations, to the extent available, and short-term and long-term borrowings under new and existing credit facilities.

The Company's ratio of debt to total capital improved to 23.5% at December 31, 2012, compared to 24.2% and 26.2% at December 31, 2011 and 2010, respectively. The improvement in 2012 resulted from an increase in equity partially offset by an increase in debt.

Debt to Total Capital (At December 31)



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.

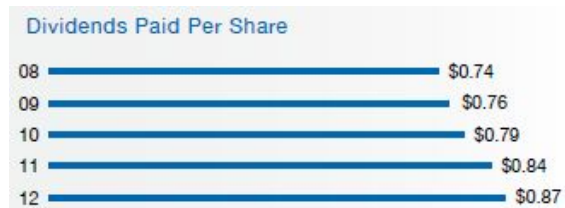
Net cash provided by operating activities was \$139.4 million in 2012, \$142.9 million in 2011 and \$155.7 million in 2010. Operating cash flow provided the primary source of funds for operating needs, acquisitions, capital expenditures, shareholder dividends, share repurchases and net debt repayments. The decrease in net cash provided by operating activities in both 2012 and 2011 was primarily due to a higher use of working capital partially offset by the impact of higher earnings.

Net cash used in investing activities was \$102.7 million in 2012, \$74.0 million in 2011 and \$55.1 million in 2010. Capital expenditures were \$103.8 million in 2012, \$72.2 million in 2011 and \$55.8 million in 2010.



Net cash used in financing activities was \$48.8 million in 2012, \$52.9 million in 2011 and \$97.5 million in 2010. The Company had a net increase in debt of \$15.9 million in 2012 and net reductions in debt of \$14.2 million in 2011 and \$72.6 million in 2010. In 2012, Sensient purchased \$23.2 million of Company stock.

The Company has paid uninterrupted quarterly cash dividends since commencing public trading in its stock in 1962. The Company's quarterly dividend was 22 cents per share beginning in the second quarter of 2012 when it was increased from 21 cents per share. Dividends paid per share were 87 cents in 2012, 84 cents in 2011 and 79 cents in 2010. Total dividends paid were \$43.4 million, \$42.0 million and \$39.0 million in 2012, 2011 and 2010, respectively.



In 2012, the Company used cash provided by operating activities to fund most of its capital expenditures, dividend payments and purchases of Company stock. In 2011 and 2010, the Company was able to finance capital expenditures and dividend payments and still reduce debt levels. The Company maintains debt levels it considers prudent based on its cash flows, interest coverage and percentage of total debt to total capital.

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 significantly affect 2013 results.

ISSUER PURCHASES OF EQUITY SECURITIES

Sensient purchased 0.6 million shares of Company stock in 2012 for a total cost of \$23.2 million. There were no purchases of Company stock in 2011 or 2010. 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, 2012, 2.4 million shares were available to be repurchased under existing authorizations. The Company's share repurchase program has no expiration date.

CRITICAL ACCOUNTING POLICIES

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

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

Goodwill Valuation The Company reviews the carrying value of goodwill annually utilizing several valuation methodologies, including a discounted cash flow model. The Company completed its annual goodwill impairment test under Accounting Standards Codification (“ASC”) 350, *Intangibles – Goodwill and Other*, in the third quarter of 2012. In conducting its annual test for impairment, the Company performed a qualitative assessment of its previously calculated fair values for each of its reporting units and compared 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 had goodwill recorded and were tested for impairment. The Flavors & Fragrances reporting unit and the Asia Pacific reporting unit had fair values that were over 100% above their respective net book values. The fair value of the Color reporting unit had a fair value that was over 30% above its net book value. 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 that 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 5 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 ASC 815, *Derivatives and Hedging*. The net fair value of these instruments, based on dealer quotes, was negligible at December 31, 2012, and an asset of \$0.4 million at December 31, 2011. At December 31, 2012, 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 \$2.3 million. 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 \$0.3 million at December 31, 2012. 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, 2012, 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.

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 \$7.1 million as of December 31, 2012. 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, 2012.

PAYMENTS DUE BY PERIOD

(in thousands)	Total	1 year	2-3 years	4-5 years	> 5 years
Long-term debt	\$ 333,979	\$ 62,574	\$ 23,719	\$ 222,686	\$ 25,000
Interest payments on long-term debt	42,261	12,705	17,561	10,979	1,016
Operating lease obligations	19,748	7,316	9,259	2,715	458
Manufacturing purchase commitments	72,459	71,535	924	—	—
Pension funding obligations	63,561	4,541	40,561	8,501	9,958
Total contractual obligations	\$ 532,008	\$ 158,671	\$ 92,024	\$ 244,881	\$ 36,432

NEW PRONOUNCEMENTS

In July 2012, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) No. 2012-02, *Intangibles – Goodwill and Other (Topic 350): Testing Indefinite-Lived Intangible Assets for Impairment*. This ASU gives companies the option to perform a qualitative assessment to determine whether further indefinite-lived intangible asset impairment testing is necessary. If, as result of the qualitative assessment, it is determined that it is more likely than not that an indefinite-lived intangible asset is impaired, the quantitative impairment test is required. Otherwise no further testing is required. This ASU is effective for fiscal years beginning after September 15, 2012. The adoption is not expected to have any impact on the Company’s financial condition or results of operations.

On January 1, 2012, the Company adopted ASU No. 2011-05, *Comprehensive Income (Topic 220): Presentation of Comprehensive Income*, which requires companies to disclose items of net income, items of other comprehensive income and total comprehensive income either in a single continuous statement or in two separate but consecutive statements. The Company adopted this ASU in 2012 and has included Consolidated Statements of Comprehensive Income for all periods presented. The adoption of this ASU had no impact on the Company’s financial condition or results of operations.

In September 2011, the FASB issued ASU No. 2011-08, *Intangibles-Goodwill and Other (Topic 350): Testing Goodwill for Impairment*, which gives companies the option to perform a qualitative assessment to determine whether it is more likely than not that the fair value of a reporting unit is less than its carrying amount. The ASU is effective for fiscal years beginning after December 15, 2011, with early adoption permitted. The Company adopted this ASU in 2011, which did not have any impact on its financial statements.

OFF-BALANCE SHEET ARRANGEMENTS

The Company had no off-balance sheet arrangements as of December 31, 2012.

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, 2012, 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 or other restructuring or relocation activities; changes in costs of raw materials and energy; industry and economic factors related to the Company’s domestic and international business; competition from other suppliers of colors, flavors and fragrances; growth or contraction in markets for products in which the Company competes; terminations and other changes in customer relationships; industry acceptance of price increases; currency exchange rate fluctuations; cost and availability of credit; and the matters discussed above including the critical accounting policies described therein. The Company does not undertake to publicly update or revise its forward-looking statements even if experience or future changes make it clear that any projected results expressed or implied therein will not be realized.

Consolidated Statements of Earnings

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

	2012		2011		2010
Revenue	\$	1,459,050	\$	1,430,789	\$ 1,328,180
Cost of products sold		995,907		981,137	919,821
Selling and administrative expenses		271,935		258,829	233,782
Operating Income		191,208		190,823	174,577
Interest expense		16,901		19,439	20,384
Earnings Before Income Taxes		174,307		171,384	154,193
Income taxes		50,399		50,900	47,049
Net Earnings	\$	123,908	\$	120,484	\$ 107,144
Earnings per share:					
Basic	\$	2.50	\$	2.42	\$ 2.18
Diluted	\$	2.49	\$	2.41	\$ 2.17
Average common shares outstanding:					
Basic		49,596		49,746	49,138
Diluted		49,822		49,937	49,424

See notes to consolidated financial statements.

Consolidated Statements of Comprehensive Income

(in thousands) Years ended December 31,	2012	2011	2010
Net earnings	\$ 123,908	\$ 120,484	\$ 107,144
Unrealized (loss) gain on cash flow hedges, arising during the period net of tax of \$471, \$356 and \$90, respectively	(1,212)	914	628
Reclassification adjustment for cash flow hedges included in net income, net of tax of \$335, \$272 and \$41, respectively	862	(699)	(284)
Pension adjustment, net of tax of \$1,040, \$2,536 and \$504, respectively	(2,216)	3,652	910
Tax effect on losses previously recorded in other comprehensive income	16,836	—	—
Foreign currency translation on net investment hedges	(1,251)	2,532	6,169
Foreign currency translation on long term intercompany loans	(1,540)	752	1,654
Other foreign currency translation	22,984	(31,569)	(22,417)
Total Comprehensive Income	\$ 158,371	\$ 96,066	\$ 93,804

See notes to consolidated financial statements.

