

INTERNATIONAL FLAVORS & FRAGRANCES INC

Form 424B3

July 03, 2018

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**Filed Pursuant to Rule 424(b)(3)
Registration No. 333-225728**

SHARES OF COMMON STOCK, PAR VALUE \$0.125 PER SHARE TO BE ISSUED IN CONNECTION WITH THE PROPOSED MERGER OF FRUTAROM INDUSTRIES LTD. WITH ICON NEWCO LTD., A WHOLLY OWNED SUBSIDIARY OF INTERNATIONAL FLAVORS & FRAGRANCES INC.

THIS IS NOT A PROXY STATEMENT OR NOTICE OF MEETING. WE ARE NOT ASKING YOU FOR A PROXY AND YOU ARE REQUESTED NOT TO SEND US A PROXY.

This prospectus of International Flavors & Fragrances Inc., a New York corporation (IFF , us or we), relates to shares of IFF common stock, par value \$0.125 per share (IFF common stock) to be issued to the holders of ordinary shares, par value NIS 1.00 (Frutarom ordinary shares), of Frutarom Industries Ltd., a company organized under the laws of the State of Israel (Frutarom), as provided for in the Agreement and Plan of Merger, dated as of May 7, 2018, by and among IFF, Frutarom and Icon Newco Ltd., a company organized under the laws of the State of Israel and a wholly owned subsidiary of IFF (Merger Sub). A copy of the merger agreement is attached as Annex A to this prospectus.

Upon the terms and subject to the conditions of the merger agreement, and in accordance with the Companies Law 5759-1999 of the State of Israel (together with the rules and regulations thereunder, the ICL), at the effective time of the merger contemplated by the merger agreement, Merger Sub (as the target company, or *Chevrat Ha Ya ad*) will be merged with and into Frutarom (as the absorbing company, or *HaChevra Ha Koletet*) as the surviving company of the merger, with Frutarom thereby becoming a wholly owned subsidiary of IFF.

At the completion of the merger, each Frutarom ordinary share that is issued and outstanding immediately prior to the completion of the merger (other than (1) ordinary shares held by Frutarom as treasury stock (dormant shares) or (2) ordinary shares held directly or indirectly by IFF, Merger Sub or any wholly owned subsidiary of Frutarom) will be converted into the right to receive (a) \$71.19 in cash and (b) 0.2490 of a share of IFF common stock, which is referred to as the stock consideration , with cash in lieu of fractional shares, in each case without interest and subject to applicable tax withholding. The cash and IFF common stock payable in exchange for each such Frutarom ordinary share are collectively referred to as the merger consideration . The fraction of a share of IFF common stock into which each such Frutarom ordinary share will be converted is referred to as the exchange ratio . Upon the completion of the merger, based on the exchange ratio of 0.2490, the estimated number of shares of IFF common stock issuable as a

portion of the merger consideration is approximately 14.88 million shares, which will result in former Frutarom shareholders holding approximately 15.8% of the outstanding fully diluted IFF common stock, based on the number of outstanding shares of common stock and outstanding stock-based awards of IFF and the number of outstanding ordinary shares and share-based awards of Frutarom as of May 4, 2018, the last trading day for IFF common stock prior to the announcement of the merger and without taking into account the issuance by IFF of equity securities in connection with the financing of the merger. For more information on sources of funding for the merger, see the section entitled *The Merger Financing of the Merger* beginning on page 73.

If the IFF stock price at the effective time of the merger was equal to the price of IFF common stock as of the end of the trading day on June 28, 2018, the most recent practicable date for which such information was available, holders of Frutarom ordinary shares would receive total merger consideration of approximately \$101.99 per Frutarom ordinary share, without interest and subject to applicable tax withholding. The actual value of the merger consideration may differ from this example, given the IFF stock price will not be determinable until the trading day prior to the closing of the merger. IFF's common stock is publicly traded on the New York Stock Exchange, which is referred to as the NYSE, and Euronext Paris under the ticker symbol IFF. Following the effectiveness of the merger, IFF's common stock will also be listed on the Tel Aviv Stock Exchange, which is referred to as the TASE. We urge you to obtain current market quotations for IFF common stock.

The merger agreement requires that the Registrar of Companies of the State of Israel, which is referred to as the Companies Registrar, issue a certificate evidencing the merger in accordance with Section 323(5) of the ICL and that the holders of Frutarom ordinary shares approve the merger and related matters at a shareholder meeting. The special meeting of the holders of Frutarom ordinary shares will be held on August 6, 2018 beginning at 3:00 pm, Israel Time, at the offices of Frutarom at 2 Hamenofim Street, Herzliya, Israel, which meeting and any adjournments or postponements thereof is referred to as the Frutarom special meeting. At the Frutarom special meeting, in addition to the approval of the merger and the merger agreement, shareholders of Frutarom will be asked to vote separately on a number of compensation matters, subject to separate resolutions, the approval of which is not a condition to the approval of the merger. These matters will be discussed in greater detail in the notice of shareholders meeting that will be issued to Frutarom shareholders by Frutarom and will constitute a proxy statement in accordance with the rules and regulations of the Israel Securities Authority, which is referred to as the ISA. At the time of the Frutarom special meeting, holders of Frutarom ordinary shares will not know the exact value of the merger consideration that they will receive upon the closing of the merger.

We urge you to read the accompanying prospectus, including the Annexes and the documents incorporated by reference, carefully and in its entirety. In particular, we urge you to read carefully the section entitled Risk Factors beginning on page 29.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of the merger or the other transactions described in this prospectus or the securities to be issued in connection with the merger or determined if this prospectus is accurate or complete. Any representation to the contrary is a criminal offense.

The date of this prospectus is July 3, 2018.

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REFERENCES TO ADDITIONAL INFORMATION

This prospectus incorporates by reference important business and financial information about International Flavors & Fragrances Inc. from other documents that are not included in or delivered with this prospectus. For a listing of the documents incorporated by reference into this prospectus, see *Where You Can Find More Information* beginning on page 153.

You can obtain any of the documents incorporated by reference into this prospectus without charge by requesting them in writing or by telephone as follows:

International Flavors & Fragrances Inc. 521 West 57th Street New York, New York 10019 Attention: Investor Relations (212) 708-7164

To receive timely delivery of the documents in advance of the Frutarom special meeting, you should make your request no later than July 30, 2018, which is five business days before the Frutarom special meeting.

You may also obtain any of the documents incorporated by reference into this prospectus without charge through the United States Securities and Exchange Commission, which is referred to as the SEC, website at www.sec.gov. In addition, you may obtain copies of documents filed by IFF with the SEC on IFF's Internet website at <http://www.iff.com> under the tab Investor, then under the tab Financials & Filings or by contacting IFF's Investor Relations at International Flavors & Fragrances Inc., 521 West 57th Street, New York, New York 10019 or by calling (212) 708-7164.

We are not incorporating the contents of the websites of the SEC, IFF, or any other entity into this prospectus. We are providing the information about how you can obtain certain documents that are incorporated by reference into this prospectus at these websites only for your convenience.

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ABOUT THIS PROSPECTUS

This prospectus, which forms part of a registration statement on Form S-4 filed with the SEC by IFF (File No. 333-225728), constitutes a prospectus of IFF under Section 5 of the Securities Act of 1933, as amended, which is referred to as the Securities Act, with respect to the shares of common stock, par value \$0.125 per share, of IFF to be issued to Frutarom shareholders pursuant to the merger agreement.

All references in this prospectus to IFF refer to International Flavors & Fragrances Inc., a New York corporation, and/or its consolidated subsidiaries, unless the context requires otherwise. All references in this prospectus to Frutarom refer to Frutarom Industries Ltd., a company organized under the laws of the State of Israel, and/or its consolidated subsidiaries, unless the context requires otherwise. All references in this prospectus to Merger Sub refer to Icon Newco Ltd., a company organized under the laws of the State of Israel and a wholly owned subsidiary of IFF.

IFF has supplied all information contained or incorporated by reference into this prospectus relating to IFF and Icon Newco Ltd., and Frutarom has supplied all such information relating to Frutarom.

You should rely only on the information contained in or incorporated by reference into this prospectus. IFF and Frutarom have not authorized anyone to provide you with information that is different from that contained in or incorporated by reference into this prospectus. This prospectus is dated as of the date set forth above on the cover page of this prospectus, and you should not assume that the information contained in this prospectus is accurate as of any date other than such date. Further, you should not assume that the information incorporated by reference into this prospectus is accurate as of any date other than the date of the incorporated document. Neither the delivery of this prospectus to Frutarom shareholders nor the issuance by IFF of shares of common stock pursuant to the merger agreement will create any implication to the contrary.

This prospectus does not constitute an offer to sell, or a solicitation of an offer to buy, any securities, or the solicitation of a proxy, in any jurisdiction in which or from any person to whom it is unlawful to make any such offer or solicitation in such jurisdiction.

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QUESTIONS & ANSWERS ABOUT THE MERGER

The following questions and answers briefly address some of the questions you may have about the merger, the merger agreement and the Frutarom special meeting. They may not include all the information that is important to shareholders of Frutarom. Shareholders of Frutarom should carefully read this entire prospectus, including the annexes and the other documents referred to or incorporated by reference herein.

Q: What is the merger?

A: IFF, Frutarom and Merger Sub have entered into an Agreement and Plan of Merger, dated as of May 7, 2018, which (as the same may be amended from time to time) is referred to as the merger agreement . A copy of the merger agreement is attached as Annex A to this prospectus. Under the merger agreement, subject to satisfaction or waiver of the conditions set forth in the merger agreement and described hereinafter and in accordance with the ICL, Merger Sub will merge with and into Frutarom, with Frutarom continuing as the surviving company, which is referred to as the surviving company , and a wholly owned subsidiary of IFF, in a transaction which is referred to as the merger . As a result of the merger, Frutarom will no longer be a publicly-held company. Following the merger, Frutarom ordinary shares will be delisted from the TASE, and Frutarom global depository receipts, which are referred to as GDRs , will be delisted from the London Stock Exchange, which is referred to as the LSE , in accordance with applicable rules and policies of the TASE and LSE, as applicable.

Q: Why am I receiving these materials?

A: Frutarom has agreed, subject to approval of the Frutarom shareholders, to be acquired by IFF under the terms of the merger agreement that are described in this prospectus. At the Frutarom special meeting, Frutarom will ask its shareholders to consider and vote upon a proposal to approve the merger agreement and the transactions contemplated thereby, including the merger, which is referred to as the merger proposal , as well as certain other matters that are not conditions to the closing of the merger.

If the merger proposal is approved at the Frutarom special meeting and the other conditions to consummation of the merger are satisfied or waived, then at the consummation of the merger, Merger Sub will be merged with and into Frutarom, with Frutarom surviving the merger and becoming a wholly owned subsidiary of IFF. As a result of the merger, Frutarom shareholders will receive cash and shares of IFF common stock for their Frutarom ordinary shares as described below. You are receiving this prospectus because IFF is registering under the Securities Act the shares of IFF common stock that is part of the merger consideration that will be issued to you upon completion of the merger.

This prospectus includes important information about the merger, the merger agreement (a copy of which is attached as Annex A to this prospectus) and the shares of IFF common stock to be issued pursuant to the merger. Frutarom shareholders should read this information carefully and in its entirety.

However, please be aware that this prospectus is not a proxy statement or notice of meeting and that we are not asking you for a proxy and you are requested not to send us a proxy. Frutarom will issue to you a notice of the Frutarom special meeting, which will contain important information about the Frutarom special meeting and constitute a proxy statement in accordance with the rules and regulations of the ISA. A translation of the notice of the Frutarom special meeting is attached as an exhibit to this Registration Statement of which this prospectus forms a part.

Q: What will Frutarom shareholders receive in the merger?

A: If the merger is completed, each Frutarom ordinary share (other than (1) ordinary shares held by Frutarom as treasury stock (dormant shares) or (2) ordinary shares held directly or indirectly by IFF, Merger Sub or any wholly owned subsidiary of Frutarom, both of which are collectively referred to herein as excluded shares) will be converted into (a) \$71.19 in cash and (b) 0.2490 of a share of IFF common stock, with cash

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in lieu of fractional shares, in each case without interest and subject to applicable tax withholding. The cash and IFF common stock payable in exchange for each such Frutarom ordinary share are collectively referred to as the merger consideration .

The fraction of a share of IFF common stock into which each Frutarom ordinary share will be converted is referred to as the exchange ratio .

Q: How will IFF pay the cash component of the merger consideration?

A: IFF's obligation to complete the merger is not conditioned upon its obtaining financing. IFF anticipates that approximately \$4.3 billion will be required to pay the aggregate cash portion of the merger consideration to the Frutarom shareholders. IFF intends to fund the cash component of the merger through up to \$3.1 billion of debt financing, cash on hand and the issuance of up to \$2.2 billion in new equity securities. In connection with entering into the merger agreement, IFF entered into a debt commitment letter that provided for a commitment for an up to \$5.45 billion 364-day unsecured bridge loan facility to the extent IFF has not received \$5.45 billion of net cash proceeds (and/or qualified bank commitments) from a combination of (a) the issuance by IFF of a combination of equity securities, equity-linked securities and/or unsecured debt securities and/or (b) unsecured term loans, in each case, at or prior to completion of the merger. On June 6, 2018, IFF entered into a senior unsecured term loan credit agreement with the lenders party thereto and Morgan Stanley Senior Funding, Inc., as administrative agent, that provides for a three-year \$350 million senior unsecured term loan facility, to replace a portion of the bridge loan facility.

The commitments under the debt commitment letter and the term loan credit agreement terminate on February 7, 2019 or, under certain circumstances, on May 7, 2019.

For a more complete description of sources of funding for the merger and related costs, see *The Merger Financing of the Merger* beginning on page 73.

Q: What equity stake will Frutarom shareholders hold in IFF immediately following the merger?

A: Upon the completion of the merger, based on the exchange ratio of 0.2490, the estimated number of shares of IFF common stock issuable as a portion of the merger consideration is approximately 14.88 million shares, which will result in former Frutarom shareholders holding approximately 15.8% of the outstanding fully diluted IFF common stock, based on the number of outstanding shares of common stock and outstanding stock-based awards of IFF and the number of outstanding ordinary shares and share-based awards of Frutarom as of May 4, 2018, the last trading day for IFF common stock prior to the announcement of the merger and without taking into account the issuance by IFF of equity securities in connection with the financing of the merger. For more information on sources of funding for the merger, see the section entitled *The Merger Financing of the Merger* beginning on page 73.

Q: When do IFF and Frutarom expect to complete the merger?

A: IFF and Frutarom are working to complete the merger as soon as practicable. We currently expect the merger to close within five to nine months following the signing of the merger agreement on May 7, 2018. Neither IFF nor Frutarom can predict, however, the actual date on which the merger will be completed because it is subject to conditions beyond each company's control, including obtaining the necessary regulatory approvals.

Q: What are the conditions to completion of the merger?

A: In addition to the approval of the merger proposal by Frutarom shareholders as described above, completion of the merger is subject to the satisfaction of a number of other conditions, including (1) the expiration or

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termination of the applicable waiting period under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, which is referred to as the HSR Act , and the approval of regulatory authorities (or expiration of applicable waiting periods) in the European Union, Israel and certain other foreign jurisdictions having been obtained, and (2) no governmental authority of competent jurisdiction having issued or entered any order or enacted any law after the date of the merger agreement having the effect of enjoining or otherwise prohibiting the consummation of the merger.

See *The Merger Agreement Conditions to the Merger* beginning on page 107.

Q: What happens if I sell my Frutarom ordinary shares after the record date for the Frutarom special meeting but before the Frutarom special meeting?

A: The record date for the Frutarom special meeting (the close of business in Israel on July 8, 2018) is earlier than the date of the Frutarom special meeting and earlier than the date that the merger is expected to be completed. If you sell or otherwise transfer your ordinary shares after the record date but before the date of the Frutarom special meeting, you will retain your right to vote at the Frutarom special meeting. However, you will not have the right to receive the merger consideration to be received by the shareholders in the merger. In order to receive the merger consideration, you must hold your shares through the effective date of the merger, which is the date of the issuance of the certificate of merger by the Companies Registrar.

Q: Why did the Frutarom board of directors approve the merger agreement and the transactions contemplated by the merger agreement, including the merger?

A: For information regarding the reasons of the board of directors of Frutarom, which is referred to as the Frutarom board , for approving and recommending approval of the merger agreement and the transactions contemplated by the merger agreement, including the merger, see the section entitled *The Merger Frutarom Board of Directors Recommendation and Reasons for the Merger* beginning on page 69.

Q: When and where is the Frutarom special meeting?

A: The Frutarom special meeting of Frutarom shareholders will be held at the offices of Frutarom on August 6, 2018 at 3:00 pm, Israel Time, at 2 Hamenofim Street, Herzliya, Israel.

Q: What are the U.S. federal income tax consequences of the merger?

A: The exchange of Frutarom ordinary shares pursuant to the merger will be a taxable transaction for U.S. federal income tax purposes, and may also be a taxable transaction under applicable state, local or non-U.S. income or other tax laws. In general, for U.S. federal income tax purposes, a U.S. holder (as defined in *The Merger U.S. Federal Income Tax Consequences*) of Frutarom ordinary shares will generally recognize taxable gain or loss

equal to the difference between (1) the shareholder's adjusted tax basis in the Frutarom ordinary shares surrendered in the exchange, and (2) the sum of the fair market value of the IFF common stock received and the amount of cash (including cash in lieu of fractional IFF common stock) received in the merger.

For a more complete description of the U.S. federal income tax consequences of the merger, see *The Merger Certain U.S. Federal Income Tax Consequences of the Merger* beginning on page 75.

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You are urged to consult with your own tax advisor for a full understanding of the tax consequences of the merger to you, including the consequences under any applicable state, local, foreign or other tax laws.

Q: What are the Israeli tax consequences of the merger?

A: Generally, the exchange of Frutarom ordinary shares for the merger consideration would be treated as a sale and subject to Israeli tax both for Israeli and non-Israeli resident shareholders of Frutarom. However, certain relief and/or exemptions may be available under Israeli law.

Frutarom has filed requests for three tax rulings from the Israel Tax Authority, which is referred to as the ITA, with respect to (i) withholding tax in Israel, regarding the cash consideration paid to Frutarom shareholders; (ii) a deferral of capital gains tax with respect to Frutarom shareholders which hold less than 5% of Frutarom's issued and outstanding shares through the Nominee Company and Frutarom shareholders which hold less than 5% of Frutarom's issued and outstanding shares directly and not through the Nominee Company, regarding the stock consideration; and (iii) the Israeli tax treatment applicable to holders of Frutarom stock options and ordinary shares issued to certain directors and employees under Section 102 of the Israeli Income Tax Ordinance [New Version], 1961, which is referred to as the ITO. There can be no assurance that such tax rulings will be granted before the closing or at all or that, if obtained, such tax rulings will be granted under the conditions requested by Frutarom.

For a more complete description of the Israeli tax consequences of the merger, see *The Merger - Certain Israeli Tax Consequences of the Merger* beginning on page 78.

You are urged to consult with your own tax advisor for a full understanding of the tax consequences of the merger to you, including the consequences under any applicable state, local, foreign or other tax laws.

Q: Are there any risks that I should consider in deciding whether to vote in favor of the merger proposal?

A: Yes. You should read and carefully consider the risk factors set forth in the section entitled *Risk Factors* beginning on page 29. You also should read and carefully consider the risk factors of IFF and Frutarom contained in or incorporated by reference into this prospectus.

Q: Do I have dissenters' rights in connection with the transaction?

A: No. The ICL does not provide for any statutory dissenters' rights for a merger pursuant to Sections 314-327 of the ICL.

Q: What will happen to my Frutarom stock-based awards?

A: *Treatment of Vested Stock Options and Restricted Stock Awards*

As of the completion of the merger, each Frutarom stock option and Frutarom restricted stock award that is outstanding and vested as of immediately prior to the completion of the merger will be canceled and converted into the right to receive the merger consideration in respect of each net share subject to such vested Frutarom stock option or vested Frutarom restricted stock award, less applicable tax withholding. For this purpose, a net share means, with respect to a Frutarom stock option or Frutarom restricted stock award, the quotient of (i) the product of (A) the excess, if any, of the value of the merger consideration over the exercise price or purchase price per Frutarom ordinary share (as applicable) subject to such Frutarom stock option or Frutarom restricted stock award, multiplied by (B) the number of Frutarom ordinary shares subject to such Frutarom stock option or Frutarom restricted stock award, divided by (ii) the value of the merger consideration.

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Treatment of Unvested Stock Options and Restricted Stock Awards

As of the completion of the merger, each Frutarom stock option and Frutarom restricted stock award that is outstanding and unvested as of immediately prior to the completion of the merger will be canceled and converted into the right of the applicable holder to receive, (A) on the applicable vesting date that applies to such unvested Frutarom stock option or unvested Frutarom restricted stock award, subject to the holder's continued employment with Frutarom or an affiliate through such date, or (B) in the case of unvested Frutarom stock options, upon an earlier termination of the holder's employment that would result in the vesting of such unvested Frutarom stock option, a cash payment in U.S. dollars equal to the product of (i) the total number of Frutarom ordinary shares subject to such Frutarom stock option or Frutarom restricted stock award, multiplied by (ii) the excess, if any, of the value of the merger consideration over the exercise price or purchase price per Frutarom ordinary share (as applicable) subject to such Frutarom stock option or Frutarom restricted stock award, less applicable tax withholding.

For purposes of the treatment of Frutarom stock options and Frutarom restricted stock awards described above, the value of the merger consideration that consists of shares of IFF common stock will equal the product of (1) the number of such shares of IFF common stock multiplied by (2) the IFF stock price. For more details on the calculation of the IFF stock price, see *The Merger Agreement Merger Consideration* beginning on page 85.

In addition to the foregoing, the actual amounts, form of payment and timing of payments to holders of Frutarom stock options and Frutarom restricted stock awards will be subject to the provisions of certain tax rulings, as applicable. See *The Merger Agreement Conversion of Shares; Payment Procedures; Withholding* below.

Q: Whom should I contact if I have any other questions?

A: If you have additional questions about the merger or need additional copies of this prospectus, please contact IFF's Investor Relations at International Flavors & Fragrances Inc., 521 West 57th Street, New York, New York 10019 or by calling (212) 708-7164.

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SUMMARY

*This summary highlights selected information contained in this prospectus and does not contain all the information that may be important to you. We urge you to read carefully this prospectus in its entirety, including the annexes. Additional important information, which we also urge you to read, is contained in the documents incorporated by reference into this prospectus. See *Where You Can Find More Information* beginning on page 153. All references in this prospectus to IFF refer to International Flavors & Fragrances Inc., a New York corporation, and/or its consolidated subsidiaries, unless the context requires otherwise. All references to Frutarom refer to Frutarom Industries Ltd., a company organized under the laws of the State of Israel, and/or its consolidated subsidiaries, unless the context requires otherwise. All references to Merger Sub refer to Icon Newco Ltd., a company organized under the laws of the State of Israel and a wholly owned subsidiary of IFF, and all references to the merger agreement are to the Agreement and Plan of Merger, dated as of May 7, 2018, by and among International Flavors & Fragrances Inc., Icon Newco Ltd. and Frutarom Industries Ltd., as it may be amended, a copy of which is attached as Annex A to this prospectus.*

The Parties

IFF

IFF is a leading innovator of sensory experiences that move the world. IFF co-creates products that consumers taste, smell, or feel in fine fragrances and beauty, detergents and household goods, and food and beverages. IFF's approximately 7,300 team members globally take advantage of its capabilities in consumer insights, research and product development, creative expertise and customer intimacy to partner with IFF's customers in developing innovative offerings for consumer products. IFF believes that its collaborative approach will generate market share gains for its customers.

IFF's international presence positions it to serve both IFF's global customers and the increasing number of regional and high-end and middle-market specialty consumer goods producers. IFF operates 37 manufacturing facilities and 69 creative centers and application laboratories located in 37 different countries. IFF partners with its customers to develop over 46,000 products that are provided to customers in approximately 162 countries.

IFF principally competes in the flavors and fragrances market, which is part of a larger market that supplies a wide variety of ingredients and compounds used in consumer products. The broader market includes large multi-national companies and smaller regional and local participants that supply products such as seasonings, texturizers, spices, enzymes, certain food-related commodities, fortified products and cosmetic ingredients. The global market for flavors and fragrances has expanded consistently, primarily as a result of an increase in demand for, and an increase in the variety of, consumer products containing flavors and fragrances.

In 2017, IFF achieved sales of approximately \$3.4 billion, making it a leading company in the global flavors and fragrances sub-segment of the broader consumer products ingredients and compounds market. IFF believes that its global presence, diversified business platform, broad product portfolio and global and regional customer base position it to achieve long-term growth as the flavors and fragrances markets expand.

IFF operates in two business segments, Flavors and Fragrances. In 2017, IFF's flavors business represented 48% of its sales, while its fragrances business represented 52% of sales. IFF's business is geographically diverse, with sales to customers in the four regions set forth below:

Region	% of 2017 Sales
Europe, Africa, Middle East	31%
Greater Asia	27%
North America	27%
Latin America	15%

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IFF is committed to competing in emerging markets. IFF believes that more significant future growth potential for the flavors and fragrances industry, and for its business, exists in the emerging markets (all markets except North America, Japan, Australia, and Western, Southern and Northern Europe). Over the past five years, IFF's currency neutral sales growth rate in emerging markets has outpaced that of developed markets. IFF expects this long-term trend to continue for the foreseeable future.

IFF has operated in some of the largest emerging markets for multiple decades. As a result of these operations, sales in emerging markets represented 48% of 2017 sales and 51% of 2016 sales. As IFF's customers seek to grow their businesses in emerging markets, IFF provides them the ability to leverage its long-standing international presence and extensive market knowledge to help drive their brands in these markets. To stay competitive in its industry, IFF must adapt to rapidly shifting consumer preferences and customer demands. IFF believes its consumer insights and customer relationships help to drive innovation that benefits IFF and its customers. During 2017, IFF's 25 largest customers accounted for 50% of its sales. Sales to IFF's largest customer across all end-use categories accounted for 11% to 12% of IFF's sales for each of the last three fiscal years. These sales were principally in IFF's fragrances business.

IFF's principal executive offices are located at 521 West 57th Street, New York, New York 10019 and its telephone number is (212) 765-5500. IFF's website address is www.IFF.com. Information contained on IFF's website does not constitute part of this prospectus. IFF's common stock is publicly traded on the NYSE, and Euronext Paris under the ticker symbol IFF. Additional information about IFF is included in documents incorporated by reference in this prospectus. Please see the section entitled *Where You Can Find More Information* beginning on page 153.

Frutarom

Frutarom is a global company established in Israel in 1933 and operating in the global flavors and specialty fine ingredients markets. Frutarom, through its subsidiaries, develops, produces and markets flavors and fine ingredients used in manufacturing food, beverages, flavors and fragrances, pharma/nutraceuticals, cosmetics and personal care products. As of December 31, 2017, Frutarom operated 72 production sites, 90 research and development laboratories, and 109 sales offices in Europe, North America, Latin America, Israel, Asia, Africa and New Zealand, and employed 5,223 people throughout the world. In 2017, Frutarom marketed and sold over 70,000 products to more than 30,000 customers in more than 150 countries.

Frutarom operates in two main activities which constitute its core businesses and are reported as business segments in its financial statements: flavors activity and specialty fine ingredients activity. In addition, as part of a comprehensive solution offered to customers, Frutarom imports and markets raw materials manufactured by third parties. This activity is presented as part of trade and marketing operations, which is not a core business.

Frutarom became a public company in 1996 upon registration of its shares for trade on the Tel Aviv Stock Exchange. In February 2005, Frutarom's Global Depository Receipts were also listed on the London Stock Exchange Official List. Frutarom's principal executive offices are located at 2 Hamenofim Street, Building A, Herzliya, Israel 4672553, and its telephone number is +972-9960-3800.

For additional information on Frutarom's business, see the section entitled *Management's Discussion of Financial Condition and Results of Operations of Frutarom Overview* in this prospectus.

Icon Newco Ltd.

Merger Sub, a wholly owned subsidiary of IFF, is a company organized under the laws of the State of Israel that was formed on May 2, 2018 for the sole purpose of effecting the merger. Merger Sub has not conducted any

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activities other than those incidental to its formation and the matters contemplated by the merger agreement. In the merger, Merger Sub will be merged with and into Frutarom, with Frutarom surviving as a wholly owned subsidiary of IFF.

The Merger

The terms and conditions of the merger are contained in the merger agreement, a copy of which is attached as Annex A to this prospectus and is incorporated by reference into this prospectus. We encourage you to read the merger agreement carefully and in its entirety, as it is the legal document that governs the merger. The description of the merger agreement in this section and elsewhere in this prospectus is qualified in its entirety by reference to the complete text of the merger agreement.

On May 7, 2018, IFF, Frutarom and Merger Sub entered into the merger agreement, which provides that, subject to the terms and conditions of the merger agreement and in accordance with the ICL, Merger Sub will merge with and into Frutarom, with Frutarom continuing as the surviving company and a wholly owned subsidiary of IFF.

Merger Consideration

At the completion of the merger, each Frutarom ordinary share that is issued and outstanding immediately prior to the completion of the merger (other than (1) ordinary shares held by Frutarom as treasury stock (dormant shares) or (2) ordinary shares held directly or indirectly by IFF, Merger Sub or any wholly owned subsidiary of Frutarom) will be converted into the right to receive (a) \$71.19 in cash, which is referred to as the cash consideration, and (b) 0.2490 of a share of IFF common stock, which is referred to as the stock consideration, with cash in lieu of fractional shares, in each case without interest and subject to applicable tax withholding. The cash and IFF common stock payable in exchange for each such Frutarom ordinary share are collectively referred to as the merger consideration. The fraction of a share of IFF common stock into which each such Frutarom ordinary share will be converted is referred to as the exchange ratio. Upon the completion of the merger, based on the exchange ratio of 0.2490, the estimated number of shares of IFF common stock issuable as a portion of the merger consideration is approximately 14.88 million shares, which will result in former Frutarom shareholders holding approximately 15.8% of the outstanding fully diluted IFF common stock, based on the number of outstanding shares of common stock and outstanding stock-based awards of IFF and Frutarom as of May 4, 2018, the last trading day for IFF common stock prior to the announcement of the merger and without taking into account the issuance by IFF of equity securities in connection with the financing of the merger. For more information on sources of funding for the merger, see the section entitled *The Merger Financing of the*

Merger beginning on page 73. For more details on the shares of IFF common stock and other consideration to be received by Frutarom shareholders, see *The Merger Agreement Merger Consideration* beginning on page 85.

Treatment of Equity Awards

As of the completion of the merger, each Frutarom stock option and Frutarom restricted stock award that is outstanding and vested as of immediately prior to the completion of the merger will be canceled and converted into the right to receive the merger consideration in respect of each net share subject to such vested Frutarom stock option or vested Frutarom restricted stock award, less applicable tax withholding. For this purpose, a net share means, with respect to a Frutarom stock option or Frutarom restricted stock award, the quotient of (i) the product of (A) the excess, if any, of the value of the merger consideration over the exercise price or purchase price per Frutarom ordinary share (as applicable) subject to such Frutarom stock option or Frutarom restricted stock award, multiplied by (B) the number of Frutarom ordinary shares subject to such Frutarom stock option or Frutarom restricted stock award, divided by

(ii) the value of the merger consideration.

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As of the completion of the merger, each Frutarom stock option and Frutarom restricted stock award that is outstanding and unvested as of immediately prior to the completion of the merger will be canceled and converted into the right of the applicable holder to receive, (A) on the applicable vesting date that applies to such unvested Frutarom stock option or unvested Frutarom restricted stock award, subject to the holder's continued employment with Frutarom or an affiliate through such date, or (B) in the case of unvested Frutarom stock options, upon an earlier termination of the holder's employment that would result in the vesting of such unvested Frutarom stock option, a cash payment in U.S. dollars equal to the product of (i) the total number of Frutarom ordinary shares subject to such Frutarom stock option or Frutarom restricted stock award, multiplied by (ii) the excess, if any, of the value of the merger consideration over the exercise price or purchase price per Frutarom ordinary share (as applicable) subject to such Frutarom stock option or Frutarom restricted stock award, less applicable tax withholding.

