INTERNATIONAL FLAVORS & FRAGRANCES INC
Form 10-Q
May 03, 2007

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-Q

QUARTERLY REPORT UNDER SECTION 13 OF

THE SECURITIES EXCHANGE ACT OF 1934

For Quarterly Period Ended March 31, 2007

Commission file number 1-4858

INTERNATIONAL FLAVORS & FRAGRANCES INC.

(Exact name of registrant as specified in its charter)

New York	13-1432060
(State or other jurisdiction of incorporation or organization)	(IRS Employer Identification No.)

521 West 57th Street, New York, N.Y. 10019-2960
(Address of principal executive offices) (Zip Code)

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

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

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

Large accelerated filer [X] Accelerated filer [ ] Non-accelerated filer [ ]

Indicate by check mark whether the Registrant is a shell company (as defined in Rule 12B-2 of the Exchange Act). Yes [ ] No [X]

Number of shares outstanding as of April 27, 2007: 89,253,457

PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

INTERNATIONAL FLAVORS & FRAGRANCES INC.
CONSOLIDATED BALANCE SHEET
(DOLLARS IN THOUSANDS)
(Unaudited)

ASSETS		3/3
Current Assets:		
Cash and cash equivalents	$	
Short-term investments		
Trade receivables		4
Allowance for doubtful accounts		(
Inventories: Raw materials		2
Work in process		
Finished goods		2
Total Inventories		4
Deferred income taxes		
Other current assets		1
Total Current Assets		1,1
Property, Plant and Equipment, at cost		1,0
Accumulated depreciation		(5
		4
Goodwill		6
Intangible Assets, net		
Other Assets		1
Total Assets	$	2,4

LIABILITIES AND SHAREHOLDERS' EQUITY		3/31
Current Liabilities:		
Bank borrowings and overdrafts	$	
Accounts payable		1
Accrued payrolls and bonuses		
Dividends payable		
Income taxes		
Restructuring and other charges		
Other current liabilities		1
Total Current Liabilities		3
Other Liabilities:		
Long-term debt		7
Deferred gains		
Retirement liabilities		1
Other liabilities		1
Total Other Liabilities		1,2
Commitments and Contingencies (Note 12)		
Shareholders' Equity:		
Common stock 12 1/2 cents par value; authorized 500,000,000 shares; issued 115,761,840 shares		
Capital in excess of par value		
Retained earnings		1,9
Accumulated other comprehensive income:		

Cumulative translation adjustment		(
Accumulated losses on derivatives qualifying as hedges (net of tax)		
Pension and postemployment liability adjustment (net of tax)		(1
		1,8
Treasury stock, at cost - 26,547,285 shares in 2007 and 26,344,638 shares in 2006		(9
Total Shareholders' Equity		9
Total Liabilities and Shareholders' Equity	$	2,4

See Notes to Consolidated Financial Statements

INTERNATIONAL FLAVORS & FRAGRANCES INC.
CONSOLIDATED STATEMENT OF INCOME
(AMOUNTS IN THOUSANDS EXCEPT PER SHARE AMOUNTS)
(Unaudited)

	3 Months E
	2007
Net sales	$ 566,101
Cost of goods sold	329,382
Research and development expenses	46,632
Selling and administrative expenses	91,271
Amortization of intangibles	3,556
Restructuring and other charges	-
Interest expense	8,314
Other (income) expense, net	(167)
	478,988
Income before taxes on income	87,113
Taxes on income	24,424
Net income	62,689
Other comprehensive income:	
Foreign currency translation adjustments	(657)
Accumulated gains on derivatives qualifying as hedges (net of tax)	1,443
Pension and postemployment liability adjustment (net of tax)	3,786
Comprehensive income	$ 67,261
Net Income per share - basic	$0.70
Net Income per share - diluted	$0.69
Average number of shares outstanding - basic	89,378
Average number of shares outstanding - diluted	90,658
Dividends declared per share	$0.210

See Notes to Consolidated Financial Statements

INTERNATIONAL FLAVORS & FRAGRANCES INC.
CONSOLIDATED STATEMENT OF CASH FLOWS
(DOLLARS IN THOUSANDS)
(Unaudited)

	3 Months Ended
	2007
Cash flows from operating activities:	
Net income	$ 62,689
Adjustments to reconcile to net cash provided by operations:	
Depreciation and amortization	21,139
Deferred income taxes	11,695
Gain on disposal of assets	(815)
Equity based compensation	4,277
Changes in assets and liabilities:	
Current receivables	(38,454)
Inventories	1,648
Current payables	(62,771)
Changes in other assets	6,971
Changes in other liabilities	1,147
Net cash provided by operations	7,526
Cash flows from investing activities:	
Net change in short-term investments	(277)
Additions to property, plant and equipment	(8,590)
Proceeds from disposal of assets	452
Net cash used in investing activities	(8,415)
Cash flows from financing activities:	
Cash dividends paid to shareholders	(18,764)
Net change in bank borrowings and overdrafts	1,903
Proceeds from issuance of stock under stock-based compensation plans	15,764
Excess tax benefits on stock options exercised	1,732
Purchase of treasury stock	(31,480)
Net cash used in financing activities	(30,845)
Effect of exchange rate changes on cash and cash equivalents	431
Net change in cash and cash equivalents	(31,303)
Cash and cash equivalents at beginning of year	114,508
Cash and cash equivalents at end of period	$ 83,205
Interest paid	$ 14,690
Income taxes paid	$ 9,647

See Notes to Consolidated Financial Statements

Notes to Consolidated Financial Statements

These interim statements and management's related discussion and analysis should be read in conjunction with the consolidated financial statements and their related notes and management's discussion and analysis of results of operations and financial condition included in the Company's 2006 Annual Report on Form 10-K. These interim statements are unaudited. In the opinion of the Company's management, all adjustments, including normal recurring accruals necessary for a fair presentation of the results for the interim periods have been made.