Consolidated Balance Sheets

(in thousands except share and per share amounts) December 31,

2012

2011

	2012	2011
Assets		
Current Assets:		
Cash and cash equivalents	\$ 15,062	\$ 22,855
Trade accounts receivable, less allowance for losses of \$3,045 and \$3,588, respectively	237,626	219,494
Inventories	442,714	414,449
Prepaid expenses and other current assets	41,799	35,299
Deferred income taxes	14,153	14,773
Total current assets	751,354	706,870
Other assets	47,685	38,730
Intangible assets – at cost, less accumulated amortization of \$14,353 and \$13,233, respectively	11,578	12,660
Goodwill	451,318	444,365
Property, Plant and Equipment:		
Land	53,387	52,271
Buildings	339,732	298,743
Machinery and equipment	735,237	674,011
Construction in progress	41,999	34,439
	1,170,355	1,059,464
Less accumulated depreciation	(655,647)	(607,925)
	514,708	451,539
Total assets	\$ 1,776,643	\$ 1,654,164
Liabilities and Shareholders' Equity		
Current Liabilities:		
Trade accounts payable	\$ 96,283	\$ 93,851
Accrued salaries, wages and withholdings from employees	27,162	29,088
Other accrued expenses	56,946	56,985
Income taxes	3,797	4,377
Short-term borrowings	20,048	22,974
Total current liabilities	204,236	207,275
Deferred income taxes	13,032	21,822
Other liabilities	10,971	11,183
Accrued employee and retiree benefits	60,527	52,252
Long-term debt	333,979	312,422
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	98,253	94,187
Earnings reinvested in the business	1,150,092	1,069,610
Treasury stock, 4,264,821 and 4,038,011 shares, respectively, at cost	(95,258)	(80,935)
Accumulated other comprehensive loss	(4,585)	(39,048)
	1,153,898	1,049,210
Total liabilities and shareholders' equity	\$ 1,776,643	\$ 1,654,164

See notes to consolidated financial statements.

Consolidated Statements of Cash Flows

(in thousands) Years ended December 31,	2012	2011	2010
Cash Flows from Operating Activities			
Net earnings	\$ 123,908	\$ 120,484	\$ 107,144
Adjustments to arrive at net cash provided by operating activities:			
Depreciation and amortization	48,352	46,099	43,423
Share-based compensation	10,086	7,819	5,678
(Gain) loss on assets	(869)	(4,323)	1,382
Deferred income taxes	2,916	(3,138)	8,685
Changes in operating assets and liabilities:			
Trade accounts receivable	(15,158)	(5,095)	(20,229)
Inventories	(23,125)	(28,391)	(4,191)
Prepaid expenses and other assets	(9,405)	(1,825)	9,370
Accounts payable and other accrued expenses	225	6,299	(7,757)
Accrued salaries, wages and withholdings from employees	(1,209)	3,075	5,053
Income taxes	(1,689)	(3,148)	2,699
Other liabilities	5,334	5,021	4,468
Net cash provided by operating activities	139,366	142,877	155,725
Cash Flows from Investing Activities			
Acquisition of property, plant and equipment	(103,806)	(72,200)	(55,823)
Proceeds from sale of assets	1,364	2,076	172
Acquisition of new businesses, net of cash acquired	—	(3,706)	—
Other investing activities	(242)	(207)	528
Net cash used in investing activities	(102,684)	(74,037)	(55,123)
Cash Flows from Financing Activities			
Proceeds from additional borrowings	73,903	184,074	139,344
Debt payments	(58,052)	(198,259)	(211,935)
Purchase of treasury stock	(23,154)	—	—
Dividends paid	(43,426)	(41,968)	(39,013)
Proceeds from options exercised and other equity transactions	1,957	3,205	14,063
Net cash used in financing activities	(48,772)	(52,948)	(97,541)
Effect of exchange rate changes on cash and cash equivalents	4,297	(7,292)	(1,025)
Net (decrease) increase in cash and cash equivalents	(7,793)	8,600	2,036
Cash and cash equivalents at beginning of year	22,855	14,255	12,219
Cash and cash equivalents at end of year	\$ 15,062	\$ 22,855	\$ 14,255
Cash paid during the year for:			
Interest	\$ 16,897	\$ 19,642	\$ 19,932
Income taxes	53,492	55,570	32,668
Capitalized interest	1,601	1,240	810

See notes to consolidated financial statements.

Consolidated Statements of Shareholders' Equity

(in thousands except share are per share amounts)	Common Stock	Additional Paid-in Capital	Earnings Reinvested in the Business	Treasury Stock		Accumulated Other Comprehensive Income (Loss)
				Shares	Amount	
Balances at December 31, 2009	\$ 5,396	\$ 85,504	\$ 922,963	5,182,710	\$ (103,878)	\$ (1,290)
Net earnings			107,144			
Other comprehensive income						(13,340)
Cash dividends paid – \$0.79 per share			(39,013)			
Share-based compensation		5,746		3,400	(68)	
Stock options exercised		1,365		(582,174)	11,668	
Nonvested stock issued upon vesting		(4,609)		(229,951)	4,609	
Benefit plans		184		(28,273)	567	
Other		837				
Balances at December 31, 2010	5,396	89,027	991,094	4,345,712	(87,102)	(14,630)
Net earnings			120,484			
Other comprehensive income						(24,418)
Cash dividends paid – \$0.84 per share			(41,968)			
Share-based compensation		7,819				
Stock options exercised		242		(120,368)	2,412	
Nonvested stock issued upon vesting		(3,526)		(175,972)	3,526	
Benefit plans		148		(11,361)	229	
Other		477				
Balances at December 31, 2011	5,396	94,187	1,069,610	4,038,011	(80,935)	(39,048)
Net earnings			123,908			
Other comprehensive income						34,463
Cash dividends paid – \$0.87 per share			(43,426)			
Share-based compensation		10,086				
Stock options exercised		52		(66,579)	1,438	
Nonvested stock issued upon vesting		(6,999)		(313,812)	6,999	
Benefit plans		388		(22,925)	480	
Purchase of treasury stock				626,251	(23,154)	
Other		539		3,875	(86)	
Balances at December 31, 2012	\$ 5,396	\$ 98,253	\$ 1,150,092	4,264,821	\$ (95,258)	\$ (4,585)

See notes to consolidated financial statements.

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 and fine chemicals. The Company's reportable segments consist of the Flavors & Fragrances and Color Groups, which are managed on a products and services basis. The Asia Pacific Group, China Group and certain of the Company's flavor businesses in Central and South America (Flavors Central & South America), which are managed on a geographic basis, are included in Corporate & 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 to 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 \$301.6 million and \$282.1 million at December 31, 2012 and 2011, respectively, and raw materials and supplies of \$141.1 million and \$132.4 million at December 31, 2012 and 2011, 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 and leasehold improvements 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 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 its 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. For 2012 and 2011, the Company completed a qualitative assessment noting no indicators of a change in fair value. Such determination of fair value yielded no impairment in 2012, 2011 or 2010.

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. No impairment has been recorded in any of the presented periods.

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 that 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, 2012.

Share-Based Compensation Share-based compensation expense is recognized on a straight-line basis over the vesting period of each award recipient. See Note 6, *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 carryforwards. The measurement of current and deferred tax liabilities and assets is based on provisions of enacted tax law. Deferred tax assets are reduced, if necessary, by the amount of any tax benefits for which the utilization of the asset is not considered likely.

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

(in thousands)	2012	2011	2010
Basic weighted-average shares outstanding	49,596	49,746	49,138
Diluted weighted-average shares outstanding	49,822	49,937	49,424

In 2012 and 2011, there were no anti-dilutive stock options. In 2010, options for 0.1 million shares, with a weighted-average exercise price of \$30.07, 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. All earnings per share amounts are presented on a diluted basis unless otherwise noted.

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

(in thousands)	2012		2011	
Foreign currency translation	\$	7,442	\$	(29,720)
Pension liability (net of tax)		(12,062)		(9,712)
Unrealized gain on cash flow hedges (net of tax)		35		384
Accumulated other comprehensive loss	\$	(4,585)	\$	(39,048)

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 \$34.7 million, \$33.2 million and \$30.6 million during the years ended December 31, 2012, 2011 and 2010, respectively.

Advertising Advertising costs are recorded in selling and administrative expenses as they are incurred. Advertising costs were \$2.2 million, \$2.4 million and \$1.5 million during the years ended December 31, 2012, 2011 and 2010, 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.

Subsequent Events The Company performed an evaluation of subsequent events through the date these financial statements were issued. See Note 12, *Subsequent Events*, for more information.

New Pronouncements In July 2012, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) No. 2012-02, *Intangibles – Goodwill and Other (Topic 350): Testing Indefinite-Lived Intangible Assets for Impairment*. This ASU gives companies the option to perform a qualitative assessment to determine whether further indefinite-lived intangible asset impairment testing is necessary. If, as result of the qualitative assessment, it is determined that it is more likely than not that an indefinite-lived intangible asset is impaired, the quantitative impairment test is required. Otherwise no further testing is required. This ASU is effective for fiscal years beginning after September 15, 2012. The adoption is not expected to have any impact on the Company’s financial condition or results of operations.