For purposes of the treatment of Frutarom stock options and Frutarom restricted stock awards described above, the value of the merger consideration that consists of shares of IFF common stock will equal the product of (1) the number of such shares of IFF common stock multiplied by (2) the IFF stock price. For more details on the calculation of the IFF stock price, see *The Merger Agreement Merger Consideration* beginning on page 85.

In addition to the foregoing, the actual amounts, form of payment and timing of payments to holders of Frutarom stock options and Frutarom restricted stock awards will be subject to the provisions of the certain tax rulings, as applicable. See *The Merger Agreement Conversion of Shares; Payment Procedures; Withholding* below.

Financing of the Merger

IFF's obligation to complete the merger is not conditioned upon its obtaining financing. IFF anticipates that approximately \$4.3 billion will be required to pay the aggregate cash portion of the merger consideration to the Frutarom shareholders and to pay fees and expenses relating to the merger. IFF intends to fund the cash component of the merger through up to \$3.1 billion of debt financing, cash on hand and the issuance of up to \$2.2 billion in new equity securities.

In connection with entering into the merger agreement, IFF entered into a debt commitment letter, dated as of May 7, 2018, with Morgan Stanley Senior Funding, Inc., that provided for a commitment for an up to \$5.45 billion 364-day bridge loan facility to the extent IFF has not received \$5.45 billion of net cash proceeds (and/or qualified bank commitments) from a combination of (a) the issuance by IFF of a combination of equity securities, equity-linked securities and/or unsecured debt securities and/or (b) unsecured term loans, in each case, at or prior to completion of the merger. On June 6, 2018, IFF entered into a senior unsecured term loan credit agreement with the lenders party thereto and Morgan Stanley Senior Funding, Inc., as administrative agent, that provides for a three-year \$350 million senior unsecured term loan facility, to replace a portion of the bridge loan facility.

The commitments under the debt commitment letter and the term loan credit agreement terminate on February 7, 2019 or, under certain circumstances, on May 7, 2019.

For a more complete description of sources of funding for the merger, see *The Merger Financing of the Merger* beginning on page 73.

Frutarom's Reasons for Approval of the Merger; Recommendation of the Frutarom Board

The Frutarom board recommends that Frutarom shareholders vote to approve the merger agreement, the merger and the other transactions contemplated by the merger agreement. For a discussion of the factors that the

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Frutarom board considered in determining to recommend the approval of the merger agreement, the merger and the other transactions contemplated by the merger agreement, see the section entitled *The Merger Frutarom Board of Directors Recommendation and Reasons for the Merger* beginning on page 69.

Voting Agreement

In connection with the execution of the merger agreement, ICC Chemical Corporation and ICC Handels A.G., who collectively beneficially owned 21,358,034 Frutarom ordinary shares as of May 7, 2018, representing approximately 35.87% of the voting power of the issued and outstanding Frutarom ordinary shares as of such date, together entered into a voting agreement with IFF, a copy of which is attached as Annex B to this prospectus and is incorporated by reference into this prospectus. Under the voting agreement, each such shareholder agreed, among other things, to: (i) vote its beneficially owned Frutarom ordinary shares (a) in favor of the merger and the other transactions contemplated by the merger agreement, (b) in favor of any proposal to adjourn or postpone a meeting of Frutarom shareholders in the event there are not sufficient votes for approval of any such matters, (c) against any third party acquisition proposals and (d) against any action, proposal, transaction or agreement that would reasonably be likely to prevent, impede or delay Frutarom or IFF's ability to consummate the transactions contemplated by the merger agreement, including the merger; and (ii) comply with certain restrictions on the disposition of such shares, in each case subject to the terms and conditions contained therein. The voting agreement will terminate upon the earliest to occur of (A) the consummation of the merger, (B) the termination of the merger agreement pursuant to and in compliance with its terms, (C) a change of recommendation of the Frutarom board in accordance with the merger agreement or (D) the parties' mutual written agreement to terminate the voting agreement.

Regulatory Approvals

Completion of the merger is subject to antitrust and competition laws in various jurisdictions.

Under the HSR Act and related rules, the merger may not be completed until notifications have been given and information furnished to the Antitrust Division of the United States Department of Justice, which is referred to as the Antitrust Division, and the United States Federal Trade Commission, which is referred to as the FTC, and a 30-calendar-day waiting period has expired, or been terminated. IFF and Frutarom each filed their respective HSR Act notification forms on May 18, 2018 and the applicable waiting period under the HSR Act expired on June 18, 2018 at 11:59 p.m., Eastern Time.

Completion of the merger is further subject to regulatory notifications, clearances and/or approvals in the European Union, Israel, Mexico, Russia, South Africa, Turkey and Ukraine.

There can be no assurance that a challenge to the merger on antitrust or other grounds will not be made or, if such a challenge is made, that it would not be successful.

See *The Merger Regulatory Approvals* beginning on page 75.

Conditions to Completion of the Merger

In addition to the approval of the merger proposal by Frutarom shareholders, the expiration or termination of the applicable waiting period under the HSR Act and the approval of regulatory authorities in the European Union, Israel and certain other foreign jurisdictions, relating to the merger, each party's obligation to complete the merger is also subject to the satisfaction or waiver (to the extent permitted under applicable law) of certain other conditions, including the effectiveness of the registration statement on Form S-4 of which this prospectus forms a part (and the

absence of any stop order by the SEC), approval of the listing on the NYSE of the IFF

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common stock to be used for a portion of the merger consideration, the absence of an injunction or law prohibiting the merger or issuance of the IFF common stock to be used for a portion of the merger consideration, the accuracy of the representations and warranties of the parties under the merger agreement (subject to the material adverse effect and other materiality standards set forth in the merger agreement), the performance by the parties of their respective covenants and obligations under the merger agreement in all material respects and delivery of officer certificates by the parties certifying satisfaction of certain of the conditions described above.

The parties expect to complete the merger after all of the conditions to the merger in the merger agreement are satisfied or waived, including after Frutarom receives shareholder approval of the merger proposal at the Frutarom special meeting and after Frutarom and IFF receive all required regulatory approvals. For a more complete description of the conditions to the merger, see *The Merger Agreement Conditions to the Merger* beginning on page 107.

Timing of the Merger

The parties expect the merger to close within five to nine months following the signing of the merger agreement on May 7, 2018. Neither IFF nor Frutarom can predict, however, the actual date on which the merger will be completed because it is subject to conditions beyond each company's control, including obtaining the necessary regulatory approvals. For a more complete description of the conditions to the merger, see *The Merger Agreement Conditions to the Merger* beginning on page 107.

No Solicitation

As more fully described in this prospectus and in the merger agreement, and subject to certain exceptions, including the ones summarized below, Frutarom has agreed that (1) it, its subsidiaries and their respective officers and directors will and Frutarom will instruct and use reasonable best efforts to cause its and their respective other representatives to immediately cease all existing discussions, negotiations and communications with any person or entity with respect to acquisition proposals involving Frutarom (which generally means proposals to acquire 20% or more of Frutarom's voting power, consolidated assets, revenues or net income); (2) it will not, and will cause its subsidiaries and its and their respective officers and directors not to, and will instruct and use its reasonable best efforts to cause its other representatives not to, directly or indirectly initiate, seek, solicit, knowingly facilitate or knowingly encourage the making or submission of an acquisition proposal, enter into or engage in any negotiations or discussions with, or provide any non-public information to, or afford access to the business, properties, assets, books or records of Frutarom or any of its subsidiaries to, any person or entity (other than IFF or any of its representatives) relating to or for the purpose of encouraging or facilitating an acquisition proposal (other than to state that the terms of the merger agreement prohibit such discussions) or grant any waiver or release under any standstill or similar agreement (unless the Frutarom board determines in good faith that the failure to grant such waiver or release would be inconsistent with its fiduciary duties under Israeli law); (3) it will not provide any third party access, and will terminate access of any third party who has made or indicated an interest in making an acquisition proposal to any data room containing any nonpublic information of Frutarom or any of its subsidiaries; and (4) it will demand the return or destruction of all confidential, non-public information and materials that have been provided to third parties that have entered into confidentiality agreements relating to a possible acquisition proposal with Frutarom or any of its subsidiaries.

The merger agreement includes certain exceptions to the non-solicitation covenant such that, prior to obtaining the Frutarom shareholder approval, Frutarom may participate in discussions and negotiations concerning an unsolicited acquisition proposal, and afford access to information, if the Frutarom board determines in good faith, after consultation with its outside financial advisor and outside legal counsel, that the acquisition proposal is or will reasonably likely be or result in a superior proposal (as defined below under the *The Merger Agreement No Solicitation*). Also, the Frutarom board may, subject to complying with certain

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specified procedures, including providing IFF with a good faith opportunity to negotiate and, in certain circumstances, payment of a termination fee as described below, (1) change its recommendation in favor of the merger and the transactions contemplated by the merger agreement or terminate the merger agreement in order to enter into a definitive agreement regarding an unsolicited acquisition proposal that is determined to be a superior proposal, or (2) change its recommendation in favor of the merger and the transactions contemplated by the merger agreement in response to an intervening event (as defined below under the *The Merger Agreement Intervening Event*) that becomes known to the Frutarom board after the date of the merger agreement but prior to the Frutarom shareholder approval (and in no event after receipt of the shareholder approval), in each case, to the extent failure to do so would be inconsistent with its fiduciary duties under Israeli law.

For a more complete description of the limitations on solicitation of acquisition proposals from third parties and the ability of the Frutarom board to change its recommendation for the transaction, as well as the exceptions to these limitations, see *The Merger Agreement Covenants and Agreements* beginning on page 93.

Termination of the Merger Agreement; Termination Fee

The merger agreement may be terminated by mutual written consent of IFF and Frutarom at any time prior to the closing. In addition, the merger agreement may be terminated as follows:

by either IFF or Frutarom if:

the merger has not been consummated on or before 5:00 p.m. (New York time) on February 7, 2019 (subject to extension until 5:00 p.m. (New York time) on May 7, 2019, if certain closing conditions shall not have been satisfied as a result of any antitrust law or order arising under any antitrust law), which is referred to as the termination date ; provided that the right to terminate the merger agreement as described in this bullet will not be available to any party if a breach by such party of any of its obligations under the merger agreement has proximately caused the failure of the closing to have occurred on or before the termination date (this termination right is referred to as the termination date termination right); or

any governmental authority has issued or entered any order that would have the effect of permanently enjoining or permanently prohibiting the completion of the merger, and the imposition of such order has become final and non-appealable; provided that the right to terminate the merger agreement as described in this bullet will not be available to a party if a breach by such party of its obligations under the merger agreement has proximately caused the issuance or entry of such order; or

the Frutarom shareholder approval has not been obtained upon a vote taken at the Frutarom special meeting or at any adjournment or postponement of such Frutarom special meeting (this termination right is referred to as the shareholder approval termination right); or

the other party breaches or fails to perform any of its representations, warranties, covenants or other agreements in the merger agreement, which breach or failure to perform would result in the failure of a

closing condition related to the accuracy of the other party's representations or warranties or performance of covenants in the merger agreement, subject to certain material adverse effect and other materiality thresholds and rights to cure and other limitations (this termination right is referred to as the "breach termination right"); or

by Frutarom prior to the Frutarom shareholder approval, in order for Frutarom to enter into a definitive agreement with respect to a superior proposal, as described in *The Merger Agreement Covenants and Agreements Superior Proposal* beginning on page 101, provided that as a condition to the effectiveness of such termination, Frutarom pays to IFF the termination fee (this termination right is referred to as the "superior proposal termination right"); or

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by IFF if:

prior to the Frutarom shareholder approval, Frutarom has materially breached its obligations described under *The Merger Agreement Covenants and Agreements No Solicitation* , *The Merger Agreement Covenants and Agreements Adverse Recommendation Change; Certain Prohibited Actions* , *The Merger Agreement Covenants and Agreements Superior Proposal* or *The Merger Agreement Covenants and Agreements Intervening Event* (this termination right is referred to as the no solicitation termination right); or

prior to the Frutarom shareholder approval, (1) the Frutarom board makes an adverse recommendation change as described further in *The Merger Agreement Covenants and Agreements Adverse Recommendation Change; Certain Prohibited Actions* or (2) after an acquisition proposal is publicly announced or becomes generally known to the public, Frutarom fails to publicly reaffirm its recommendation within 10 business days after receipt of a written request by IFF to do so; provided that IFF will not make such request more than one time for any such acquisition proposal (if there is any amendment to the financial or other material terms of any such acquisition proposal that is publicly announced or becomes generally known to the public, IFF can make one additional such request) (this termination right is referred to as the recommendation change termination right).

If the merger agreement is terminated as described above, the merger agreement will be null and void, without liability on the part of any party, subject to certain exceptions, including that

no termination will relieve any party of any liability or damages resulting from any intentional breach (as defined in *The Merger Agreement Effect of Termination*) of its obligations under the merger agreement prior to such termination or fraud, in which case the aggrieved party will be entitled to all rights and remedies available at law or in equity, including liability for damages (taking into account all relevant factors, including the loss of benefit of the merger to the party or its shareholders, any lost shareholder premium, any lost synergies and the time value of money); and

the confidentiality agreement entered into by IFF and Frutarom in connection with the merger agreement and the provisions of the merger agreement with respect to certain indemnification obligations will survive any termination of the merger agreement.

The merger agreement provides for the payment of a termination fee of \$191 million by Frutarom to IFF as a result of a termination of the merger agreement under the following circumstances:

if one of the four conditions listed below is satisfied and within 12 months after such termination, an acquisition proposal is consummated or Frutarom enters into a definitive agreement with respect to an acquisition proposal (provided that the references to 20% in the definition of acquisition proposal will be deemed to be references to 50%);

Frutarom terminates the merger agreement pursuant to the termination date termination right prior to receipt of the Frutarom shareholder approval and after the execution of the merger agreement an acquisition proposal has been publicly disclosed or otherwise communicated to the Frutarom board and not withdrawn on a bona fide basis without qualification at least five business days prior to such termination;

either IFF or Frutarom terminates the merger agreement pursuant to the shareholder approval termination right and after the execution of the merger agreement an acquisition proposal has been publicly disclosed and not withdrawn on a bona fide basis without qualification at least five business days prior to the Frutarom shareholder meeting;

IFF terminates the merger agreement pursuant to the breach termination right with respect to an intentional breach of a covenant and after the execution of the merger agreement and prior to the

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date of the intentional breach that gave rise to such right of termination an acquisition proposal has been publicly disclosed or otherwise communicated to the Frutarom board and not withdrawn on a bona fide basis without qualification at least five business days prior to such termination; or

IFF terminates the merger agreement pursuant to the no solicitation termination right prior to receipt of the Frutarom shareholder approval and after the execution of the merger agreement an acquisition proposal has been publicly disclosed or otherwise communicated to the Frutarom board;

Frutarom terminates the merger agreement pursuant to the superior proposal termination right; or

IFF terminates the merger agreement pursuant to the recommendation change termination right. In no event will Frutarom be required to pay a termination fee on more than one occasion.

If IFF receives payment from Frutarom of the termination fee, such payment will constitute the sole and exclusive remedy of IFF against Frutarom and its subsidiaries and representatives for all losses and damages suffered as a result of the failure of the transactions contemplated by the merger agreement to be completed or a breach or failure to perform under the merger agreement or otherwise, except (1) in the event of fraud and (2) that if Frutarom fails to timely pay any termination fee due pursuant to the merger agreement, Frutarom will be obligated to pay any costs and expenses (including reasonable attorneys' fees), together with interest, in connection with any suit brought by IFF that results in a judgment against Frutarom for the payment of such termination fee or expense reimbursement.

Except as otherwise described below under *The Merger Agreement Termination Fee* and except for filing fees required under any antitrust law and expenses in connection with Frutarom's financing cooperation, all expenses incurred in connection with the merger agreement and the transactions contemplated by the merger agreement shall be paid by the party incurring such expenses, whether or not the merger is completed.

For a more complete description of each party's termination rights and the related termination fee obligations, see *The Merger Agreement Termination* beginning on page 108 and *The Merger Agreement Termination Fee* beginning on page 110.

No Appraisal Rights for Frutarom Shareholders

Under Israeli law, Frutarom shareholders are not entitled to statutory appraisal rights in connection with the merger. For more information, see the section entitled *Appraisal Rights* beginning on page 150.

Certain U.S. Federal Income Tax Consequences of the Merger

The exchange of Frutarom ordinary shares pursuant to the merger will be a taxable transaction for U.S. federal income tax purposes, and may also be a taxable transaction under applicable state, local or non-U.S. income or other tax laws. In general, for U.S. federal income tax purposes, a U.S. holder (as defined in *The Merger Certain U.S. Federal Income Tax Consequences of the Merger* beginning on page 75) of Frutarom ordinary shares who receives the merger consideration in exchange for such U.S. holder's shares of Frutarom ordinary shares pursuant to the merger will recognize gain or loss in an amount equal to the difference, if any, between (1) the sum of the fair market value of the IFF common stock and the amount of cash, including cash in lieu of a fractional share of IFF common stock, received in the merger and (2) such U.S. holder's adjusted tax basis in the shares of Frutarom ordinary shares exchanged

therefor.

For a more complete description of the U.S. federal income tax consequences of the merger, see *The Merger Certain U.S Federal Income Tax Consequences of the Merger* beginning on page 75.

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You are urged to consult with your own tax advisor for a full understanding of the tax consequences of the merger to you, including the consequences under any applicable state, local, foreign or other tax laws.

Certain Israeli Tax Consequences of the Merger

The following description is not intended to constitute a complete analysis of all Israeli tax consequences to Frutarom shareholders relating to the merger. This summary does not discuss all the aspects of Israeli tax law that may be relevant to a particular person in light of his or her personal circumstances. The discussion should not be construed as legal or professional tax advice and does not cover all possible tax considerations.

Generally, the exchange of Frutarom ordinary shares for the merger consideration would be treated as a sale and subject to Israeli tax both for Israeli and non-Israeli resident shareholders of Frutarom. However, certain relief and/or exemptions may be available under Israeli law.

Israeli law generally imposes capital gains tax on the real capital gain from the sale of any capital assets by residents of Israel, as defined for Israeli tax purposes, and on the sale of capital assets located in Israel, including shares of Israeli companies by non-residents of Israel, unless a specific exemption is available or a tax treaty between Israel and the shareholder's country of residence provides otherwise. Israeli law distinguishes between real capital gain and inflationary surplus. The real capital gain is the excess of the total capital gain over the inflationary surplus. You should consult your own tax advisor as to the method you should use to determine the inflationary surplus.

Generally, the capital gains tax rate applicable to the real capital gain is 25% for individuals, unless such shareholder claims a deduction for interest and linkage differences expenses in connection with the shares sold, in which case the real capital gain will generally be taxed at a rate of 30%. If such individual is holding or is entitled to purchase, directly or indirectly, alone or together with such person's relative or another person who collaborates with such person on a permanent basis, at least 10% of (i) the voting rights of Frutarom, (ii) the right to receive Frutarom's profits or its assets upon liquidation, (iii) the right to appoint a manager/director, or (iv) the right to instruct any other person to do any of the foregoing (a Major Stockholder) on the date of sale or on any date falling within the 12-month period preceding that date of sale, such Major Stockholder would be subject to Israeli capital gains tax at the rate of 30%. The actual capital gains tax rates which may apply to individual Frutarom shareholders on the sale of Frutarom shares (which may be effectively higher or lower than the rates mentioned above) are subject also to various factors including, inter alia, the date on which the shares were purchased, whether the shares are held through a nominee company or by the shareholder, the identity of the shareholder and certain tax elections which may have been made in the past by the shareholder. In general, companies are subject to the corporate tax rate on real capital gains derived from the sale of shares at the rate of 23% in 2018. Due to certain provisions of the ITO, the actual effective capital gains tax applicable to certain companies may be different than that specified above.

Individual and corporate shareholders dealing in securities in Israel are taxed at the tax rates applicable to business income, currently 23% for companies and a marginal tax rate of up to 47% for individuals, plus an additional tax of 3%, which is imposed on individuals whose annual taxable income exceeds a certain threshold (NIS 641,880 for 2018), and which will be referred to as excess tax, see *The Merger Certain Israeli Tax Consequences of the Merger Excess Tax* beginning on page 78.

The inflationary surplus is generally exempt from tax, provided that the shares being sold were acquired after December 31, 1993.

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Pursuant to Israeli tax law, and subject to certain provisions of the ITO, non-Israeli residents (individuals or corporations) will generally be exempt from Israeli capital gains tax on the sale of Frutarom ordinary shares, which were acquired after the company was registered for trade on the Israeli stock exchange. However, non-Israeli corporations will not be entitled to the foregoing exemption if Israeli residents: (i) have a controlling interest of more than 25% in such non-Israeli corporation or (ii) are the beneficiaries of, or are entitled to, 25% or more of the revenues or profits of such non-Israeli corporation, whether directly or indirectly.

Other non-Israeli residents (individuals or corporations) may be exempt from Israeli capital gains tax under the provisions of an applicable tax treaty between Israel and the seller's country of residence (subject to the receipt of a valid certificate from the ITA allowing for an exemption or a reduced tax rate).

Frutarom has filed requests for three tax rulings from the ITA with respect to (i) withholding tax in Israel, regarding the cash consideration paid to Frutarom shareholders; (ii) a deferral of capital gains tax with respect to Frutarom shareholders which hold less than 5% of Frutarom's issued and outstanding shares through the Nominee Company and Frutarom shareholders which hold less than 5% of Frutarom's issued and outstanding shares directly and not through the Nominee Company, regarding the stock consideration; and (iii) the Israeli tax treatment applicable to holders of Frutarom stock options and ordinary shares issued to certain directors and employees under Section 102 of the ITO. There can be no assurance that such tax rulings will be granted before the closing or at all or that, if obtained, such tax rulings will be granted under the conditions requested by Frutarom.

Whether or not a particular Frutarom shareholder is actually subject to Israeli capital gains tax in connection with the merger, absent receipt by Frutarom of an applicable tax ruling from the ITA prior to closing of the merger, all Frutarom shareholders will be subject to Israeli withholding tax at the rate of 25% (for individuals) and 23% (for corporations) on the gross merger consideration (unless the shareholder obtains an individual certificate of exemption or a reduced tax rate from the ITA, as described below), and IFF or the exchange agent will withhold and deduct from the cash consideration an amount equal to 25%, 23% or such other reduced tax rate as stipulated in the certificate obtained, as applicable, of the gross merger consideration received by such shareholder.

Regardless of whether Frutarom obtains the requested tax rulings from the ITA, any holder of Frutarom ordinary shares who believes that it is entitled to an exemption from withholding tax (or entitled to a reduced tax rate) may separately apply to the ITA to obtain a certificate of exemption from withholding or an individual tax ruling providing for no withholding or withholding at a reduced tax rate, and submit such certificate of exemption or ruling to the exchange agent prior to receiving the merger consideration and at least five business days prior to the date that is 180 days following the date of the closing of the merger. If IFF or the exchange agent receives a valid exemption certificate or tax ruling (in form and substance reasonably acceptable to IFF) prior to delivering the merger consideration and at least five business days prior to the date that is 180 days following the date of the closing of the merger, then the withholding (if any) of any amounts under the ITO from the merger consideration payable shall be made only in accordance with the provisions of such Israeli tax certificate or tax ruling.

For a more complete description of the Israeli tax consequences of the merger, see *The Merger - Certain Israeli Tax Consequences of the Merger* beginning on page 78.

You are urged to consult with your own tax advisor for a full understanding of the Israeli tax consequences of the merger to you, including the applicability of tax treaties.

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Accounting Treatment

IFF prepares its financial statements in accordance with accounting principles generally accepted in the United States, which is referred to as "U.S. GAAP". The merger will be accounted for as an acquisition of Frutarom by IFF under the acquisition method of accounting in accordance with U.S. GAAP. IFF will be treated as the acquiror for accounting purposes.

Risk Factors

You should consider all the information contained in or incorporated by reference into this prospectus in considering the proposed merger. In particular, you should carefully consider the risks that are described in the section entitled *Risk Factors* beginning on page 29.

Table of Contents**SELECTED HISTORICAL FINANCIAL DATA****SELECTED HISTORICAL CONSOLIDATED FINANCIAL DATA OF IFF**

The following table presents selected historical consolidated financial data for IFF as of and for the fiscal years ended December 31, 2017, 2016, 2015, 2014 and 2013 and as of and for the quarters ended March 31, 2018 and 2017. The statement of operations data and cash flow data for the fiscal years ended December 31, 2017, 2016 and 2015 and the balance sheet data as of December 31, 2017 and 2016 have been obtained from IFF's audited consolidated financial statements included in IFF's Annual Report on Form 10-K for the fiscal year ended December 31, 2017, which is incorporated by reference into this prospectus. The statement of operations data and cash flow data for the fiscal years ended December 31, 2014 and 2013 and the balance sheet data as of December 31, 2015, 2014 and 2013 have been derived from IFF's consolidated financial statements not incorporated by reference into this prospectus. The statement of operations data and cash flow data for the quarters ended March 31, 2018 and 2017 and the balance sheet data as of March 31, 2018 has been obtained from IFF's unaudited consolidated financial statements included in IFF's Quarterly Report on Form 10-Q for the quarter ended March 31, 2018, which is incorporated by reference into this prospectus. The balance sheet data as of March 31, 2017 has been derived from IFF's unaudited consolidated financial statements not incorporated by reference into this prospectus. The statement of operations data included below and IFF's Annual Report on Form 10-K for the fiscal year ended December 31, 2017, which is incorporated by reference into this prospectus, have not been revised to reflect the required retrospective adoption of the Financial Accounting Standards Board amendment to Compensation Retirement Benefits guidance (ASU 2017-07), which we refer to as the FASB amendment, as the guidance has no impact on net income and the effect of the revision is not material. For more information on the adoption of the FASB amendment, please refer to IFF's Quarterly Report on Form 10-Q for the quarter ended March 31, 2018, which is incorporated by reference into this prospectus.

The results of operations for the quarter ended March 31, 2018 are not necessarily indicative of the results that may be expected for the entire year ending December 31, 2018, and you should not assume the results of operations for any past periods indicate results for any future period. The information set forth below should be read together with the other information contained in IFF's Annual Report on Form 10-K for the fiscal year ended December 31, 2017 and IFF's Quarterly Report on Form 10-Q for the quarter ended March 31, 2018, including the sections entitled Management's Discussion and Analysis of Financial Condition and Results of Operations and the consolidated financial statements and related notes therein. See the section entitled *Where You Can Find More Information* beginning on page 153.

Amounts in thousands, except per share amounts or unless indicated otherwise)	Quarter Ended		Year Ended December 31,				
	2018 ^(a)	2017 ^(b)	2017 ^(c)	2016 ^(d)	2015 ^(e)	2014 ^{(f)(i)}	2013 ^{(g)(i)}
Statement of Operating Data:							
Net sales	\$ 930,928	\$ 828,293	\$ 3,398,719	\$ 3,116,350	\$ 3,023,189	\$ 3,088,533	\$ 2,952,896
Cost of goods sold	525,119	465,210	1,919,718	1,717,280	1,671,590	1,726,383	1,668,691
Gross profit	405,809	363,083	1,479,001	1,399,070	1,351,599	1,362,150	1,284,205
Operating profit	174,856	130,065	581,443	567,356	588,347	592,321	516,339
Net income	129,416	115,764	295,665	405,031	419,247	414,543	353,544
Cash dividends declared per share	0.69	0.64	2.66	2.40	2.06	1.72	1.46
Net income per share:							
Basic	1.63	1.46	3.73	5.07	5.19	5.09	4.32

Diluted	1.63	1.45	3.72	5.05	5.16	5.06	4.29
Balance Sheet Data:							
Total Assets	4,681,276	4,252,259	4,598,926	4,016,984	3,702,010	3,494,621	3,331,731
Long term debt ^(h)	1,676,211	1,186,417	1,632,186	1,066,855	935,373	934,232	932,665
Total shareholders equity	1,778,962	1,631,517	1,689,294	1,631,134	1,594,990	1,522,689	1,467,051

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- (a) The quarter ended March 31, 2018 includes \$5,000 of costs related to an FDA mandated product recall.
- (b) The quarter ended March 31, 2017 includes \$8,788 of costs related to the amortization of inventory step-up for the acquisitions of David Michael and Fragrance Resources and transaction costs related to the acquisitions of David Michael, Fragrance Resources and PowderPure; \$5,331 of reserve for payment of a tax assessment related to commercial rent for prior periods; \$10,143 of severance costs related to the 2017 Productivity Program and Taiwan lab closure; and a \$12,217 release of CTA related to the liquidation of a foreign entity.
- (c) The year ended 2017 includes \$20,389 of costs related to the amortization of inventory step-up and transaction costs for the acquisitions of Fragrance Resources and PowderPure; \$5,331 of reserve for payment of a tax assessment related to commercial rent for prior periods; \$19,711 of severance costs related to the 2017 Productivity Program, which were partially offset by the reversal of 2015 severance charges that were no longer needed; a \$12,217 release of CTA related to the liquidation of a foreign entity; an \$11,000 estimate of IFF's incremental direct costs and customer reimbursement obligations, in excess of the IFF's sales value of the recalled products, arising from an FDA mandated recall; and \$139,172 of charges incurred related to enactment of certain U.S. tax legislation changes in December 2017. Operating results for the year ended 2017 include PowderPure's business operations since its acquisition date of April 7, 2017, Fragrance Resources' business operations since its acquisition date of January 17, 2017, and David Michael's business operations since its acquisition date of October 7, 2016. The acquired businesses collectively contributed \$172,649 of Net sales and \$17,852 of Net income for the year ended 2017.
- (d) The year ended 2016 includes \$12,195 of costs related to the amortization of inventory step-up and transaction costs for the acquisition of David Michael; \$48,518 of additional charges related to litigation settlement; and \$7,818 of gain on sale of assets, principally located in Brazil.
- (e) The year ended 2015 includes \$11,517 of transaction costs related to the acquisitions of Ottens Flavors and Lucas Meyer Cosmetics, as well as \$6,825 related to the fair value step up of inventory for both acquisitions; \$7,192 of expense for the acceleration of the contingent consideration payments related to the Aromor acquisition; \$7,594 of restructuring costs related to the Fourth Quarter 2015 Profit Improvement Initiative; and \$10,478 of settlement costs due to favorable tax rulings in jurisdictions for which reserves were previously recorded for ongoing tax disputes.
- (f) The year ended 2014 includes \$5,100 of accelerated depreciation associated with the Fragrance Ingredients rationalization and operational improvement initiative costs in Europe and Asia.
- (g) The year ended 2013 includes \$5,250 of accelerated depreciation associated with the Fragrance Ingredients rationalization and several locations in Asia; \$13,011 of expense associated with a Spanish capital tax case; and \$14,155 of net gains related to the sale of non-operating assets.
- (h) In 2017, IFF issued \$500 million face amount of 4.375% Senior Notes due 2047 and repaid in full \$250 million of matured Series A Senior Unsecured Notes issued in 2007. In 2016, IFF issued \$500 million face amount of 1.75% Senior Notes due 2024.
- (i) Effective December 31, 2015, IFF changed the manner in which it presents deferred taxes in accordance with Financial Accounting Standards Board guidance. Balance sheet amount prior to 2015 has not been adjusted for this change.