Note 1. New Accounting Pronouncements:

In September 2006, the FASB issued SFAS No. 157 "Fair Value Measurements" ("FAS 157"). This standard defines fair value, establishes a framework for measuring fair value and expands disclosures regarding fair value measurements. FAS 157 is effective for years beginning after November 15, 2007. The Company is currently evaluating the potential impact of this standard.

In February 2007, the FASB issued SFAS 159 "The Fair Value Option for Financial Assets and Liabilities - Including an amendment of FASB No. 115" ("FAS 159"). This standard allows companies to elect, at specific election dates, to measure eligible financial assets and liabilities at fair value that are not otherwise required to be measured at fair value. If a company elects the fair value option, subsequent changes in that item's fair value must be recognized in current earnings. FAS 159 is effective for years beginning after November 15, 2007. The Company is currently evaluating the potential impact of this standard.

Note 2. Reclassifications:

Certain reclassifications have been made to the prior period's financial statements to conform to 2007 classifications.

Note 3. Net Income Per Share:

Net income per share is based on the weighted average number of shares outstanding. A reconciliation of the shares used in the computation of basic and diluted net income per share is as follows:

	Three Months Ended March 31,	
(SHARES IN THOUSANDS)	2007	2006
Basic	89,378	91,535
Assumed conversion under stock plans	1,280	672
Diluted	90,658	92,207

Stock options to purchase 120,000 and 1,875,375 shares were outstanding for the first quarter of 2007 and 2006, respectively, but were not included in the computation of diluted net income per share for the respective periods since the impact was anti-dilutive.

Note 4. Restructuring and Other Charges:

As described in Note 2 to the Consolidated Financial Statements in the Company's 2006 Annual Report, the Company has undertaken a significant reorganization, including management changes, consolidation of production facilities and related actions.

Movements in restructuring liabilities, included in Restructuring and other charges in the accompanying balance sheet, were (in millions):

	Employee-Related	Asset-Related and Other	Total
Balance December 31, 2006	$ 12.9	$ 2.4	$ 15.3
Cash and other costs	(4.2)	-	(4.2)
Balance March 31, 2007	$ 8.7	$ 2.4	$ 11.1

The balance of the employee-related liabilities are expected to be utilized by 2008 as obligations are satisfied; the asset-related charges are expected to be utilized in 2007 on final decommissioning and disposal of the affected equipment.

Note 5. Goodwill and Other Intangible Assets, Net:

Goodwill by operating segment at March 31, 2007 and December 31, 2006 is as follows:

(DOLLARS IN THOUSANDS)		Amount
Flavors	$	319,479
Fragrances		346,103
Total	$	665,582

Trademark and other intangible assets consist of the following amounts:

(DOLLARS IN THOUSANDS)		March 31, 2007		December 31, 2006
Gross carrying value	$	165,406	$	165,406
Accumulated amortization		88,828		85,272
Total	$	76,578	$	80,134

Amortization expense for the quarter ended March 31, 2007 was $3.6 million compared to $3.7 million in the 2006 quarter; estimated annual amortization is

$13 million in 2007, $6 million in 2008 through 2012 and $37 million thereafter.

Note 6. Comprehensive Income:

Changes in the Accumulated other comprehensive income component of shareholders' equity were as follows:

(DOLLARS IN THOUSANDS)	Translation adjustments	Accumulated (losses) gains on derivatives qualifying as hedges, net of tax	Pension and postemployment liability adjust net of tax
Balance December 31, 2006	$ (31,854)	$ (2,465)	$ (162,553)
Change	(657)	1,443	3,786
Balance March 31, 2007	$ (32,511)	$ (1,022)	$ (158,767)

(DOLLARS IN THOUSANDS)	Translation adjustments	Accumulated (losses) gains on derivatives qualifying as hedges, net of tax	Minimum pension obligation, net of tax
Balance December 31, 2005	$ (47,369)	$ (2,606)	$ (100,380)
Change	4,837	806	-
Balance March 31, 2006	$ (42,532)	$ (1,800)	$ (100,380)

Note 7. Borrowings:

Debt consists of the following:

(DOLLARS IN THOUSANDS)	Rate	Maturities	March 31, 2
Bank borrowings and overdrafts			$ 12,7
Total current debt			12,7
Senior notes	5.94%	2009-16	375,0
Bank borrowings	3.87%	Various	295,4
Japanese Yen notes	2.45%	2008-11	128,4
Other		2011	
Deferred realized gains on interest rate swaps			8
Total long-term debt			799,7
Total debt			$ 812,4

Note 8. Income Taxes:

In June 2006, the FASB issued Interpretation No. 48 ("FIN 48"), Accounting for Uncertainty in Income Taxes, which clarifies the application of FAS 109 by prescribing the minimum threshold a tax position must meet before being recognized in the financial statements. Under FIN 48, the financial statement effect of a tax position is initially recognized when it is more likely than not the position will be sustained upon examination. A tax position that meets the "more likely than not" recognition threshold is initially and subsequently measured as the largest amount of benefit, determined on a cumulative probability basis, that is more likely than not to be realized upon ultimate settlement with the taxing authority.

As a result of adopting FIN 48, the Company recognized a $1 million increase in Other liabilities for unrecognized tax benefits and recorded a corresponding $1 million cumulative effect adjustment to shareholders' equity. Also as prescribed by FIN 48, certain tax related amounts in the Consolidated

Balance Sheet are classified differently than in prior periods. Amounts receivable from various tax jurisdictions are now included in Other current assets and tax reserves previously classified as accrued taxes on income are now included in Other liabilities.