On January 1, 2012, the Company adopted ASU No. 2011-05, *Comprehensive Income (Topic 220): Presentation of Comprehensive Income*, which requires companies to disclose items of net income, items of other comprehensive income and total comprehensive income either in a single continuous statement or in two separate but consecutive statements. The Company adopted this ASU in 2012 and has included Consolidated Statements of Comprehensive Income for all periods presented. The adoption of this ASU had no impact on the Company’s financial condition or results of operations.

In September 2011, the FASB issued ASU No. 2011-08, *Intangibles-Goodwill and Other (Topic 350): Testing Goodwill for Impairment*, which gives companies the option to perform a qualitative assessment to determine whether it is more likely than not that the fair value of a reporting unit is less than its carrying amount. The ASU is effective for fiscal years beginning after December 15, 2011, with early adoption permitted. The Company adopted this ASU in 2011, which did not have any impact on its financial statements.

2. ACQUISITIONS

There were no acquisitions during 2012.

In 2011, the Company acquired the remaining outstanding stock of Les Colorants Wackherr do Brasil (“Les Colorants”), a distributor of cosmetic ingredients in Brazil, for \$4.6 million, which is net of the cash acquired.

Prior to the acquisition, the Company owned 50% of Les Colorants, a non-controlling interest. ASC 805, *Business Combinations*, requires that upon acquiring a controlling interest, the acquirer remeasure its previously held interest in the acquiree at its acquisition date fair value and recognize the gain or loss in earnings. The Company revalued its previously held interest in Les Colorants using a market approach and recognized a pre-tax gain of \$3.6 million in earnings in the fourth quarter of 2011, included in selling and administrative expense in the Corporate & Other segment in the Consolidated Statement of Earnings. There is no tax impact of the gain. The final allocation of the purchase price for Les Colorants combined with the revaluation of the previously held interest resulted in goodwill and intangibles of \$8.7 million. This acquisition has been accounted for as a purchase and the results of the entity’s full operations have been included in the consolidated financial statements in the Color segment since the date of acquisition.

Also in 2011, the Company completed the acquisition of the remaining outstanding stock of LCW Polska, a cosmetic color and ingredients company located in Poznań, Poland. Prior to the acquisition, the Company owned 75% of LCW Polska. The acquisition is not material to the Company’s consolidated financial statements.

3. GOODWILL AND INTANGIBLE ASSETS

At December 31, 2012 and 2011, goodwill is the only intangible asset that is not subject to amortization. The following table summarizes intangible assets with determinable useful lives by major category as of December 31, 2012 and 2011:

(in thousands except weighted average amortization years)	Weighted Average Amortization Years	2012		2011	
		Cost	Accumulated Amortization	Cost	Accumulated Amortization
Technological know-how	20.0	\$ 8,443	\$ (4,842)	\$ 8,776	\$ (4,622)
Customer relationships	20.0	7,871	(3,866)	7,838	(3,399)
Patents, trademarks, non-compete agreements and other	18.7	9,617	(5,645)	9,279	(5,212)
Total finite-lived intangibles	19.5	\$ 25,931	\$ (14,353)	\$ 25,893	\$ (13,233)

Amortization of intangible assets was \$1.4 million in 2012 and \$1.3 million in both 2011 and 2010. Estimated amortization expense each year for the five years subsequent to December 31, 2012, is \$1.3 million in each year from 2013 through 2017.

The changes in goodwill for the years ended December 31, 2012 and 2011, by reportable business segment, were as follows:

(in thousands)	Flavors & Fragrances	Color	Corporate & Other	Consolidated
Balance as of December 31, 2010	\$ 136,392	\$ 304,615	\$ 4,108	\$ 445,115
Goodwill of acquired business	—	7,962	—	7,962
Currency translation impact	(3,700)	(5,198)	186	(8,712)
Balance as of December 31, 2011	132,692	307,379	4,294	444,365
Currency translation impact	3,092	4,271	(410)	6,953
Balance as of December 31, 2012	\$ 135,784	\$ 311,650	\$ 3,884	\$ 451,318

4. DEBT

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

(in thousands)	2012	2011
4.47% senior notes due November 2018	\$ 25,000	\$ 25,000
4.14% senior notes due November 2017	25,000	25,000
4.91% senior notes due through May 2017	110,000	110,000
3.77% senior notes due November 2016	25,000	25,000
7.31% senior notes due November 2013	25,000	25,000
5.85% Euro-denominated senior notes due November 2013	25,508	25,061
Long-term revolving loan agreement	95,419	73,814
Various other notes	3,052	3,547
	333,979	312,422
Less current maturities	—	—
Total long-term debt	\$ 333,979	\$ 312,422

In March 2011, the Company entered into an agreement to issue \$75 million in fixed-rate, senior notes. These notes were issued in November 2011 at fixed coupon rates of 3.77%, 4.14% and 4.47% per annum with maturities in 2016, 2017 and 2018, respectively. Proceeds from the sale of these notes have been used to repay maturing debt and for general corporate purposes.

In April 2011, the Company modified its revolving loan facility. The capacity of the credit facility was increased from \$300 million to \$350 million and the facility will mature in April 2016. Interest rates on borrowings under the credit facility are at LIBOR plus a margin based on the Company's leverage ratio. The credit facility was used to repay the Company's floating rate term loan that would have matured in June 2012 and will be used for future liquidity needs.

The borrowings under the long-term revolving loan agreement had an average interest rate of 1.67% and 1.45% for the years ended December 31, 2012 and 2011, respectively.

The aggregate amounts of contractual maturities on long-term debt each year for the five years subsequent to December 31, 2012, are as follows: 2013, \$62.6 million; 2014, \$12.0 million; 2015, \$11.7 million; 2016, \$131.7 million; and 2017, \$91.0 million.

The Company has approximately \$62.6 million of long-term debt that matures in 2013. It is the Company's intention to refinance these maturities under the long-term revolving loan agreement and accordingly, that maturing debt has been classified as long-term debt in the Consolidated Balance Sheet.

The Company has \$247.0 million available under the revolving credit facility and \$25.5 million available under other lines of credit from several banks at December 31, 2012.

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, 2012. The following table summarizes the Company's most restrictive loan covenants calculated in accordance with the applicable agreements as of December 31, 2012:

(dollars in thousands)	Actual	Required
Debt to EBITDA (Maximum)	1.51	3.50
Net Worth (Minimum)	\$ 1,153,898	\$ 816,847
Interest Coverage (Minimum)	7.31	2.00

The Company has stand-by and trade letters of credit outstanding of \$7.5 million and \$6.5 million as of December 31, 2012 and 2011, respectively.

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

(in thousands)	2012	2011
Direct borrowings under the revolving loan agreement	\$ —	\$ 5,000
Uncommitted loans	16,950	12,434
Loans of foreign subsidiaries	3,098	5,540
Total	\$ 20,048	\$ 22,974

The weighted-average interest rates on short-term borrowings were 1.98% and 3.19% at December 31, 2012 and 2011, respectively.

5. 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 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 forward exchange contracts generally have maturities of less than twelve months. The Company also uses certain debt denominated in foreign currencies to manage the Company's net asset positions of its foreign subsidiaries. The Company's primary hedging activities and their accounting treatment are summarized below:

Forward Exchange Contracts The forward exchange contracts that have been designated as hedges are accounted for as cash flow hedges. The Company had \$18.9 million and \$27.9 million of forward exchange contracts, designated as hedges, outstanding as of December 31, 2012 and 2011, respectively. Due to the short-term nature of these contracts, the results of these transactions are not material to the financial statements. In addition, the Company utilizes forward exchange contracts that are not designated as cash flow hedges and the results of these transactions are also not material to the financial statements.

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, 2012 and 2011, the total value of the Company's Euro and Swiss Franc debt designated as net investment hedges was \$55.0 million and \$98.9 million, respectively. For the years ended December 31, 2012 and 2011, the impact of foreign exchange rates on these debt instruments has increased debt by \$1.3 million and decreased debt by \$2.5 million, respectively, and these amounts have been recorded as foreign currency translation in OCI.

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.

6. SHARE-BASED COMPENSATION

The Company has various stock plans under which employees and directors may be granted nonvested stock. As of December 31, 2012, there were 0.7 million shares available to be granted as nonvested stock under existing stock plans. Previous plans allowed for the granting of 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. No options were granted in 2012, 2011 or 2010.