Table of Contents**SELECTED HISTORICAL CONSOLIDATED FINANCIAL DATA OF FRUTAROM**

The following table presents selected historical consolidated financial data for Frutarom as of and for the fiscal years ended December 31, 2017, 2016, 2015, 2014 and 2013 and as of and for the quarters ended March 31, 2018 and 2017. Frutarom's financial data has been prepared under International Financial Reporting Standards (IFRS), as issued by the International Auditing Standards Board (IASB). The balance sheet data as of December 31, 2017 and 2016 and the statement of operations data, cash flow data and other financial data for the fiscal years ended December 31, 2017, 2016 and 2015 have been obtained from Frutarom's audited consolidated financial statements, which are included in this prospectus. The balance sheet data as of December 31, 2015, 2014 and 2013 and the statement of operations data, cash flow data and other financial data for the fiscal years end December 31, 2014 and 2013 have been obtained from Frutarom's audited consolidated financial statements, which are not included in this prospectus. The financial data as of and for the quarters ended March 31, 2018 and 2017 have been obtained from Frutarom's unaudited, interim consolidated financial statements, which have been included in this prospectus.

The results of operations for the quarter ended March 31, 2018 are not necessarily indicative of the results that may be expected for the entire year ending December 31, 2018, and you should not assume the results of operations for any past periods indicate results for any future period. The information set forth below should be read together with the other information contained in Frutarom's annual and quarterly financial statements as well as the section entitled *Management's Discussion and Analysis of Financial Condition and Results of Operations of Frutarom* beginning on page 44.

(amounts in thousands, except per share amounts or unless indicated otherwise)

	Quarter Ended		Year Ended December 31,				
	2018	2017	2017 ^(a)	2016 ^(b)	2015 ^(c)	2014 ^(d)	2013 ^(e)
Statement of Income Data:							
Sales	\$ 384,805	\$ 302,531	\$ 1,362,396	\$ 1,147,041	\$ 872,796	\$ 819,547	\$ 673,693
Cost of Sales	229,067	186,817	837,271	709,488	534,737	498,995	416,897
Gross profit	155,738	115,714	525,125	437,553	338,059	320,552	256,796
Income from Operations	62,469	45,347	210,966	149,256	130,254	118,924	86,757
Net income	45,681	33,735	151,563	111,069	96,085	87,616	63,621
Cash dividends declared per share ^(f)	0.14	0.12	0.12	0.11	0.09	0.08	0.07
Earnings per share:							
Basic	0.76	0.56	2.52	1.85	1.62	1.49	1.09
Diluted	0.75	0.56	2.51	1.84	1.60	1.47	1.08
Balance Sheet Data:							
Total Assets	2,272,627	1,648,175	1,947,188	1,585,461	1,318,482	940,443	970,786
Long-term loans net of current maturities	452,004	353,429	262,151	299,576	219,449	163,696	140,113
Total shareholders' equity	918,883	711,529	878,913	664,604	551,684	522,019	521,059

(a) Net expenses in 2017 for acquisitions and activities carried out by Frutarom for attaining optimization and efficiency, mainly in its natural extracts activity in the fine ingredients activity. These expenses reduced the gross

profit by approximately \$ 4.7 million, and reported operating profit by approximately \$7.9 million. In 2017 tax revenue was recorded, mainly owing to a tax reform in the US. The aggregated effect of these items was a reduction in net income of approximately \$ 2.7 million.

- (b) In 2016 net expenses were recorded for the acquisitions and steps being taken by Frutarom towards optimizing its resources, combining plants, attaining maximal operational efficiency, which reduced gross

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- profit by approximately \$ 10.4 million, reported operating profit by approximately \$ 24.9 million, and net income by approximately \$ 18.1 million.
- (c) In 2015 expenses were recorded concerning steps being taken by Frutarom towards optimizing its resources, amalgamating plants, attaining maximal operational efficiency and in connection with acquisitions. These expenses reduced the reported gross profit for 2015 by \$ 2.8 million, the reported operating profit by \$ 6.8 million, and the reported net income by \$ 14.7 million.
 - (d) Expenses amounting to approximately \$ 5.1 million affected income from operations in 2013 (reorganization expenses of \$ 2.5 million, and adjustments and acquisition expenses of \$ 2.6 million).
 - (e) Figures for 2014 include expenses totaling approximately \$ 1.1 million, mainly attributable to acquisitions. Financial expenses included expenses totaling \$ 4.5 million for revaluation of financial liabilities pertaining to the option to purchase Vantodio Holdings Limited's remaining shares of Protein Technologies Ingredients.
 - (f) Frutarom declares and pays one dividend per fiscal year, which is declared in the first quarter of the relevant fiscal year. The table reflects dividends in the period in which they were declared.

Table of Contents**SELECTED UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL INFORMATION**

The following selected unaudited pro forma condensed combined financial information gives effect to the merger and the related financing transactions as described in the section entitled *Unaudited Pro Forma Condensed Combined Financial Information* beginning on page 114. The selected unaudited pro forma condensed combined balance sheet data as of March 31, 2018 give effect to the merger as if it occurred on March 31, 2018. The selected unaudited pro forma condensed combined statements of operations data for the year ended December 31, 2017 and for the three months ended March 31, 2018 give effect to the merger as if it occurred on January 1, 2017, the first day of IFF's 2017 fiscal year.

The unaudited pro forma condensed combined financial information is presented for illustrative purposes only and is not necessarily indicative of actual or future financial position or results of operations that would have been realized if the merger had been completed as of the dates indicated or will be realized upon the completion of the merger. The summary pro forma information is preliminary, based on initial estimates of the fair value of assets acquired (including intangible assets) and liabilities assumed, and is subject to change as more information regarding the fair values are obtained, which changes could be materially different than the initial estimates.

The selected pro forma data have been derived from, and should be read in conjunction with, the more detailed unaudited pro forma condensed combined financial information of the combined company appearing elsewhere in this prospectus and the accompanying notes to the pro forma financial information. In addition, the pro forma financial information were based on, and should be read in conjunction with, the historical consolidated financial statements and related notes of IFF and Frutarom for the applicable periods, which appear elsewhere in this prospectus or as have been incorporated in this prospectus by reference. See the sections entitled *Unaudited Pro Forma Condensed Combined Financial Information* and *Where You Can Find More Information* beginning on page 114 and page 153, respectively, for additional information.

(amounts in thousands, except per share amounts)	Three Months Ended	
	March 31, 2018	Year Ended December 31, 2017
Statement of Operating Data:		
Net sales	\$ 1,315,733	\$ 4,761,115
Net income	\$ 140,809	\$ 291,297
Net income per share:		
Basic	\$ 1.27	\$ 2.63
Diluted	\$ 1.26	\$ 2.60
	As of March 31, 2018	
Balance Sheet Data:		
Total Assets	\$ 12,209,886	
Long term debt	\$ 3,994,786	
Total shareholders' equity	\$ 5,496,222	

Table of Contents**COMPARATIVE HISTORICAL AND UNAUDITED PRO FORMA PER SHARE DATA**

The following table summarizes unaudited per share data (i) for IFF and Frutarom on a historical basis, (ii) for IFF on a pro forma combined basis giving effect to the merger and (iii) on a pro forma combined equivalent basis calculated by multiplying the pro forma combined data by an exchange ratio of 0.2490. These computations exclude the \$71.19 per share cash portion of the merger consideration.

The unaudited pro forma per share information reflects the merger and related transactions as if they had occurred on January 1, 2017 in the case of income from continuing operations per share, and as if they had occurred on March 31, 2018 in the case of book value per share. The information in the table is based on, and should be read together with, the historical financial information of IFF and Frutarom that appears elsewhere in this prospectus or as has been incorporated by reference in this prospectus and the financial information contained under *Unaudited Pro Forma Condensed Combined Financial Information*, *Selected Historical Financial Data Selected Historical Consolidated Financial Data of IFF* and *Selected Historical Financial Data Selected Historical Consolidated Financial Data of Frutarom* beginning on page 114, page 18, and page 20, respectively. See the section entitled *Where You Can Find More Information* beginning on page 153.

The unaudited pro forma combined per share data is presented for illustrative purposes only and is not necessarily indicative of actual or future financial position or results of operations that would have been realized if the merger had been completed as of the dates indicated or will be realized upon the completion of the merger. The summary pro forma information is preliminary, based on initial estimates of the fair value of assets acquired (including intangible assets) and liabilities assumed, and is subject to change as more information regarding the fair values are obtained, which changes could be materially different than the initial estimates.

IFF and Frutarom declared and paid dividends during the periods presented. For more information on dividends of IFF and Frutarom, see the section entitled *Comparative Per Share Market Price and Dividend Information* beginning on page 24.

	Historical IFF	Historical Frutarom^(a)	Pro Forma Combined	Pro Forma Combined Equivalent^(b)
Income from continuing operations per basic share attributable to common shareholders				
Quarter ended March 31, 2018	\$ 1.63	\$ 0.76	\$ 1.27	\$ 0.19
Twelve months ended December 31, 2017	\$ 3.73	\$ 2.52	\$ 2.63	\$ 0.63
Income from continuing operations per diluted share attributable to common shareholders				
Quarter ended March 31, 2018	\$ 1.63	\$ 0.75	\$ 1.26	\$ 0.19
Twelve months ended December 31, 2017	\$ 3.72	\$ 2.51	\$ 2.60	\$ 0.62
Cash dividends per share				
Quarter ended March 31, 2018 ^(d)	\$ 0.69	N/A	N/A	N/A
Twelve months ended December 31, 2017	\$ 2.66	\$ 0.14	\$ 2.66	\$ 0.03
Book value per share^(c)				
As of March 31, 2018	\$ 22.44	\$ 15.36	\$ 49.71	\$ 3.82

- (a) Derived from Frutarom's historical financial statements presented under IFRS and issued by the IASB and translated into U.S. Dollars at the appropriate exchange rate for the period.
- (b) The information listed as the equivalent pro forma per share amount for Frutarom was obtained by multiplying the historical per share amounts listed by Frutarom by 0.249, which is the number of shares of IFF stock that Frutarom's stockholders would receive for each share of IFF common stock.
- (c) Combined pro forma book value per share is calculated by taking pro forma combined total shareholder equity divided by pro forma combined total outstanding shares of common stock.
- (d) Frutarom declares and pays one dividend per fiscal year.

Table of Contents**COMPARATIVE PER SHARE MARKET PRICE AND DIVIDEND INFORMATION****IFF Market Price and Dividend Information**

IFF's common stock is listed on the NYSE and Euronext Paris under the symbol IFF. The following table sets forth the high and low prices per share for IFF's common stock and cash dividends declared for the periods indicated, each rounded to the nearest whole cent. IFF's fiscal year ends on December 31.

	High(\$)	Low(\$)	Dividend(\$)
2018:			
First Quarter	156.87	132.60	0.69
Second Quarter (through June 28, 2018)	143.04	122.13	0.69
2017:			
First Quarter	136.89	115.26	0.64
Second Quarter	139.73	128.98	0.64
Third Quarter	145.01	131.69	0.69
Fourth Quarter	155.44	144.47	0.69
2016:			
First Quarter	122.38	97.24	0.56
Second Quarter	131.30	114.65	0.56
Third Quarter	143.43	124.77	0.64
Fourth Quarter	143.64	116.64	0.64
2015:			
First Quarter	123.08	97.59	0.47
Second Quarter	120.61	108.82	0.47
Third Quarter	118.87	100.02	0.56
Fourth Quarter	122.64	106.91	0.56

The declaration of future dividends will be at the discretion of the IFF board of directors, which is referred to as the IFF board, and will be determined after consideration of various factors, including earnings, cash requirements, the financial condition of IFF and other factors deemed relevant by the IFF board. Under the merger agreement, prior to the completion of the merger, IFF may continue to pay its regular quarterly cash dividends in amounts and with record and payment dates consistent with past practice.

Table of Contents**Frutarom Market Price and Dividend Information**

Frutarom ordinary shares are listed on the TASE under the symbol FRUT , and Frutarom GDRs are listed on the LSE under the symbol FRUT. The following table sets forth the high and low prices per share for Frutarom ordinary shares and cash dividends declared in the periods indicated, each rounded to the nearest whole agora. Frutarom's fiscal year ends on December 31.

	High(NIS)	Low(NIS)	Dividend(NIS) ^(a)
2018:			
First Quarter	356.70	305.30	0.50
Second Quarter (through June 28, 2018)	370.00	310.80	N/A
2017:			
First Quarter	209.30	195.60	0.44
Second Quarter	244.10	202.50	N/A
Third Quarter	298.00	241.00	N/A
Fourth Quarter	326.50	267.90	N/A
2016:			
First Quarter	207.80	180.00	0.41
Second Quarter	201.90	172.80	N/A
Third Quarter	202.80	176.50	N/A
Fourth Quarter	213.40	196.80	N/A
2015:			
First Quarter	149.50	116.50	0.38
Second Quarter	165.50	146.20	N/A
Third Quarter	164.60	145.00	N/A
Fourth Quarter	209.00	146.30	N/A

(a) Frutarom declared and paid one annual dividend for the years ended December 31, 2017, 2016 and 2015 respectively. The amounts presented in the table reflect when the dividends were declared.

Under the terms of the merger agreement, prior to the completion of the merger, Frutarom is not permitted to declare, set aside, authorize, make or pay any dividend or other distribution without the consent in writing of IFF, other than a special dividend, on a per share basis, equal to 0.2490 multiplied by the aggregate per share value of IFF dividends with a record date after the date of the merger agreement and prior to the closing.

Comparison of IFF and Frutarom Market Prices and Implied Value of Merger Consideration

The following table sets forth the closing sale price per share of IFF common stock reported on the NYSE as of May 4, 2018 and of Frutarom ordinary shares reported on the TASE as of May 6, 2018, in each case the last trading day prior to the public announcement of the merger, and on June 28, 2018, the last practicable trading day before the filing of this prospectus with the SEC. The market value of Frutarom ordinary shares on these days was converted to U.S. dollars in the table below using the NIS/U.S. dollar exchange rate as last published by the Bank of Israel as of the close of business on each such date. The table also shows the estimated implied value of the per share merger consideration for each Frutarom ordinary share as of the same two days. This implied value was calculated by multiplying the closing prices of shares of IFF common stock on those dates by an exchange ratio of 0.2490 and adding the cash portion of the merger consideration of \$71.19 per share, without interest. The market prices of IFF

common stock and Frutarom ordinary shares, as well as the NIS/U.S. dollar exchange rate, have fluctuated since the date of the announcement of the merger agreement and will continue to fluctuate from the date of this prospectus to the date of the Frutarom special meeting and the date the merger is completed and thereafter (in the case of IFF common stock). The value of the merger consideration to be received in exchange

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for each Frutarom ordinary share will fluctuate with changes in the market value of IFF common stock and changes in the NIS/U.S. dollar exchange rate until the last trading day before the merger is complete.

	IFF Common Stock	Frutarom Ordinary Shares	Implied Per Share Value of Merger Consideration
May 4, 2018 / May 6, 2018	\$ 142.15	\$ 95.53	\$ 106.59
June 28, 2018	\$ 123.70	\$ 98.25	\$ 101.99

No assurance can be given concerning the market prices of IFF common stock or Frutarom ordinary shares or the NIS/U.S. dollar exchange rate before completion of the merger or IFF common stock after completion of the merger. The value of the merger consideration to be received in exchange for each Frutarom ordinary share when received by Frutarom shareholders after the merger is completed could be greater than, less than or the same as shown in the table above. Accordingly, shareholders are advised to obtain current market quotations for IFF common stock, Frutarom ordinary shares and the NIS/U.S. dollar exchange rate in deciding whether to vote in favor of the merger proposal.

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CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This prospectus and the documents incorporated by reference contain statements which, to the extent they are not statements of historical or present fact, constitute forward-looking statements under the securities laws. These forward-looking statements are intended to provide management's current expectations or plans for future operating and financial performance, based on assumptions currently believed to be valid. Forward-looking statements can be identified by the use of words such as believe, expect, expectations, plans, strategy, prospects, estimate, anticipate, will, may, should, see, guidance, confident and other words of similar meaning in connection with discussion of future operating or financial performance. Forward-looking statements may include, among other things, statements relating to future sales, earnings, cash flow, results of operations, uses of cash, share repurchases and other measures of financial performance or potential future plans, strategies or transactions of IFF, Frutarom or the combined company following IFF's acquisition of Frutarom, the anticipated benefits of the merger, including estimated synergies, the expected timing of completion of the merger, IFF's ability to obtain financing for the merger and other statements that are not historical facts. All forward-looking statements involve risks, uncertainties and other factors that may cause actual results to differ materially from those expressed or implied in the forward-looking statements. For those statements, IFF and Frutarom claim the protection of the safe harbor for forward-looking statements contained in the U.S. Private Securities Litigation Reform Act of 1995. Such risks, uncertainties and other factors include, without limitation:

the ability of the parties to receive the required regulatory approvals (and the risk that such approvals may result in the imposition of conditions that could adversely affect the combined company or the expected benefits of the merger) and approval by the Frutarom shareholders and to satisfy the other conditions to the closing of the merger on a timely basis or at all;

the occurrence of events that may give rise to a right of one or both of the parties to terminate the merger agreement;

the possibility that the anticipated benefits from the merger cannot be realized in full or at all or may take longer to realize than expected, including risks associated with achieving expected synergies from the merger;

negative effects of the announcement or the completion of the merger on the market price of IFF's common stock and/or Frutarom ordinary shares and/or on their respective financial performance;

the risks related to Frutarom and IFF being restricted in their operation of the business while the merger agreement is in effect;

risks relating to the value of IFF's shares to be issued in the merger, significant merger costs and/or unknown liabilities;

risks associated with third-party contracts containing change in control consent requirements and/or other provisions that may be triggered by the merger;

risks associated with potential merger-related litigation;

the ability of IFF and Frutarom, or the combined company, to retain and hire key personnel;

future levels of indebtedness, including indebtedness expected to be incurred by IFF in connection with the merger, and capital spending and research and development spending;

the timing and scope of future repurchases of IFF's common stock, which may be suspended at any time due to market conditions, and the level of other investing activities and uses of cash, including in connection with the merger;

the effect of economic conditions in the industries and markets in which IFF and Frutarom operate in the U.S. and globally and any changes therein, including financial market conditions, fluctuations in

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commodity prices, interest rates and foreign currency exchange rates, levels of end market demand, the impact of weather conditions and natural disasters and the financial condition of IFF's and Frutarom's customers and suppliers;

the scope, nature, impact or timing of acquisition and divestiture activity, including among other things integration of acquired businesses, including Frutarom, into IFF's existing businesses and realization of synergies and opportunities for growth and innovation;

challenges in the development, production, delivery, support, performance and realization of the anticipated benefits of advanced technologies and new products and services;

future availability of credit and factors that may affect such availability, including credit market conditions and IFF's and Frutarom's capital structure;

delays and disruption in delivery of materials and services from suppliers;

company and customer-directed cost reduction efforts and restructuring costs and savings and other consequences thereof;

new business or investment opportunities;

the anticipated benefits of diversification and balance of operations across product lines, regions and industries;

the outcome of legal proceedings, investigations and other contingencies;

pension plan assumptions and future contributions;

the impact of the negotiation of collective bargaining agreements and labor disputes;

the effect of changes in political conditions in the U.S. and other countries in which IFF and Frutarom operate, including the effect of changes in U.S. trade policies or the U.K.'s pending withdrawal from the EU, on general market conditions, global trade policies and currency exchange rates in the near term and beyond;

the effect of changes in tax, environmental, regulatory (including among other things import/export) and other laws and regulations in the U.S. and other countries in which IFF and Frutarom operate; and

other risk factors as detailed from time to time in IFF's reports filed with the SEC, including IFF's annual reports on Form 10-K, quarterly reports on Form 10-Q, periodic current reports on Form 8-K and other documents filed with the SEC, including the risks and uncertainties set forth in or incorporated by reference into this prospectus in the section entitled *Risk Factors* beginning on page 29.

There can be no assurance that the merger or any other transaction described will in fact be completed in the manner described or at all. Any forward-looking statement speaks only as of the date on which it is made, and IFF and Frutarom assume no obligation to update or revise such statement, whether as a result of new information, future events or otherwise, except as required by applicable law. Readers are cautioned not to place undue reliance on any of these forward-looking statements.

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RISK FACTORS

You should carefully consider the following risks, the risks associated with IFF's business found in IFF's Exchange Act reports, including its Annual Report on Form 10-K for the year ended December 31, 2017 and its Quarterly Report on Form 10-Q for the fiscal quarter period ended March 31, 2018, which are incorporated by reference in this prospectus, and other information contained in or incorporated by reference into this prospectus, including the matters addressed under the caption Cautionary Note Regarding Forward-Looking Statements .

Risks Related to the Merger

If IFF and Frutarom are unable to complete the merger, in a timely manner or at all, each company's business and stock price may be adversely affected.

IFF and Frutarom's obligations to consummate the merger are subject to the satisfaction or waiver of the conditions described in the section entitled *The Merger Agreement Conditions to the Merger* .

The required satisfaction of the closing conditions could delay the completion of the merger for a significant period of time or prevent it from occurring. Any delay in completing the merger could cause IFF not to realize some or all of the benefits that the parties expect IFF to achieve following the merger.

If the merger is not completed or is delayed, each company's share price could fall to the extent that each company's current price reflects an assumption that the merger will be completed on the expected timeline. Furthermore, if the merger is delayed or is not completed and the merger agreement is terminated, IFF and Frutarom may suffer other consequences that could adversely affect each of their businesses, results of operations and share price, including the following:

each has incurred and will continue to incur costs relating to the merger (including significant legal and financial advisory fees), and many of these costs are payable whether or not the merger is completed;

matters relating to the merger (including integration planning) may require substantial commitments of time and resources by IFF's and Frutarom's management team, which could otherwise have been devoted to conducting their respective businesses or other opportunities that may have been beneficial to either company;

IFF and Frutarom may be subject to legal proceedings related to the merger; and

any disruptions to IFF's or Frutarom's business resulting from the announcement and pendency of the merger, including any adverse changes in either company's relationships with its customers, suppliers and employees, may continue or intensify in the event the merger is delayed or not completed.

Uncertainty about the merger may adversely affect each company's relationships with its customers and employees, which could negatively affect IFF and Frutarom's business, whether or not the merger is completed.

The announcement of the merger may cause uncertainties in IFF's and Frutarom's relationships with their respective customers which could impair each company's ability to maintain or expand its historical customer sales growth. Furthermore, uncertainties about the merger may cause current and prospective employees of IFF and Frutarom to experience uncertainty about their future with their respective companies. These uncertainties may impair the ability of IFF and Frutarom to retain, recruit or motivate key employees which could affect their respective businesses.

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The regulatory approvals required in connection with the merger may not be obtained or may contain materially burdensome conditions.

Completion of the merger is conditioned upon the receipt of certain regulatory approvals, and neither IFF nor Frutarom can provide assurance that these approvals will be obtained. If any conditions or changes to the proposed structure of the merger are required to obtain these regulatory approvals, they may have the effect of jeopardizing or delaying completion of the merger or reducing the anticipated benefits of the merger. If IFF agrees to any material conditions in order to obtain any approvals required to complete the merger, the business and results of operations of the combined company may be adversely affected.

The issuance of shares of IFF's common stock to Frutarom shareholders in connection with the merger and to finance part of the cash consideration for the merger, and any future offerings of securities by IFF, will cause

Frutarom shareholders to have a significantly lower ownership and voting interest in IFF than they currently have in Frutarom and will result in Frutarom shareholders having less influence over management.

The merger will be financed in part by the issuance of shares of IFF's common stock to shareholders of Frutarom. Based on the exchange ratio of 0.2490, the estimated number of shares of IFF common stock issuable as a portion of the merger consideration is approximately 14.88 million shares, which will result in former Frutarom shareholders holding approximately 15.8% of the outstanding fully diluted IFF common stock, based on the number of outstanding shares of common stock and outstanding stock-based awards of IFF and Frutarom as of May 4, 2018, the last trading day for IFF common stock prior to the announcement of the merger and without taking into account the issuance by IFF of equity securities in connection with the financing of the

merger. For more information on sources of funding for the merger, see the section entitled *The Merger Financing of the Merger* beginning on page 73. In addition, IFF expects to finance the cash portion of the merger consideration, in part, from the issuance of up to \$2.2 billion in new equity. Consequently, former Frutarom shareholders will have less influence over the management and policies of IFF than they currently have over the management and policies of Frutarom.

The ratio for the exchange of Frutarom ordinary shares for IFF common stock is fixed.

Each ordinary share of Frutarom will be exchanged for \$71.19 in cash and 0.2490 of a share of IFF's common stock. This ratio of the number of ordinary shares of Frutarom to be exchanged for each share of IFF's common stock will not change and there will be no adjustment to this exchange ratio for changes in the market price of either IFF common stock or Frutarom ordinary shares. In addition, neither IFF nor Frutarom may terminate the merger agreement solely because of changes in the market price of either company's shares. Therefore, if the market value of IFF common stock or Frutarom ordinary shares changes relative to the market value of the other, there will not be a change, either upward or downward, in the aggregate number of shares of IFF common stock to be issued to Frutarom shareholders in the merger. The share prices of IFF common stock or Frutarom ordinary shares are by their nature subject to the general price fluctuations in the market for publicly traded equity securities and have experienced significant volatility, and you should obtain recent market quotations for IFF common stock or Frutarom ordinary shares. In addition, there will be a period of time between the date when shareholders of Frutarom vote on the merger and the date when the merger is completed and Frutarom shareholders receive shares of IFF common stock. Neither IFF nor Frutarom can predict or give any assurances as to the relative market prices of their shares before, at or after Frutarom's shareholder vote on the merger.

The merger agreement contains provisions that restrict the ability of Frutarom to pursue alternatives to the merger and, in specified circumstances, could require Frutarom to pay IFF a substantial termination fee.

The merger agreement contains provisions that make it more difficult for Frutarom to be acquired by any person other than IFF. Under the merger agreement, Frutarom and its representatives are restricted, among other

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things, from initiating, seeking, soliciting, knowingly facilitating or knowingly encouraging (including by way of furnishing any nonpublic information) the making or submission of a third-party acquisition proposal, and the Frutarom board is restricted from withdrawing, modifying or qualifying its recommendation that Frutarom shareholders vote for the approval of the merger, in each case, subject to certain qualifications and exceptions set forth in the merger agreement. Under certain circumstances, Frutarom may terminate the merger agreement in order to enter into an agreement with respect to a superior proposal, if the Frutarom board (after consultation with Frutarom's outside financial advisor and outside legal counsel) determines that such proposal is more favorable to Frutarom shareholders (taking into account, among other relevant factors, any changes to the merger agreement proposed by IFF within four business days of IFF's receipt of the terms of such proposal, or within two business days of IFF's receipt of any material amendment to such proposal) than the merger. If the Frutarom board recommends such superior proposal to Frutarom shareholders but does not terminate the merger agreement, IFF would be entitled to terminate the merger agreement. Under either of these circumstances, Frutarom would be required to pay IFF a termination fee equal to \$191 million. See the sections entitled *The Merger Agreement Termination*, *The Merger Agreement Effect of Termination* and *The Merger Agreement Termination Fee* on page 108, page 110 and page 110, respectively, of this prospectus.

These provisions could discourage a third party that may have an interest in acquiring all or a significant part of Frutarom from considering or proposing that acquisition, even if such third party were prepared to enter into a transaction that would be more favorable to Frutarom and its shareholders than the merger, or might result in a third party proposing to pay a lower price than it might otherwise have proposed to pay because of the added expense of the termination fee that may become payable in certain circumstances.

IFF, Frutarom and the combined company may be subject to litigation in connection with the merger.

Lawsuits may be filed against IFF and Frutarom, their respective subsidiaries, and/or their respective directors or executive officers in connection with the merger and/or the related transactions. In addition, lawsuits may be filed against the combined company following the merger. If any such lawsuit is filed, it could result in a reduction in the stock price of IFF, Frutarom or the combined company following the merger, substantial costs and diversion of management's attention and resources, which could adversely affect the business, financial condition or results of operations of IFF, Frutarom and the combined company whether or not a settlement or other resolution is achieved.

The rights of holders of Frutarom ordinary shares will change as a result of the merger.

Upon completion of the merger, shareholders of Frutarom will become IFF stockholders and their rights as shareholders of IFF will be governed by IFF's certificate of incorporation, IFF's bylaws and New York corporate law. The terms of IFF's certificate of incorporation and by-laws and New York corporate law are, in some respects, different than the terms of Frutarom's articles of association and Israeli corporate law, which currently govern the rights of Frutarom shareholders. For more information, see the section entitled *Comparison of Shareholder Rights* on page 137 of this prospectus.

Risks Related to the Combined Company***IFF may not realize the benefits anticipated from the merger, which could adversely affect IFF's stock price.***

If completed, the merger, which contemplates IFF's acquisition of Frutarom, will be IFF's largest acquisition to date. The anticipated benefits from the merger are, necessarily, based on projections and assumptions about the combined business of IFF and Frutarom, which may not materialize as expected or which may prove to be inaccurate. IFF's ability to achieve the anticipated benefits will depend on its ability to successfully and efficiently integrate the

business and operations of Frutarom with those of IFF and achieve the

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expected synergies. IFF may encounter significant challenges with successfully integrating and recognizing the anticipated benefits of the merger, including the following:

potential disruption of, or reduced growth in, IFF's historical core businesses, due to diversion of management attention and uncertainty with IFF's current customer and supplier relationships;

challenges arising from the expansion of IFF's product offerings into adjacencies with which IFF has limited experience, including flavor ingredients, food additives and nutraceuticals;

challenges arising from the expansion into those Frutarom jurisdictions where IFF does not currently operate or have significant operations;

coordinating and integrating research and development teams across technologies and products to enhance product development while reducing costs;

consolidating and integrating corporate, information technology, finance and administrative infrastructures, and integrating and harmonizing business systems, which may be more difficult than anticipated due to the significant number of acquisitions completed by Frutarom over the past few years;

coordinating sales and marketing efforts to effectively position IFF's capabilities and the direction of product development;

difficulties in achieving anticipated cost savings, synergies, business opportunities and growth prospects from combining Frutarom's business with IFF's business;

limitations prior to the completion of the merger on the ability of management of IFF and of Frutarom to conduct planning regarding the integration of the two companies;

the increased scale and complexity of IFF's operations resulting from the merger;

retaining key employees, suppliers and other partners of IFF and Frutarom;

retaining and efficiently managing Frutarom's expanded and decentralized customer base;

obligations that IFF will have to counterparties of Frutarom that arise as a result of the change in control of Frutarom;

difficulties in anticipating and responding to actions that may be taken by competitors in response to the merger; and

IFF's assumption of and exposure to unknown or contingent liabilities of Frutarom.

In addition, IFF's anticipated benefits of the merger contemplate significant cost-saving synergies over time. Consequently, even if IFF is able to successfully integrate the operations of Frutarom with its own, IFF may not realize the full benefits of the merger if it is unable to identify and implement the anticipated cost savings or if the actions taken to implement such cost-savings have unintended consequences on IFF's other business operations.

If IFF does not successfully manage these issues and the other challenges inherent in integrating an acquired business of the scale of Frutarom, then it may not achieve the anticipated benefits of the merger, IFF could incur unanticipated expenses and charges and its operating results and the value of its common stock could be materially and adversely affected.

The merger may result in significant charges or other liabilities that could adversely affect the financial results of the combined company.

The financial results of IFF following the merger may be adversely affected by cash expenses and non-cash accounting charges incurred in connection with the integration of the business and operations of Frutarom.

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Furthermore, as a result of the merger, IFF will record a significant amount of goodwill and other intangible assets on its consolidated financial statements, which could be subject to impairment based upon future adverse changes in IFF's business or prospects including its inability to recognize the benefits anticipated by the merger.