As of the adoption date, the Company had $73 million of gross unrecognized tax benefits. If recognized, $72 million, net of federal benefits, would be recorded as a component of income tax expense and affect the effective tax rate.

The Company has consistently recognized interest and penalties related to unrecognized tax benefits as a component of income tax expense. At December 31, 2006, the Company had accrued $7 million of interest and penalties. On adoption of FIN 48, this balance was reclassified to Other liabilities.

The Company conducts business globally and remains open to examination in several tax jurisdictions for various years from 2000-2006. The Company is under examination in several significant tax jurisdictions for various years from 2001 to 2006. The Company anticipates that each of these examinations are expected to be completed during the next twelve months and it is reasonably possible that a change in certain unrecognized tax benefits may occur. Currently, it is not reasonably possible to estimate the magnitude of these changes.

Note 9. Equity Compensation Plans:

The Company has various plans under which the Company's officers, senior management, other key employees and directors may be granted equity-based awards including restricted stock, restricted stock units ("RSU's"), stock settled appreciation rights ("SSAR's") or stock options to purchase the Company's common stock.

In March 2007, the Company's Board of Directors determined to change the operating methodology of the Company's Long Term Incentive Plan ("LTIP") for executive officers and other Company executives beginning with the three year cycle from 2007 - 2009 and thereafter. Under the modified LTIP plan, awards will be based on meeting certain targeted financial and/or strategic goals established by the Compensation Committee of the Board of Directors at the start of each cycle. The targeted payout of the LTIP 2007 - 2009 cycle and thereafter will be 50% cash and 50% Company stock. The number of shares for the 50% stock portion will be determined by the closing share price on the first trading day at the beginning of the cycle. The executive generally must remain employed with the Company during the cycle to receive the award.

Restricted stock and RSU activity for the quarter ended March 31, 2007 was as follows:

Weighted

(SHARE AMOUNTS IN THOUSANDS)	Number of Shares	Average Grant Date Fair Value Per Share
Balance at December 31, 2006	1,346	$37.22
Cancelled	(16)	$38.10
Balance at March 31, 2007	1,330	$37.21

Stock option and SSAR activity for the quarter ended March 31, 2007 was as follows:

(SHARE AMOUNTS IN THOUSANDS)	Shares Subject to Options/SSAR's	Weighted Average Exercise Price
Balance at December 31, 2006	3,633	$33.56
Exercised	(439)	$31.72
Cancelled	(4)	$30.82
Balance at March 31, 2007	3,190	$33.91

Pre-tax expense related to all forms of equity compensation for the quarters ended March 31, 2007 and 2006 follows:

(DOLLARS IN THOUSANDS)	3/31/2007	3/31/2006
Restricted stock and RSU's	$ 3,470	$ 1,523
Stock options and SSAR's	807	1,339
Total equity compensation expense	$ 4,277	$ 2,862

Tax related benefits of $1 million were recognized in both the 2007 and 2006 quarters.

Note 10. Segment Information:

On January 1, 2007, the Company was reorganized into two business segments, Flavors and Fragrances; these segments align with the internal structure used to manage these businesses. Accounting policies used for segment reporting are identical to those described in Note 1 of the Notes to the Consolidated Financial Statements included in the Company's 2006 Annual Report. Prior year segment information, which had been reported by major geographic region, has been reclassified to conform to the current presentation.

The Company evaluates the performance of its business segments based on segment profit which is Income before taxes on income, excluding Interest expense, Other income (expense), net and the effects of Restructuring and other charges and accounting changes. The Global Expense caption represents corporate and headquarters-related expenses which include legal, finance, human resources and other administrative expenses that are not allocable to individual business units. Unallocated assets are principally cash, short-term investments and other corporate and headquarters-related assets.

The Company's reportable segment information follows:

	Three Months Ended March 31, 200		
(DOLLARS IN THOUSANDS)	Flavors	Fragrances	Global Expenses
Net sales	$ 243,442	$ 322,659	$ -
Operating profit	$ 44,814	$ 58,868	$ (8,422)
Interest expense			
Other income (expense), net			
Income before taxes on income			

	Three Months Ended March 31, 200		
(DOLLARS IN THOUSANDS)	Flavors	Fragrances	Global Expenses
Net sales	$ 219,510	$ 291,922	$ -
Segment profit	$ 38,103	$ 51,604	$ (7,993)
Restructuring and other charges	(652)	23	(32)
Operating profit	$ 37,451	$ 51,627	$ (8,025)
Interest expense			
Other income (expense), net			
Income before taxes on income			

Segment assets were $973 million for Flavors and $1,245 million for Fragrances at December 31, 2006. Global segment assets were $261 million at December 31, 2006. There were no significant changes in segment assets from December 31, 2006 to March 31, 2007.

Note 11. Retirement Benefits:

For the quarters ended March 31, 2007 and 2006, pension expense included the following components:

(DOLLARS IN THOUSANDS)	U.S. Plans 2007	2006
Service cost for benefits earned	$ 2,504	$ 2,636
Interest cost on projected benefit obligation	5,687	5,465
Expected return on plan assets	(5,922)	(5,493)
Net amortization and deferrals	1,551	2,015
Defined benefit plans	3,820	4,623
Defined contribution and other retirement plans	995	814
Total pension expense	$ 4,815	$ 5,437

In 2007, the Company expects to contribute $3 million and $24 million to its U.S. pension plans and non-U.S. pension plans, respectively. In the quarter ended March 31, 2007, no contributions were made to the Company's qualified plan and $1 million of contributions for benefit payments were made to a non-qualified plan; $3 million of contributions were made to the non-U.S. plans.