Stock options became exercisable over a three-year vesting period, or earlier upon retirement, and expire 10 years from the date of grant. Expense for stock options was 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 was retirement-eligible, whichever was less. Treasury shares are issued for nonvested stock awards and for the exercise of stock options.

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

(in thousands except exercise price and life)	Options	Weighted- Average Exercise Price	Weighted- Average Remaining Life (Years)	Aggregate Intrinsic Value
Outstanding at December 31, 2009	910	\$ 22.13	4.4	\$ 3,852
Exercised	(582)	22.16		
Outstanding at December 31, 2010	328	22.06	3.9	4,807
Exercised	(121)	21.55		
Outstanding at December 31, 2011	207	22.36	3.1	3,222
Exercised	(66)	22.38		
Outstanding at December 31, 2012	141	\$ 22.35	2.7	\$ 1,859
Exercisable at December 31, 2012	141	\$ 22.35	2.7	\$ 1,859

The aggregate intrinsic values of stock options exercised during 2012, 2011 and 2010, were \$0.9 million, \$1.7 million and \$3.9 million, respectively.

As of December 31, 2012, all stock options outstanding were vested.

The following table summarizes information concerning outstanding and exercisable stock options at December 31, 2012:

(in thousands except life and exercise price)	Range of Exercise Price		
	\$ 18.57-21.29	\$ 21.30-24.14	\$ 24.15-30.07
Options outstanding	62	40	39
Weighted-average remaining contractual life, in years	2.3	1.8	4.5
Weighted-average exercise price	\$ 19.49	\$ 22.85	\$ 26.39
Options exercisable	62	40	39
Weighted-average exercise price	\$ 19.49	\$ 22.85	\$ 26.39

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.

The following table summarizes the nonvested stock activity:

(in thousands except fair value)	Shares	Grant Date Weighted- Average Fair Value	Aggregate Intrinsic Value
Outstanding at December 31, 2009	424	\$ 24.44	\$ 11,142
Granted	265	34.45	
Vested	(259)	27.92	
Cancelled	(67)	24.79	
Outstanding at December 31, 2010	363	29.20	13,340
Granted	270	35.48	
Vested	(175)	34.04	
Cancelled	(58)	28.45	
Outstanding at December 31, 2011	400	31.42	15,142
Granted	293	36.09	
Vested	(314)	33.59	
Cancelled	(40)	33.41	
Outstanding at December 31, 2012	339	\$ 33.22	\$ 12,046

The total intrinsic values of shares vested during 2012, 2011 and 2010, was \$11.2 million, \$6.2 million and \$9.2 million, respectively.

As of December 31, 2012, total remaining unearned compensation, net of expected forfeitures, related to nonvested stock was \$8.3 million, which will be amortized over the weighted-average remaining service period of 3.3 years.

Total pre-tax share-based compensation recognized in the Consolidated Statements of Earnings was \$10.1 million, \$7.8 million and \$5.7 million in 2012, 2011 and 2010, respectively. Tax related benefits of \$2.4 million, \$1.2 million and \$0.7 million were also recognized in 2012, 2011 and 2010, respectively. Cash received from the exercise of stock options was \$1.5 million, \$2.6 million and \$12.9 million for 2012, 2011 and 2010, respectively, and is reflected in cash flows from financing activities in the Consolidated Statements of Cash Flows.

7. 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 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 \$4.7 million, \$4.3 million and \$3.5 million in 2012, 2011 and 2010, respectively.

Although the Company intends for these defined contribution plans 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:

(in thousands)	2012	2011
Benefit obligation at beginning of year	\$ 64,939	\$ 63,790
Service cost	2,583	2,419
Interest cost	2,659	2,778
Foreign currency exchange rate changes	799	(364)
Benefits paid	(3,045)	(3,168)
Actuarial loss (gain)	6,750	(516)
Benefit obligation at end of year	74,685	64,939
Plan assets at beginning of year	28,697	26,029
Company contributions	4,075	3,641
Foreign currency exchange rate changes	973	(385)
Benefits paid	(3,045)	(3,168)
Actual gain on plan assets	2,169	2,580
Plan assets at end of year	32,869	28,697
Funded status	\$ (41,816)	\$ (36,242)
Accumulated benefit obligation	\$ 70,230	\$ 61,714

Amounts recognized in the Consolidated Balance Sheets at December 31:

(in thousands)

	2012	2011
Accrued employee and retiree benefits	\$ (52,825)	\$ (45,134)
Prepaid expenses and other current assets	11,011	8,892
Net liability	\$ (41,814)	\$ (36,242)

Components of annual benefit cost:

(in thousands)	2012	2011	2010
Service cost	\$ 2,583	\$ 2,419	\$ 1,896
Interest cost	2,659	2,778	2,902
Expected return on plan assets	(1,428)	(1,520)	(1,367)
Amortization of prior service cost	1,971	3,112	3,011
Recognized actuarial loss	799	1,388	1,252
Defined benefit expense	\$ 6,584	\$ 8,177	\$ 7,694

Weighted-average liability assumptions as of December 31:

	2012	2011
Discount rate	3.27%	4.27%
Expected return on plan assets	4.76%	5.00%
Rate of compensation increase	4.01%	4.11%

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

	2012	2011
Discount rate	4.27%	4.35%
Expected return on plan assets	5.00%	5.80%
Rate of compensation increase	4.11%	4.27%

The aggregate amounts of benefits expected to be paid from defined benefit plans in each of the next five years subsequent to December 31, 2012, which include employees' expected future service, are as follows: 2013, \$3.4 million; 2014, \$34.9 million; 2015, \$2.2 million; 2016, \$2.7 million; 2017, \$2.4 million; and \$13.3 million in total for the years 2018 through 2022.

The Company expects to contribute \$4.5 million to defined benefit plans in 2013.

Amounts at December 31 in accumulated other comprehensive income were as follows:

(in thousands)	2012	2011
Prior service cost	\$ 1,362	\$ 3,330
Unrecognized net actuarial loss	17,031	11,668

The pension adjustments, net of tax, recognized in OCI, were as follows:

(in thousands)	2012	2011	2010
Net actuarial (loss) gain arising during the period	\$ (3,947)	\$ 885	\$ (1,043)
Prior service cost arising during the period	–	–	(670)
Amortization of actuarial loss, included in defined benefit expense	526	866	783
Amortization of prior service cost, included in defined benefit expense	1,205	1,901	1,840
Pension adjustment, net of tax	\$ (2,216)	\$ 3,652	\$ 910

The estimated prior service cost and actuarial loss for the defined benefit plans that will be amortized from accumulated other comprehensive loss into periodic benefit cost during 2013 are \$0.2 million and \$3.2 million, respectively.

8. INCOME TAXES

The provision for income taxes was as follows:

(in thousands)	2012	2011	2010
Currently payable:			
Federal	\$ 22,394	\$ 28,480	\$ 11,476
State	3,024	2,845	1,939
Foreign	22,065	22,713	24,949
	47,483	54,038	38,364
Deferred (benefit) expense:			
Federal	170	(5,669)	7,320
State	603	(274)	404
Foreign	2,143	2,805	961
	2,916	(3,138)	8,685
Income taxes	\$ 50,399	\$ 50,900	\$ 47,049

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

(in thousands)	2012	2011
Deferred tax assets:		
Benefit plans	\$ 17,375	\$ 15,597
Liabilities and reserves	9,140	9,482
Operating loss and credit carryovers	48,441	32,397
Other	16,096	16,084

Gross deferred tax assets	91,052	73,560
Valuation allowance	(41,049)	(34,863)
Deferred tax assets	50,003	38,697
Deferred tax liabilities:		
Property, plant and equipment	(19,430)	(18,565)
Other assets	(2,784)	(1,999)
Other	(26,668)	(25,182)
Deferred tax liabilities	(48,882)	(45,746)
Net deferred tax assets (liabilities)	\$ 1,121	\$ (7,049)

In 2012, the Company recorded a correction of a prior period item related to the tax effect on certain foreign denominated loan losses that were previously recorded in OCI. As a result, net deferred tax assets increased by \$10.8 million, other current assets by \$6.0 million and OCI by \$16.8 million. The tax effect was recognized in OCI in 2012 and was not material to any previously reported year.

At December 31, 2012, foreign operating loss carryovers were \$118.4 million. Included in the foreign operating loss carryovers are losses of \$3.9 million that expire through 2027 and \$114.5 million that do not have an expiration date. At December 31, 2012, state operating loss carryovers were \$106.7 million, all of which expire through 2027.