In addition, upon the completion of the merger, IFF will be liable for some or all of Frutarom's liabilities, including unknown and contingent liabilities that Frutarom assumed in connection with their prior acquisitions that IFF may have failed to or been unable to identify in the course of performing due diligence. A significant component of Frutarom's growth in recent years has come through acquisitions. IFF's ability to accurately identify and assess the magnitude of the liabilities assumed by Frutarom in these acquisitions may be limited by, among other things, the information available to IFF and Frutarom and the limited operating experience that Frutarom has with these acquired entities. Furthermore, Frutarom has additional future obligations regarding certain of these acquisitions, including outstanding earn-out obligations and put options requiring Frutarom to purchase additional shares in the acquired companies. If IFF is not able to completely assess the scope of these liabilities or if these liabilities are neither probable nor estimable at this time, IFF's future financial results could be adversely affected by unanticipated reserves or charges, unexpected litigation or regulatory exposure, unfavorable accounting charges, unexpected increases in taxes due, a loss of anticipated tax benefits or other adverse effects on its business, operating results or financial condition. The price of IFF's common stock following the merger could decline to the extent the combined company's financial results are materially affected by any of these events.

The use of cash and incurrence of significant indebtedness in connection with the financing of the merger may have an adverse impact on IFF's liquidity, limit its flexibility in responding to other business opportunities and increase its vulnerability to adverse economic and industry conditions.

IFF will finance the merger in part by the use of cash on hand, the incurrence of a significant amount of indebtedness and issuances of equity. As of March 31, 2018, IFF had approximately \$305.3 million of cash and cash equivalents and approximately \$1.7 billion of total debt outstanding. In connection with the merger, IFF expects to incur significant new debt. The proceeds from the new debt are expected to be used to pay part of the purchase price, refinance existing debt of both IFF and Frutarom and pay transaction-related fees and expenses. If IFF is unable to raise financing on acceptable terms, it may need to rely on its bridge loan facility, which may result in higher borrowing costs and a shorter maturity than those from other anticipated financing alternatives. The use of cash on hand and indebtedness to finance the merger will reduce IFF's liquidity and could cause IFF to place more reliance on cash generated from operations to pay principal and interest on its debt, thereby reducing the availability of its cash flow for working capital, dividend and capital expenditure needs or to pursue other potential strategic plans. The increased indebtedness may also have the effect, among other things, of limiting IFF's ability to obtain additional financing, if needed, limiting IFF's flexibility in the conduct of its business and making it more vulnerable to economic downturns and adverse competitive and industry conditions.

IFF's actual financial position and results of operations following the merger may differ materially from the unaudited pro forma financial information included in this prospectus.

The unaudited pro forma financial information contained in this prospectus is presented for illustrative purposes only and may not be an indication of IFF's financial condition or results of operations following the merger. The unaudited pro forma financial information has been derived from the historical audited and unaudited consolidated financial information of IFF and Frutarom, respectively, and certain adjustments and assumptions have been made regarding IFF after giving effect to the merger. The information upon which these adjustments and assumptions have been made is preliminary, and these types of adjustments and assumptions are difficult to make with accuracy. For example, the unaudited pro forma financial information does not reflect all costs that are expected to be incurred by IFF in connection with the merger. As a result, IFF's actual financial condition and results of operations following the

completion of the merger may not be consistent with, or evident from, the unaudited pro forma financial information.

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In addition, the assumptions used in preparing the unaudited pro forma financial information may prove to be inaccurate, and other factors may affect IFF's financial condition or results of operations following the consummation of the merger. Any potential decline in IFF's financial condition or results of operations may cause significant variations in the market price of its common stock following the merger. For additional information, see the section entitled *Unaudited Pro Forma Condensed Combined Financial Information* contained in this prospectus.

The combined company's inability to integrate other recently acquired businesses or to successfully complete future acquisitions could limit its future growth or otherwise be disruptive to its ongoing business.

IFF and Frutarom have each pursued acquisition intensive growth strategies in recent years. IFF has completed five acquisitions since the beginning of 2015, while Frutarom has completed 47 acquisitions since 2011, and 22 acquisitions since the beginning of 2016. IFF and Frutarom are still in the process of integrating these recently acquired businesses and, following the merger, will also need to successfully integrate the overall businesses of IFF and Frutarom in the combined company. The anticipated benefits and synergies from recently completed acquisitions may not materialize to the extent projected or at all.

Risks Related to IFF

*You should read and consider the risk factors specific to IFF's business that will also affect the combined company after the merger. These risks are described in Part I, Item 1A of IFF's Annual Report on Form 10-K for the fiscal year ended December 31, 2017 filed with the U.S. Securities and Exchange Commission and in other documents that are incorporated by reference into this prospectus. See the section entitled *Where You Can Find More Information* for the information incorporated by reference in this prospectus.*

Risks Related to Frutarom

Frutarom's operations are subject to effects of the global economy.

Due to the nature and type of its global activity, Frutarom is exposed to fluctuations in the global economy. Economic crisis and recession in various countries in which Frutarom operates could curb demand for Frutarom's products and significantly slow down the development and launch of new products by Frutarom customers.

Frutarom's operations in emerging markets are subject to political, economic and legal developments that are less predictable than those in developed markets.

Frutarom operates in a number of countries besides the United States and Western Europe, such as Russia, Ukraine, Turkey, Slovenia, Kazakhstan, China, countries in South and Central America (including Brazil, Guatemala, Peru, Chile and Mexico) and countries in northern, southern and western Africa, and is therefore exposed to political, economic and legal developments in these countries which are generally less predictable than in developed countries. Frutarom's facilities in these countries could be subject to disruption as a result of economic and/or political instability as well as from nationalization and/or expropriation of assets situated there. There is also substantial risk relating to restrictions on Frutarom in collecting payment from its customers, distributors, or agents, as well as foreign exchange restrictions which could impede Frutarom's ability to realize its profits or to sell its assets in these countries. While none of the emerging market countries in which Frutarom operates impose foreign exchange restrictions that affect Frutarom, such restrictions existed not long ago and there is no assurance that they will not be reinstated in the future.

Fluctuations or devaluations in currencies may negatively affect Frutarom's results of operations.

Over 70% of Frutarom's sales in 2017 were conducted in currencies other than the U.S. dollar, mainly the Euro, Russian Ruble, Pound Sterling, Swiss Franc, New Israeli Shekel, Chinese Yuan, Canadian Dollar,

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Brazilian Real, South African Rand, Peruvian Nuevo Sol and Mexican Peso, and changes in exchange rates affect Frutarom's reported results in US dollar terms. In addition, in cases of extreme fluctuations in exchange rates, and since a large part of the raw materials used in the manufacture of Frutarom's products is paid for in U.S. dollars, in Euros, or other currencies, there is no assurance that Frutarom can completely update its selling prices denominated in local currency (which is different from the currency used in buying the raw material) and maintain its margin. Frutarom does not generally undertake external hedging action nor does it use other financial instruments for protection against currency fluctuations. For further information see Frutarom's audited financial statements included elsewhere in this prospectus.

Frutarom operates in a highly competitive industry.

Frutarom faces competition from large multinationals as well as medium-sized, small and local companies across the sectors in which it operates. Some of Frutarom's competitors have greater financial and technological resources, larger sales and marketing platforms and more established reputation, and may therefore be better equipped to adapt to changes and industry trends.

The global market for flavors is characterized by close relations between flavor manufacturers and their customers, particularly with regard to large multinationals. Furthermore, many large multinational customers, along with increasing numbers of medium-sized customers in recent years, sometimes limit the number of their suppliers and work predominantly with a list of approved suppliers. To compete more effectively under these conditions, Frutarom must invest more resources in customer relations, in R&D and in matching products to customers' needs in order to provide high quality and efficient service. Any failure to maintain good relations with its customers, forge strong relations with new customers, or secure the status of approved supplier with some of its customers could lead to substantial adverse effects on Frutarom's business, operating results and financial condition.

The specialty fine ingredients market is more price sensitive than the flavors market and is characterized by relatively lower profit margins. Some fine ingredients products manufactured by Frutarom are less unique and more replaceable by competitors' products. Production overcapacity for fine ingredients globally could also negatively impact Frutarom's sales and profitability. Although as part of its strategy Frutarom focuses on specialty fine ingredients with higher profit margins, there is no assurance that operating margins will not erode in the future, which could substantially impact Frutarom's business, operating results and financial condition.

Increased environmental, health and safety regulations or the loss of necessary environmental permits could adversely affect Frutarom's operating results and financial condition.

Frutarom is subject to a variety of international and domestic health, safety and environmental statutes in the various countries in which it operates. In general, there is a trend towards increased regulation in the fields of Frutarom's activities. This trend stems from, among other things, growing consumer sensitivity concerning the inclusion of flavor additives in food products and the fact that regulators perceive nutraceuticals, medical food and functional food products as having medicinal attributes. In some countries such products may be subjected to the same standards and regulations as applied to drugs or targeted regulation for these categories. In addition, regulators in different countries can change regulations applying to infant nutrition or clinical nutrition for the elderly in a way that might affect Frutarom's sales in these categories. Frutarom has identified the markets for nutraceuticals, functional food, specialty fine ingredients for infant nutrition, especially infant formulas, and clinical nutrition for the elderly as important to its future growth. The subjecting of these markets to increased regulation could give rise to additional expenses which might have an adverse effect on Frutarom's business, operating results and financial condition.

Companies such as Frutarom that operate in the flavor and fine ingredients industry make use of, manufacture, sell, and distribute substances that are sometimes considered hazardous and are therefore subject to extensive regulation concerning the storage, handling, manufacture, transport, use and disposal of such

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substances and their components and byproducts. Frutarom's production and R&D activities in the various countries where it operates are subject to various regulations and standards relating to air emissions, sewage treatment and the use, handling and discharge of hazardous material as well as clean-up of existing environmental contamination. Any further tightening of such laws and regulations could have a substantial adverse effect on Frutarom's business, operating results and financial condition.

In addition to covering its ongoing environmental compliance costs, Frutarom might also incur nonrecurring charges associated with remedial action needed to be taken at its production sites. As environment-related incidents cannot be foreseen with any certainty, the sums that Frutarom allocates or will allocate for such matters may turn out to be inadequate. Ongoing and nonrecurring environment-related expenses could each have a substantial adverse effect on Frutarom's business, operating results and financial condition.

Frutarom is required to obtain various environmental permits concerning operations at its various production facilities and to meet the conditions set by these permits. The expansion of existing plants is also subject to securing necessary permits. Such permits might be unilaterally revoked or modified by the issuer, or might be for a limited amount of time. Any cancellation, modification and/or failure to renew or obtain a permit could have a significant adverse effect on Frutarom's business, operating results and financial condition.

Failure to comply with environmental, health and safety laws and regulations may expose Frutarom to civil and criminal liability.

The laws and regulations concerning the environment, health and safety may subject Frutarom to civil and/or criminal liability for non-compliance or environmental pollution. Environmental, health and safety laws may include criminal sanctions (including substantial penalties) for violating them. Some environmental laws also include provisions imposing complete responsibility for the release of hazardous substances into the environment which could result in Frutarom becoming liable for clean-up efforts without any negligence or fault on its part. Other environmental laws impose liability jointly and severally, which could expose Frutarom to responsibility for cleaning up environmental pollution caused by others.

In addition, some environmental, health and safety laws are applied retroactively and could impose responsibility for acts done in the past even if such acts were carried out in accordance with the relevant legal provisions in force at the time. Criminal or civil liability under such laws may have significant adverse effects on Frutarom's business, operating results and financial condition.

Frutarom may also become subjected to claims for personal injury or property damage arising from exposure to hazardous substances. Laws in the major countries where Frutarom operates permit legal proceedings to be instituted against it if personal injury or environmental contamination was ostensibly caused by activity at its production sites in these countries. Such legal proceedings could also be instituted by private individuals or non-governmental organizations.

Fluctuations in prices of raw materials needed for producing Frutarom's products may negatively impact its results of operations.

The price, quality and availability of the main raw materials that Frutarom uses, especially in the field of natural products, are subject to fluctuations arising from global supply and demand. Many raw materials used by Frutarom are agricultural products whose prices, quality and availability could be affected by, among other things, poor weather conditions. Frutarom does not normally conduct futures transactions in raw materials and is exposed to price fluctuations in the raw materials it uses according to changes in global trends for prices of these raw materials. In

recent periods, there has been a rise in the prices of a number of principal raw materials used by Frutarom, and such trends may have a significant adverse effect on Frutarom's business, operating results and financial condition.

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The inability to obtain raw materials due to the loss of third party suppliers or unavailability of raw materials could impair Frutarom's sales and adversely affect its operating results.

Frutarom is dependent on third parties for the supply of raw materials needed for manufacturing its products. Although Frutarom purchases raw materials from a very wide range of suppliers and no individual supplier accounted for more than 3% of its total raw material usage in 2017, and even though there is more than one supplier for most of the raw materials bought by Frutarom and they are usually readily available, there is no assurance that this will also continue to be the case in the future. Severe weather conditions may cause a significant shortage of natural raw materials used by Frutarom. A shortage of these raw materials could impair Frutarom's sales for a certain period of time and adversely affect its operating results.

Product liability claims against Frutarom and potential damages under those claims could have significant adverse effects on Frutarom's business, operating results and financial condition.

Frutarom is exposed to product liability risk, particularly due to the fact that it supplies flavors to the food and beverage, flavor and fragrance, functional food, pharma/nutraceutical and personal care industries. Should Frutarom be found responsible in a large claim of this type, its insurance coverage might be inadequate to cover damages and/or legal expenses. A lack of adequate insurance coverage could result in a significant adverse effect on Frutarom's business, operating results and financial condition. Product liability claims brought against Frutarom could damage its reputation as well as put heavy demand on management's time and efforts, and this could have significant adverse effects on Frutarom's business regardless of the outcome of the claim.

The inability to integrate the businesses acquired by Frutarom during its recent growth period may lead to disruptions in its business and failure to capitalize on anticipated synergies.

A key element of Frutarom's growth strategy has been growth through the acquisition of flavor and specialty fine ingredients manufacturers. In line with this strategy, Frutarom has made many strategic acquisitions of companies and business activities in recent years. The integration of acquired activities involves a number of risks, including possible adverse effects on Frutarom's operating results, the loss of customers, the consuming of senior management's time and attention, and the failure to retain key personnel including managers of the acquired activities, along with risks associated with unanticipated events in the integration of the operations, technologies, systems and services of the acquired business. In addition, Frutarom may be unable to capitalize on the anticipated synergies (including those aimed at cost savings) inherent in such acquisitions. Failure in successfully integrating its acquisitions could have adverse effects on Frutarom's business, operating results and financial condition.

The rapid growth, as in recent years, in both Frutarom's activities and its geographical spread requires effective management to ensure that the financial benefits, tapping of synergies and the economies of scale are achieved. An inability to adapt to the rapid growth could result in losses or acquisition costs that will not be recovered as quickly as anticipated, if at all. Such circumstances could have significant adverse effects on Frutarom's business, its operating results and financial condition.

The loss of skilled personnel, members of senior management or other key employees could negatively impact Frutarom's ability to compete and implement its strategy.

Frutarom's continued future success depends on its ability to attract and retain proficient flavorists (flavor developers), lab technicians and other skilled personnel. Frutarom operates in a highly specialized market where product quality is of critical importance and having skilled personnel is necessary for ensuring the supply of high quality products. If a number of such employees were to leave at the same time, Frutarom could encounter difficulties in finding

replacements with equivalent experience and abilities, a situation which could impair Frutarom's R&D capabilities. Furthermore, Frutarom's continued success depends to a large extent on its senior management team. The loss of services from members of senior management or other key employees could have a negative impact on Frutarom's results and its ability to implement its strategy. A failure to recruit and retain

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skilled personnel or members of senior management could have a significant adverse effect on Frutarom's business, operating results and financial condition.

The inability to protect its intellectual property or the loss of exclusive use of its proprietary formulas to create flavors may have a significant adverse impact on Frutarom's business, operating results and financial condition.

Frutarom's business relies on intellectual property, mainly consisting of formulas used to create its flavors. Frutarom does not register these formulas but they are kept highly confidential and considered trade secrets and, as such, are accessible to just a very limited circle of people within Frutarom. Although Frutarom believes it is not significantly reliant on any individual intellectual property right, proprietary formula, patent or license, a breach of confidentiality with respect to the formulas or loss of access to them and/or the future expiration of intellectual property rights could have a significant adverse impact on Frutarom's business, operating results and financial condition.

Frutarom relies, in part, on confidentiality agreements, ownership of intellectual property, and non-competition agreements with employees, vendors and third parties in order to protect its intellectual property. It is possible that these agreements will be breached and that Frutarom may lack an adequate remedy for any such breach. Disputes may arise concerning the ownership of intellectual property or the extent to which the confidentiality agreements remain in force. Furthermore, Frutarom's trade secrets may become revealed to its competitors or developed independently by them, in which case Frutarom will not be able to enjoy exclusive use of some of its formulas or maintain confidentiality concerning its products.

Table of Contents**THE PARTIES TO THE MERGER****IFF**

IFF is a leading innovator of sensory experiences that move the world. IFF co-creates products that consumers taste, smell, or feel in fine fragrances and beauty, detergents and household goods, and food and beverages. IFF's approximately 7,300 team members globally take advantage of its capabilities in consumer insights, research and product development, creative expertise and customer intimacy to partner with IFF's customers in developing innovative offerings for consumer products. IFF believes that its collaborative approach will generate market share gains for its customers.

IFF's international presence positions it to serve both IFF's global customers and the increasing number of regional and high-end and middle-market specialty consumer goods producers. IFF operates 37 manufacturing facilities and 69 creative centers and application laboratories located in 37 different countries. IFF partners with its customers to develop over 46,000 products that are provided to customers in approximately 162 countries.

IFF principally competes in the flavors and fragrances market, which is part of a larger market that supplies a wide variety of ingredients and compounds used in consumer products. The broader market includes large multi-national companies and smaller regional and local participants that supply products such as seasonings, texturizers, spices, enzymes, certain food-related commodities, fortified products and cosmetic ingredients. The global market for flavors and fragrances has expanded consistently, primarily as a result of an increase in demand for, and an increase in the variety of, consumer products containing flavors and fragrances.

In 2017, IFF achieved sales of approximately \$3.4 billion, making it a leading company in the global flavors and fragrances sub-segment of the broader consumer products ingredients and compounds market. IFF believes that its global presence, diversified business platform, broad product portfolio and global and regional customer base position it to achieve long-term growth as the flavors and fragrances markets expand.

IFF operates in two business segments, Flavors and Fragrances. In 2017, IFF's flavors business represented 48% of its sales, while its fragrances business represented 52% of sales. IFF's business is geographically diverse, with sales to customers in the four regions set forth below:

Region	% of 2017 Sales
Europe, Africa, Middle East	31%
Greater Asia	27%
North America	27%
Latin America	15%

IFF is committed to competing in emerging markets. IFF believes that more significant future growth potential for the flavors and fragrances industry, and for its business, exists in the emerging markets (all markets except North America, Japan, Australia, and Western, Southern and Northern Europe). Over the past five years, IFF's currency neutral sales growth rate in emerging markets has outpaced that of developed markets. IFF expects this long-term trend to continue for the foreseeable future.

IFF has operated in some of the largest emerging markets for multiple decades. As a result of these operations, sales in emerging markets represented 48% of 2017 sales and 51% of 2016 sales. As IFF's customers seek to grow their businesses in emerging markets, IFF provides them the ability to leverage its long-standing international presence and

extensive market knowledge to help drive their brands in these markets. To stay competitive in its industry, IFF must adapt to rapidly shifting consumer preferences and customer demands. IFF believes its consumer insights and customer relationships help to drive innovation that benefits IFF and its customers. During 2017, IFF's 25 largest customers accounted for 50% of its sales. Sales to IFF's largest customer across all end-use categories accounted for 11% to 12% of IFF's sales for each of the last three fiscal years. These sales were principally in IFF's fragrances business.

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IFF's principal executive offices are located at 521 West 57th Street, New York, New York 10019 and its telephone number is (212) 765-5500. IFF's website address is www.IFF.com. Information contained on IFF's website does not constitute part of this prospectus. IFF's common stock is publicly traded on the NYSE and Euronext Paris, under the ticker symbol IFF. Additional information about IFF is included in documents incorporated by reference in this prospectus. Please see the section entitled *Where You Can Find More Information* beginning on page 153.

Frutarom

Frutarom is a global company established in Israel in 1933 and operating in the global flavors and specialty fine ingredients markets. Frutarom, through its subsidiaries, develops, produces and markets flavors and fine ingredients used in manufacturing food, beverages, flavors and fragrances, pharma/nutraceuticals, cosmetics and personal care products. As of December 31, 2017, Frutarom operated 72 production sites, 90 research and development laboratories, and 109 sales offices in Europe, North America, Latin America, Israel, Asia, Africa and New Zealand, and employed 5,223 people throughout the world. In 2017, Frutarom marketed and sold over 70,000 products to more than 30,000 customers in more than 150 countries.

Frutarom operates in two main activities which constitute its core businesses and are reported as business segments in its financial statements: flavors activity and specialty fine ingredients activity. In addition, as part of a comprehensive solution offered to customers, Frutarom imports and markets raw materials manufactured by third parties. This activity is presented as part of trade and marketing operations, which is not a core business.

Frutarom became a public company in 1996 upon registration of its shares for trade on the Tel Aviv Stock Exchange. In February 2005, Frutarom's Global Depository Receipts were also listed on the London Stock Exchange Official List. Frutarom's principal executive offices are located at 2 Hamenofim Street, Building A, Herzliya, Israel 4672553, and its telephone number is +972-9960-3800.

For additional information on Frutarom's business, see the section entitled *Management's Discussion of Financial Condition and Results of Operations of Frutarom Overview* in this prospectus.

Icon Newco Ltd.

Merger Sub, a wholly owned subsidiary of IFF, is a company organized under the laws of the State of Israel that was formed on May 2, 2018 for the sole purpose of effecting the merger. Merger Sub has not conducted any activities other than those incidental to its formation and the matters contemplated by the merger agreement. In the merger, Merger Sub will be merged with and into Frutarom, with Frutarom surviving as a wholly owned subsidiary of IFF.

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BUSINESS OF FRUTAROM AND CERTAIN INFORMATION ABOUT FRUTAROM

Overview

Frutarom is a global company established in Israel in 1933 and operating in the global flavors and specialty fine ingredients markets. Frutarom, through its subsidiaries, develops, produces and markets flavors and fine ingredients used in manufacturing food, beverages, flavors and fragrances, pharma/nutraceuticals, cosmetics and personal care products. As of December 31, 2017, Frutarom operated 72 production sites, 90 research and development laboratories, and 109 sales offices in Europe, North America, Latin America, Israel, Asia, Africa and New Zealand, and employed 5,223 people throughout the world. In 2017, Frutarom marketed and sold over 70,000 products to more than 30,000 customers in more than 150 countries.

Business Segments

Frutarom operates in two main activities which constitute its core businesses and are reported as business segments in its financial statements: flavors activity (Flavors Activity) and specialty fine ingredients activity (Specialty Fine Ingredients Activity, and together with Flavors Activity, core businesses). In addition, as part of a comprehensive solution offered to customers, Frutarom imports and markets raw materials manufactured by third parties. This activity is presented as part of trade and marketing operations (Trade & Marketing Activity), which is not a core business.

Flavors Activity

Frutarom develops, produces, markets and sells sweet and savory flavor solutions and other solutions which, in addition to flavors, contain fruit or vegetable ingredients and other natural ingredients and are used mainly in the manufacture of foods, beverages and other consumer products. Frutarom develops thousands of different flavors for its customers, most of which are tailor-made for specific customers. In accordance with its strategy, Frutarom's Flavors Activity has grown significantly by combining organic growth and acquisitions, accounting in 2017 for approximately 81% of Frutarom's sales for its core businesses and approximately 75% of its overall sales.

Specialty Fine Ingredients Activity

Frutarom develops, produces, markets and sells natural flavor extracts, natural functional food ingredients, natural pharma/nutraceutical extracts, natural biotech products, including algae-based products, natural colors for food, natural antioxidants used to provide solutions for food protection, natural cosmetics products, specialty fine ingredients for infant nutrition and for clinical elderly nutrition, essential oils, specialty citrus products and aromatic chemicals. Specialty fine ingredients products are sold primarily to the food, beverage, flavor, fragrance, pharma/nutraceutical, infant nutrition, cosmetics and personal care industries. Specialty Fine Ingredients Activity accounted for approximately 19% of Frutarom's sales for its core businesses in 2017 and approximately 18% of its overall sales.

Trade & Marketing Activity

In addition to and in support of its core businesses, Frutarom imports and markets various raw materials that it does not manufacture. This activity greatly expanded through acquisitions starting in 2012, and centers mainly on Central and Eastern Europe, Latin America and Israel. Sales from this activity accounted for approximately 7% of Frutarom's overall sales in 2017. Frutarom does not consider Trade & Marketing Activity part of its core businesses.

Acquisitions

Frutarom made eleven acquisitions in 2015, eight in 2016, twelve in 2017 and two in 2018, with the aim to enhance its cross-selling opportunities both for products and for customers and contribute to its growth in sales.

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Supply Chain

Procurement and Suppliers

In connection with its manufacturing business, Frutarom purchases thousands of raw materials from a wide range of suppliers. The main raw materials purchased by Frutarom include plants, leaves and roots for producing natural flavor extracts, natural functional food ingredients and pharma/nutraceutical extracts. Frutarom also purchases essential oils, natural and synthetic chemicals, spices, fruit components, alcohol, esters, acids and oleoresins.

Frutarom's local supply chain departments work in tandem with the global supply chain headquarters to manage the purchase of raw materials in an effort to ensure their ongoing supply. Although there are exclusive suppliers for a relatively small number of the raw materials used by Frutarom, such raw materials are only required for a limited number of its products and Frutarom does not consider its dependence on such suppliers to be material.

Manufacturing

As of December 31, 2017, Frutarom had 72 production sites globally. Most of Frutarom's products, and in particular its natural products, are tailor-made and customized in accordance with its customers' needs. Frutarom's major production sites related to its Flavors Activity are located in countries such as Belgium, Brazil, China, Canada, France, Germany, Guatemala, Ireland, India, Israel, Italy, Mexico, New Zealand, Peru, Poland, Russia, Slovenia, South Africa, Switzerland, Turkey, the U.K. and the U.S. The manufacturing process for flavors generally involves the blending of multiple ingredients pursuant to Frutarom's formulas, and tends to be less complex and capital intensive than the manufacturing of specialty fine ingredients.

Frutarom's major production sites related to its Specialty Fine Ingredients Activity are located in countries such as Israel, China, Germany, Slovenia, Spain, Switzerland, the U.K. and the U.S. The manufacturing process for specialty fine ingredients is generally more complex, requires a larger capital investment in facilities and is also subject to stricter environmental and regulatory standards when compared to the manufacturing of flavors.

Marketing and Distribution

Frutarom maintains a global sales and marketing and customer technical support infrastructure staffed with local personnel in its main target markets. As of December 31, 2017, Frutarom had 109 sales offices, 90 research and development labs located in its main target markets in close proximity to its customers and approximately 1,964 employees working in research and development and sales and marketing. Frutarom markets and sells its products primarily through its own sales and marketing personnel. In some countries, however, Frutarom retains third-party local agents and distributors to sell its products.

Intellectual Property

Frutarom's business relies on intellectual property, mainly consisting of formulas used to create its flavors. The formulas are not registered. Instead, the formulas, considered to be Frutarom's trade secrets, are kept highly confidential and accessible to a minimal number of people within Frutarom. Frutarom has registered patents that relate primarily to production processes for ingredients and products in the fields of pharma/nutraceutical, cosmetics, and specialty fine ingredients for infant nutrition in infant formulas. Frutarom has registered trademarks on some of its products in certain countries in which it operates. To protect its intellectual property, Frutarom includes confidentiality, non-competition, and intellectual property transfer restrictions clauses in its employment contracts, as well as in contracts with consultants, suppliers and customers.

Government Regulation

Frutarom is subject to a variety of international and domestic health, safety and environmental statutes in the various countries in which it operates. These laws and regulations include, among others, the U.S. Food and Drug

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Administration's regulations, EU directives, Codex Alimentarius in South America and other countries, and regulations set by the Ministry of Health in Israel. In general, there is a trend towards increased regulation in the fields of Frutarom's activities. This trend stems from, among other things, growing consumer sensitivity concerning the inclusion of flavor additives in food products and the fact that regulators perceive nutraceuticals, medical food and functional food products as having medicinal attributes. In some countries such products may be subjected to the same standards and regulations as applied to drugs or targeted regulation for these categories. In addition, the regulations applicable to Frutarom are subject to change at any time.

Frutarom's production sites and research and development laboratories worldwide from time to time make use of, manufacture, sell, and distribute substances that are sometimes considered hazardous and are therefore subject to extensive regulation concerning the storage, handling, manufacture, transport, use and disposal of such substances and their components and byproducts. Frutarom's production and R&D activities in the various countries where it operates are subject to various regulations and standards relating to air emissions, sewage treatment and the use, handling and discharge of hazardous material as well as clean-up of existing environmental contamination.

As of December 31, 2017, Frutarom was in material compliance with the health, safety and environmental regulations that apply to it in the various countries in which it operates.

Legal Proceedings

In the ordinary course of business, Frutarom is, and will continue to be, involved in various legal proceedings from time to time. Frutarom may not be able to predict the timing or outcome of these or future legal proceedings with certainty, and an unfavorable resolution of one or more of such matters could have a material adverse effect on Frutarom's business, prospects, financial condition or results of operations.

Currently, Frutarom is not involved in any legal proceeding that, in the opinion of Frutarom's management, could reasonably be expected to have a material adverse effect on its business, prospects, financial condition or results of operations.

Employees

As of December 31, 2017, Frutarom employed 5,223 employees.

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**MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION
AND RESULTS OF OPERATIONS OF FRUTAROM**

Overview

Company Background

Frutarom is a global company established in Israel in 1933 and operating in the global flavors and specialty fine ingredients markets. Frutarom, through its subsidiaries, develops, produces and markets flavors and fine ingredients used in manufacturing food, beverages, flavors and fragrances, pharma/nutraceuticals, cosmetics and personal care products. As of December 31, 2017, Frutarom operated 72 production sites, 90 research and development laboratories, and 109 sales offices in Europe, North America, Latin America, Israel, Asia, Africa and New Zealand, and employed 5,223 people throughout the world. In 2017, Frutarom marketed and sold over 70,000 products to more than 30,000 customers in more than 150 countries.

Frutarom operates in the framework of two main activities which are reported as business segments on its financial statements: flavors activity (Flavors Activity) and specialty fine ingredients activity (Specialty Fine Ingredients Activity) (together core businesses). In addition, as part of a comprehensive solution offered to customers, Frutarom imports and markets raw materials manufactured by third parties. This activity is presented as part of trade and marketing operations (Trade & Marketing Activity), which is not a core business.

Flavors Activity

Frutarom develops, produces, markets and sells sweet and savory flavor solutions and other solutions which, in addition to flavors, contain fruit or vegetable ingredients and other natural ingredients and are used mainly in the manufacture of foods, beverages and other consumer products. Frutarom develops thousands of different flavors for its customers, most of which are tailor-made for specific customers. In accordance with its strategy, Frutarom's Flavors Activity has grown significantly by combining organic growth and acquisitions, accounting in 2017 for 81% of Frutarom's sales for its core businesses and 75% of its overall sales.

Specialty Fine Ingredients Activity

Frutarom develops, produces, markets and sells natural flavor extracts, natural functional food ingredients, natural pharma/nutraceutical extracts, natural biotech products, including algae-based products, natural colors for food, natural antioxidants used to provide solutions for food protection, natural cosmetics products, specialty fine ingredients for infant nutrition and for clinical elderly nutrition, essential oils, specialty citrus products and aromatic chemicals. Specialty fine ingredients products are sold primarily to the food, beverage, flavor, fragrance, pharma/nutraceutical, infant nutrition, cosmetics and personal care industries.

Specialty Fine Ingredients Activity accounted for 19% of Frutarom's sales for its core businesses in 2017 and 18% of its overall sales.