For the quarters ended March 31, 2007 and 2006, expense recognized for postretirement benefits other than pensions included the following components:

(DOLLARS IN THOUSANDS)	2007	2006
Service cost for benefits earned	$ 766	$ 856
Interest on benefit obligation	1,542	1,575
Net amortization and deferrals	(37)	191
Total postretirement benefit expense	$ 2,271	$2,622

In the quarter ended March 31, 2007, $1 million of contributions were made; the Company expects to contribute $3 million to its postretirement benefit plans in 2007.

Note 12. Commitments and Contingencies:

The Company is party to a number of lawsuits and claims related primarily to flavoring supplied by the Company to manufacturers of butter flavor popcorn. At each balance sheet date, or more frequently as conditions warrant, the Company reviews the status of each pending claim, as well as its insurance coverage for such claims with due consideration given to potentially applicable deductibles, retentions and reservation of rights under its insurance policies, and the advice of its outside legal counsel and a third party expert in modeling insurance deductible amounts with respect to all these matters. While the ultimate outcome of any litigation cannot be predicted, management believes that adequate provision has been made with respect to all known claims. Based on information presently available and in light of the merits of its defenses and the availability of insurance, the Company does not expect the outcome of the above cases, singly or in the aggregate, to have a material adverse effect on the Company's financial condition, results of operation or liquidity. There can be no assurance that future events will not require the Company to increase the amount it has accrued for any matter or accrue for a matter that has not been previously accrued.

The Company has recognized its expected liability with respect to these claims in Other current liabilities and expected recoveries from its insurance carrier group in other receivables recorded in Other current assets in the accompanying balance sheet. The Company believes that realization of the insurance receivable is probable due to the terms of the insurance policies, the financial strength of the insurance carrier group and the payment experience to date of the carrier group as it relates to these claims.

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

Overview

The Company is a leading creator and manufacturer of compounds used to impart or improve the flavor or fragrance in a wide variety of consumer products.

Fragrance compounds are used in perfumes, cosmetics, toiletries, hair care products, deodorants, soaps, detergents and softeners as well as air care products. Flavor products are sold to the food and beverage industries for use in consumer products such as prepared foods, beverages, dairy, food and confectionery products. The Company is also a leading manufacturer of synthetic ingredients used in making fragrances. Approximately 55% of the Company's ingredient production is consumed internally; the balance is sold to third party customers.

Changing social habits resulting from such factors as changes in disposable income, leisure time, health concerns, urbanization and population growth stimulate demand for consumer products utilizing flavors and fragrances. These developments expand the market for products with finer fragrance quality, as well as the market for colognes and toiletries. Such developments also stimulate demand for convenience foods, soft drinks and low-fat food products that must conform to expected tastes. These developments necessitate the creation and development of flavors and fragrances and ingredients that are compatible with newly introduced materials and methods of application used in consumer products.

Flavors and fragrances are generally:

- created for the exclusive use of a specific customer;
- sold in solid or liquid form, in amounts ranging from a few pounds to several tons depending on the nature of the end product in which they are used;
- a small percentage of the volume and cost of the end product sold to the consumer; and
- a major factor in consumer selection and acceptance of the product.

Flavors and fragrances have similar economic and operational characteristics, including research and development, the nature of the creative and production processes, the manner in which products are distributed and the type of customer; many of the Company's customers purchase both flavors and fragrances.

The flavor and fragrance industry is impacted by macroeconomic factors in all product categories and geographic regions. Such factors include the impact of currency on the price of raw materials and operating costs as well as on translation of reported results. In addition, pricing pressure placed on the Company's customers by large and powerful retailers and distributors is inevitably passed along to the Company, and its competitors. Leadership in innovation and creativity mitigates the impact of pricing pressure. Success and growth in the industry is dependent upon creativity and innovation in meeting the many and varied needs of the customers' products in a cost-efficient and effective manner, and with a consistently high level of timely service and delivery.

The Company's strategic direction is defined by the following:

- Be a global leader in fragrances and flavors; and
- Provide our customers with differentiated solutions.

The Company's plan to achieve this strategy is to:

- Execute on our business unit focus that will align management and resources with the needs of its strategic customers and provide greater accountability; this will drive improved results.

- Focus its research and development efforts on those projects considered most likely to drive future profitable growth. The Company anticipates much of this research will be conducted internally, but such efforts may be augmented by joint research undertakings and through acquisition of technology.
- Provide quality products, safe and suitable for inclusion in its customers' end products; an essential element is the consistent quality and safety of raw materials achieved through a combination of steps including but not limited to vendor certification and quality assurance testing.
- Continuously improving its operations and customer service supported by the global enterprise requirements planning software package ("SAP"), and related initiatives.
- Build a culture that attracts, retains and develops the best talent in the world. The customers, shareholders and employees expect the best.

As implementation of our strategy progresses, setting strategic initiatives requires regular establishment and reassessment of priorities and necessitates choices in order to provide the best opportunity for continuous improvement in shareholder value.

Operations

First Quarter 2007

First quarter 2007 sales totaled $566 million, increasing 11% over the prior year quarter; fragrance and flavor sales each increased 11%. Reported sales for the 2007 quarter benefited from the generally weaker U.S. dollar, mainly against the Euro and Pound Sterling, during the quarter; at comparable exchange rates, sales would have increased 6% in comparison to the 2006 quarter. Fragrance sales were led by increases of 11% and 17% in fine fragrances and fragrance ingredients. Fine fragrance growth was driven primarily by new product introductions while ingredient growth was mainly volume related. Functional fragrance sales increased 5% on a combination of new wins and improved volumes.