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

	2012	2011	2010
Taxes at statutory rate	35.0%	35.0%	35.0%
State income taxes, net of federal income tax benefit	1.5	1.0	1.1
Tax credits	—	(0.2)	(0.3)
Taxes on foreign earnings	(4.1)	(2.5)	(3.7)
Resolution of prior years' tax matters	(1.4)	(0.6)	(1.5)
Valuation allowance adjustments	(0.5)	(0.6)	—
Revaluation of previously held interest	—	(0.7)	—
Other, net	(1.6)	(1.7)	(0.1)
Effective tax rate	28.9%	29.7%	30.5%

Earnings before income taxes were as follows:

(in thousands)	2012	2011	2010
United States	\$ 79,118	\$ 70,023	\$ 56,150
Foreign	95,189	101,361	98,043
Total	\$ 174,307	\$ 171,384	\$ 154,193

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, 2012, federal and state taxes have not been provided for approximately \$384.7 million of unremitted earnings of the foreign subsidiaries that are considered to be invested indefinitely. Determination of the deferred tax liability on such earnings is not practicable.

A reconciliation of the change in the liability for unrecognized tax benefits for 2012 and 2011 is as follows:

(in thousands)	2012	2011
Balance at beginning of year	\$ 8,787	\$ 9,423
Increases for tax positions taken in the current year	599	694
Increases for tax positions taken in prior years	553	365
Decreases for tax positions taken in prior years	—	(147)
Decreases related to settlements with tax authorities	(1,678)	(206)
Decreases as a result of lapse of the applicable statutes of limitations	(1,362)	(1,077)
Foreign currency exchange rate changes	192	(265)
Balance at the end of year	\$ 7,091	\$ 8,787

The amount of the unrecognized tax benefits that would affect the effective tax rate, if recognized, was approximately \$6.8 million. The Company recognizes interest and penalties related to the unrecognized tax benefits in income tax expense. As of December 31, 2012 and 2011, \$1.0 million and \$1.4 million, respectively, of accrued interest and penalties was reported as an income tax liability. The liability for unrecognized tax benefits relates to multiple jurisdictions and is reported in Other liabilities on the Consolidated Balance Sheet at December 31, 2012.

The Company believes that it is reasonably possible that the total amount of liability for unrecognized tax benefits as of December 31, 2012, will decrease by approximately \$1.8 million during 2013. The potential decrease relates to various tax matters for which the statute of limitations may expire or will be otherwise settled in 2013. 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.

9. 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 that approximate market prices and are eliminated in consolidation. Corporate & Other revenue consists primarily of flavor, fragrances and color products sold by the Asia Pacific Group, China Group and Flavors Central & South America Group.

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

Segment Information The Company determines its operating segments based on information utilized by the chief operating decision maker to allocate resources and assess performance. The Company's reportable segments consist of Flavors & Fragrances and Color and are both managed on a products and services basis. 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. Three additional segments, Asia Pacific, China and Flavors Central & South America are managed on a geographic basis and included in Corporate & Other.

In 2012, Flavors Central & South America was established to give management greater insight into the Company's flavors operations in this growing region. Previously, these results were included in Flavors & Fragrances. Results for 2011 and 2010 have been restated to reflect this change.

(in thousands)	Flavors & Fragrances	Color	Corporate & Other	Consolidated
2012				
Revenue from external customers	\$ 837,549	\$ 467,975	\$ 153,526	\$ 1,459,050
Intersegment revenue	37,732	26,170	3,286	67,188
Total revenue	875,281	494,145	156,812	1,526,238
Operating income (loss)	122,997	94,058	(25,847)	191,208
Interest expense	—	—	16,901	16,901
Earnings (loss) before income taxes	122,997	94,058	(42,748)	174,307
Assets	860,395	738,918	177,330	1,776,643
Capital expenditures	49,781	46,003	8,022	103,806
Depreciation and amortization	27,021	15,456	5,875	48,352
2011				
Revenue from external customers	\$ 821,933	\$ 467,691	\$ 141,165	\$ 1,430,789
Intersegment revenue	35,527	24,190	2,400	62,117
Total revenue	857,460	491,881	143,565	1,492,906
Operating income (loss)	129,436	90,217	(28,830)	190,823
Interest expense	—	—	19,439	19,439
Earnings (loss) before income taxes	129,436	90,217	(48,269)	171,384
Assets	803,844	695,251	155,069	1,654,164
Capital expenditures	34,999	30,121	7,080	72,200
Depreciation and amortization	26,743	14,086	5,270	46,099
2010				
Revenue from external customers	\$ 774,792	\$ 430,782	\$ 122,606	\$ 1,328,180
Intersegment revenue	31,255	16,679	2,313	50,247
Total revenue	806,047	447,461	124,919	1,378,427
Operating income (loss)	120,329	77,404	(23,156)	174,577
Interest expense	—	—	20,384	20,384
Earnings (loss) before income taxes	120,329	77,404	(43,540)	154,193
Assets	784,143	676,656	138,469	1,599,268
Capital expenditures	27,129	22,306	6,388	55,823
Depreciation and amortization	24,836	13,473	5,114	43,423

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

(in thousands)	2012	2011	2010
Revenue from external customers:			
North America	\$ 785,919	\$ 737,154	\$ 699,429
Europe	371,658	405,312	374,616
Asia Pacific	199,849	190,404	166,809
Other	101,624	97,919	87,326
Consolidated	\$ 1,459,050	\$ 1,430,789	\$ 1,328,180
Long-lived assets:			
North America	\$ 504,483	\$ 444,656	\$ 420,084
Europe	472,865	456,248	470,811
Asia Pacific	35,891	35,151	34,993
Other	12,050	11,239	1,075
Consolidated	\$ 1,025,289	\$ 947,294	\$ 926,963

Sales in the United States, based on the final country of destination of the Company's products, were \$598.5 million, \$561.9 million and \$529.6 million in 2012, 2011 and 2010, respectively. No other country of destination exceeded 10% of consolidated sales. Total long-lived assets in the United States amounted to \$360.1 million, \$345.1 million and \$317.5 million at December 31, 2012, 2011 and 2010, respectively.

Product Information The Company's revenue summarized by product portfolio is as follows:

(in thousands)	2012	2011	2010
Traditional Flavors & Fragrances	\$ 725,200	\$ 710,658	\$ 659,133
Dehydrated Flavors	252,941	240,849	232,131
Food & Beverage Colors	312,288	319,273	282,411
Non-Food Colors	235,809	222,126	204,752
Intersegment Revenue	(67,188)	(62,117)	(50,247)
Consolidated	\$ 1,459,050	\$ 1,430,789	\$ 1,328,180

10. FAIR VALUE MEASUREMENTS

ASC 820, *Fair Value Measurements and Disclosures*, defines fair value for financial assets and liabilities, establishes a framework for measuring fair value in Generally Accepted Accounting Principles ("GAAP") and expands disclosures about fair value measurements. As of December 31, 2012 and 2011, the Company's only assets and liabilities subject to this standard are forward contracts, investments in a money market fund and municipal bonds, and defined benefit plan assets. The net fair value of the forward exchange contracts based on current pricing obtained for comparable derivative products (Level 2 inputs) was negligible at December 31, 2012, and an asset of \$0.4 million at December 31, 2011. The fair value of the investments based on December 31, 2012 and 2011, market quotes (Level 1 inputs) was an asset of \$20.3 million and \$17.4 million, respectively. The fair value of the defined benefit plan assets based on December 31, 2012 and 2011, market quotes (Level 1 inputs) was an asset of \$32.9 million and \$28.7 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, 2012 and 2011.

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 (Level 2 inputs). The carrying value of the long-term debt at December 31, 2012 and 2011, was \$334.0 million and \$312.4 million, respectively. The fair value of the long-term debt at December 31, 2012 and 2011, was approximately \$354.4 million and \$335.6 million, respectively.

11. RESTRUCTURING CHARGES

The Company recorded a restructuring charge of \$4.8 million (\$3.7 million net of tax) in the fourth quarter of 2011 related to a plan to improve the profitability and efficiency of selected operations. The restructuring charge mainly included severance and other employee separation costs. In 2012, approximately \$1.8 million of payments have been applied to the restructuring reserve. As of December 31, 2012, the balance of the restructuring reserve was \$0.1 million. Costs incurred in 2012 were not material.

12. SUBSEQUENT EVENTS

In February 2013, the Company announced a broad restructuring program to relocate the Flavors & Fragrances Group headquarters to Chicago, as well as a profit improvement plan across all segments of the Company. The relocation of the Flavors & Fragrances Group headquarters will not impact any of the U.S. Flavors & Fragrances Group production sites.

The profit improvement plan will reduce headcount and consolidate several manufacturing facilities throughout Europe and North America. The Company expects to incur one-time cash costs between \$22 million and \$24 million and approximately \$8 million of one-time non-cash costs related to the write-down of assets during the next twelve months. The Company expects to reduce its annual operating costs by approximately \$10 million as a result of these changes.