Trade & Marketing Activity

In addition to and in support of its core businesses, Frutarom imports and markets various raw materials that it does not manufacture. This activity expanded significantly following the acquisitions of Slovenian company Etol Tovarna arom in eteričnih olj d.o.o. in 2012, the Russian company Protein Technologies Ingredients Group in 2013, the flavors

and natural colors for food division of the Peruvian company Montana S.A. in 2014 and the Mexican company Proveedores de Ingenieria Alimentaria, S.A. de C.V. at the end of 2016, and centers mainly on Central and Eastern Europe, Latin America and Israel. Sales from this activity accounted for 7% of Frutarom's overall sales in 2017. Frutarom does not consider Trade & Marketing Activity part of its core businesses.

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Factors Affecting Frutarom's Results of Operations

Acquisitions

Frutarom made eleven acquisitions in 2015, eight in 2016, twelve in 2017 and two in 2018, with the aim to enhance its cross-selling opportunities both for products and for customers and contribute to its growth in sales, including the following acquisitions:

IBR In February 2018, Frutarom acquired 100% of the share capital of Israeli Biotechnology Research Ltd. (**IBR**) for approximately \$21.0 million. IBR researches, develops and manufactures ingredients for the cosmetics and dietary supplements industries, and contributes principally to Frutarom's Specialty Fine Ingredients Activity.

Bremil In May 2018, Frutarom purchased 51% of the shares of the Brazilian company Bremil Indústria de Produtos Alimentícios Ltda. (**Bremil**) for approximately \$30.0 million (including estimated asset adjustments to the date of completion). The transaction includes a mechanism for future consideration to be paid based on Bremil's future business performance in 2017 and 2018. The purchase agreement includes an option for the purchase of the balance of the shares in Bremil starting five years from the date of the transaction's completion at a price based on Bremil's business performance during that period. Bremil operates mainly in the savory solutions market and contributes principally to Frutarom's Flavors Activity and Trade & Marketing Activity.

Enzymotec After acquiring approximately 18.75% of the share capital of Enzymotec Ltd., a public Israeli company whose shares were listed on Nasdaq (**Enzymotec**), Frutarom acquired the remaining Enzymotec shares pursuant to an agreement and plan of merger, which was completed in January 2018. In January 2018, Frutarom sold Enzymotec's krill oil business, which was not a core business of Frutarom. The overall consideration paid by Frutarom to acquire 100% of Enzymotec was approximately \$287 million (including cost of vested options, restricted stock units and estimated transaction expenses). The overall net consideration, net of cash, cash equivalents, deposits and tradable securities in Enzymotec's treasury, and net of the proceeds from the sale of the krill oil business, was approximately \$184 million (including cost of vested options, restricted stock units and estimated transaction expenses). Enzymotec develops and produces nutritional ingredients and medical foods, and contributes principally to Frutarom's Flavors Activity and Specialty Fine Ingredients Activity.

F&E In August 2017, Frutarom acquired 100% of the share capital of U.K.-based Flavours and Essences (UK) Ltd. (**F&E**) for approximately \$20.3 million, with a mechanism for future consideration based on F&E's business performance over the period of three years from the purchase date. F&E develops and produces flavors and natural colors, and contributes principally to Frutarom's Flavors Activity.

SDFLC In June 2017, Frutarom purchased 80% of the shares in the Brazilian company SDFLC Brasil Indústria E Comércio Ltda. (**SDFLC**) for approximately \$29.5 million. The acquisition agreement includes a mutual option to purchase the balance of remaining shares starting two and a half years from the closing date

of the transaction at a price based on SDFLC's business performance. SDFLC produces taste solutions for ice creams and desserts for the Brazilian market, and contributes principally to Frutarom's Flavors Activity.

Vantodio In February 2017, Frutarom exercised an option to acquire the remaining 25% minority interest in Vantodio Holdings Limited (Vantodio), which owns Protein Technologies Ingredients Group in Russia, for approximately \$40.0 million. Frutarom had acquired a 75% stake in Vantodio in November 2013. Vantodio develops and produces savory solutions, and contributes principally to Frutarom's Flavors Activity and Trade & Marketing Activity.

Redbrook In August 2016, Frutarom acquired 100% of the share capital of Irish company Redbrook Ingredient Services Limited (Redbrook) for approximately \$44.8 million. The purchase agreement included a mechanism for additional consideration based on Redbrook's future business performance.

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Redbrook produces savory solutions, and contributes principally to Frutarom's Flavors Activity.

Extrakt Chemie In May 2016, Frutarom acquired 100% of the rights in the general partner in the German partnership Extrakt Chemie Dr. Bruno Stellmach GmbH & Co. KG (Extrakt Chemie) as well as the property on which Extrakt Chemie's plant is located for approximately \$6.3 million plus the assumption of debt (net) amounting to approximately \$1.4 million. The purchase agreement included a mechanism for future consideration conditional on the business performance of Extrakt Chemie. Extrakt Chemie develops and produces specialty solutions of natural extracts, and contributes principally to Frutarom's Specialty Fine Ingredients Activity.

AMCO In January 2016, Frutarom acquired 75% of the share capital of the Polish company AMCO SP z.o.o. (AMCO) for approximately \$22.4 million. The purchase agreement included an option to acquire the remaining balance of shares at a price based on AMCO's future business performance, starting two and a half years from the closing date of the transaction, as was later extended to commence from July 1, 2019. AMCO develops and produces savory solutions, and contributes principally to Frutarom's Flavors Activity.

Grow In January 2016, Frutarom purchased 100% of the share capital of U.S.-based Grow Company Inc. (Grow) for approximately \$20.0 million. The purchase agreement included a mechanism for future consideration conditional on Grow's business performance over the period of one year following the purchase date. In accordance with this mechanism and in light of Grow's results in 2016, Frutarom paid additional consideration of \$10.8 million. Grow produces natural ingredients, and contributes principally to Frutarom's Specialty Fine Ingredients Activity.

Wiberg In January 2016, Frutarom acquired 100% of the shares of Sagema GmbH of Austria and Wiberg GmbH of Germany (including a 50% ownership share in a Canadian subsidiary, Wiberg Corporation, and 51% ownership share in a Turkish subsidiary which was subsequently fully acquired, collectively Wiberg) for approximately \$129.9 million. Wiberg produces savory solutions, and contributes principally to Frutarom's Flavors Activity.

Taura In June 2015, Frutarom completed the acquisition of 100% of Taura Natural Ingredients Holding Pty Ltd. (Taura), an Australian company, for approximately \$44.0 million in cash and the assumption of debt of approximately \$26.5 million. The acquisition agreement included an additional \$3.5 million payment that was conditioned on meeting a performance target. Taura produces flavors solutions, and contributes principally to Frutarom's Flavors Activity.

For additional information relating to Frutarom's acquisitions, see Note 5 to Frutarom's audited financial statements included elsewhere in this prospectus.

Long-term Relationships with Customers

The flavors and fine ingredients market is characterized by long-term relationships between flavor manufacturers and their customers, which include mostly companies in the food and beverage, flavor and fragrance extracts and pharmaceutical/nutraceutical industries. Much importance is placed in these industries on supplier reliability, quality of service, and the manufacturers' understanding of their customers' needs. As a result, some large multinational

customers, as well as an increasing number of medium-sized customers, have been reducing the number of their flavor suppliers to a select list of authorized suppliers.

Research and Development

Since end-user preferences are constantly changing and the markets in which customers operate (particularly the foods and beverages market) are dynamic and competitive, the market is characterized by an abundance of new and innovative products. Manufacturers therefore need to invest in research and development and offer a wide range of new products, either at the initiative of the flavor manufacturer or at the initiative of the customer (the food or beverages manufacturer) and in collaboration with them.

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Raw Materials

Frutarom purchases thousands of raw materials that go into its products from a wide range of suppliers, having more than one supplier for most raw materials. The main raw materials purchased by Frutarom include plants, leaves and roots for producing natural flavor extracts, natural functional food ingredients and pharma/nutraceutical extracts.

There are exclusive suppliers for a small number of raw materials, but since these raw materials go into only a limited number of Frutarom products, out of its wide range of over 70,000 products, in the view of management Frutarom's dependence on these suppliers is not material.

Frutarom maintains relatively large inventories of certain raw materials as most of the natural substances used by Frutarom derive from field crops. Delivery times are also usually longer than those to which Frutarom has committed to its customers, making it necessary for Frutarom to hold enough raw material inventory to fill its customers' orders on short notice. On the other hand, Frutarom generally maintains very limited finished goods inventory. Furthermore, the availability and prices of many of the raw materials, especially natural materials, used by Frutarom to manufacture its products are exposed to fluctuations due to global supply and demand.

Foreign Currency Effects

Over 70% of Frutarom's sales in 2015, 2016 and 2017 were conducted in currencies other than the U.S. dollar, mainly the Euro, Russian Ruble, Pound Sterling, Swiss Franc, Canadian Dollar, New Israeli Shekel, Chinese Yuan, Mexican Peso, Polish Zloty Brazilian Real, and Peruvian Nuevo Sol and South African Rand. Therefore changes in exchange rates affect Frutarom's results as reported in U.S. dollars.

Frutarom's exposure to currency fluctuations is reduced by the fact that part of the raw material purchases and operational expenditures in the various countries in which it operates are also paid for in most cases in the respective local currencies, so that most of the effect applies to the translation of sales revenues and profits into U.S. dollar terms.

The weakening of the U.S. dollar versus some of the various above mentioned currencies has contributed to an increase of approximately 1.9% in Frutarom's sales for 2017. In 2016, the effect of currencies contributed to a decrease of approximately 2.6% in Frutarom sales.

Frutarom does not generally undertake external hedging action nor does it use other financial instruments for protection against currency fluctuations.

Economic Conditions

Due to the nature and type of its global activity, Frutarom is exposed to fluctuations in the global economy. Economic crises or recessions in important target countries could curb demand for Frutarom's products, including its premium products, and significantly slow down the development and launch of new products by Frutarom customers. Periods of global financial distress could also impair Frutarom's ability to raise funds for executing its strategic acquisitions and for its operations.

Regulatory Standards

Flavor and fine ingredients products are mainly intended for use by the food and beverage and pharmaceutical/nutraceutical industries, which are subject to strict quality and regulatory standards. Flavor and fine

ingredients manufacturers are therefore required to meet the same strict standards. Recent years have seen a trend toward increasingly stringent quality and regulatory standards which could require manufacturers to incur greater costs and expense to comply with them. For a discussion of the regulations applicable to Frutarom's operations, see the section entitled *Business of Frutarom and Certain Information about Frutarom Government Regulation* included elsewhere in this prospectus.

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Increased demand for beverages, yogurts, ice cream and other food products during the summer months brings about an increase in sales and an improvement to a certain extent in Frutarom's profitability margins in the second and third quarters of the year. With respect to Frutarom's raw material needs, natural raw materials, which are derived from agricultural crops, are seasonal in their supply. In recent years, however, as a result of Frutarom's internal growth and acquisitions, seasonal effects on its results have been moderated.

Results of Operations

The following discussion and analysis should be read in conjunction with Frutarom's audited financial statements included elsewhere in this prospectus.

Three Months Ended March 31, 2018 Compared to Three Months Ended March 31, 2017

(U.S. DOLLARS IN THOUSANDS EXCEPT PER SHARE AMOUNTS)	Three Months Ended March 31,		Change 2018 vs. 2017
	2018	2017	
SALES	\$ 384,805	\$ 302,531	27.2%
COST OF SALES	229,067	186,817	22.6%
GROSS PROFIT	155,738	115,714	34.6%
Selling, marketing, research and development expenses net	67,407	49,163	37.1%
General and administrative expenses	26,901	21,883	22.9%
Other expenses (income) net	(349)	(280)	24.6%
Frutarom's share of earnings of investees accounted for at equity	690	399	72.9%
INCOME FROM OPERATIONS	62,469	45,347	37.8%
FINANCIAL EXPENSES net	5,965	2,173	174.5%
INCOME BEFORE TAXES ON INCOME	56,504	43,174	30.9%
INCOME TAX	10,823	9,439	14.7%
NET INCOME FOR THE PERIOD	\$ 45,681	\$ 33,735	35.4%
Earnings per share fully diluted	\$ 0.75	\$ 0.56	33.9%
Gross margin	40.5%	38.2%	
Operating margin	16.2%	15.0%	
Effective tax rate	19.2%	21.9%	
Segment sales			
Flavors	\$ 281,480	\$ 219,352	28.3%
Specialty Fine Ingredients	86,709	66,753	29.9%
Trade & Marketing	19,107	19,045	0.3%

Elimination of Intersegment Sales	(2,491)	(2,619)	
Total sales	\$ 384,805	\$ 302,531	27.2%

Sales

Frutarom's sales in the first quarter of 2018 increased by 27.2% to \$384.8 million compared to \$302.5 million in the first quarter of 2017. The increase in Frutarom's overall sales reflected increased sales in Flavors Activity and Specialty Fine Ingredients Activity, and was primarily due to acquisitions completed after the first quarter of 2017 as well as organic growth and positive impact of changes to the exchange rates of currencies in which Frutarom operates against the U.S. dollar.

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Flavors Activity

Flavors Activity sales increased by 28.3% to \$281.5 million in the first quarter of 2018 compared to \$219.4 million in the first quarter of 2017. The increase in sales in Flavors Activity was primarily due to the acquisitions completed after the first quarter of 2017 as well as organic growth and the positive impact of changes to the exchange rates of currencies in which Frutarom operates against the U.S. dollar.

Specialty Fine Ingredients Activity

Sales from Specialty Fine Ingredients Activity increased 29.9% to \$86.7 million in the first quarter of 2018 compared to \$66.8 million in the first quarter of 2017. The increase in sales in Specialty Fine Ingredients Activity was principally due to acquisitions as well as organic growth and the positive impact of changes to the exchange rates of currencies in which Frutarom operates against the U.S. dollar.

Trade & Marketing Activity

Sales from Trade & Marketing Activity, which is not considered a core activity, remained relatively constant in the first quarter of 2018 at \$19.1 million compared to \$19.0 million in the first quarter of 2017.

Cost of sales

Cost of sales includes costs of raw materials, payroll and related expenses, rent, depreciation and amortization, energy and other production expenses. Cost of sales increased by 22.6% in the first quarter of 2018 to \$229.1 million (59.5% of Frutarom's sales) compared to \$186.8 million (61.8% of Frutarom's sales) in the first quarter of 2017. The increase in cost of sales was principally due to acquisitions and additional expenses associated with organic growth.

Selling, marketing, research and development expenses net

Selling, marketing, research and development expenses net consists mainly of payroll and related expenses, research and development expenses, marketing commissions, office fees, transportation and vehicle expenses, depreciation and other expenses.

Selling, marketing, research and development expenses net increased by 37.1% in the first quarter of 2018 to \$67.4 million compared to \$49.2 million in the first quarter of 2017. The increase was principally due to acquisitions and additional expenses associated with organic growth.

General and administrative expenses

General and administrative expenses include payroll and related expenses, professional fees, rent and office expenses, depreciation and amortization, computing and other expenses.

General and administrative expenses increased by 22.9% in the first quarter of 2018 to \$26.9 million compared to \$21.9 million in the first quarter of 2017. The increase was principally due to acquisitions and additional expenses associated with organic growth.

Other expenses (income) net

Other expenses (income) net includes expenses for site shutdowns, expenses relating to acquisitions of subsidiaries, capital (income) losses on the sale of assets and other expenses.

Other expenses (income) net was income of \$0.3 million in the first quarter of 2018 and was relatively stable compared to the first quarter of 2017.

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Frutarom's share of earnings of investees accounted for at equity

Frutarom's share of earnings of investees accounted for at equity increased by 72.9% in the first quarter of 2018 to \$0.7 million compared to \$0.4 million in the first quarter of 2017. The increase was principally due to an acquisition.

Operating income by activity

Flavors Activity

The operating income of Flavors Activity increased by 28.9% in the first quarter of 2018 to \$46.3 million compared to \$35.9 million in the first quarter of 2017. The increase in operating income reflects the increase in sales from \$219.4 million in the first quarter of 2017 to \$281.5 million in the first quarter of 2018, which more than offset the increase in expenses from \$183.4 million in the first quarter of 2017 to \$235.1 million in the first quarter of 2018.

Specialty Fine Ingredients Activity

The operating income of Specialty Fine Ingredients Activity increased by 80.4% in the first quarter of 2018 to \$16.1 million compared to \$8.9 million in the first quarter of 2017. The increase in operating income reflects the increase in sales from \$66.8 million in the first quarter of 2017 to \$86.7 million in the first quarter of 2018, which reflects an increase in sales and sales of products with higher margins, and which more than offset the increase in expenses from \$57.8 million in the first quarter of 2017 to \$70.6 million in the first quarter of 2018.

Trade & Marketing Activity

The operating income of Trade & Marketing Activity, which is not considered a core activity, decreased to \$10,000 in the first quarter of 2018 compared to \$500,000 in the first quarter of 2017.

Financial expenses net

Financial expenses net includes primarily interest expense, gains and losses arising from changes in exchange rates and gains or losses that stem from changes in the fair value of financial assets.

Financial expenses net in the first quarter of 2018 were approximately \$6.0 million compared to \$2.2 million in the first quarter of 2017. Interest expenses were \$5.8 million in the first quarter of 2018 compared to \$2.1 million in the first quarter of 2017, mainly due to the increase in borrowings incurred to finance acquisitions (primarily the acquisition of Enzymotec), and the rise in certain interest rates. Financial expenses arising from exchange-rate differences reached \$0.1 million similar to the amount in the first quarter of 2017.

Income tax

Taxes on income for the first quarter of 2018 increased by 14.7% to \$10.8 million compared to \$9.4 million in first quarter of 2017. The increase in tax expense was primarily due to an increase in Frutarom's activity and pre-tax income. Frutarom's effective tax rate for the first quarter of 2018 was 19.2% compared to 21.9% for the first quarter of 2017.

See the notes to Frutarom's audited financial statements included herein for additional information on taxes applicable to Frutarom.

Table of Contents**Year Ended December 31, 2017 Compared to Year Ended December 31, 2016**

(U.S. DOLLARS IN THOUSANDS EXCEPT PER SHARE AMOUNTS)	Year Ended December 31,		Change 2017 vs. 2016
	2017	2016	
SALES	\$ 1,362,396	\$ 1,147,041	18.8%
COST OF SALES	837,271	709,488	18.0%
GROSS PROFIT	525,125	437,553	20.0%
Selling, marketing, research and development expenses net	220,014	196,001	12.3%
General and administrative expenses	92,155	81,637	12.9%
Other expenses net	3,392	11,772	(71.2%)
Frutarom's share of earnings of investees accounted for at equity	1,402	1,113	26.0%
INCOME FROM OPERATIONS	210,966	149,256	41.3%
FINANCIAL EXPENSES net	24,606	12,841	91.6%
INCOME BEFORE TAXES ON INCOME	186,360	136,415	36.6%
INCOME TAX	34,797	25,346	37.3%
NET INCOME FOR THE PERIOD	151,563	111,069	36.5%
Earnings per share fully diluted	\$ 2.51	\$ 1.84	36.4%
Gross margin	38.5%	38.1%	
Operating margin	15.5%	13.0%	
Effective tax rate	18.7%	18.6%	
Segment sales			
Flavors	\$ 1,025,359	\$ 846,517	21.1%
Specialty Fine Ingredients	\$ 260,122	\$ 227,860	14.2%
Trade & Marketing	\$ 90,962	\$ 79,494	14.4%
Eliminations of Intersegment Sales	(14,047)	(6,830)	
Total sales	\$ 1,362,396	\$ 1,147,041	18.8%

Sales

Frutarom sales in 2017 increased by 18.8% to \$1,362.4 million compared to \$1,147.0 million in 2016. The increase in Frutarom's overall sales reflected increased sales in Flavors Activity, Specialty Fine Ingredients Activity and Trade & Marketing Activity, and was primarily due to the acquisitions completed after 2016 as well as organic growth and positive currency effects and positive impact of changes to the exchange rates of currencies in which Frutarom operates against the U.S. dollar.

Flavors Activity

Flavors Activity sales for 2017 increased by 21.1% to \$1,025.4 million compared to \$846.5 million in 2016. The increase in sales in Flavors Activity was primarily due to the acquisitions completed in 2017 as well as organic growth and positive impact of changes to the exchange rates of currencies in which Frutarom operates against the U.S. dollar.

Specialty Fine Ingredients Activity

Sales for Specialty Fine Ingredients Activity in 2017 increased by 14.2% to \$260.1 million compared to \$227.9 million in 2016. The increase in sales in Specialty Fine Ingredients Activity was principally due to

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acquisitions as well as organic growth and the positive impact of changes to the exchange rates of currencies in which Frutarom operates against the U.S. dollar.

Trade & Marketing Activity

Sales for Trade & Marketing Activity, which is not considered a core activity, in 2017 increased by 14.4% to \$91.0 million compared to \$79.5 million in 2016. The increase in sales in Trade & Marketing Activity was primarily due to acquisitions as well as the positive impact of changes to the exchange rates of currencies in which Frutarom operates against the U.S. dollar.

Cost of sales

Cost of sales increased by 18.0% in 2017 to \$837.3 million (61.5% of Frutarom's sales) compared to \$709.5 million (61.9% of Frutarom's sales) in 2016. The increase was principally due to additional expenses associated with acquisitions, higher production and volume of sales.

Selling, marketing, research and development expenses net

Selling, marketing, research and development expenses net increased by 12.3% in 2017 to \$220.0 million compared to \$196.0 million in 2016. The increase was principally due to acquisitions and additional expenses associated with organic growth.

General and administrative expenses

General and administrative expenses increased by 12.9% in 2017 to \$92.2 million compared to \$81.6 million in 2016. The increase was principally due to acquisitions and additional expenses associated with organic growth.

Other expenses net

Other expenses net decreased by 71.2% in 2017 to \$3.4 million compared to \$11.8 million in 2016. The decrease was principally due to the merger of Wiberg's activities with Frutarom's activity in savory products, primarily in Europe.

Frutarom's share of earnings of investees accounted for at equity in 2016

Frutarom's share of earnings of investees accounted for at equity increased by 26.0% in 2017 to \$1.4 million compared to \$1.1 million in 2016.

Operating income by activity

Flavors Activity

The operating income of Flavors Activity increased by 41.2% in 2017 to \$177.7 million compared to \$125.8 million in 2016. The increase in operating income reflects the increase in sales from \$846.5 million in 2016 to \$1,025.4 million in 2017, which more than offset the increase in expenses from \$720.7 million in 2016 to \$847.7 million in 2017.

Specialty Fine Ingredients Activity

The operating income of Specialty Fine Ingredients Activity increased by 46.8% in 2017 to \$31.6 million compared to \$21.5 million in 2016. The increase in operating income reflects the increase in sales from \$227.9 million in 2016 to \$260.1 million in 2017, which more than offset the increase in expenses from \$206.3 million in 2016 to \$228.5 million in 2017.

Table of Contents*Trade & Marketing Activity*

The operating income of Trade & Marketing Activity, which is not considered a core activity, decreased by 14.1% in 2017 to \$1.7 million compared to \$1.9 million in 2016. The decrease in operating income reflects the increase in expenses from \$77.6 million in 2016 to \$89.3 million in 2017, which more than offset the increase in sales from \$79.5 million in 2016 to \$91.0 million in 2017.

Financial expenses net

Net financial expenses in 2017 increased by 91.6% to \$24.6 million compared to \$12.8 million in 2016. The increase in financial expenses in 2017 was due principally to exchange-rate differences of trade receivable and trade payable balances, with such differences amounting to \$14.5 million in 2017 compared to \$4.1 million in 2016, mainly due to the strengthening of the main currencies Frutarom is active in against the U.S. dollar.

Interest expenses for 2017 amounted to \$10.1 million compared to \$8.8 million in 2016. The increase in interest expenses was mainly due to an increase in loans used for acquisitions.

Income tax

Taxes on income for 2017 totaled \$34.8 million compared to \$25.3 million for 2016. Frutarom's effective tax rate for 2017 was 18.7% compared to 18.6% for 2016.

Year Ended December 31, 2016 Compared to Year Ended December 31, 2015

(U.S. DOLLARS IN THOUSANDS EXCEPT PER SHARE AMOUNTS)	Year Ended December 31,		Change 2016 vs. 2015
	2016	2015	
SALES	\$ 1,147,041	\$ 872,796	31.4%
COST OF SALES	709,488	534,737	32.7%
GROSS PROFIT	437,553	338,059	29.4%
Selling, marketing, research and development expenses net	196,001	141,237	38.8%
General and administrative expenses	81,637	63,742	28.1%
Other expenses net	11,772	2,826	316.6%
Frutarom's share of earnings of investees accounted for at equity	1,113		
INCOME FROM OPERATIONS	149,256	130,254	14.6%
FINANCIAL EXPENSES net	12,841	12,197	5.3%
INCOME BEFORE TAXES ON INCOME	136,415	118,057	15.6%
INCOME TAX	25,346	21,972	15.4%
NET INCOME FOR THE PERIOD	111,069	96,085	15.6%

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Earnings per share fully diluted	\$	1.84	\$	1.60	15.0%
Gross margin		38.1%		38.7%	
Operating margin		13.0%		14.9%	
Effective tax rate		18.6%		18.6%	
<u>Segment sales</u>					
Flavors	\$	846,517	\$	607,534	39.3%
Specialty Fine Ingredients	\$	227,860	\$	184,944	23.2%
Trade & Marketing	\$	79,494	\$	84,344	(5.8%)
Eliminations of Intersegment Sales		(6,830)		(4,026)	
Total sales	\$	1,147,041	\$	872,796	31.4%

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Sales

Frutarom's sales in 2016 increased by 31.4% to \$1,147.0 million compared to \$872.8 million in 2015. The increase in Frutarom's overall sales was primarily due to organic growth and acquisitions in Flavors Activity, Specialty Fine Ingredients Activity and Trade & Marketing Activity, offset in part by the negative impact of changes in exchange rates of currencies in which Frutarom operates against the U.S. dollar.

Flavors Activity

Flavors Activity sales for 2016 increased by 39.3% to \$846.5 million compared to \$607.5 million in 2015. The increase in sales in Flavors Activity was primarily due to the acquisitions completed in 2016 as well as organic growth, offset in part by the negative impact of changes in exchange rates of currencies in which Frutarom operates against the U.S. dollar.

Specialty Fine Ingredients Activity

Sales for Specialty Fine Ingredients Activity in 2016 increased by 23.2% to \$227.9 million compared with \$184.9 million in 2015. The increase in sales in Specialty Fine Ingredients Activity was primarily due to the acquisitions in 2016 as well as organic growth, offset in part by the negative impact of changes in exchange rates of currencies in which Frutarom operates against the U.S. dollar.

Trade & Marketing Activity

Frutarom's sales from Trade & Marketing Activity, which is not considered a core activity, decreased by 5.8% in 2016 to \$79.5 million compared to \$84.3 million in 2015. The decrease in sales in Trade & Marketing Activity was primarily due to a decrease in the price of certain trade and marketing products sold by Frutarom.

Cost of sales

Cost of sales increased by 32.7% in 2016 to \$709.5 million (61.9% of Frutarom's sales) compared to \$534.7 million (61.3% of Frutarom's sales) in 2015. The increase was principally due to acquisitions and additional expenses associated with organic growth.

Selling, marketing, research and development expenses net

Selling, marketing, research and development expenses net increased by 38.8% in 2016 to \$196.0 million compared to \$141.2 million in 2015. The increase was principally due to acquisitions and additional expenses associated with organic growth.

General and administrative expenses

General and administrative expenses increased by 28.1% in 2016 to \$81.6 million, compared to \$63.7 million in 2015. The primary reason for the increase was due to acquisitions and additional expenses associated with organic growth.

Other expenses net

Other expenses net increased by 316.6% in 2016 to \$11.8 million compared to \$2.8 million in 2015. The increase was principally due to expenses associated with the merger of Wiberg's activities with Frutarom's activity in savory

products, primarily in Europe, including the integration processes and the shut-down of a facility in Stuttgart, Germany.

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Frutarom's share of earnings of investees accounted for at equity

Frutarom's share of earnings of investees accounted for at equity was \$1.1 million in 2016, compared with zero in 2015. The increase relates to Frutarom's investment in a 50% voting and equity interest in Wiberg Corporation in Canada in 2016.

Operating income by activity

Flavors Activity

The operating income of Flavors Activity increased by 15.7% in 2016 to \$125.8 million compared to \$108.8 million in 2015. The increase in operating income reflects the increase in sales from \$607.5 million in 2015 to \$846.5 million in 2016 which more than offset the increase in expenses from \$498.8 million in 2015 to \$720.7 million in 2016.

Specialty Fine Ingredients Activity

The operating income of Specialty Fine Ingredients Activity increased by 14.0% in 2016 to \$21.5 million compared to \$18.9 million in 2015. The increase in operating income reflects the increase in sales from \$184.9 million in 2015 to \$227.9 million in 2016 which more than offset the increase in expenses from \$166.0 million in 2015 to \$206.3 million in 2016.

Trade & Marketing Activity

The operating income of Trade & Marketing Activity, which is not considered a core activity, decreased by 32.5% in 2016 to \$1.9 million compared to \$2.9 million in 2015. The decrease in operating income reflects the decrease in sales from \$84.3 million in 2015 to \$79.5 million in 2016 which more than offset the decrease in expenses from \$81.5 million in 2015 to \$77.6 million in 2016.

Financial expenses net

Net financial expenses increased by 5.3% in 2016 to \$12.8 million compared to \$12.2 million in 2015. In addition, financial expenses in 2016 for exchange-rate differences was \$4.1 million compared to \$3.0 million financial income in 2015. In 2015, there was also a non-recurring financial expense of \$9.9 million for the revaluation of the financial liability related to the option to purchase the minority shares of Vantodio.

Interest expenses for 2016 amounted to \$8.8 million compared to \$5.3 million in 2015. The increase in interest expenses was mainly due to an increase in loans used for acquisitions.

Income tax

Taxes on income for 2016 totaled \$25.3 million compared to \$22.0 million in 2015. Frutarom's effective tax rate for 2016 was 18.6%, which was unchanged compared to 2015.

Liquidity and Capital Resources

Cash Flows from Operating Activities

In the first quarter of 2018, the cash flow from operating activities was \$47.6 million compared to \$47.4 million in the first quarter of 2017. The net cash flow from operating activities in the first quarter of 2018 was \$35.4 million compared to \$42.5 million in the first quarter of 2017. The decrease in net cash flow from

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operating activities in the first quarter of 2018 compared to the first quarter of 2017 was principally due to the timing of tax payments. Taxes paid in the first quarter of 2018 amounted to approximately \$12.2 million compared to approximately \$4.8 million in the first quarter of 2017.

Net cash provided by operating activities was \$187.5 million in 2017 compared to \$124.6 million in 2016 and \$91.7 million in 2015. The increase in net cash provided by operating activities in 2017 compared to 2016 was principally due to the increase in income before tax and the resulting improvement in Frutarom's working capital.

The increase in net cash provided by operating activities in 2016 compared to 2015 was principally due to increases in income before tax and the resulting improvement in Frutarom's working capital.

Cash Flows from Investing Activities

Net cash used in investing activities was \$184.0 million in the first quarter of 2018 compared to \$31.0 million in the first quarter of 2017. The increase in net cash used in investing activities in the first quarter of 2018 compared to the first quarter of 2017 was principally due to the increase in investments for acquisitions.

Net cash used in investing activities was \$185.0 million in 2017 compared to \$124.1 million in 2016 and \$297.6 million in 2015. The increase in net cash used in investing activities in 2017 compared to 2016 was principally due to an increase in the purchase of available for sale securities, an increase in the purchase of property, plant and equipment and an increase in acquisitions, offset in part by a decrease in proceeds from the sale of property and other assets.

The decrease in net cash used in investing activities in 2016 compared to 2015 was principally due to greater acquisition activity in 2015, including a deposit payment of \$131.8 million in connection with the acquisition of Wiberg, which was completed during 2016.

Cash used for property, plant and equipment were \$9.4 million in the first quarter of 2018, \$34.4 million in 2017, \$28.5 million in 2016 and \$23.9 million in 2015.