Flavor sales increased based on both new wins and volume growth.

Sales performance by region and product category in comparison to the prior year quarter in both reported dollars and local currency, where applicable, follows:

		% Change in Sales-First Quarter 2007 vs Fi			
		Fine	Func'l.	Ingr.	Total Frag.
North America	Reported	15%	12%	3%	11%
Europe	Reported	6%	11%	35%	15%
	Local Currency	-3%	2%	24%	5%
Latin America	Reported	21%	-10%	14%	1%
Greater Asia	Reported	7%	3%	-2%	2%
	Local Currency	4%	0%	-2%	1%
Total	Reported	11%	5%	17%	11%
	Local Currency	5%	1%	13%	5%

- North America growth was strong across both business segments. Fine fragrance growth was driven mainly by new product introductions of $4 million; functional fragrances and ingredients growth was primarily volume related with increases of $4 million and $1 million, respectively. Flavors sales growth resulted mainly from new product introductions of $2 million.
- Europe ingredients sales growth was strong primarily due to volume increases of $12 million partially offset by price declines of $4 million. Functional fragrance growth was mainly the result of new product introductions of $4 million, partially offset by volume declines; the fine fragrance performance was due to volume declines. Flavors growth was the result of new product introductions of $2 million.

- Latin America sales growth resulted primarily from new product introductions of $3 million in fine fragrances. Ingredients and functional fragrance performance were primarily volume related. Flavors growth was the result of new product introductions of $3 million.
- Greater Asia sales growth was driven by volume increases of $10 million in flavors. Fragrance performance in all categories was primarily volume related.

The percentage relationship of cost of goods sold and other operating expenses to sales for the first quarter are detailed below.

	First Quarter	
	2007	2006
Costs of Goods Sold	58.2%	57.6%
Research and Development Expenses	8.2%	8.9%
Selling and Adminstrative Expenses	16.1%	16.7%

- Gross profit, as a percentage of sales, declined from the prior quarter mainly as a result of the shift in product mix, notably higher sales of fragrance ingredients and flavor compounds; ingredient price declines contributed to the decline. Gross margin was also impacted by underabsorption of manufacturing costs at the new fragrance ingredient facility in China, which continues to scale up production.
- Research and Development ("R&D") expenses as a percent of sales declined compared to the prior year mainly due to such expenses increasing at a

slower rate than sales during the quarter.

- Selling and Administrative ("S&A") expenses, as a percentage of sales, was 16.1% in the current quarter compared to 16.7% in 2006; the decline resulted mainly from headcount reductions during 2006, many of whom left the Company after the 2006 first quarter.
- Interest expense increased by $3 million mainly due to higher average interest rates on borrowings; the average rate for the 2007 quarter was 4.1% compared to 2.3% for the 2006 quarter.
- The Company's first quarter effective tax rate of 28.0% was favorably impacted by discrete adjustments related to nonrecurring accrual reversals which impact the effective tax rate by a total of 3.7%. The effective tax rate was 28.6% in the prior year quarter.

Income Taxes

In June 2006, the FASB issued Interpretation No. 48 ("FIN 48"), Accounting for Uncertainty in Income Taxes, which clarifies the application of FAS 109 by prescribing the minimum threshold a tax position must meet before being recognized in the financial statements. The adoption of FIN 48 did not have material impact on the Consolidated Financial Statements. See Note 8 for more information.

Reportable Business Segments

On January 1, 2007, the Company was reorganized into two business segments that reflect its Flavor and Fragrance businesses. This reorganization allows the Company to sharpen its focus on these businesses to drive future profitable growth. The Company previously reported its segments by major geographical region. See Note 10 for more information.

Restructuring and Other Charges

As described in Note 2 to the Consolidated Financial Statements in the Company's 2006 Annual Report, the Company has undertaken a significant reorganization, including management changes, consolidation of production facilities and related actions. There have been no charges in the first quarter 2007.

Movements in restructuring liabilities included in Restructuring and other charges in the accompanying balance sheet, were (in millions):

	Employee-Related	Asset-Related and Other	Total
Balance December 31, 2006	$ 12.9	$ 2.4	$ 15.3
Cash and other costs	(4.2)	-	(4.2)
Balance March 31, 2007	$ 8.7	$ 2.4	$ 11.1

The balance of employee-related liabilities are expected to be utilized by 2008 as obligations are satisfied; the asset-related charges are expected to be utilized in 2007 on final decommissioning and disposal of the affected equipment.

Financial Condition

Cash, cash equivalents and short-term investments totaled $84 million at March 31, 2007 compared to $206 million at March 31, 2006. Working capital totaled $776 million at March 31, 2007 compared to $633 million at December 31, 2006. Additions to property, plant and equipment were $9 million at March 31, 2007. Gross additions to property, plant and equipment are expected to approximate $70 million in 2007.

Operating cash flows in the first quarter 2007 were $8 million compared to $41 million in the prior year quarter; the decrease was mainly due to payout of $45 million of incentive compensation with respect to 2006 operating results; in the 2006 quarter, payouts totaled $9 million with respect to 2005 results. Increased interest expense paid in the 2007 quarter compared to the prior year quarter also impacted cash flows.

At March 31, 2007, the Company had $812 million of debt outstanding.

In January 2007, the Company paid a quarterly cash dividend of $.21 per share to shareholders, a 14% increase from the prior quarter dividend payment. On March 6, 2007, the Company announced its quarterly dividend of $.21 per share payable in April 2007.

Under the share repurchase program of $300 million authorized in October 2006, the Company repurchased approximately 0.7 million shares in the first quarter of 2007 at a cost of $31 million. At March 31, 2007, the Company had $175 million remaining under the October 2006 Stock Repurchase Plan, representing approximately 3.6 million shares based on a stock price of $48.00 per share. Repurchased shares are available for use in connection with the Company's employee benefit plans and for other general corporate purposes.