13. COMMITMENTS AND CONTINGENCIES

Leases

The Company leases certain facilities and equipment under operating lease arrangements. Aggregate minimum rental commitments at December 31, 2012, for all noncancelable operating leases with an initial lease term greater than one year for the years ending December 31 are as follows: 2013, \$7.3 million; 2014, \$5.4 million; 2015, \$3.9 million; 2016, \$1.7 million; 2017, \$1.0 and \$0.5 million thereafter.

Rent expense totaled \$10.8 million, \$11.7 million and \$10.4 million during the years ended December 31, 2012, 2011 and 2010, respectively.

Commercial Litigation

Cherry Blossom Litigation

Cherry Blossom LLC, a Traverse City, Michigan, contractor that had produced cherry products for the Company, ceased operations in May 2009. At the time, Cherry Blossom had physical possession of brined cherries belonging to the Company with a book value of approximately \$0.5 million. Despite the Company's demands, Cherry Blossom refused to permit the Company to take possession of the cherries for processing elsewhere.

In June 2009, the Company sued Cherry Blossom in the Circuit Court of Grand Traverse County, Michigan, seeking an order for return of the cherries. Cherry Blossom's asset based lender, Crossroads Financial (which claimed to be owed \$1.4 million) ("Crossroads"), intervened and claimed a senior lien on the cherries. The Circuit Court denied the Company's request for immediate possession and permitted Cherry Blossom to retain and process the cherries. The Circuit Court later held that Crossroads had a senior lien on the cherries and was entitled to receive the proceeds from the sale of the cherries. The Circuit Court also denied the Company's cross claims against Crossroads to recoup certain overpayments that the Company made to Cherry Blossom/Crossroads and to recoup payments made by the Company to the United States Department of Labor on Cherry Blossom's/Crossroads' behalf. The Company has appealed these adverse decisions of the Circuit Court.

Crossroads asserted a claim against the Company for money damages in an undetermined amount. Crossroads claimed that it has a lien on all of Cherry Blossom's accounts receivable from the Company and that the Company had performed a number of offsets against its accounts payable to Cherry Blossom in derogation of Crossroads' rights as lienholder. The Circuit Court denied Crossroads' claims for money damages against the Company. Crossroads has appealed this adverse decision of the Circuit Court.

The Company and Crossroads completed briefing on their respective appeals on January 6, 2012. The Company has requested oral argument on its appeal. To date, the appellate court has not yet decided whether to grant oral argument, and if so, when argument will take place.

Cherry Blossom counterclaimed against the Company, alleging that Cherry Blossom had purchased exclusive rights to certain proprietary cherry processing formulas used in the Company's cherry product. Cherry Blossom sought a preliminary injunction against the Company's delivery of copies of the formulas to any third party. The Court denied Cherry Blossom's motion regarding the formulas and eventually dismissed Cherry Blossom's claims. The Company also initiated a suit against Cherry Blossom in the United States District Court for the Western District of Michigan seeking a declaratory judgment that the Company has the right to use the cherry processing formulas. Because Cherry Blossom subsequently filed a petition in bankruptcy, the Federal District Court closed the matter. This closing was for administrative purposes only and did not constitute a decision on the merits.

Christopher Hubbell, a principal of Cherry Blossom, has personally filed a petition for bankruptcy. The Company originally opposed the bankruptcy petition to the extent Mr. Hubbell sought a discharge of the Company's alleged damages arising from his own fraudulent acts connected to Cherry Blossom's granting of an allegedly superior interest in the Company's cherries to Crossroads. The Company and Hubbell filed a joint motion to dismiss the Company's claims against Hubbell without prejudice pending the Michigan state court action. The Bankruptcy Court granted the motion. Under the terms of the dismissal, if the state courts determine that the Company is liable to Crossroads, the Company will have 60 days to reopen the adversary proceeding and pursue its claims against Hubbell. If the state courts determine that the Company is not liable to Crossroads, the dismissal shall be deemed with prejudice.

Daito Kasei Kogyo Co. Ltd. v. Sensient Cosmetic Technologies SAS

In 1992 Sensient Cosmetic Technologies SAS ("SCT") and Daito Kasei Kogyo Co., Ltd. ("Daito") entered into a distribution agreement pursuant to which SCT became the exclusive distributor in Europe of coloring agents and ingredients manufactured in Japan by Daito and, in turn, Daito became the exclusive distributor in Japan of certain products produced in France by SCT. By 2008, the sale of Daito products represented €4 million of SCT's sales. In contrast, Daito's sales of SCT's products in Japan amounted to only €0.4 million in 2008. The agreement was entered into for an initial period to end on December 31, 1993, and was tacitly renewed for two-year periods through December 31, 2009, subject to a requirement of six months' notice for termination.

On July 7, 2009, Daito notified SCT of its decision to terminate SCT's distributorship in Europe, with effect as of February 10, 2010. SCT informed Daito that the notice of termination was insufficient in light of the lengthy commercial relationship between the parties. Daito eventually ostensibly agreed to extend the notice period but the commercial relationship did not function as it had in the past. On August 10, 2010, SCT filed a complaint before the Paris Commercial Court alleging that Daito wrongfully terminated its long-standing established commercial relationship with SCT, that SCT should have been given a notice period of thirty-six months in light of the twenty-year relationship between the parties and that Daito should pay damages to SCT of over €3.8 million.

On January 26, 2011, Daito filed a response in a hearing of the Court in which it denied any liability for SCT's claims and asserted counter-claims of €1.6 million for unlawful termination of Daito's distributorship in Japan, unlawful termination of an alleged "agency contract" in Japan and SCT's cancellation of certain Daito orders in October 2010.

At a hearing on May 4, 2011, Daito's counsel indicated that she would no longer represent Daito in this case due to a conflict of interest. On September 14, 2011, new counsel appeared for Daito at a hearing and filed slightly amended pleadings contending that SCT had not suffered any loss as a result of the termination. SCT responded to the amended pleadings confirming the extent of its losses at a hearing on November 9, 2011. At a hearing on February 1, 2012, SCT re-asserted its claims against Daito and again requested dismissal of Daito's counter-claims. Alternatively, SCT requested that the Court sever the proceedings by separating Daito's counter-claims from SCT's claim and in addition find that Japanese law is applicable to the counter-claims. In submissions filed on April 11 and July 4, 2012, the parties re-affirmed their respective positions.

On December 7, 2012, the parties entered into a Settlement Agreement pursuant to which all claims and counter-claims were dismissed and the litigation was terminated in exchange for mutual releases and a payment by Daito to SCT.

Vega v. Sensient Dehydrated Flavors LLC

On January 3, 2013, Thomas Vega, a current employee, filed (but did not serve) a Class Action Complaint in San Francisco County Superior Court against Sensient Dehydrated Flavors LLC. On February 11, 2013, Vega filed and served a First Amended Complaint ("Complaint") against the Company and a Company supervisor. Vega alleges that the Company failed to provide alleged class members with meal periods, compensation for the alleged absence of meal periods, and accurate wage statements, in violation of the California labor code. The alleged class includes all employees paid on an hourly basis and all forklift operators. The Complaint seeks damages, back wages, injunctive relief, penalties, interest, and attorneys' fees for the members of the alleged class. The Complaint alleges that the total damages and costs "do not exceed a[n] aggregate of \$4,999,999.99."

The Complaint alleges two causes of action. The first cause of action is for "Unfair Competition." The plaintiff's theory is that the Company, by allegedly not complying with state wage and hour laws, had an unfair competitive advantage against other employers who were complying with those laws. The main strategic reason that plaintiffs plead this cause of action is that the statute of limitations is four years. The second cause of action is for alleged substantive violations of the California labor code provisions governing wages, hours, and meal periods.

In this type of class action, damages are based on the number of current and former employees who were subjected to the alleged failure to comply with California meal periods, compensation for missed meal periods, and wage statement requirements. Under California law, an employee who is not "provided with an opportunity" to take a meal period is entitled to pay for one additional hour for each day that occurred. Penalties for wage statement violations are \$50 for the first pay period and \$100 for each subsequent pay period and are capped at \$4,000 per employee. Both the meal period and wage statement penalties would apply to current and former employees going back the full four years from the date the original complaint was filed, that is since January 3, 2009.

The Company believes that for the great majority of employees that any meal period violations that may have occurred are attributable to inadequate documentation and do not involve a failure to provide meal periods.

In order to obtain class certification under California law, the plaintiff must establish: (1) the existence of a sufficiently numerous (no minimum), ascertainable class; (2) a well-defined community of interest among the class members; and (3) that proceeding as a class is superior to other methods. Trial courts have substantial discretion in granting or denying class certification. In the circumstances, it is possible that Vega could obtain class certification. Moreover, under California law, Vega may pursue full discovery in the matter even before class certification is granted.

The Company is evaluating the merits of this case and intends to vigorously defend its interests.