Cash Flows from Financing Activities

Net cash provided by financing activities was \$189.0 million in the first quarter of 2018 compared to net cash used in financing activities of \$11.6 million in the first quarter of 2017. The change in cash flows from financing activities was principally due to an increase in bank loans to \$195 million in the first quarter of 2018 compared to \$29.5 million in the first quarter of 2017. The increase in long-term bank loans in the first quarter of 2018 was primarily to fund the acquisition of Enzymotec.

Net cash used in financing activities was \$8.4 million in 2017 compared to net cash provided by financing activities of \$47.0 million in 2016 and \$216.0 million in 2015.

The change in cash flows from financing activities in 2017 compared to 2016 was principally due to the payment made in 2017 to exercise a put option to acquire the remaining interest in Vantodio and an increase in repayments of long-term bank and financial institution loans, offset in part by an increase in short-term bank loans and credit in 2017.

The decrease in net cash provided by financing activities in 2016 compared to 2015 was principally due to a decrease in the incurrence of long-term bank loans and short-term bank loans and credit and an increase in repayments of

long-term bank and financial institution loans.

Frutarom paid dividends totaling \$7.2 million, \$6.4 million and \$5.8 million in 2017, 2016 and 2015, respectively.

Table of Contents**Capital Resources**

Frutarom's activity is financed primarily by cash flow it generates from operations and long-term and short-term loans from banking corporations and financial institutions.

Frutarom's management believes that the cash flow it generates from current operations can be expected to cover the repayment of its anticipated liabilities without the need for any further outside sources of funds, assuming no significant deterioration in sales or profitability. As of March 31, 2018, there were no legal or economic restrictions on the ability of Frutarom's subsidiaries to transfer funds to Frutarom in the form of cash dividends, loans or advances that have had or are expected to have a material impact on the ability of Frutarom to meet its cash obligations.

Loans

Frutarom has arranged short-term and long-term loans from various banks and financial institutions to finance growth and strategic acquisition opportunities as they arise. Frutarom had total borrowings of \$841.3 million as of March 31, 2018, \$634.3 million as of December 31, 2017 and \$533.8 million as of December 31, 2016. For further information on Frutarom's borrowings, see Notes 9 and 14 to Frutarom's audited financial statements included elsewhere in this prospectus.

	December 31,	
	2017	2016
	U.S. dollars in	
	thousands	
Non-current borrowings	\$ 262,151	\$ 299,576
Current borrowings:		
Current maturities of long-term loans	213,469	174,534
Bank borrowings	158,666	59,670
	372,135	234,204
Total borrowings	\$ 634,286	\$ 533,780

Long-term liabilities (net of current maturities) mature in the following years after December 31, 2017 and December 31, 2016, respectively:

	2017	2016
	U.S. dollars in	
	thousands	
Second year	\$ 114,709	\$ 171,420
Third year	94,232	54,946
Fourth year	23,168	64,498
Fifth year	30,042	8,712

\$ 262,151	\$ 299,576
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The average and effective interest rate on the loans in force was approximately 1.47% during the year ended December 31, 2017 and approximately 1.34% during the year ended December 31, 2016.

The exposure of Frutarom's cash flows to interest rate changes is dependent on the Libor-Euro, Libor-Dollar, Libor-Swiss franc and Libor-Pound Sterling rates.

Due to the above, the fair value of current and non-current borrowings equals their carrying amount, as the impact of discounting is not significant. The fair values are based on cash flows discounted at the borrowings' discount rate.

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The carrying amounts of Frutarom's borrowings are denominated in the following currencies:

	Weighted average interest rates*	December 31,	
		2017	2016
		U.S. dollars in thousands	
Pound sterling	1.75%	\$ 99,784	\$ 56,481
U.S. dollars	2.71%	170,008	121,087
Euro	1.04%	263,789	282,647
Swiss Franc	0.54%	96,088	71,357
Other currencies	6.50%	4,617	2,208
		\$ 634,286	\$ 533,780

* Interest rates as of December 31, 2017.

Frutarom's long-term loan agreements contain financial and other restrictive covenants. Frutarom has committed to meet the following financial covenants:

Frutarom's equity will at no time amount to less than \$375 million.

Frutarom's equity will at no time be equal to less than 25% of total equity and liabilities on Frutarom's balance sheet.

The ratio of Frutarom's total financial liabilities, less cash, to EBITDA on pro-forma basis (as defined and calculated under the relevant loan agreement) will not exceed 4.0.

As of March 31, 2018 and December 31, 2017, Frutarom was in compliance with its financial covenants.

Cash and Cash Equivalents

Classified by currency, Frutarom's cash and cash equivalents were as follows:

	December 31,	
	2017	2016
	U.S. dollars in thousands	
In U.S. dollars	\$ 20,950	\$ 20,290

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In Pounds sterling	12,026	5,972
In Euros	36,332	55,181
In Swiss Francs	3,186	3,731
Yuan	5,069	3,726
NIS	858	97
Guatemalan Quetzal	1,832	741
Peruvian sol	5,457	2,019
Brazilian real	6,396	848
Ruble	7,321	13,046
Canadian dollar	1,392	938
New Zealand dollar	1,755	1,109
Polish zloty	6,619	1,853
Mexican peso	2,161	725
South African Rand	1,100	516
Other	5,760	2,736
	\$ 118,214	\$ 113,528

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Capital Expenditure Commitments

As of December 31, 2017 and March 31, 2018, Frutarom did not have any material commitments for capital expenditures.

Research and Development

Frutarom considers its research, innovation and development system one of its key core proficiencies and channels substantial resources towards researching and developing new and innovative products. In many cases Frutarom initiates the development of fine ingredients after analyzing market trends and needs, while focusing on the development of products with higher profit margins in order to continue improving the product mix and ensure that its production capabilities and capacity are put to optimal use. Scientists from various disciplines work in project teams that include flavorists to develop new flavors whose qualities reflect consumer preferences. Most of Frutarom's products, and natural products in particular, are tailor-made and customized in accordance with its customers' needs.

Expenses for product development and research activities net of participation from government departments and others were approximately \$51.0 million, \$44.4 million and \$37.2 million for the years ended December 31, 2017, December 31, 2016 and December 31, 2015, respectively.

Trend Information

Frutarom's business is affected by certain trends in the food and beverages market, including:

Preference for natural products. Demand is on the rise for food and beverage products containing natural ingredients and possessing dietary and nutritional value since natural products are generally perceived by consumers as being of higher quality, healthier and more environmentally friendly. There has also been growing demand for clean label and organic products. As a result, natural food and beverage products are viewed as premium products that command higher prices. In developed markets, most of the growth derives from a shift by consumers to products considered healthier and more natural and their willingness to continue purchasing such products even during an economic slowdown. The trend of awareness on this subject and a desire to improve the quality of consumed foods is also notable in the emerging markets.

Private label. Private label manufacturers, mostly medium-sized, local or small food manufacturers, constitute a growing segment in the flavor market. Over the last decade, with the strengthening of supermarket chains and growing consumer price consciousness, demand and consumption of private label products has grown at a faster rate than the brand food industry rate. This trend, which gained momentum in 2009 due to the global economic crisis, has continued over the following years as well, and is expected to continue in the years ahead. In addition, the growing power of supermarket chains and their determination to increase their operating margins have led them to push towards strengthening their private label sales by, among other things, allocating large amounts of shelf space and broadening the range of products. Supermarket chains, grocers and other retailers have also become aware of the importance of supporting their own private brand image.

Increasing consumption of convenience foods. Demand is on the rise for processed foods providing a greater degree of convenience such as ready to eat meals, fresh pasta, fresh ready-to cook seasoned or marinated meat and poultry, salads and dressings.

Emerging markets. Over the last few years, the increase in consumption of flavored products in emerging markets, such as Asia, Central and South America, Central and Eastern Europe and Africa, has been higher than the average growth rate for the global flavors industry. These markets have also been experiencing rising consumption of processed foods which has driven the growth of medium-sized, local and small food companies. It can be expected that the shift to processed foods and changes in consumer habits in these markets is likely to bring about growth in these markets at a higher rate than the expected pace of growth in developed markets.

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Growing demand for natural products. The rise in consumer demand for natural products has brought about increased demand for a variety of natural fine ingredients such as natural flavor extracts, natural colors, natural solutions for food protection, and natural specialty essential oils for use in the end products. Natural fine ingredients tend to be more unique and less interchangeable, resulting in increasing customer loyalty. The majority of natural fine ingredients are tailor-made to customer needs.

Growing demand for natural functional food ingredients. Functional food is food with certain added ingredients which provide, or are perceived as providing, health benefits, such as juices or dairy products with health additives. Changing consumer preferences towards foods with health benefits are leading to a rise in demand for functional food. The dairy and beverage markets exhibit the highest growth in the use of natural functional food ingredients. Many of the active ingredients used in functional foods are derived from plants and herbs under processes similar to those used in producing flavor extracts. Manufacturers of natural functional food ingredients are often required by food and beverage makers to provide a proven scientific basis, such as clinical studies, for the health benefits attributed to the ingredients.

Regulation, health, safety and certification. Fine ingredients used in both the food and beverage and pharmaceutical/nutraceutical industries are increasingly subject to strict health and safety standards and regulations. This trend is part of an overall trend of increased regulation in those industries. There is growing demand for products with certain proven qualities such as being GMO-free (free of any genetically modified organisms) or pesticide free. Demand for Kosher and for Halal certified products is also increasing as the demographic base of consumers for such products expands. As a result, fine ingredients manufacturers need to document their production processes and adhere to strict standards.

High volume production of fine ingredients with low margins. Over recent years, there has been an increase in production of many fine ingredients in certain countries such as China and India, where the cost structure for manufacturers tends to be lower. Many such manufacturers are less technically sophisticated with limited research and development capabilities and focus more on large volume production with low profit margins. They also generally lack global marketing and sales platforms, brand recognition and approved supplier status. This has led certain fine ingredients manufacturers to differentiate themselves from such low-cost manufacturers by developing close collaborative relationships with customers, providing higher added-value products and services, and investing in research and development with an aim to develop specialty fine ingredients products with higher margins. Over this past year, following the Chinese government's initiative to reduce pollution levels and raise safety, hundreds of small plants manufacturing raw materials at low costs have been shut down.

Frutarom's results of operations and financial condition may be affected by various additional trends, factors and risks discussed in Risk Factors, including changes in the cost of raw materials, political, military or economic conditions in countries in which Frutarom operates, general slowing of local or global economies and decreased economic activity in one or more of Frutarom's target markets.

Off-Balance Sheet Arrangements

Frutarom does not currently engage in off-balance sheet financing arrangements. Frutarom does not have any interest in entities referred to as variable interest entities, which includes special purposes entities and other structured finance entities.

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At December 31, 2017, Frutarom had contractual payment obligations due within the time periods as specified in the following table:

	Total	Payments Due			
		Less than 1 Year	1-3 Years	3-5 Years	After 5 Years 2023 and thereafter
(U.S. dollars in thousands)		2018	2019-2020	2021-2022	
Borrowings Variable Interest	\$ 500,786	\$ 311,215	\$ 157,598	\$ 31,973	N/A
Borrowings Fixed Interest	\$ 143,916	\$ 67,030	\$ 54,774	\$ 20,256	\$ 1,856
Operating Leases	\$ 36,905	\$ 11,165	\$ 12,519	\$ 9,960	\$ 3,261
Liability for Put Option for the Shareholders of a Subsidiary	\$ 89,836	\$ 4,788	\$ 29,759	\$ 55,289	\$ N/A
Contingent Consideration	\$ 47,089	\$ 29,588	\$ 12,294	5,207	N/A
Total	\$ 818,532	\$ 423,786	\$ 266,944	\$ 122,685	\$ 5,117

Critical Accounting Policies and Use of Estimates

Frutarom's significant accounting policies are fully described in Note 2 to Frutarom's audited financial statements included elsewhere in this prospectus. The preparation of financial statements in accordance with IFRS requires Frutarom's management to make estimates and assumptions that affect reported amounts and accompanying disclosures. These estimates are based on management's best judgment of current events and actions that they may undertake in the future. Actual results may ultimately differ from these estimates.

Those areas requiring the greatest degree of management judgment or deemed most critical to Frutarom's financial reporting involve the following:

Potential Impairment of Goodwill

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash generating units (CGUs) or groups of CGUs that is expected to benefit from the synergies of the combination. Frutarom has six CGUs, four of which have goodwill. Impairment reviews of CGUs or groups of CGUs are undertaken annually and whenever there is any indication of impairment of a CGU or group of CGUs. The carrying value of the CGU or group of CGUs is compared to the recoverable amount, which is the higher of the value-in-use and the fair value less costs to sell. Any impairment loss is allocated to write down the carrying amount of the assets of the CGU or CGUs in the following order: first, the write down of any goodwill allocated to a CGU or a group of CGUs; and afterwards to the remaining assets of the CGU or group of CGUs on a proportionate basis using the carrying amounts of each asset of the CGU or group of CGUs. Any impairment of goodwill is recognized immediately as an expense and is not subsequently reversed.

Income Tax and Deferred Tax

Frutarom is subject to income taxes in a large number of countries. Judgment is required in determining the worldwide provision for income taxes. Frutarom is involved in transactions and computations whose final tax liabilities cannot be determined with certainty in the normal course of business. Frutarom recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due as a result of the tax audits. Where the final tax outcome of these matters, as determined by the tax authority, is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax liabilities provisions in the period in which such determination is made.

Frutarom recognizes deferred tax assets and liabilities based on the differences between the financial statement carrying amounts and the tax bases of assets and liabilities. Frutarom regularly reviews its deferred tax

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assets for recoverability, based on historical taxable income, projected future taxable income, the expected timing of the reversals of existing temporary differences and the implementation of tax planning strategies. If Frutarom is unable to generate sufficient future taxable income, or if there is a material change in the actual effective tax rates or time period within which the underlying temporary differences become taxable or deductible, Frutarom could be required to eliminate a portion of the deferred tax asset resulting in an increase in its effective tax rate and an adverse impact on operating results.

Pension Obligations and Retirement Benefits

Frutarom operates a number of post-employment employee benefit plans, including defined benefit plans and defined contribution plans.

Under Frutarom's obligation to employees who participate in a defined benefit plan, the amounts of benefits those employees are entitled to upon retirement are based on the number of years of services and the last monthly salary.

Frutarom's obligations to all other employees is a defined contribution plan, in which regular contributions are made to a separate and independent entity and Frutarom has no legal or constructive liability to make any further payments if the assets of the funds are insufficient to pay employees the benefits for work services in the current and past periods.

The total retirement benefit obligation presented in the statement of financial position is the present value of defined benefit contribution as of the date of financial position, less the fair value of plan assets. The defined benefit contribution is measured on an annual basis by an actuary using the projected unit credit method. The present value of the liability is determined by discounting expected future cash flows (after taking into account the expected rate of payroll increases) based on the interest rate of government/corporate bonds denominated in the currency in which the benefits will be paid and whose terms to maturity approximate the term of retirement benefit obligation.

According to IAS 19 *Employee Benefits*, the discount rate used for calculating the actuarial obligation is determined by using the market return of high-quality corporate bonds on the date of the statement of financial position. However, IAS 19 indicates that in countries where there is no deep market in such bonds, the market rates on government bonds are to be used.

Frutarom recognizes remeasurements of net obligations for defined benefit plans in other comprehensive income in the period in which they incurred. Those remeasurements are created as a result of changes in actuary assumptions, difference between past assumptions and actual results and differences between plan assets return and the amounts included in net interest on net liabilities for defined benefit plans.

Provisions for Liabilities

Provisions are recognized when Frutarom has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and it is possible to prepare a reliable estimation of the amount of liability.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole.

Provisions are measured at the present value of the cash flow expected to be required to settle the obligation using a pre-tax discount rate that reflects current market assessments of the time value of money and the risk specific to the obligation. The increase in the provision due to passage of time is recognized as interest expense.

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Recent Accounting Pronouncements

See Note 2 to Frutarom's consolidated financial statements included elsewhere in this prospectus for recently issued accounting pronouncements not yet adopted as of the date of this prospectus.

Market Risks

As a global company, Frutarom is exposed to currency fluctuations, as well as interest rate and currency fluctuations related to its debt. Its operations are also exposed to the price, quality and availability of raw materials. For more details regarding market risks, see Note 3a. to Frutarom's audited financial statements included elsewhere in this prospectus.

Currency Risks

Over 70% of Frutarom's sales in 2015, 2016 and 2017 were conducted in currencies other than the U.S. dollar (mainly the Euro, Russian Ruble, Pound Sterling, Swiss Franc, New Israeli Shekel, Chinese Yuan, Canadian Dollar, Brazilian Real, South African Rand and Peruvian Nuevo Sol) and changes in exchange rates affect Frutarom's reported results in U.S. dollar terms. Frutarom does not generally undertake external hedging action nor does it use other financial instruments for protection against currency fluctuations. For more details, see Note 3a. to Frutarom's audited financial statements included elsewhere in this prospectus which includes information on the impact on income after taxes of a 1% change in the U.S. dollar against various other currencies.

Frutarom does not generally undertake external hedging action nor does it use other financial instruments for protection against currency fluctuations.

Interest Rate Risk

Frutarom's sources for short- and long-term banking finance are mainly denominated in Euros, U.S. dollars, GBP, and Swiss Francs, generally according to the functional currency of the borrowing company. Most of Frutarom's loans are at variable Libor interest rates in different currencies and a minority are fixed-rate loans. Under its policy, Frutarom does not take protective measures against possible interest rate increases and is therefore exposed to changes in interest rates.

Frutarom analyses its interest rate exposure under various scenarios and calculates the impact on its results of operations of a change in interest rates. For each simulation, the same interest rate change is used for all currencies, and the simulations are run only for liabilities that represent the major interest-bearing positions. Based on such simulations, Frutarom estimates that the impact on income after tax of a 0.1% change in interest rate on loans would have been a change of \$362,000 for 2017, \$258,000 in 2016 and \$233,000 in 2015.

Frutarom does not use financial instruments for hedging purposes. As of March 31, 2018, Frutarom had long-term loans net of current maturities totaling \$452.0 million and short-term debt, including current maturities of long-term loans, of \$389.3 million.

Raw Material Price Risks

Frutarom is dependent on third parties for its supply of raw materials. The price, quality and availability of the principal raw materials used by Frutarom, mainly in the area of natural products, are subject to fluctuations as a result of international supply and demand. Many of the raw materials used by Frutarom are crop-related. Therefore their

price, quality and availability could be adversely affected by unfavorable weather conditions. Frutarom does not normally conduct futures transactions and is exposed to price fluctuations in the raw materials it uses as dictated by changes in global price trends.

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Inflation-related risks

Frutarom does not believe that the rate of inflation in the countries in which it has material operations has had a material impact on Frutarom's business to date. However, Frutarom's costs in these countries will increase if inflation exceeds the devaluation of the local currency against the U.S. dollar or if the timing of such devaluation lags behind inflation.

Managing Market Risks

Frutarom's management monitors market risks in the area of raw material prices and currency and interest rates on an ongoing basis. Unusual events that could influence Frutarom's activity, such as a severe devaluation in the currency of a country where it operates, a sharp change in interest rates, or a change in the price trend for key raw materials, are discussed by Frutarom's management and by the Frutarom board of directors. Meetings are also held by Frutarom's management on a regular basis on implementing risk management policy as it relates to raw materials prices, currency and interest rates. The Executive Vice President & Chief Financial Officer reports to the Frutarom board of directors on exposure to these risks at least once a year and during periods of severe changes in the state of the global economy, exchange rates, raw material prices and interest rates.

Frutarom's management strives to limit both economic and accounting currency exposure by balancing the liabilities and assets in each of the various currencies in which Frutarom operates. The Executive Vice President & Chief Financial Officer is responsible for managing Frutarom's currency exposure.

The level of exposure to market risk is regularly evaluated by Frutarom's finance department and discussed among Frutarom's management, allowing prompt response to unusual developments in the various markets, and it is not restricted in advance in quantitative terms. The exposure level is also reviewed by the Frutarom board of directors from time to time.

Frutarom is working to build and strengthen its global purchasing operations, to strengthen relations with manufacturers of raw materials, and to adjust the selling price of its products as necessary and in accordance with significant fluctuations in the pricing of raw materials.

The Executive Vice President of Supply Chain and Operations is responsible for managing market risk relating to raw materials prices and evaluates the exposure to raw material prices with the purchasing department and the business segments' management on a regular basis. He also reports to Frutarom's management as necessary.

Frutarom did not use financial or other instruments during the reported periods to protect itself from market risks to which it is exposed.

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THE MERGER

The description of the merger agreement in this section and elsewhere in this prospectus is qualified in its entirety by reference to the complete text of the merger agreement, a copy of which is attached as Annex A and is incorporated by reference into this prospectus. This summary does not purport to be complete and may not contain all of the information about the merger that is important to you. You are encouraged to read the merger agreement carefully and in its entirety. This section is not intended to provide you with any factual information about IFF or Frutarom. Such information can be found elsewhere in this prospectus and in the public filings IFF makes with the SEC that are incorporated by reference into this document, as described in the section entitled "Where You Can Find More Information" beginning on page 153.

Background of the Merger

As part of its ongoing evaluation of IFF's business, the IFF board and IFF's management continuously review IFF's operations, financial performance, strategy and growth initiatives and industry conditions. In this context, the IFF board considers strategic opportunities that are or might be available to it to enhance shareholder value, including investments in new growth opportunities, technologies and adjacent businesses as well as potential acquisitions, taking into account industry and transaction trends as well as economic and other conditions generally.

The IFF board has a transaction committee (which we refer to as the transaction committee) comprising the Chairman of the IFF board and four non-executive directors to provide oversight of and advice to senior management with respect to IFF's evaluation of investments and potential acquisitions. The IFF board also periodically consults with various financial, legal and strategic advisors.

The Frutarom board and Frutarom's management periodically review and assess Frutarom's operations, financial performance and competitive position in the context of Frutarom's long-term strategic goals and plans. These reviews include consideration of potential opportunities to enhance shareholder value as well as discussions about the future of the food-flavoring industry, industry dynamics and consolidation among participants in the industry. In the past, such reviews and assessments have resulted in business expansion through organic growth initiatives, acquisitions and other strategic transactions.

On October 2, 2017, Mr. Andreas Fibig, IFF's Chairman and Chief Executive Officer, and Mr. Ori Yehudai, Frutarom's President and Chief Executive Officer, met in person to introduce themselves to one another and to discuss their respective companies generally, but a business combination transaction was not discussed.

On October 9, 2017, Bank of America Merrill Lynch (which we refer to as BofA Merrill Lynch) contacted Mr. Greg Soutendijk, IFF's Head of Corporate Development, to ascertain whether IFF might be interested in exploring a business combination transaction with Frutarom. In response to BofA Merrill Lynch's outreach, Mr. Soutendijk expressed interest in learning more about Frutarom's business.

On October 24, 2017, Mr. Fibig and Mr. Soutendijk had a telephone call with BofA Merrill Lynch. During the call, BofA Merrill Lynch conveyed that third parties had expressed interest to acquire Frutarom. BofA Merrill Lynch invited IFF to submit a written indication of interest to acquire Frutarom.

Between late October 2017 and the signing of the merger agreement, the IFF board and the transaction committee met regularly to review the potential acquisition of Frutarom and other potential strategic alternatives.

On November 3, 2017, Mr. Fibig met with representatives of BofA Merrill Lynch to discuss a potential business combination transaction and the process by which IFF and Frutarom might pursue such a transaction.

On November 10, 2017, IFF submitted a nonbinding written indication of interest, based solely on publicly available information, to acquire Frutarom for NIS 310-325 per share, with the transaction consideration

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consisting of 57% in cash and 43% in shares of IFF common stock (which we refer to as the Initial Offer). The Initial Offer stated that it was subject to certain conditions, including validation of the valuation through a non- public diligence process.

On November 21, 2017, Frutarom reported the results of its financial performance for the third quarter and first nine months of 2017.

On November 27, 2017, Mr. Fibig and Mr. Soutendijk had a telephone call with BofA Merrill Lynch to discuss process updates for the potential transaction and the possibility of arranging an in-person meeting with Mr. Yehudai. Following the telephone call, Mr. Fibig and Mr. Yehudai corresponded and scheduled an in-person meeting to take place on December 21, 2017.

On December 21, 2017, Mr. Yehudai and Mr. Amos Anatot, Frutarom s Executive Vice President of Global Supply Chain & Operations, met with Mr. Fibig, Mr. Soutendijk and Mr. Matthias Haeni, IFF s Group President, Flavors . At that meeting, Mr. Yehudai provided an overview of Frutarom s business and key drivers of future growth.

On January 8, 2018, Mr. Fibig and Mr. Soutendijk had a telephone call with BofA Merrill Lynch. During the telephone call, BofA Merill Lynch recommended that, in light of recent increases to Frutarom s share price, in order to advance the process for a potential transaction IFF should submit a revised indication of interest providing for a higher price per share as well as a higher percentage of cash as part of the transaction consideration.

On January 18, 2018, Mr. Fibig and Mr. Yehudai had a telephone call during which Mr. Yehudai informed Mr. Fibig of the seriousness of Frutarom s interest in a potential transaction and Frutarom s commitment to a process with IFF if the parties were able to move forward.

On January 25, 2018, IFF submitted a revised nonbinding written indication of interest, based solely on public information, to acquire Frutarom for NIS 325-340 per share, with the transaction consideration consisting of 65% in cash and 35% in shares of IFF common stock (which we refer to as the First Revised Offer). The First Revised Offer stated that the transaction would not be subject to a financing condition, would not require a vote of IFF shareholders and was subject to certain conditions, including validation of the valuation through a non-public diligence process.

Between late January and early March 2018, Mr. Fibig and Mr. Yehudai continued to discuss a potential transaction, including discussions regarding valuation drivers, the timing of a potential diligence process to confirm IFF s valuation of Frutarom and considerations around exchange of certain non-public and confidential information between IFF and Frutarom.

On February 6, 2018, Mr. Fibig, Mr. Soutendijk and Mr. Richard O Leary, IFF s Executive Vice President and Chief Financial Officer, had a telephone call with BofA Merill Lynch. During the telephone call, BofA Merrill Lynch conveyed that Frutarom remained in dialogue with other parties about a potential transaction, and emphasized Frutarom s desire for the due diligence process prior to the signing of any definitive documentation to be completed as expeditiously as possible. BofA Merrill Lynch further indicated that, in order for IFF to move forward in the process, IFF needed to increase the value of the transaction consideration proposed in the First Revised Offer.

On February 13, 2018, Mr. Fibig and Mr. Yehudai had a telephone call, during which Mr. Yehudai informed Mr. Fibig that Frutarom s board was unlikely to consider any indication of interest by IFF which provided for transaction consideration of less than NIS 380 - NIS 400 per share.

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On February 27, 2018, Mr. Fibig and Mr. Yehudai had a telephone call to discuss the current status of Frutarom's and IFF's consideration of a potential transaction, during which Mr. Yehudai reiterated Frutarom's valuation expectations. Mr. Fibig indicated that IFF would need additional due diligence information regarding Frutarom in order to consider revisiting its valuation of Frutarom.

On March 1, 2018, during a telephone conversation, Mr. Fibig and Mr. Yehudai discussed moving forward with additional due diligence, and agreed IFF would revert with a proposed timeline and plan for a diligence process, as well as a list of additional requests.

On March 8, 2018, Mr. Fibig and Mr. Yehudai had a telephone call to discuss the due diligence plan and request list Mr. Fibig sent to Mr. Yehudai following their March 1st call, and the prospect of Frutarom providing IFF with expanded due diligence access for purposes of supporting a potentially revised indication of interest for Frutarom. During the call, Mr. Yehudai and Mr. Fibig acknowledged that Frutarom's price expectation was substantially higher than the NIS 325-340 provided for in the First Revised Offer, and agreed to proceed with further due diligence in order for IFF to confirm a valuation of Frutarom.

Between March 8 and March 15, 2018, Cleary Gottlieb Steen & Hamilton LLP, counsel to IFF (which we refer to as Cleary Gottlieb), and Wachtell, Lipton, Rosen & Katz, counsel to Frutarom (which we refer to as Wachtell Lipton), together with IFF and Frutarom, negotiated the terms of a mutual confidentiality agreement. On March 15, 2018 Frutarom and IFF entered into the mutual confidentiality agreement, which contained customary provisions.

On March 20, 2018, Frutarom reported the results of its financial performance for the fourth quarter and fiscal year 2017.

On March 24, 2018, Mr. Fibig, Mr. Yehudai and representatives of each of IFF and Frutarom participated in a management discussion to address key diligence questions raised by IFF with respect to Frutarom's business and key drivers of future growth.

On April 3, 2018, Mr. Fibig, Mr. Yehudai and representatives of each of IFF and Frutarom held an additional management meeting to address outstanding diligence questions of IFF in connection with its valuation of Frutarom.

On April 11, 2018, Israeli media sources reported that two companies, including IFF, had approached Frutarom regarding a potential transaction. As a result of these media reports, Frutarom issued a public statement that Frutarom from time to time reviews and discusses possible strategic business combinations, including by way of merger or acquisition, but that no definitive agreement has been reached between Frutarom and any third party regarding any transaction.

On April 11, 2018, the IFF board held a previously planned meeting to discuss the potential transaction, certain developments with respect to Frutarom since the Initial Offer and First Revised Offer, including Frutarom's strong reported 2017 fourth quarter and fiscal year performance results, and the results of IFF's non-private diligence with respect to Frutarom to date, and to consider submission of a revised indication of interest. Following the meeting of the IFF board, IFF submitted a revised nonbinding written indication of interest to acquire Frutarom for NIS 365 per share, with the transaction consideration consisting of 65% in cash and 35% in shares of IFF common stock (which we refer to as the Second Revised Offer). The Second Revised Offer stated that the transaction would not be subject to a financing condition and would not require a vote of IFF shareholders. The Second Revised Offer further stated that IFF would require that affiliates of ICC Industries Inc., who are collectively Frutarom's largest shareholder (collectively, ICC), support the potential transaction.

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On April 13, 2018, Mr. Fibig and Mr. Yehudai had a telephone call, during which Mr. Yehudai reiterated his expectation that any indication of interest by IFF provide for transaction consideration valued at a minimum of NIS 380 per share. Mr. Yehudai informed Mr. Fibig that Frutarom would be prepared to move forward with the completion of diligence and the negotiation of a definitive agreement with IFF on an expedited timetable but that he believed that the Frutarom board would require a written indication reflecting transaction consideration valued at a minimum of NIS 380 per share in order to move forward.

Later in the day on April 13, 2018, IFF submitted a revised nonbinding written indication of interest to acquire Frutarom for NIS 380 per share, with the transaction consideration consisting of 67% in cash and 33% in shares of IFF common stock (which we refer to as the Third Revised Offer). In the Third Revised Offer, IFF also reiterated its request for a support agreement from ICC. Representatives of IFF communicated to representatives of Frutarom that IFF would not further increase its offer price.

On April 16, 2018, Frutarom held a board meeting to discuss the Third Revised Offer and the potential transaction. Following discussion of the advantages and disadvantages of the potential transaction, including that the proposed transaction consideration consisted of cash and shares of IFF common stock, the likelihood of consummating the potential transaction and the strategic rationale for Frutarom and its shareholders in engaging in the potential transaction, the Frutarom board determined that it was willing to consider such a transaction upon the terms set forth in the Third Revised Offer. The Frutarom board appointed its audit committee, consisting of two external directors and an independent director, as a special deal committee to provide advice and support to senior management with respect to the evaluation and negotiation of the potential transaction. Between April 16 and May 6, 2018, the special deal committee met several times in person and by teleconference to discuss the potential transaction and provide advice and support to Frutarom's management in the negotiation of the terms of the merger agreement.