The Company anticipates that its financing requirements will be funded from internal sources and credit facilities currently in place. Cash flows from operations and availability under its existing credit facilities are expected to be sufficient to fund the Company's currently anticipated normal capital spending, dividends and other currently expected cash requirements for at least the next eighteen months.

Non-GAAP Financial Measures

To supplement the Company's financial results presented in accordance with U.S. Generally Accepted Accounting Principles ("GAAP"), the Company uses certain non-GAAP financial measures. These non-GAAP financial measures should not be considered in isolation, or as a substitute for, or superior to, financial measures calculated in accordance with GAAP. These non-GAAP financial measures as disclosed by the Company may also be calculated differently from similar measures disclosed by other companies. To ease the use and understanding of our supplemental non-GAAP financial measures, the Company includes the most directly comparable GAAP financial measure.

The Company discloses, and management internally monitors, the sales performance of international operations on a basis that eliminates the positive or negative effects that result from translating foreign currency sales into U.S. dollars. Management uses this measure because it believes that it enhances the assessment of the sales performance of its international operations and the comparability between reporting periods.

Cautionary Statement Under The Private Securities Litigation Reform Act of 1995

Statements in this Quarterly Report, which are not historical facts or information, are "forward-looking statements" within the meaning of The Private Securities Litigation Reform Act of 1995. Such forward-looking statements are based on management's reasonable current assumptions and expectations. Such forward-looking statements which may be identified by such words as "expect," "anticipate," "outlook," "guidance," "may," and similar forward-looking terminology, involve significant risks, uncertainties and other factors, which may cause the actual results of the Company to be materially different from any future results expressed or implied by such forward-looking statements, and there can be no assurance that actual results will not differ materially from management's expectations. Such factors include, among others, the following: general economic and business conditions in the Company's markets, including economic, population health and political uncertainties; weather, geopolitical and region specific uncertainties; interest rates; the price, quality and availability of raw materials; the Company's ability to implement its business strategy, including the achievement of anticipated cost savings, profitability, growth and market share targets; the impact of currency fluctuation or devaluation in the Company's principal foreign markets and the success of the Company's hedging and risk management strategies; the impact of possible pension funding obligations and increased pension expense on the Company's cash flow and results of operations; and the effect of legal and regulatory proceedings, as well as restrictions imposed on the Company, its operations or its representatives by foreign governments; and the fact that the outcome of litigation is highly uncertain and unpredictable and there can be no assurance that the triers of fact or law, at either the trial level or at any appellate level, will accept the factual assertions, factual defenses or legal positions of the Company or its factual or expert witnesses in any such litigation or other proceedings. The Company intends its forward-looking statements to speak only as of the time of such statements and does not undertake to update or revise them as more information becomes available or to reflect changes in expectations, assumptions or results.

Item 3. Quantitative and Qualitative Disclosures about Market Risk

There are no material changes in market risk from the information provided in the Company's 2006 Annual Report on Form 10-K.

Item 4. Controls and Procedures

The Company's Chief Executive Officer and Chief Financial Officer, with the assistance of other members of the Company's management, have evaluated the effectiveness of the Company's disclosure controls and procedures as of the end of the period covered by this Quarterly Report on Form 10-Q. Based on such evaluation, the Company's Chief Executive Officer and Chief Financial Officer have concluded that the Company's disclosure controls and procedures are effective as of the end of the period covered by this Quarterly Report on Form 10-Q.

The Company's Chief Executive Officer and Chief Financial Officer have also concluded that there have not been any changes in the Company's internal control over financial reporting during the quarter ended March 31, 2007 that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

The Company is subject to various claims and legal actions in the ordinary course of its business. In September 2001, the Company was named as a defendant in a purported class action brought against it in the Circuit Court of Jasper County, Missouri, on behalf of employees of a plant owned and operated by Gilster-Mary Lee Corp. in Jasper, Missouri ("Benavides case"). The plaintiffs alleged that they sustained respiratory injuries in the workplace due to the use by Gilster-Mary Lee of a BBA and/or IFF flavor. For purposes of reporting these actions, BBA and/or IFF are referred to as the "Company".

In January 2004, the Court ruled that class action status was not warranted. As a result of this decision, each of the 47 plaintiff cases was to be tried separately. Subsequently, 8 cases were tried to a verdict, 4 verdicts resulted for the plaintiffs and 4 verdicts resulted for the Company, all of which were appealed by the losing party. Subsequently all plaintiff cases related to the Benavides case, including those on appeal, were settled.

Seventeen other actions based on similar claims of alleged respiratory illness due to workplace exposure to flavor ingredients are currently pending against the Company and other flavor suppliers and related companies.