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

Management's Report on Internal Control Over Financial Reporting

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

Management has assessed the effectiveness of the Company's internal control over financial reporting as of December 31, 2012. 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, 2012.

The Company's independent registered public accounting firm has issued its report on the Company's internal control over financial reporting. This report appears on page 42.

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, 2012 and 2011, and the related consolidated statements of earnings, comprehensive income, shareholders' equity, and cash flows for each of the three years in the period ended December 31, 2012. 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, 2012 and 2011, and the consolidated results of their operations and their cash flows for each of the three years in the period ended December 31, 2012, 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, 2012, based on criteria established in Internal Control – Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated February 27, 2013, expressed an unqualified opinion thereon.

/s/ Ernst & Young LLP

Milwaukee, Wisconsin

February 27, 2013

Report of Independent Registered Public Accounting Firm on Internal Control Over Financial Reporting

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

We have audited Sensient Technologies Corporation's internal control over financial reporting as of December 31, 2012, 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, 2012, 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, 2012 and 2011, and the related consolidated statements of earnings, comprehensive income, shareholders' equity, and cash flows for each of the three years in the period ended December 31, 2012 and our report dated February 27, 2013, expressed an unqualified opinion thereon.

/s/ Ernst & Young LLP

Milwaukee, Wisconsin

February 27, 2013

Quarterly Data

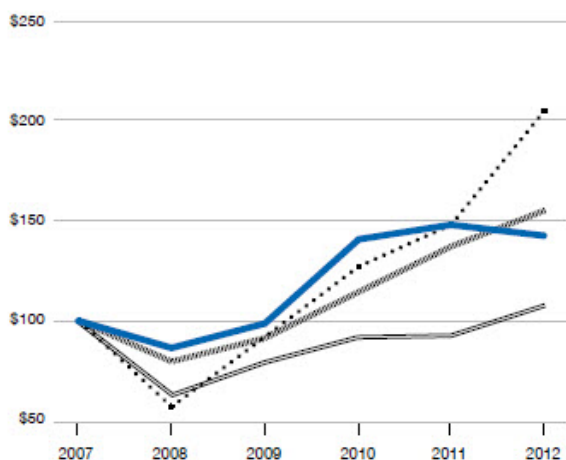
(in thousands except per share amounts) (unaudited)	Revenue	Gross Profit	Net Earnings	Net Earnings Per Share	
				Basic	Diluted
2012					
First Quarter	\$ 365,660	\$ 115,332	\$ 28,906	\$ 0.58	\$ 0.58
Second Quarter	367,777	119,955	34,905	0.70	0.70
Third Quarter	369,371	117,593	32,876	0.66	0.66
Fourth Quarter	356,242	110,263	27,221	0.55	0.55
2011					
First Quarter	\$ 349,686	\$ 107,707	\$ 26,415	\$ 0.53	\$ 0.53
Second Quarter	376,994	119,143	33,486	0.67	0.67
Third Quarter	363,751	114,665	31,997	0.64	0.64
Fourth Quarter	340,358	108,137	28,586	0.57	0.57

Common Stock Prices and Dividends

	Market Price		Dividends Per Share
	High	Low	
2012			
First Quarter	\$ 41.08	\$ 35.43	\$ 0.21
Second Quarter	39.25	34.14	0.22
Third Quarter	37.92	34.26	0.22
Fourth Quarter	38.02	33.13	0.22
2011			
First Quarter	\$ 37.68	\$ 32.11	\$ 0.21
Second Quarter	38.44	34.74	0.21
Third Quarter	39.69	30.15	0.21
Fourth Quarter	39.10	31.26	0.21

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 Midcap 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, 2007, and reinvestment of dividends. The stock performance shown on the graph is not necessarily indicative of future price performance.



	2007	2008	2009	2010	2011	2012
Sensient Technologies Corporation	\$ 100	\$ 87	\$ 99	\$ 141	\$ 148	\$ 143
S&P Midcap Specialty Chemicals Index	100	58	91	127	148	205
S&P Midcap Food Products Index	100	80	91	114	137	155
S&P 500 Index	100	63	80	92	94	109

Standard & Poor's and S&P are registered trademarks of Standard & Poor's Financial Services, LLC.

Five Year Review

(in thousands except employee and per share data)

Years ended December 31,	2012		2011			
Summary of Operations						
Revenue	\$	1,459,050	100.0%	\$	1,430,789	100.0%
Cost of products sold		995,907	68.3		981,137	68.6
Selling and administrative expenses		271,935	18.6		258,829	18.1
Operating income		191,208	13.1		190,823	13.3
Interest expense		16,901	1.2		19,439	1.4
Earnings before income taxes		174,307	11.9		171,384	12.0
Income taxes		50,399	3.5		50,900	3.6
Net earnings	\$	123,908	8.5%	\$	120,484	8.4%
Earnings per share:						
Basic	\$	2.50		\$	2.42	
Diluted	\$	2.49		\$	2.41	
Other Related Data						
Dividends per share, declared and paid	\$	0.87		\$	0.84	
Average common shares outstanding:						
Basic		49,596			49,746	
Diluted		49,822			49,937	
Book value per common share	\$	23.09		\$	20.87	
Price range per common share		33.13-41.08			30.15-39.69	
Share price at December 31		35.56			37.90	
Capital expenditures		103,806			72,200	
Depreciation		46,992			44,771	
Amortization		1,360			1,328	
Total assets		1,776,643			1,654,164	
Long-term debt		333,979			312,422	
Total debt		354,027			335,396	
Shareholders' equity		1,153,898			1,049,210	
Return on average shareholders' equity		11.3%			11.4%	
Total debt to total capital		23.5%			24.2%	
Employees		3,983			3,887	

The 2011 results include a charge of \$4.8 million (\$3.7 million after tax, or \$0.07 per share) related to the Company's plan to improve the profitability and efficiency of selected operations. The 2011 results also include a gain of \$3.6 million (\$3.6 million after tax, or \$0.07 per share) related to the revaluation of the Company's non-controlling interest in a subsidiary.

The 2010 results include a credit of \$1.5 million (\$0.9 million after tax, or \$0.02 per share) for additional insurance proceeds received on the 2009 environmental claims.

The 2009 results include charges for the 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).

(in thousands except employee and per share data)

Years ended December 31,	2010		2009		2008	
Summary of Operations						
Revenue	\$	1,328,180	100.0%	\$	1,201,412	100.0%
Cost of products sold		919,821	69.3		832,382	69.3
Selling and administrative expenses		233,782	17.6		222,067	18.5
Operating income		174,577	13.1		146,963	12.2
Interest expense		20,384	1.5		23,788	2.0
Earnings before income taxes		154,193	11.6		123,175	10.3
Income taxes		47,049	3.5		36,614	3.0
Net earnings	\$	107,144	8.1%	\$	86,561	7.2%
Earnings per share:						
Basic	\$	2.18		\$	1.79	\$
Diluted	\$	2.17		\$	1.78	\$
Other Related Data						
Dividends per share, declared and paid	\$	0.79		\$	0.76	\$
Average common shares outstanding:						
Basic		49,138			48,379	
Diluted		49,424			48,641	
Book value per common share	\$	19.70		\$	18.49	\$
Price range per common share		24.76-37.61			18.42-29.07	
Share price at December 31		36.73			26.30	
Capital expenditures		55,823			47,716	
Depreciation		42,109			40,881	
Amortization		1,314			1,302	
Total assets		1,599,268			1,591,691	
Long-term debt		324,360			388,852	
Total debt		349,810			428,033	
Shareholders' equity		983,785			908,695	
Return on average shareholders' equity		11.6%			10.0%	
Total debt to total capital		26.2%			32.0%	
Employees		3,618			3,570	

Directors & Officers

BOARD OF DIRECTORS

ELECTED OFFICERS

Kenneth P. Manning, 71 Chairman and Chief Executive Officer Sensient Technologies Corporation Elected Director in 1989 (2, 6)	Kenneth P. Manning, 71 Chairman and Chief Executive Officer With the Company 25 years
Hank Brown, 73 President Emeritus University of Colorado Elected Director in 2004 (1, 4, 5)	John F. Collopy, 43 Vice President and Treasurer With the Company 13 years
Fergus M. Clydesdale, Ph.D., 76 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)	Christopher M. Daniels, 39 Vice President, Human Resources With the Company 13 years
James A.D. Croft, 75 Chairman Bartlodge Limited Elected Director in 1997 (1, 2, 3, 6)	Michael C. Geraghty, 51 President, Color Group With the Company 1 year
William V. Hickey, 68 President and Chief Executive Officer Sealed Air Corporation Elected Director in 1997 (1, 2, 4, 5)	John L. Hammond, 66 Senior Vice President, General Counsel and Secretary With the Company 15 years
Paul Manning, 38 President and Chief Operating Officer Sensient Technologies Corporation Elected Director in 2012 (2, 5, 6)	Richard F. Hobbs, 65 Senior Vice President and Chief Financial Officer With the Company 39 years
Peter M. Salmon, 63 President International Food Network, Inc. Elected Director in 2005 (5, 6)	Jeffrey T. Makal, 49 Vice President, Controller and Chief Accounting Officer With the Company 16 years
Elaine R. Wedral, Ph.D., 68 Retired, Former President Nestle’s Research and Development Worldwide Food Service Systems Elected Director in 2006 (5, 6)	Richard J. Malin, 46 Assistant Controller With the Company 21 years
Essie Whitelaw, 65 Retired, Former Senior Vice President, Operations Wisconsin Physician Services Elected Director in 1993 (3, 4)	John J. Manning, 44 Vice President and Assistant General Counsel With the Company less than 1 year