On April 17, 2018, representatives of Wachtell Lipton sent a draft merger agreement to representatives of Cleary Gottlieb and Gornitzky & Co., also counsel to IFF (which we refer to as Gornitzky), which, among other things, proposed that Frutarom shareholders would receive a prorated dividend (based on the amount of Frutarom's 2017 dividend) prior to the closing and that Frutarom would be permitted to terminate the merger agreement to enter into an alternative superior transaction and pay IFF a termination fee equal to 2% of Frutarom's equity value at the transaction price (which termination fee would also be payable in certain other customary, specified circumstances).

On April 23, 2018, representatives of Cleary Gottlieb provided a revised draft of the merger agreement to representatives of Wachtell Lipton and Naschitz, Brandes, Amir & Co., counsel to Frutarom (which we refer to as Naschitz), which, among other things, eliminated the pre-closing prorated dividend to Frutarom shareholders, proposed a termination fee equal to 4% of Frutarom's equity value at the transaction price, expanded the circumstances in which the termination fee would be payable to IFF and proposed that Frutarom reimburse IFF for its transaction expenses up to a capped amount if Frutarom shareholders failed to approve the merger.

On April 24, April 25 and April 29, 2018, representatives of IFF and Frutarom met in person and by video conference to discuss confirmatory due diligence across a variety of functional areas, including finance and accounting, tax, human resources, legal and compliance, regulatory and business due diligence.

Between April 24 and May 3, 2018, representatives of Frutarom, IFF, BofA Merrill Lynch (financial advisor to Frutarom), Wachtell Lipton, Naschitz, Cleary Gottlieb and Gornitzky continued to negotiate the terms of a potential merger agreement and related outstanding issues, including: the appropriate NIS to U.S. Dollar exchange rate, and measurement methodology for IFF common stock, to be used for valuing the final merger consideration; the payment of a pre-closing dividend to Frutarom shareholders; matters requiring the consent of either party in connection with the conduct of the other party's business between signing and closing; the treatment of unvested Frutarom share-based

equity awards in the merger; and the size of the

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termination fee payable by Frutarom and the circumstances in which such fee would be payable. In connection with these negotiations, the parties continued to exchange drafts of the merger agreement and disclosure schedules.

On May 3, 2018, the parties and their respective financial and legal advisors met at Wachtell Lipton's offices in New York to continue to negotiate the terms of the proposed transaction.

On the evening of May 3, 2018, Mr. Fibig, Mr. Yehudai and Dr. John J. Farber, Frutarom's Chairman of the Board and the controlling shareholder of ICC, held a meeting in which Mr. Yehudai introduced Mr. Fibig and Dr. Farber to one another.

Between May 3, 2018 and May 6, 2018, the parties and their respective financial and legal advisors continued to negotiate the draft merger agreement.

Following the conclusion of the negotiations, and with the unanimous approval of each of the IFF board and the Frutarom board, the merger agreement was executed by Frutarom and IFF, and IFF and ICC executed the voting agreement.

Frutarom and IFF issued a joint press release announcing the entry into the merger agreement on the morning of May 7, 2018.

Frutarom Board of Directors Recommendation and Reasons for the Merger

At its meeting on May 6, 2018, following discussion and careful consideration, the Frutarom board unanimously:

determined that the merger agreement and the transactions contemplated by the merger agreement are advisable and in the best interests of Frutarom and Frutarom's shareholders and that, considering the financial position of the merging companies, no reasonable concern exists that the surviving company will be unable to fulfill the obligations of Frutarom to its creditors as a result of the merger;

approved the merger agreement, the merger and the other transactions contemplated by the merger agreement; and

determined to recommend that Frutarom's shareholders vote to approve the merger agreement, the merger and the other transactions contemplated by the merger agreement.

The Frutarom board recommends that the Frutarom shareholders vote to approve the merger agreement, the merger and the other transactions contemplated by the merger agreement.

The Frutarom board considered many factors in making its determination that the merger agreement, the merger and the other transactions contemplated by the merger agreement are advisable and in the best interests of Frutarom and its shareholders. In arriving at its determination, the Frutarom board consulted with members of the Frutarom management team, BofA Merrill Lynch, its outside financial advisor, and Wachtell Lipton and Naschitz, outside legal counsel, and assessed various factors relevant to its decision, including the following:

Merger Consideration and Strategic Rationale.

That the consideration per Frutarom ordinary share of (i) \$71.19 in cash and (ii) 0.249 of a share of IFF common stock per ordinary share of Frutarom represents a full and fair valuation for Frutarom, taking into account the Frutarom board's familiarity with Frutarom's business, strategy, industry, assets and prospects, and the certainty of the merger consideration as compared to projected financial results and associated risks.

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That the consideration per Frutarom ordinary share represents a 13% premium to Frutarom's 30-day volume weighted average trading price for the period ended May 6, 2018, the last trading day of Frutarom ordinary shares prior to the public announcement of the merger, and an 11% premium based on the closing price on May 6, 2018, at then-current exchange rates.

That 67% of the consideration to be paid in the merger is cash, which provides certainty of value and immediate liquidity to Frutarom's shareholders.

That 33% of the consideration to be paid in the merger is shares of IFF common stock, which provides Frutarom's shareholders with the opportunity to participate in any increase in value of IFF or the combined company as a result of the long term potential growth opportunity, available synergies and complementary business of the combined company; and that no restrictions apply on the trading of the IFF common stock received in the merger.

That IFF is a key global player in the flavors and fragrances industry and that will enable Frutarom to expand its range of products through integration with the technological capabilities of IFF and its range of products.

Likelihood of Consummation.

That the merger would likely be consummated as a result of (i) the premium over the market price of the ordinary shares, the comparable multiples and the certainty of value to Frutarom's shareholders offered by IFF, (ii) the financial ability and willingness of IFF to consummate the merger, (iii) the merger not being subject to any financing conditions, (iv) the merger not being subject to approval by the shareholders of IFF and (v) the reasonable and customary nature of the other conditions to the merger.

That ICC, who beneficially owns, in the aggregate, approximately 35.87% of the issued and outstanding ordinary shares of Frutarom, indicated that it would enter into a voting agreement with IFF, pursuant to which it would express its support of the proposed transaction and agree to vote in favor of approval of the merger agreement, the merger and the other transactions contemplated by the merger agreement. See the section *Voting Agreement* beginning on page 82 for a more fulsome description of the voting agreement, including the circumstances under which the voting agreement would terminate.

Terms of the Merger Agreement. That the terms of the merger agreement were the product of arm's-length negotiations and were fair to, and in the best interests of, Frutarom and its shareholders, including the following:

the merger agreement permits the Frutarom board to participate in discussions or negotiations with any third party that has made an unsolicited acquisition proposal if the Frutarom board determines, in good faith after consultation with its financial advisor and outside counsel, that such proposal constitutes or is reasonably likely to constitute or result in a superior proposal (as defined below);

the Frutarom board has the ability, under certain circumstances (relating to the receipt of a superior proposal or the occurrence of an unforeseen intervening event), to withdraw or change its recommendation in favor of the merger; and

prior to receipt of the approval of Frutarom's shareholders, Frutarom may terminate the merger agreement to accept a superior proposal, subject to, among other requirements, payment of a termination fee of \$191 million to IFF, which the Frutarom board believed was reasonable and not likely to deter competing bids from serious potential acquirers.

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Negotiations with IFF. That the merger consideration represented the highest value reasonably obtainable for the ordinary shares. The Frutarom board noted that IFF had increased its offer from the initial NIS 310-325 proposal, that IFF had indicated that its last offer of NIS 380 per Frutarom ordinary share was its best and final offer following extensive negotiations and that no other party had submitted an offer to acquire Frutarom.

The Frutarom board also identified and considered a number of other matters, some of which are countervailing factors and risks to Frutarom and its shareholders, relating to the merger and the transactions contemplated by the merger agreement, including the following:

the possibility that the merger might not be consummated and the fact that, if the merger is not consummated, (i) Frutarom's directors, senior management and other employees will have expended extensive time and effort and will have experienced significant distractions from their work during the pendency of the merger, (ii) Frutarom will have incurred significant transaction costs, (iii) Frutarom's continuing business relationships with business partners and employees may be adversely affected, (iv) the trading price of Frutarom ordinary shares could be adversely affected and (v) the market's perceptions of Frutarom's prospects could be adversely affected;

the restrictions on the conduct of Frutarom's business required by the merger agreement (subject to specified exceptions), which may have an adverse effect on Frutarom's ability to respond to changing market and business conditions in a timely manner or at all and to execute its strategic plans;

subject to certain exceptions, the merger agreement precludes Frutarom from soliciting alternative acquisition proposals and requires Frutarom to pay to IFF a termination fee of \$191 million, if the merger agreement is terminated under certain circumstances, including a termination of the merger agreement by Frutarom to accept a superior proposal. These factors might have the effect of discouraging other parties from making competing proposals that might be more advantageous to Frutarom's shareholders than the merger; and

the risk that the parties may incur significant costs and delays related to the merger, including resulting from seeking governmental consents and regulatory approvals necessary for completion of the merger.

The foregoing discussion of the information and factors considered by the Frutarom board is intended to be illustrative and not exhaustive, but rather includes the material reasons and factors considered by the Frutarom board in reaching its determination and recommendation in relation to the merger and the merger agreement and the transactions proposed thereby. In view of the wide variety of reasons and factors considered and the complexity of these matters, the Frutarom board did not find it practical to, and did not, quantify or otherwise assign relative weights to the specified factors considered in reaching its determinations or the reasons for such determinations. Individual directors may have given differing weights to different factors or may have had different reasons for their ultimate determination. In addition, the Frutarom board did not reach any specific conclusion with respect to any of the factors or reasons considered. Instead, the Frutarom board conducted an overall analysis of the factors and reasons described above and unanimously determined in its business judgment that, in the aggregate, the potential benefits of the merger to the shareholders of Frutarom outweighed the risks or potential negative consequences.

IFF's Reasons for the Merger

The IFF board unanimously approved the merger agreement and determined that the terms of the merger agreement and the transactions contemplated by the merger agreement, including the merger, are advisable and fair to and in the best interests of IFF and its shareholders. In reaching its determination, the IFF board consulted with IFF's management, as well as with IFF's financial, legal and strategic advisors, and considered a variety of factors weighing favorably towards the transactions, including the factors described below:

the belief that the combined company will be a global leader in natural taste, scent and nutrition;

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trends and competitive developments in the flavors and fragrances industry, the range of strategic alternatives available to IFF and the benefits of size and scale;

the expectation that Frutarom's customer base will provide IFF with increased exposure to complementary and fast-growing small and mid-sized customers, including private label;

the expectation that the combined company will have an enhanced geographic position in emerging markets;

Frutarom's complementary flavor capabilities;

the expectation that Frutarom's portfolio will provide opportunities for expansion into attractive and fast-growing categories, including natural colors, enzymes, antioxidants and health ingredients;

the belief that the combined company's increased breadth of products will provide complementary offerings and expanded choices to its customers;

the expectation that the combined company will realize approximately \$145 million of run-rate cost synergies by the third full year after the completion of the merger, with approximately 25% of such synergies achieved in the first full year after completion of the merger;

the belief that cross-selling opportunities and integrated solutions will provide revenue synergies, creating further value to IFF's shareholders over time;

the belief that there are opportunities to achieve additional efficiencies in Frutarom's business related to its historical acquisitions;

the expectation that, given current financial market conditions and the proposed mix of equity and debt financing for the transactions, IFF would be able to finance the cash portion for the merger consideration while maintaining its investment grade credit rating;

the expectation that the combined company will generate enhanced cash flow to meet operating, financing and strategic needs;

the amount and form of consideration to be paid in the transactions, including the fixed exchange ratio, and other financial terms of the transactions, including the absence of a requirement for a purchase price adjustment in the event of changes in the market price of IFF common stock or Frutarom ordinary shares;

the potential payment by Frutarom in certain circumstances of a termination fee of \$191 million;

the belief, after consultation with legal advisors, that regulatory approvals and clearances required for the consummation of the merger can be obtained;

the extensive process conducted by the IFF board and the transaction committee, including multiple meetings over the course of more than six months to evaluate the transactions;

the fact that the IFF board was advised in the negotiation process of the transactions by highly-qualified finance, legal and strategy advisors;

the recommendation of IFF's management and the transaction committee in favor of the merger; and

the expectation that the conditions to the consummation of the merger will be satisfied on a timely basis. The IFF board also identified and considered certain potentially negative factors in its deliberations to be balanced against the positive factors, including:

the risk that the anticipated benefits of the merger will not be realized in full or in part, including the risks that expected synergies will not be achieved or not achieved within the expected timeframe;

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the risk that while IFF performed due diligence on Frutarom and its business, the scope of that due diligence was limited and there may be aspects of Frutarom or its business of which IFF is not aware;

the risk that integrating Frutarom's diverse and global business will be difficult and costly, particularly due to the significant number of Frutarom's historical acquisitions;

other costs associated with the transactions;

the risk that the regulatory approval process could impose materially burdensome conditions that may adversely affect the business and results of operations of the combined company;

the dilutive effect on the ownership levels of IFF's existing shareholders as a result of the issuance of IFF equity securities as part of the merger consideration and the follow-on equity offering in connection with the financing of the merger, and the risk that such issuances may negatively impact the market price of IFF common stock in the medium-term;

the risk that the incremental debt to be incurred in connection with the financing of the merger will reduce IFF's financial flexibility;

execution risk, including the risk of diverting the management of IFF's focus and resources from other strategic opportunities and from operational matters while working to implement the merger, and other potential disruption associated with combining the companies, and the potential effects of such diversion and disruption on the businesses and customer relationships of IFF and Frutarom;

the risk that the merger may not be consummated despite the parties' efforts or that the closing of the transactions may be unduly delayed; and

the risks associated with the merger, the combined company following the merger, IFF's business and Frutarom's business described under the sections entitled *Cautionary Note Regarding Forward-Looking Statements* and *Risk Factors*.

After consideration of these factors, the IFF board determined that, overall, the potential benefits of the transactions outweighed the potential risks.

This discussion of the information and factors considered by the IFF board includes the material positive and negative factors considered by the IFF board, but it is not intended to be exhaustive and may not include all the factors considered by the IFF board. The IFF board did not quantify or assign any relative or specific weights to the various factors that it considered in reaching its determination to approve the merger agreement and the transactions contemplated by the merger agreement. Rather, the IFF board viewed its position as being based on the totality of the information presented to and factors considered by it. In addition, individual members of the IFF board may have given differing weights to different factors. It should be noted that this explanation of the reasoning of the IFF board

and certain information presented in this section is forward-looking in nature and, therefore, should be read in light of the factors discussed in the section entitled *Cautionary Note Regarding Forward-Looking Statements*.

Financing of the Merger

IFF's obligation to complete the merger is not conditioned upon its obtaining financing. IFF anticipates that approximately \$4.3 billion will be required to pay the aggregate cash portion of the merger consideration to the Frutarom shareholders and to pay fees and expenses relating to the merger. IFF intends to fund the cash component of the merger through up to \$3.1 billion of debt financing, cash on hand and the issuance of up to \$2.2 billion in equity securities.

In connection with entering into the merger agreement, IFF entered into a debt commitment letter, under which Morgan Stanley Senior Funding, Inc. agreed to provide, subject to certain conditions, a commitment, for an up to \$5.45 billion 364-day unsecured bridge loan facility to the extent IFF has not received \$5.45 billion of

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net cash proceeds (and/or qualified bank commitments) from a combination of (a) the issuance by IFF of a combination of equity securities, equity-linked securities and/or unsecured debt securities and/or (b) unsecured term loans, in each case, at or prior to completion of the merger. The bridge loan commitment will be reduced to the extent that IFF obtains certain other debt financing and completes certain equity issuances. On May 21, 2018, IFF, Morgan Stanley Senior Funding, Inc. and certain other financial institutions entered into a bridge joinder agreement to the commitment letter to provide for additional bridge commitment parties.

On June 6, 2018, IFF entered into a term loan credit agreement to replace a portion of the bridge loan facility, reducing the amount of the bridge loan commitments by \$350 million. Under the term loan credit agreement, the lenders thereunder have committed to provide, subject to certain conditions, a senior unsecured term loan facility in an original aggregate principal amount of up to \$350 million, maturing three years after the funding date thereunder. A copy of the term loan credit agreement is filed as an exhibit to the Current Report on Form 8-K filed by IFF on June 8, 2018, which is incorporated by reference into this prospectus.

In connection with the merger, IFF and certain of its subsidiaries has also entered into a second amendment to its revolving credit agreement to amend and restate its existing revolving credit agreement to, among other things, provide for a five-year \$1.0 billion senior unsecured revolving loan credit facility maturing in five years and make certain amendments to conform to the terms of the term loan credit agreement, including increasing the maximum ratio of net debt to EBITDA on and after the closing date of the merger. A copy of the amendment is filed as an exhibit to the Current Report on Form 8-K filed by IFF on June 8, 2018, which is incorporated by reference into this prospectus.

The bridge loans and the term loans will bear interest, at IFF's option, at a per annum rate equal to either (x) an adjusted LIBOR rate plus an applicable margin varying from 0.75% to 2.00% or (y) a base rate plus an applicable margin varying from 0.00% to 1.00%, in each case depending on the public debt ratings for non-credit enhanced long-term senior unsecured debt of IFF, and in the case of the bridge loans, subject to an increase in the applicable margin based on the number of days for which the bridge loans remain outstanding from the date of funding thereunder.

The term loans will amortize quarterly at a per annum rate of 10.0% of the aggregate principal amount of the loans made under the Term Facility on the funding date, commencing at the end of the first full fiscal quarter after funding, with the balance payable on the third anniversary of the funding date. The bridge commitment letter provides for (i) mandatory commitment reductions with the net cash proceeds of certain asset sales and recovery events and the gross cash proceeds of debt or equity issuances or (ii) if the bridge loans have been funded, mandatory prepayments with the net cash proceeds of certain asset sales and recovery events and debt or equity issuances, in each case, subject to customary exceptions. IFF may voluntarily prepay the term loans and the bridge loans without premium or penalty.

The term loan credit agreement contains, and the bridge commitment letter provides that the bridge loan will contain, various covenants, limitations and events of default customary for similar facilities for similarly rated borrowers, including a maximum ratio of net debt to EBITDA (applicable starting after the first full fiscal quarter ending after the funding date) of 4.50x with step-downs over time and a step-up to 6.0x for the first full fiscal quarter after funding if IFF has not issued equity or mandatory convertible securities generating gross proceeds of at least \$1.75 billion on or before the closing date of the merger.

The funding of the term loans under the term loan credit agreement and the bridge loans will be available upon the satisfaction of several limited conditions precedent, including completion of the merger in accordance with the merger agreement, the non-occurrence of a company material adverse effect (as defined in the merger agreement in effect on May 7, 2018) on Frutarom, the accuracy in all material respects of certain representations and warranties related to

both IFF and Frutarom, the absence of certain defaults by IFF, the delivery of certain financial statements of IFF and Frutarom and other customary closing conditions.

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The proceeds of the term loans and the bridge loans are to be used to (i) finance, in part, the cash consideration for the merger, (ii) refinance certain indebtedness of IFF, Frutarom, and/or their respective subsidiaries in connection with the merger, and/or (iii) pay certain fees and expenses incurred in connection with the merger.

The bridge commitments and the commitments under the term loan credit agreement will terminate on the earliest of (i) the consummation of the merger without using the loans under such facility, (ii) the date on which the merger agreement is terminated in accordance with its terms without the closing of the merger, (iii) receipt of written notice by the applicable agent from IFF of its election to terminate such commitments in full and (iv) the termination date (as defined in the merger agreement as in effect on May 7, 2018) (or, if extended as provided in Section 7.1(b)(i) of the merger agreement as in effect on May 7, 2018, then on such extended termination date).

Regulatory Approvals

Completion of the merger is subject to antitrust and competition laws in various jurisdictions.

Under the HSR Act and related rules, the merger may not be completed until notifications have been given and information furnished to the Antitrust Division and the FTC and a 30-calendar-day waiting period has expired, or been terminated. IFF and Frutarom each filed their respective HSR Act notification forms on May 18, 2018 and the applicable waiting period under the HSR Act expired on June 18, 2018 at 11:59 p.m., Eastern Time.

Completion of the merger is further subject to regulatory notifications, clearances and/or approvals in the European Union, Israel, Mexico, Russia, South Africa, Turkey and Ukraine.

At any time before or after the effective time of the merger, notwithstanding the expiration or termination of the applicable statutory waiting period under the HSR Act, the Antitrust Division or the FTC may take action under the antitrust laws, including seeking to enjoin the completion of the merger, to rescind the merger or to conditionally permit completion of the merger subject to regulatory conditions or other remedies. In addition, non-U.S. regulatory bodies and U.S. state attorneys general could take action under other applicable regulatory laws, including, without limitation, seeking to enjoin or otherwise prevent the completion of the merger or permitting completion subject to regulatory conditions. Private parties may also seek to take legal action under regulatory laws under some circumstances. There can be no assurance that a challenge to the merger on antitrust grounds will not be made or, if such a challenge is made, that it would not be successful.

Timing of the Merger

The merger is expected to close within five to nine months following the signing of the merger agreement on May 7, 2018. Neither IFF nor Frutarom can predict, however, the actual date on which the merger will be completed because it is subject to conditions beyond each company's control, including obtaining the necessary regulatory approvals.

See *The Merger Agreement Conditions to the Merger* beginning on page 107.

Certain U.S. Federal Income Tax Consequences of the Merger

The following discussion describes material U.S. federal income tax consequences of (i) the merger generally expected to be applicable to U.S. holders and non-U.S. holders (each as defined below) of Frutarom ordinary shares and (ii) the ownership and disposition of IFF common stock.

The summary is based upon the existing provisions of the Code (as defined below), applicable Treasury Regulations, judicial authority, administrative rulings effective as of the date hereof. These laws and authorities

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are subject to change, possibly with retroactive effect. Any such change, which may or may not be retroactive, could alter the tax consequences to the holders of Frutarom ordinary shares and IFF common stock as described herein. The discussion below does not address any state, local or foreign or any U.S. federal tax consequences other than U.S. federal income tax consequences, such as estate and gift tax or FICA (Federal Insurance Contributions Act) tax consequences. The tax treatment of the proposed transaction to holders of Frutarom ordinary shares will vary depending upon their particular situations. Holders should consult their own tax advisors concerning the U.S. federal income tax consequences to them in light of their particular situation, as well as any consequences arising under the laws of any other taxing jurisdiction.

This discussion deals only with Frutarom ordinary shares and IFF common stock held as capital assets within the meaning of Section 1221 of the Internal Revenue Code of 1986, as amended (the Code) (generally, property held for investment). This discussion is intended only as a summary of material U.S. federal income tax consequences of the proposed transaction and does not purport to be a complete analysis or listing of all of the potential tax effects relevant to a decision on whether to approve the proposed transaction. In particular, this discussion does not deal with all U.S. federal income tax considerations that may be relevant to particular holders in light of their particular circumstances, such as holders who are dealers in securities; are subject to the alternative minimum tax provisions of the Code; are non-resident aliens present in the United States for 183 days or more in the calendar year of the proposed transaction; are banks, financial institutions or insurance companies; tax-exempt entities; acquired their Frutarom ordinary shares in connection with stock option or stock purchase plans or in other compensatory transactions; hold Frutarom ordinary shares or IFF common stock as part of an integrated investment; own or are deemed to own 5% or more of IFF common stock; own or are deemed to own 10% or more of Frutarom shares by vote or value; hold Frutarom ordinary shares subject to the constructive sale provisions of Section 1259 of the Code; or use a functional currency that is not the U.S. dollar. If a partnership holds Frutarom ordinary shares or IFF common stock, the tax treatment of a partner generally will depend on the status of the partner and on the activities of the partnership. Partners of partnerships holding Frutarom ordinary shares or IFF common stock should consult their tax advisers.

As used herein, the term U.S. holder means a beneficial owner of Frutarom ordinary shares or IFF common stock that is a citizen or resident of the United States or a domestic corporation or otherwise subject to U.S. federal income tax on a net income basis in respect of such shares. The term non-U.S. holder means a beneficial owner of Frutarom ordinary shares or IFF common stock other than a U.S. holder.

Tax Consequences of the Merger to Holders of Frutarom Ordinary Shares

U.S. holders. The receipt of cash and IFF common stock for Frutarom ordinary shares pursuant to the merger will be a taxable transaction for U.S. federal income tax purposes to a U.S. holder of Frutarom ordinary shares. A U.S. holder of Frutarom ordinary shares will generally recognize taxable gain or loss equal to the difference between (1) the shareholder's adjusted tax basis in the Frutarom ordinary shares surrendered in the exchange, and (2) the sum of the fair market value of the IFF common stock received and the amount of cash (including cash in lieu of fractional IFF common stock) received in the merger.

Any gains or losses recognized by a U.S. holder on the receipt of IFF common stock and cash for Frutarom ordinary shares pursuant to the merger generally will be capital gain or loss. Capital gains of non-corporate U.S. holders (including individuals) will be eligible for the preferential U.S. federal income tax rates applicable to long-term capital gains if the U.S. holder has held its Frutarom ordinary shares for more than one year as of the closing date of the merger and provided other provisions and limitations are met. The deductibility of capital losses is subject to limitations. If a U.S. holder acquired different blocks of Frutarom ordinary shares at different times and different prices, such U.S. holder must determine its adjusted tax basis and holding period separately with respect to each block of Frutarom ordinary shares.

Non U.S. holders. Non-U.S. holders generally will not be subject to U.S. federal income tax on capital gain in respect of Frutarom ordinary shares, subject to the discussion below under *Information Reporting and Backup Withholding in the Merger.*

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Information Reporting and Backup Withholding in the Merger

Except in the case of exempt holders, consideration paid to a U.S. holder in the merger may be subject to U.S. information reporting requirements and may be subject to backup withholding unless the U.S. holder provides an accurate taxpayer identification number on a properly completed Internal Revenue Service (IRS) Form W-9 (or appropriate successor form) and certifies that no loss of exemption from backup withholding has occurred. Non-U.S. holders may be required to comply with certification and identification procedures in order to establish an exemption from information reporting and backup withholding on such amounts. The amount of any backup withholding will be allowed as a credit against the U.S. holder's U.S. federal income tax liability and may entitle the U.S. holder to a refund, provided that certain required information is timely furnished to the IRS.

Tax Consequences of Holding Stock in IFF to Non-U.S. Holders

Dividends

A distribution of cash or property with respect to shares of IFF common stock generally will be treated as a dividend to the extent paid out of our current or accumulated earnings and profits. If such a distribution exceeds our current and accumulated earnings and profits, the excess will be first treated as a tax-free return of the non-U.S. holder's investment, up to the non-U.S. holder's tax basis in the shares of IFF common stock, and thereafter as a capital gain subject to the tax treatment described below in *Sale, Exchange or Other Taxable Disposition of IFF Common Stock*.

Dividends paid to a non-U.S. holder generally will be subject to withholding of U.S. federal income tax at a 30% rate, or such lower rate as may be specified by an applicable tax treaty.

Even if a non-U.S. holder is eligible for a lower treaty rate, we generally will be required to withhold at a 30% rate (rather than the lower treaty rate) on dividend payments to a non-U.S. holder, unless:

the non-U.S. holder has furnished a valid IRS Form W-8BEN-E or other documentary evidence establishing the non-U.S. holder's entitlement to the lower treaty rate with respect to such payments and the withholding agent does not have actual knowledge or reason to know to the contrary, and

if required by the Foreign Account Tax Compliance Act (FATCA) or any intergovernmental agreement enacted pursuant to that law, the non-U.S. holder or any entity through which the non-U.S. holder receives such dividends, if required, has provided the withholding agent with certain information with respect to the non-U.S. holder's or the entity's direct and indirect U.S. owners, and if the non-U.S. holder holds the shares of IFF common stock through a non-U.S. financial institution, the institution has entered into an agreement with the U.S. government to report, on an annual basis, certain information regarding accounts with or interests in the institution held by certain United States persons and by certain non-U.S. entities that are wholly or partially owned by United States persons, or has satisfied similar requirements under an intergovernmental agreement between the United States and another country, and the non-U.S. holder has provided any required information to the institution.

If a non-U.S. holder is eligible for a reduced rate of U.S. federal withholding tax pursuant to an applicable income tax treaty or otherwise, the non-U.S. holder may obtain a refund of any excess amounts withheld by timely filing an appropriate claim for refund with the IRS. Investors are encouraged to consult with their own tax advisors regarding the possible implications of these withholding requirements on their investments in the shares of IFF common stock.

Sale, Exchange or Other Taxable Disposition of Common Stock.

Non-U.S. holders generally will not be subject to U.S. federal income tax with respect to gain recognized on a sale, exchange or other taxable disposition of shares of IFF common stock.

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In the case of the sale or disposition of shares of IFF common stock on or after January 1, 2019, a non-U.S. holder may be subject to a 30% withholding tax on the gross proceeds of the sale or disposition unless the FATCA requirements described in the last bullet point under *Dividends* above are satisfied. Investors are encouraged to consult with their own tax advisors regarding the possible implications of these withholding requirements on their investment in the shares of IFF common stock and the potential for a refund or credit in the case of any withholding tax.

Information reporting and backup withholding.

Information returns are required to be filed with the IRS with respect to payments made to certain U.S. holders. In addition, certain U.S. holders may be subject to backup withholding tax in respect of such payments if they do not provide their taxpayer identification numbers to the paying agent, fail to certify that they are not subject to backup withholding tax, or otherwise fail to comply with applicable backup withholding tax rules. Non-U.S. holders may be required to comply with applicable certification procedures to establish that they are non-U.S. holders in order to avoid the application of such information reporting requirements and backup withholding tax. Any amount paid as backup withholding may be creditable against the holder's U.S. federal income tax liability, provided that the required information is timely furnished to the IRS.

Certain Israeli Tax Consequences of the Merger

The following description is not intended to constitute a complete analysis of all Israeli tax consequences of Frutarom shareholders relating to the merger. This summary does not discuss all the aspects of Israeli tax law that may be relevant to a particular person in light of his or her personal circumstances. The discussion should not be construed as legal or professional tax advice and does not cover all possible tax considerations.

Frutarom has filed requests for three tax rulings from the ITA with respect to (i) withholding tax in Israel, regarding the cash consideration paid to Frutarom shareholders; (ii) a deferral of capital gains tax with respect to Frutarom shareholders which hold less than 5% of Frutarom's issued and outstanding shares through the Nominee Company and Frutarom shareholders which hold less than 5% of Frutarom's issued and outstanding shares directly and not through the Nominee Company, regarding the stock consideration; and (iii) the Israeli tax treatment applicable to holders of Frutarom stock options and ordinary shares issued to certain directors and employees under Section 102 of the ITO. There can be no assurance that such tax rulings will be granted before the closing or at all or that, if obtained, such tax rulings will be granted under the conditions requested by Frutarom.

Discussions between Frutarom and the ITA regarding the scope of the rulings are ongoing. If and when the tax rulings referenced in the immediately preceding paragraph are finalized, Frutarom will file an immediate report on the Israel Securities Authority's website, referred to as MAGNA, describing the tax rulings. There can be no assurance that such tax rulings will be granted before the completion of the merger or at all, or that if obtained, such rulings will be granted under the conditions requested by Frutarom.

Israeli Capital Gains Tax

Generally, the exchange of Frutarom ordinary shares for the merger consideration would be treated as a sale and subject to Israeli tax both for Israeli and the non-Israeli resident shareholders of Frutarom. However, certain relief and/or exemptions may be available under Israeli law.

Israeli law generally imposes capital gains tax on the real capital gain from the sale of any capital assets by residents of Israel, as defined for Israeli tax purposes, and on the sale of capital assets located in Israel, including shares of Israeli companies by non-residents of Israel, unless a specific exemption is available or a tax treaty

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between Israel and the shareholder's country of residence provides otherwise. Israeli law distinguishes between real capital gain and inflationary surplus. The real capital gain is the excess of the total capital gain over the inflationary surplus. You should consult your own tax advisor as to the method you should use to determine the inflationary surplus.