Trial has been scheduled in the action brought against the Company and another flavor supplier by 29 former and current workers at a Marion, Ohio factory. This case was filed in March 2003 and is pending in the Court of Common Pleas of Hamilton County, Ohio. The Plaintiffs in this case have been divided into trial groups, although no trials have occurred to date. The other flavor company has settled with all plaintiffs and the Company has settled with 17 plaintiffs by confidential agreement. Three other plaintiffs have been dismissed. The first trial is currently scheduled for August 2007 (Arthur case). In May 2004, the Company and another flavor supplier were named defendants, and subsequently a number of third party defendants were added, in a lawsuit by 4 former workers at a Ridgeway, Illinois factory in an action brought in the Circuit Court for the Second Judicial Circuit, Gallatin County, Illinois (Barker case) and another concerning 8 other workers at this same plant was filed in July 2004 and is pending in this same Court against the same defendants (Batteese case). In an action filed in January 2006, the Company and three other flavor suppliers were named defendants in a lawsuit by 1 worker at a Sioux City, Iowa facility which is pending in U.S. District Court for the Northern District of Iowa. The trial is currently scheduled for November 2007 (Kuiper case). In June 2004, the Company and 3 other flavor suppliers were named defendants in a lawsuit by 1 plaintiff brought in the Court of Common Pleas, Hamilton County, Ohio. Trial is set for November 2007 (Mitchell case). In June 2004, the Company and 2 other flavor suppliers were named defendants in a lawsuit by 1 former worker at a Northlake, Illinois facility in an action brought in the Circuit Court of Cook County, Illinois. Fourteen third party defendants have been added. Trial is currently scheduled for January 2008 (Lopez case). In August 2004, the Company and another flavor supplier were named defendants in a lawsuit by 15 former workers at a Marion, Ohio factory in an action brought in the Court of Common Pleas, Marion County, Ohio. The other flavor supplier settled with all plaintiffs and the Company has settled with 16 plaintiffs by confidential agreement. One other plaintiff has been dismissed. The remaining 5 plaintiffs have been divided into trial groups and the first trial is currently scheduled to be held in June 2007 (Williams case). In March 2005, the Company and 6 other companies were named defendants in a lawsuit by 1 former employee of Bell Flavors and Fragrances, Inc. in an action brought in the Circuit Court of Cook County, Illinois (Robinson case). In July 2005, the Company and 9 other flavor and chemical suppliers were named defendants in a lawsuit by 1 former worker of Brach's Confections, Inc. in an action brought in the Circuit Court of Cook County, Illinois. Brach's has been added as a third party defendant (Campbell case). In August 2005, the Company and 8 other companies, including a flavor trade association and consulting agency, were named defendants in a lawsuit by 3 former employees of the Gilster-Mary Lee facility in McBride, Missouri in the Missouri Circuit Court, 32nd Judicial Circuit (Fults case). In September 2005, the Company and 23 other companies were named defendants in a lawsuit by 2 former employees of the Gilster-Mary Lee facility in McBride, Missouri in the Circuit Court of St. Louis County. This case was settled in March 2007 pursuant to a confidential agreement (Bowling case). In November 2005, the Company, a flavor trade association, and a consulting agency were named defendants in a lawsuit by 1 former employee of the Snappy Popcorn Company in Breda, Iowa brought in U.S. District Court for the Northern District of Iowa, Western Division. The trial ready date is July 2007 (Weimer case). In August 2006, the Company and 3 other flavor and chemical suppliers were named defendants in a lawsuit by 39 current and former employees and/or a neighbor of the Gilster-Mary Lee facility in Jasper, Missouri in the Missouri Circuit Court of Jasper County (Arles case) and 5 other current and former employees in the same Court (Bowan case). In November 2006, the Company and 15 other flavor and chemical suppliers were named defendants in a lawsuit filed in the Circuit Court of Cook County, Illinois by 1 plaintiff allegedly injured by exposure to butter flavor and other substances at various facilities in which he worked (Solis case). In January

2007, the Company and 3 other flavor suppliers were named defendants in a lawsuit filed in Hamilton County, Ohio Court of Common Pleas by 4 former employees of a popcorn packaging plant in Iowa City, Iowa (Blood case). In January 2007, the Company and another flavor supplier were named defendants in a lawsuit filed in Hamilton County, Ohio Court of Common Pleas by 133 current and former employees of two separate Marion, Ohio factories and 103 spouses of such employees (Aldrich case).

The Company believes that all IFF and BBA flavors at issue in these matters meet the requirements of the U.S. Food and Drug Administration and are safe for handling and use by workers in food manufacturing plants when used according to specified safety procedures. These procedures are detailed in instructions that IFF and BBA provided to all their customers for the safe handling and use of their flavors. It is the responsibility of IFF's customers to ensure that these instructions, which include the use of appropriate engineering controls, such as adequate ventilation, prior handling procedures and respiratory protection for workers, are followed in the workplace.

At each balance sheet date, or more frequently as conditions warrant, the Company reviews the status of each pending claim, as well as its insurance coverage for such claims with due consideration given to potentially applicable deductibles, retentions and reservation of rights under its insurance policies, and the advice of its outside legal counsel and a third party expert in modeling insurance deductible amounts with respect to all these matters. While the ultimate outcome of any litigation cannot be predicted, management believes that adequate provision has been made with respect to all known claims. Based on information presently available and in light of the merits of its defenses and the availability of insurance, the Company does not expect the outcome of the above cases, singly or in the aggregate, to have a material adverse effect on the Company's financial condition, results of operation or liquidity. There can be no assurance that future events will not require the Company to increase the amount it has accrued for any matter or accrue for a matter that has not been previously accrued. See Note 12 of the Notes to the Consolidated Financial Statements.

Over the past 20 years, various federal and state authorities and private parties have claimed that the Company is a potentially responsible party as a generator of waste materials for alleged pollution at a number of waste sites operated by third parties located principally in New Jersey and seek to recover costs incurred and to be incurred to clean up the sites.

The waste site claims and suits usually involve million dollar amounts, and most of them are asserted against many potentially responsible parties. Remedial activities typically consist of several phases carried out over a period of years. Most site remedies begin with investigation and feasibility studies, followed by physical removal, destruction, treatment or containment of contaminated soil and debris, and sometimes by groundwater monitoring and treatment. To date, the Company's financial responsibility for some sites has been settled through agreements granting the Company, in exchange for one or more cash payments made or to be made, either complete release of liability or, for certain sites, release from further liability for early and/or later remediation phases, subject to certain "re-opener" clauses for later-discovered conditions. Settlements in respect of some sites involve, in part, payment by the Company and other parties of a percentage of the site's future remediation costs over a period of years.