	Paul Manning, 38 President and Chief Operating Officer With the Company 3 years
	Stephen J. Rolfs, 48 Vice President, Administration With the Company 15 years
	Robert J. Wilkins, 56 President, Asia Pacific Group With the Company 9 years

COMMITTEES

APPOINTED OFFICERS

1 Audit Committee	Douglas L. Arnold, 49 Vice President, Administrative Services With the Company 15 years
2 Executive Committee	
3 Compensation and Development Committee	
4 Nominating and Corporate Governance Committee	Alejandro Ballesteros, 49 President, Dehydrated Flavors With the Company 14 years
5 Finance Committee	
6 Scientific Advisory Committee	Robert L. Menzl, 56 Vice President, Information Technology With the Company 17 years

Investor Information

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.com
Web site:
www.sensient.com

Transfer Agent and Registrar

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

Common Stock

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

There were 2,768 shareholders of record of Common Stock as of January 31, 2013.

Annual Meeting of Shareholders

The Annual Meeting of Shareholders will be held at 2:00 p.m. (CDT) on Thursday, April 25, 2013, 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.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.com. 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, 2012.

Dividends

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

Automatic Dividend Reinvestment Plan

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

Investor Relations

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

Other shareholder information, such as news releases and information regarding corporate governance, is available on the Company's web site: www.sensient.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.



Sensient Technologies Corporation

777 East Wisconsin Avenue
Milwaukee, WI 53202-5304
www.sensient.com

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

Section 4: EX-21 (EXHIBIT 21)

EXHIBIT 21

SENSIENT TECHNOLOGIES CORPORATION SUBSIDIARIES

NAME	INCORPORATION
DOMESTIC	
POINTING COLOR INC.	DELAWARE
SENSIENT COLORS LLC	DELAWARE
SENSIENT DEHYDRATED FLAVORS LLC	DELAWARE
SENSIENT FLAVORS INTERNATIONAL, INC.	INDIANA
SENSIENT FLAVORS LLC	DELAWARE
SENSIENT FOOD COLORS LP	MISSOURI
SENSIENT HOLDING COMPANY LLC	DELAWARE
SENSIENT IMAGING TECHNOLOGIES INC.	CALIFORNIA
SENSIENT TECHNOLOGIES HOLDING COMPANY LLC	DELAWARE
SENSIENT WISCONSIN L.L.C.	WISCONSIN

SENSIENT TECHNOLOGIES CORPORATION
SUBSIDIARIES

NAME	INCORPORATION
FOREIGN	
BIOLUX FINANCE NV	BELGIUM
DC FLAVOURS LIMITED	UNITED KINGDOM
POINTING CANADA LIMITED	CANADA
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 EUROPE GMBH F/K/A SENSIENT FOOD COLORS GERMANY GMBH	GERMANY
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	FRANCE
SENSIENT COSMETIC TECHNOLOGIES E CORANTES, IMPORTAÇÃO E EXPORTAÇÃO DO BRASIL LTDA ENGLISH: SENSIENT COSMETIC TECHNOLOGIES BRAZIL	BRAZIL
SENSIENT COSMETIC TECHNOLOGIES POLAND, SP Z O.O. F/K/A LCW POLSKA LTD.	POLAND
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 TECHNOLOGIES CORPORATION
SUBSIDIARIES

NAME	INCORPORATION
FOREIGN	
SENSIENT DEHYDRATED FLAVORS SAS	FRANCE
SENSIENT ESSENTIAL OILS GERMANY GMBH	GERMANY
SENSIENT FINANCE (ALBERTA) LIMITED PARTNERSHIP	CANADA
SENSIENT FINANCE IRELAND LIMITED	IRELAND
SENSIENT FINANCE (LUXEMBOURG) SARL	LUXEMBOURG
SENSIENT FLAVORS AUSTRIA GMBH	AUSTRIA
SENSIENT FLAVORS BELGIUM NV	BELGIUM
SENSIENT FLAVORS CANADA, INC.	ONTARIO
SENSIENT FLAVORS CENTRAL AMERICA S.R.L.	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 POLAND SP. Z O.O.	POLAND
SENSIENT FLAVORS ROMANIA S.R.L.	ROMANIA
SENSIENT FLAVORS SCANDINAVIA AB	SWEDEN
SENSIENT FLAVORS STRASBOURG	FRANCE
SENSIENT FLAVORS UKRAINE LIMITED LIABILITY COMPANY	UKRAINE
SENSIENT FLAVORS WALES LIMITED	UNITED KINGDOM

SENSIENT TECHNOLOGIES CORPORATION
SUBSIDIARIES

NAME	INCORPORATION
FOREIGN	
SENSIENT FLAVOURS & FRAGRANCES INDUSTRY AND TRADE LC	TURKEY
SENSIENT FLAVOURS SOUTH AFRICA (PROPRIETARY) LTD	SOUTH AFRICA
SENSIENT FOOD COLORS CZECH REPUBLIC S.R.O.	CZECH REPUBLIC
SENSIENT FOOD COLORS FRANCE	FRANCE
SENSIENT FOOD COLORS HUNGARY KFT	HUNGARY
SENSIENT FOOD COLORS ITALY S.R.L.	ITALY
SENSIENT FOOD COLORS POLAND SP.ZO.O.	POLAND
SENSIENT FOOD COLORS ROMANIA S.R.L.	ROMANIA
SENSIENT FOOD COLORS SMN D.O.O.	SERBIA & MONTENEGRO
SENSIENT FOOD COLORS THE NETHERLANDS BV	NETHERLANDS
SENSIENT FRAGRANCES GUATEMALA, S.A.	GUATEMALA
SENSIENT FRAGRANCES MEXICO, S.A. DE C.V.	MEXICO
SENSIENT FRAGRANCES, S.A.	SPAIN
SENSIENT HOLDING I BV	NETHERLANDS
SENSIENT HOLDING II BV	NETHERLANDS
SENSIENT HOLDING III BV	NETHERLANDS
SENSIENT HOLDING (ALBERTA) LIMITED PARTNERSHIP	CANADA
SENSIENT HOLDINGS MALTA LTD	MALTA
SENSIENT HOLDINGS UK	UNITED KINGDOM
SENSIENT IMAGING TECHNOLOGIES GMBH	GERMANY
SENSIENT IMAGING TECHNOLOGIES SA	SWITZERLAND
SENSIENT IMAGING TECHNOLOGIES S.A. DE C.V.	MEXICO

SENSIENT TECHNOLOGIES CORPORATION
SUBSIDIARIES

NAME	INCORPORATION
FOREIGN	
SENSIENT INDIA PRIVATE LIMITED	INDIA
SENSIENT TECHNOLOGIES ASIA PACIFIC PTE, LTD	SINGAPORE
SENSIENT TECHNOLOGIES AUSTRALIA PTY, LTD.	AUSTRALIA
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

Page 5 of 5

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

Section 5: EX-23.1 (EXHIBIT 23.1)

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, 333-95991, 333-95993, 33-27356, 333-35877, 333-96871, 333-45931, 333-118539), as amended, of Sensient Technologies Corporation and in the related Prospectus of our reports dated February 27, 2013, 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, 2012, 2011, and 2010.

/s/ Ernst & Young LLP

Milwaukee, Wisconsin

February 27, 2013

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

Section 6: EX-31 (EXHIBIT 31)

Exhibit 31

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

I, Kenneth P. Manning, certify that:

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

Date: February 27, 2013

/s/ Kenneth P. Manning

Kenneth P. Manning,
Chairman and 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: February 27, 2013

/s/ Richard F. Hobbs

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

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

Section 7: EX-32 (EXHIBIT 32)

CERTIFICATION
Pursuant to 18 United States Code § 1350

The undersigned hereby certifies that the Annual Report on Form 10-K for the fiscal year ended December 31, 2012 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 and
Chief Executive Officer

Date: February 27, 2013

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, 2012 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: February 27, 2013

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

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