The Company believes that the amounts it has paid and anticipates paying in the future for clean-up costs and damages at all sites are not and will not be material to the Company's financial condition, results of operations or liquidity, because of the involvement of other large potentially responsible parties at most sites, because payment will be made over an extended time period and because, pursuant to an agreement reached in July 1994 with three of the Company's liability insurers, defense costs and indemnity amounts payable by the Company in respect of the sites will be shared by the insurers up to an agreed amount.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

(c) Issuer Purchases of Equity Securities

	Total Number of Shares Purchased (1)	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Program (1)
January 1 - 31, 2007	-	-	-
February 1 - 28, 2007	70,000	$48.78	70,000
March 1 - 31, 2007	600,000	$46.78	600,000

(1) An aggregate of 670,000 shares of common stock were repurchased during the first quarter of 2007 under a repurchase program announced in October 2006. Under the program, the Board of Directors approved the repurchase by the Company of up to $300 million of its common stock.

Item 6. Exhibits

Number	Description
10.1	Performance Criteria for 2007 under the Company's Annual Incentive Plan, incorporated by reference to Exhibit 10.1 to the Company's Report on Form 8-K filed on January 31, 2007.
10.2	Performance Criteria for the 2007-2009 cycle under the Company's Long Term Incentive Plan, incorporated by reference to the Company's Report on Form 8-K filed on March 12, 2007.

10.3	2007 Compensation Arrangements of Robert M. Amen, Douglas J. Wetmore, James H. Dunsdon, Nicolas Mirzayantz, Dennis Meany and Hernan Vaisman incorporated by reference to the Company's Report on Form 8-K filed on March 12, 2007.
10.4	Non-Employee Director Compensation Arrangements, adopted by the Company's Board of Directors on March 6, 2007, incorporated by reference to the Company's Report on Form 8-K filed on March 12, 2007.
10.5	2000 Stock Award and Incentive Plan, as amended and restated March 6, 2007, incorporated by reference to Appendix A to the Company's Proxy Statement filed on March 23, 2007.
31.1	Certification of Robert M. Amen pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification of Douglas J. Wetmore pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32	Certification of Robert M. Amen and Douglas J. Wetmore pursuant to 18 U.S.C. Section 1350 as adopted pursuant to the Sarbanes-Oxley Act of 2002.

SIGNATURES

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

INTERNATIONAL FLAVORS & FRAGRANCES INC.

Dated: May 3, 2007 By: /s/ DOUGLAS J. WETMORE

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

Dated: May 3, 2007 By: /s/ DENNIS M. MEANY

Dennis M. Meany, Senior Vice President, General Counsel and Secretary

EXHIBIT INDEX

Number	Description
10.1	Performance Criteria for 2007 under the Company's Annual Incentive Plan, incorporated by reference to Exhibit 10.1 to the Company's Report on Form 8-K filed on January 31, 2007.

10.2	Performance Criteria for the 2007-2009 cycle under the Company's Long Term Incentive Plan, incorporated by reference to the Company's Report on Form 8-K filed on March 12, 2007.
10.3	2007 Compensation Arrangements of Robert M. Amen, Douglas J. Wetmore, James H. Dunsdon, Nicolas Mirzayantz, Dennis Meany and Hernan Vaisman incorporated by reference to the Company's Report on Form 8-K filed on March 12, 2007.
10.4	Non-Employee Director Compensation Arrangements, adopted by the Company's Board of Directors on March 6, 2007, incorporated by reference to the Company's Report on Form 8-K filed on March 12, 2007.
10.5	2000 Stock Award and Incentive Plan, as amended and restated March 6, 2007, incorporated by reference to Appendix A to the Company's Proxy Statement filed on March 23, 2007.
31.1	Certification of Robert M. Amen pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification of Douglas J. Wetmore pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32	Certification of Robert M. Amen and Douglas J. Wetmore pursuant to 18 U.S.C. Section 1350 as adopted pursuant to the Sarbanes-Oxley Act of 2002.

Exhibit 31.1

CERTIFICATION

I, Robert M. Amen, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of International Flavors & Fragrances Inc.;

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(s) 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(s) 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 the 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 control 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.

Dated: May 3, 2007

By: /s/ Robert M. Amen

Name: Robert M. Amen
Title: Chairman of the Board
and Chief Executive Officer

Exhibit 31.2

CERTIFICATION

I, Douglas J. Wetmore, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of International Flavors & Fragrances Inc.;

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(s) 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(s) 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 the 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 control 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.

Dated: May 3, 2007

By: /s/ Douglas J. Wetmore

Name: Douglas J. Wetmore

Title: Senior Vice President
and Chief Financial Officer

Exhibit 32

CERTIFICATION OF CEO AND CFO PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report on Form 10-Q of International Flavors & Fragrances Inc. (the "Company") for the quarterly period ended March 31, 2007 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), Robert M. Amen, as Chief Executive Officer of the Company, and Douglas J. Wetmore, as Chief Financial Officer, each hereby certifies, pursuant to 18 U.S.C. (section) 1350, as adopted pursuant to (section) 906 of the Sarbanes-Oxley Act of 2002, that, to the best of his knowledge:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

By: /s/ Robert M. Amen

Name: Robert M. Amen
Title: Chairman of the Board
and Chief Executive Officer
Dated: May 3, 2007

By: /s/ Douglas J. Wetmore

Name: Douglas J. Wetmore
Title: Senior Vice President
and Chief Financial Officer
Dated: May 3, 2007