Generally, the capital gains tax rate applicable to the real capital gain is 25% for individuals, unless such shareholder claims a deduction for interest and linkage differences expenses in connection with the shares sold, in which case the real capital gain will generally be taxed at a rate of 30%. If such individual is holding or is entitled to purchase, directly or indirectly, alone or together with such person's relative or another person who collaborates with such person on a permanent basis, at least 10% of (i) the voting rights of Frutarom, (ii) the right to receive Frutarom's profits or its assets upon liquidation, (iii) the right to appoint a manager/director, or (iv) the right to instruct any other person to do any of the foregoing (a Major Stockholder) on the date of sale or on any date falling within the 12-month period preceding that date of sale, such Major Stockholder would be subject to Israeli capital gains tax at the rate of 30%.

The actual capital gains tax rates which may apply to individual Frutarom shareholders on the sale of Frutarom shares (which may be effectively higher or lower than the rates mentioned above) are subject also to various factors including, inter alia, the date on which the shares were purchased, whether the shares are held through a nominee company or by the shareholder, the identity of the shareholder and certain tax elections which may have been made in the past by the shareholder.

In general, companies are subject to the corporate tax rate on real capital gains derived from the sale of shares at the rate of 23% in 2018. Please note that due to certain provisions of the ITO, the effective capital gains tax applicable to certain companies may be different than that specified above.

In general, companies are subject to the corporate tax rate on real capital gains derived from the sale of shares at the rate of 23% in 2018. Due to certain provisions of the ITO, the actual effective capital gains tax applicable to certain companies may be different than that specified above.

Individual and corporate shareholders dealing in securities in Israel are taxed at the tax rates applicable to business income, currently 23% for companies and a marginal tax rate of up to 47% for individuals, plus an additional tax of 3%, which is imposed on individuals whose annual taxable income exceeds a certain threshold (NIS 641,880 for 2018), see *Excess Tax* below.

The inflationary surplus is generally exempt from tax, provided that the shares being sold were acquired after December 31, 1993.

Pursuant to Israeli tax law, non-Israeli residents (individuals or corporations) will generally be exempt from Israeli capital gains tax, subject to certain provisions of the ITO, on the sale of Frutarom ordinary shares which were acquired after the company was registered for trade on the Israeli stock exchange. However, non-Israeli corporations will not be entitled to the foregoing exemption if Israeli residents: (i) have a controlling interest of more than 25% in such non-Israeli corporation or (ii) are the beneficiaries of, or are entitled to, 25% or more of the revenues or profits of such non-Israeli corporation, whether directly or indirectly.

Other non-Israeli residents (individuals or corporations) may be exempt from Israeli capital gains tax under the provisions of an applicable tax treaty between Israel and the seller's country of residence (subject to the receipt of a valid certificate from the ITA allowing for an exemption or a reduced tax rate). For example, under the Convention between the Government of the State of Israel and the Government of the United States of America with Respect to Taxes on Income (the U.S.-Israel Tax Treaty), Israeli capital gains tax would generally not apply when arising from

the sale, exchange or disposition of ordinary shares by a person who qualifies as a resident of the United States within the meaning of the U.S.-Israel Tax Treaty and who holds the shares as a capital asset and is entitled to claim the benefits afforded to such person by the treaty.

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However, such exemption will not apply if (i) the capital gain arising from such sale, exchange or disposition is attributed to real estate located in Israel; (ii) the capital gain arising from such sale, exchange or disposition is attributed to royalties; (iii) the capital gains from such sale, exchange or disposition may be attributed to a permanent establishment of the U.S. resident that is maintained in Israel, under certain terms, (iv) the U.S. resident holds, directly or indirectly, securities representing 10% or more of the voting rights during any part of the 12-month period preceding the effective time of the sale, exchange or disposition, subject to certain conditions; or (v) the U.S. resident, if an individual, was physically present in Israel for a period or periods aggregating to 183 days or more during the relevant taxable year.

In order to obtain an applicable withholding tax exemption for capital gains tax, certain documentation and/or declarations shall need to be provided to the ITA.

Other countries, including Canada, France, Germany, Japan and the United Kingdom, are party to tax treaties with Israel that, subject to the provisions of those treaties, may exempt a non-Israeli resident shareholder from Israeli tax.

You are urged to consult with your own tax advisor regarding the applicability of these tax treaties to you and your receipt of merger consideration.

Excess Tax

Individuals who are subject to tax in Israel are also subject to an additional tax at a rate of 3% on annual income exceeding a certain threshold (NIS 641,880 for 2018), which amount is linked to the annual change in the Israeli consumer price index, including, but not limited to, dividends, interest and capital gain, subject to the provisions of an applicable tax treaty.

Israeli Tax Withholding

Whether or not a particular shareholder is actually subject to Israeli capital gains tax in connection with the merger, absent receipt by Frutarom of an applicable tax ruling from the ITA prior to closing of the merger, all Frutarom shareholders will be subject to Israeli withholding tax at the rate of 25% (for individuals) and 23% (for corporations) on the gross merger consideration (unless the shareholder requests and obtains an individual certificate of exemption or a reduced tax rate from the ITA, as described below), and IFF or the exchange agent will withhold and deduct from the cash consideration an amount equal to 25%, 23% or such other reduced tax rate as stipulated in the certificate obtained, as applicable, of the gross merger consideration received by such shareholder.

Frutarom is currently in discussions with the ITA on the scope of the final tax rulings and the exemptions that may be provided to Frutarom shareholders and, as of July 1, 2018, no definitive binding ruling has been obtained from the ITA. There can be no assurance that the tax rulings will be granted before the closing of the merger or at all or that, if obtained, the tax rulings will be granted under the conditions requested by Frutarom.

Regardless of whether Frutarom obtains the requested tax rulings from the ITA, any holder of Frutarom ordinary shares who believes that it is entitled to such an exemption from withholding tax (or entitled to a reduced tax rate) may separately apply to the ITA to obtain a certificate of exemption from withholding or an individual tax ruling providing for no withholding or withholding at a reduced rate, and submit such certificate of exemption or ruling to the exchange agent prior to receiving the merger consideration and at least five business days prior to the date that is 180 days following the date of the closing of the merger. If IFF or the exchange agent receives a valid exemption certificate or tax ruling (in form and substance reasonably acceptable to IFF) prior to delivering the merger consideration and at least five business days prior to the date that is 180 days following the date of the closing of the

merger, then the withholding (if any) of any amounts under the ITO from the consideration payable shall be made only in accordance with the provisions of such Israeli tax certificate or tax ruling.

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The Israeli tax withholding consequences of the merger to Frutarom shareholders and holders of Frutarom stock options subject to Section 102 of the ITO may vary depending upon the particular circumstances of each shareholder or holder of Frutarom stock options subject to Section 102 of the ITO, as applicable, and the final tax rulings issued by the ITA.

To the extent that tax is withheld on payments to U.S. taxpayers, it is possible that such withheld taxes may not be able to be credited against such taxpayers' U.S. income tax liability.

Shareholders who received or acquired their Frutarom ordinary shares or were granted stock options or restricted stock awards under one or more of the Frutarom equity-based incentive plans, or otherwise as compensation for employment or services provided to Frutarom, may be subject to different tax rates.

As noted, Frutarom has also filed requests for a tax ruling from the ITA with respect to the withholding tax and other Israeli tax treatment applicable in respect of the merger to holders of Frutarom stock options subject to Section 102 of the ITO (such ruling, as defined below under *The Merger Agreement Tax Rulings*, is referred to as the options tax ruling).

The options tax ruling, if obtained as requested, would confirm, among other things that:

the treatment of the Frutarom stock options (whether vested or unvested) in the merger would not constitute a violation of Section 102 of the ITO, and holders of such Frutarom stock options will not be subject to Israeli withholding tax at the closing of the merger;

the statutory holding period under Section 102 of the ITO will continue uninterrupted from the original date of grant; and

the payment of any consideration to holders of vested Frutarom stock options with respect to such Frutarom stock options will not constitute a violation of Section 102 of the ITO; provided that the consideration paid to the holders of such Frutarom stock options is deposited with the trustee appointed by Frutarom, and approved by the ITA (the 102 Trustee), for the duration of the statutory holding period under Section 102 of the ITO.

If no tax ruling is obtained for holders of Frutarom stock options subject to Section 102 of the ITO, such holders might be subject to Israeli withholding tax at such holders' marginal tax rates under Israeli law for ordinary income, and may be also subject to withholding for national insurance contributions, depending on the specific circumstances of such holders and the terms and the timing of the grants of Frutarom stock options. In such event, IFF, the exchange agent or the 102 Trustee will withhold and deduct from the cash consideration at such rates, and if the cash consideration is lower than the required amount to be withheld, no IFF common stock will be issued to such holder of Frutarom stock options subject to Section 102 of the ITO, until such holder remits sufficient cash to cover the required amount to be withheld.

The Israeli tax rulings mentioned above may not be obtained or may contain such provisions, terms and conditions as the ITA may prescribe, which may be different from those detailed above. Certain categories of shareholders are expected to be excluded from the scope of any eventual ruling granted by the ITA and the final determination of the type of holders of Frutarom ordinary shares who will be included in such categories

will be based on the outcome of the ongoing discussions with the ITA. If IFF or the exchange agent deducts any amount from the merger consideration payable to you in respect of Israeli withholding tax obligations, you should consult your tax advisor concerning the possibility of obtaining a refund from the ITA of any such withheld amounts.

Accounting Treatment

IFF prepares its financial statements in accordance with U.S. GAAP. The merger will be accounted for as an acquisition of Frutarom by IFF under the acquisition method of accounting in accordance with U.S. GAAP. IFF will be treated as the acquiror for accounting purposes.

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All unaudited pro forma condensed combined financial information contained in this prospectus was prepared using the acquisition method of accounting. The final allocation of the purchase price will be determined after the merger is completed and after completion of an analysis to determine the estimated net fair value of Frutarom's assets and liabilities. Accordingly, the final acquisition accounting adjustments may be materially different from the unaudited pro forma adjustments. Any decrease in the estimated net fair value of the assets and liabilities of Frutarom as compared to the unaudited pro forma information included in this prospectus will have the effect of increasing the goodwill recognized related to the merger.

Voting Agreement

In connection with the execution of the merger agreement, ICC Chemical Corporation and ICC Handels A.G., who collectively beneficially owned 21,358,034 Frutarom ordinary shares as of May 7, 2018, representing approximately 35.87% of the voting power of the issued and outstanding Frutarom ordinary shares as of such date, together entered into a voting agreement with IFF under which each such shareholder agreed, among other things, to: (i) vote its beneficially owned Frutarom ordinary shares (a) in favor of the merger and the other transactions contemplated by the merger agreement, (b) in favor of any proposal to adjourn or postpone a meeting of Frutarom shareholders in the event there are not sufficient votes for approval of any such matters, (c) against any third party acquisition proposals and (d) against any action, proposal, transaction or agreement that would reasonably be likely to prevent, impede or delay Frutarom or IFF's ability to consummate the transactions contemplated by the merger agreement, including the merger; and (ii) comply with certain restrictions on the disposition of such shares, in each case subject to the terms and conditions contained therein. The voting agreement will terminate upon the earliest to occur of (A) the consummation of the merger, (B) the termination of the merger agreement pursuant to and in compliance with its terms, (C) a change of recommendation of the Frutarom board in accordance with the merger agreement or (D) the parties' mutual written agreement to terminate the voting agreement.

NYSE and TASE Listings; Delisting and Deregistration of Frutarom Ordinary Shares

IFF has agreed to take all actions necessary in order to list the shares of IFF common stock on the TASE immediately prior to the completion of the merger. IFF has also agreed, prior to the completion of the merger, to use its reasonable best efforts to obtain the agreement of the TASE to list such shares of IFF common stock and the shares of IFF's common stock to be issued in connection with the merger on the TASE. IFF will file a registration statement with the Israel Securities Authority, or the ISA, and TASE for the listing of the IFF common stock on the TASE. IFF's common stock will be listed on the TASE following the effectiveness of the merger. Prior to the completion of the merger, IFF has further agreed to use its reasonable best efforts to cause the shares of IFF common stock to be issued in connection with the merger to be approved for listing on the NYSE, subject to official notice of issuance. The listing of the shares of IFF's common stock on the NYSE, subject to official notice of issuance, is also a condition to completion of the merger.

If the merger is completed, Frutarom ordinary shares and GDRs will cease to be listed on the TASE and LSE, respectively, in accordance with the applicable rules and policies of the TASE and LSE.

IFF's Dividend Policy

The declaration of future dividends will be at the discretion of the IFF board and will be determined after consideration of various factors, including earnings, cash requirements, the financial condition of IFF and other factors deemed relevant by the IFF board. While IFF cannot assure its future financial performance and cannot guarantee payment of regular cash dividends, it currently anticipates that it will continue to pay dividends on IFF stock in the foreseeable future. Most recently, IFF declared a quarterly dividend of \$0.69 per IFF share, which was

paid on April 6, 2018 to holders of record on March 26, 2018. Under the merger agreement, prior to the completion of the merger, IFF may continue to pay its regular quarterly cash dividends in amounts and with record and payment dates consistent with past practice.

Table of Contents**Restrictions on Sales of Shares of IFF Common Stock Received in the Merger**

All shares of IFF common stock received by Frutarom shareholders in the merger will be freely tradable for purposes of the Securities Act and the Exchange Act, except for shares of IFF common stock received by any Frutarom shareholder who becomes an affiliate of IFF after completion of the merger (such as Frutarom directors or executive officers who become directors or executive officers of IFF after the merger). This prospectus does not cover resales of shares of IFF common stock received by any person upon completion of the merger, and no person is authorized to make any use of this prospectus in connection with any resale.

Interests of Certain Persons in the Merger

Frutarom's executive officers may have interests in the merger that may be in addition to those of Frutarom's shareholders generally. The Frutarom board was aware of these interests and considered them, among other matters, in approving the merger agreement and recommending that the shareholders approve the merger agreement, the merger and the other transactions contemplated by the merger agreement. These interests are summarized below. The individuals referred to in this section as executive officers are the four Company office holders, as defined in the ICL, who are not members of the Frutarom board: Ori Yehudai, President and Chief Executive Officer, Alon Granot, Executive Vice President and Chief Financial Officer, Amos Anatot, Executive Vice President Global Supply Chain and Operations, and Guy Gill, Vice President Finance. The transactions contemplated by the merger agreement will constitute a change in control, change of control, or term of similar meaning for purposes of the compensation arrangements described below.

Treatment of Unvested Stock Options

As of the completion of the merger, each Frutarom stock option that is outstanding and unvested as of immediately prior to the completion of the merger (including each such Frutarom stock option that is held by an executive officer) will be canceled and converted into the right of the applicable holder to receive, on the applicable vesting date that applies to such unvested Frutarom stock option, subject to the holder's continued employment with Frutarom or an affiliate through such date, or upon an earlier termination of the holder's employment that would result in the vesting of such unvested Frutarom stock option under the terms of any applicable contract, a cash payment in U.S. dollars equal to the value of the merger consideration in respect of each net option share subject to such unvested Frutarom stock option, subject to applicable tax withholding. Net option share means, with respect to each Frutarom stock option, the quotient of (i) the product of (A) the excess, if any, of the value of the merger consideration over the exercise price per Frutarom ordinary share subject to such Frutarom stock option, multiplied by (B) the number of Frutarom ordinary shares subject to such Frutarom stock option, divided by (ii) the value of the merger consideration. For this purpose, the value of the merger consideration that consists of shares of IFF common stock will equal the product of (1) the number of such shares of IFF common stock multiplied by (2) the IFF stock price. For more details on the calculation of the IFF stock price, see *The Merger Agreement Merger Consideration beginning on page 85*.

However, if Frutarom is unable to obtain a favorable tax ruling with respect to the cancellation of the unvested Frutarom stock options in exchange for cash payments as described above, then each holder of an unvested Frutarom stock option that is subject to Section 102 of the ITO will be entitled to receive the merger consideration (rather than the cash value of the stock and cash portions of the merger consideration) in respect of each net option share subject to such unvested Frutarom stock option.

Between the years 2004 and 2018, Frutarom entered into an agreement with each of the executive officers providing that, upon the executive officer's qualifying termination of employment within 12 months following a change of control (or in the case of Mr. Gill, a qualifying termination at any time following a change of control), such officer's

unvested Frutarom options will become immediately vested and exercisable. Such accelerated vesting provisions will apply to the officer's right to receive the cash payment (or, if applicable, merger

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consideration payment) in respect of his unvested options as described above. The aggregate value of the unvested Frutarom stock options held by Frutarom's four executive officers as of June 28, 2018, the latest practicable date prior to the filing of this prospectus, calculated based on the merger consideration value (determined using a price per share of IFF stock equal to \$127.65, the average closing price for the first five trading days following the first public announcement of the merger on May 7, 2018) and using a USD to ILS exchange rate of 3.586 (the average closing rate for the first five days following the first public announcement of the merger on May 7, 2018) for purposes of converting the applicable exercise prices from ILS to USD, was \$13.379 million.

For more information on equity holdings of Frutarom's executive officers, see the table entitled *Beneficial Ownership Table* on page 135 of this prospectus.

Severance Pay

Under the terms of the comfort letter regarding a change in control between Frutarom and each officer, upon a qualifying termination of the officer's employment within twelve months following a change in control (or in the case of Mr. Gill, a qualifying termination at any time following a change in control), Frutarom will continue to pay the officer his salary (other than vacation pay, sick leave, bonuses and options) for a period of six months (or 12 months in the case of Mr. Yehudai and three months in the case of Mr. Gill) beginning on the last day of the notice period. The estimated aggregate cash severance payments that would be due to the executive officers upon a qualifying termination on June 28, 2018 is \$944,570.

Transaction and Retention Bonuses

The merger agreement provides that, subject to obtaining the required approvals under the ICL, (i) at the discretion of the Frutarom board, Mr. Yehudai may receive a cash transaction bonus, payable in a single lump sum immediately prior to the closing of the merger, and (ii) at the discretion of Frutarom's chief executive officer and subject to consultation with IFF, other employees, including executive officers, may receive cash retention bonuses payable 50% at the closing of the merger and 50% one year after the closing, subject to the employee's continued employment through the applicable vesting date, except that the second installment may be payable six months (rather than one year) after the closing with the mutual agreement of IFF and Frutarom and the second installment will vest and become payable upon a qualifying termination of employment on or after the closing date.

Deferred Bonus Options

If the closing of the merger has not occurred by September 30, 2018, then on, or within three business days following, October 1, 2018, Frutarom will, in the ordinary course of business and consistent with past practice, grant Frutarom stock options to the executives of Frutarom who are scheduled to receive such Frutarom stock options (including the executive officers) in payment of the second half of their equity-based bonus in respect of 2017 (such Frutarom stock options are referred to as the *deferred bonus options*). If the closing of the merger occurs on or prior to September 30, 2018, then on, or within three business days following, October 1, 2018, IFF will pay to each executive of Frutarom who is scheduled to receive deferred bonus options (including the executive officers) the cash equivalent of the deferred bonus options that such executive would have received absent the closing of the merger.

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THE MERGER AGREEMENT

This section describes the material terms of the merger agreement. The descriptions of the merger agreement in this section and elsewhere in this prospectus are qualified in their entirety by reference to the complete text of the merger agreement, a copy of which is attached as Annex A and is incorporated by reference into this prospectus. This summary does not purport to be complete and may not contain all of the information about the merger agreement that is important to you. You are encouraged to carefully read the entire merger agreement.

Explanatory Note Regarding the Merger Agreement

The merger agreement and the summary of its material terms in this section have been included only to provide you with information about the terms and conditions of the merger agreement. Neither the merger agreement nor the summary of its material terms included in this section is intended to provide any factual information about IFF or Frutarom. The merger agreement contains representations and warranties and covenants of the parties customary for a merger of this nature. The representations and warranties contained in the merger agreement were made only for purposes of the merger agreement as of the specific dates therein; were made solely for the benefit of the parties to the merger agreement; may be subject to limitations agreed upon by the contracting parties, including being qualified by confidential disclosures exchanged between Frutarom and IFF made for the purposes of allocating contractual risk between the parties to the merger agreement instead of establishing these matters as facts; and may be subject to standards of materiality applicable to the contracting parties that differ from those applicable to investors. Investors are not third-party beneficiaries under the merger agreement except for the limited purposes expressly set forth therein and should not rely on the representations and warranties or any descriptions thereof as characterizations of the actual state of facts or condition of the parties thereto or any of their respective subsidiaries or affiliates. Moreover, information concerning the subject matter of representations and warranties may change after the date of the merger agreement, which subsequent information may or may not be fully reflected in IFF's or Frutarom's public disclosures.

For the foregoing reasons, the representations, warranties, covenants and agreements contained in the merger agreement and any descriptions of those provisions should not be read alone or relied on by any persons as characterizations of the actual state of facts about Frutarom or IFF at the time they were made or otherwise. Instead, such provisions or descriptions should be read only in conjunction with the other information provided elsewhere in this prospectus or in the notice of meeting to be issued to Frutarom shareholders by Frutarom or incorporated by reference herein or therein.

Structure of the Merger

The merger agreement provides that, upon the terms and subject to the conditions set forth in the merger agreement, and in accordance with the ICL, at the completion of the merger, Merger Sub will be merged with and into Frutarom. As a result of the merger, the separate existence of Merger Sub will cease, and Frutarom will continue as the surviving company of the merger and will (a) become a wholly owned subsidiary of IFF, (b) continue to be governed by the laws of the State of Israel, (c) maintain a registered office in the State of Israel and (d) succeed to and assume all of the rights, properties and obligations of Merger Sub and Frutarom in accordance with the ICL. The articles of association of Merger Sub, as in effect immediately prior to the completion of the merger, will be the articles of association of the surviving company.

Merger Consideration

At the completion of the merger, upon the terms and subject to the conditions set forth in the merger agreement, each ordinary share of Frutarom issued and outstanding immediately prior to the completion of the merger (other than

(1) ordinary shares held by Frutarom as treasury stock (dormant shares) or (2) ordinary shares held directly or indirectly by IFF, Merger Sub or any wholly owned subsidiary of Frutarom, both of which are

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collectively referred to herein as excluded shares) will be converted into the right to receive the merger consideration, which is:

\$71.19 in cash, without interest and subject to applicable tax withholding, from IFF; and

0.2490 (referred to as the exchange ratio) of a validly issued, fully paid and non-assessable share of IFF common stock, without interest and subject to applicable tax withholding.

If the aggregate number of shares of IFF common stock to be issued pursuant to the merger agreement would exceed 19.9% of the issued and outstanding shares of IFF common stock immediately prior to the entry into the merger agreement, rounded down to the nearest whole share, the exchange ratio will be reduced by the minimum extent necessary such that the foregoing clause is no longer true, and the cash component of the merger consideration will also be increased accordingly.

All fractional shares of IFF common stock that would otherwise be issued to a holder of Frutarom ordinary shares as part of the merger consideration will be aggregated to create whole shares of IFF common stock that will be issued to Frutarom shareholders as part of the merger consideration. If a fractional share of IFF common stock remains payable to a Frutarom shareholder after aggregating all fractional shares of IFF common stock payable to such Frutarom shareholder, then such shareholder will be paid, in lieu of such remaining fractional share of IFF common stock, an amount in cash, without interest, rounded down to the nearest cent, equal to the product of (1) the amount of the fractional share interest in a share of IFF common stock to which such holder would otherwise be entitled and (2) the average of the volume-weighted average prices per share of IFF common stock on the NYSE (as reported by Bloomberg L.P.) on each of the 10 trading days ending with the trading day immediately prior to the closing date (which is referred to as the IFF stock price), subject to applicable tax withholding.

IFF shareholders will continue to own their existing shares of common stock of IFF, the form of which will not be changed by the transaction.

Treatment of Equity Awards

For purposes of the summary below in this subsection, a net share means, with respect to a Frutarom stock option or Frutarom restricted stock award, the quotient of (i) the product of (A) the excess, if any, of the value of the merger consideration over the exercise price or purchase price per Frutarom ordinary share (as applicable) subject to such Frutarom stock option or Frutarom restricted stock award immediately prior to the completion of the merger, multiplied by (B) the number of Frutarom ordinary shares subject to such Frutarom stock option or Frutarom restricted stock award immediately prior to the completion of the merger, divided by (ii) the value of the merger consideration. For purposes of the preceding sentence, the value of the merger consideration that consists of shares of IFF common stock will equal the product of (1) the number of such shares of IFF common stock multiplied by (2) the IFF stock price.

Treatment of Vested Options

As of the completion of the merger, each compensatory option to purchase Frutarom ordinary shares that is not a Frutarom restricted stock award (each referred to as a Frutarom stock option) that is outstanding and vested immediately prior to the completion of the merger (each referred to as a vested Frutarom stock option) will be canceled without any action on the part of any holder thereof in consideration for the right of the holder to receive the

merger consideration in respect of each net share subject to such vested Frutarom stock option immediately prior to the completion of the merger, subject to applicable tax withholding.

Treatment of Unvested Options

As of the completion of the merger, each Frutarom stock option that is outstanding and unvested as of immediately prior to the completion of the merger (each referred to as an unvested Frutarom stock option) will

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be canceled without any action on the part of any holder thereof in consideration for the right of the holder to receive, either (A) on the applicable vesting date that applies to such unvested Frutarom stock option, subject to the holder's continued employment with Frutarom or its affiliate through such date, or (B) upon an earlier termination of the holder's employment that would result in the vesting of such unvested Frutarom stock option under the terms of any applicable contract, except as otherwise provided in the immediately following paragraph, a cash payment in U.S. dollars equal to the value of the merger consideration in respect of each net share subject to such unvested Frutarom stock option as of the applicable vesting date or termination date, subject to applicable tax withholding. For purposes of the preceding sentence, the value of the merger consideration that consists of shares of IFF common stock will equal the product of (1) the number of such shares of IFF common stock multiplied by (2) the IFF stock price. Except as provided in this paragraph and the immediately following paragraph, the right of each holder of an unvested Frutarom stock option to receive the payment described in this paragraph and the immediately following paragraph will be subject to substantially the same terms and conditions (including the applicable vesting schedule) as were applicable to the unvested Frutarom stock option immediately prior to the completion of the merger, including the same vesting restrictions and continued service requirements and the same rights to vesting upon a qualifying termination of employment to the extent applicable.

If Frutarom is unable to obtain the options tax ruling with respect to the cancellation and exchange of unvested Frutarom stock options that are 102 options (as defined below under *Conversion of Shares; Payment Procedures; Withholding*) in accordance with the immediately preceding paragraph prior to the closing of the merger, then, instead of the cash payment described in the immediately preceding paragraph, each holder of an unvested Frutarom stock option that is a 102 option will be entitled to receive the merger consideration in respect of each net share. Any merger consideration payable pursuant to this paragraph will be payable subject to all of the same terms and conditions described in the immediately preceding paragraph.

Treatment of Vested Restricted Stock Awards

As of the completion of the merger, each compensatory award relating to Frutarom ordinary shares that is designated as a restricted stock award in the applicable award agreement (each referred to as a Frutarom restricted stock award) that is outstanding and vested immediately prior to the completion of the merger (each referred to as a vested Frutarom restricted stock award) will be canceled without any action on the part of any holder thereof in consideration for the right to receive the merger consideration in respect of each net share subject to such vested Frutarom restricted stock award immediately prior to the completion of the merger, subject to applicable tax withholding.

Treatment of Unvested Restricted Stock Awards

As of the completion of the merger, each Frutarom restricted stock award that is outstanding and unvested as of immediately prior to the completion of the merger (each referred to as an unvested Frutarom restricted stock award) will be canceled without any action on the part of the holder thereof in consideration for the right of the holder to receive, on the applicable vesting date that applies to such unvested Frutarom restricted stock award, subject to the holder's continued employment with Frutarom or its affiliate through such date, a cash payment in U.S. dollars equal to the value of the merger consideration in respect of each net share subject to such unvested restricted stock award as of the applicable vesting date, subject to applicable tax withholding. For purposes of the preceding sentence, the value of the merger consideration that consists of shares of IFF common stock will equal the product of (1) the number of such shares of IFF common stock multiplied by (2) the IFF stock price. Except as provided in this paragraph, the right of each holder of an unvested Frutarom restricted stock award to receive the payment described in this paragraph will be subject to substantially the same terms and conditions (including the applicable vesting schedule) as were applicable to the unvested Frutarom restricted stock awards immediately prior to the completion of the merger, including the same vesting restrictions and continued service requirements.

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Prior to the completion of the merger, the Frutarom board or a committee thereof will adopt applicable resolutions to give effect to the transactions contemplated under "Treatment of Equity Awards". Frutarom will not take any action after the date of the merger agreement that would accelerate the vesting of the Frutarom stock options or the Frutarom restricted stock awards.

In addition to the foregoing, the actual amounts and timing of payments to holders of vested and unvested options and restricted stock awards will be subject to the provisions of certain tax rulings, as applicable. See *Conversion of Shares; Payment Procedures; Withholding* below.

Closing and Effectiveness of the Merger

Unless another time, date or place is agreed to in writing by Frutarom and IFF, the closing of the merger will occur at the offices of Naschitz, Brandes, Amir & Co., 5 Tuval Street, Tel Aviv, Israel at 9:00 a.m. (local time) on a date to be specified by Frutarom and IFF, but no later than the third business day after the satisfaction or waiver of the closing conditions set forth in the merger agreement (other than those conditions that by their terms are to be satisfied by action to be taken at the closing, but subject to the satisfaction or waiver (by the party entitled to waive the applicable condition) of such conditions).

The merger will become effective upon the issuance by the Companies Registrar of the certificate of merger in accordance with Section 323(5) of the ICL.

Operations

For a period of at least three years from the closing of the merger, IFF and the surviving company intend to maintain the surviving company's research and development and manufacturing presence in Israel at substantially the same levels as such activities are conducted immediately prior to the closing of the merger.

Conversion of Shares; Payment Procedures; Withholding

The conversion of Frutarom ordinary shares (other than the excluded shares) into the right to receive the merger consideration will occur automatically at the completion of the merger. Each excluded share held by any wholly owned subsidiary of Frutarom will be converted into and become such number of fully paid and non-assessable ordinary shares of the surviving company such that the ownership percentage of any such subsidiary in the surviving company immediately following completion of the merger will equal the ownership percentage of such subsidiary in Frutarom immediately prior to completion of the merger.

Promptly after the completion of the merger, and in no event later than the fifth business day after such time, IFF's exchange agent will mail to each holder of record of Frutarom ordinary shares, in certificated or book-entry form, that were converted into the right to receive the merger consideration (other than Frutarom ordinary shares issued upon previous exercise or settlement of 102 options (as defined below) and held by the 102 Trustee and Frutarom ordinary shares subject to Frutarom restricted stock awards) (A) in the case of holders of certificates, a letter of transmittal in customary form and reasonably satisfactory to Frutarom, which will specify that delivery will be effected, and risk of loss and title to such certificates will pass only upon delivery of such certificates (or affidavits of loss in lieu of such certificates) to the exchange agent, (B) a declaration in which the beneficial owner of Frutarom ordinary shares provides certain information necessary for IFF to determine whether any amounts need to be withheld from the merger consideration payable to such beneficial owner and (C) instructions for use in effecting the surrender of such certificates and book-entry shares in exchange for (1) cash in an amount equal to the cash consideration multiplied by the number of Frutarom ordinary shares represented by such certificates and/or book-entry shares, (2) the number of

shares of IFF common stock representing, in the aggregate, the whole number of shares that such holder has the right to receive in respect of such certificates and/or book-entry shares pursuant to the merger agreement, (3) any dividends or distributions payable pursuant to the merger agreement and (4) any cash in lieu of fractional shares of IFF common stock payable pursuant to the merger agreement, referred to collectively as the exchange payment.

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In the case of certificates, upon surrender of a certificate (or affidavit of loss in lieu thereof) for cancellation to the exchange agent, together with a letter of transmittal, the declaration for tax withholding purposes and/or a valid certificate, ruling or any other written instructions regarding tax withholding issued by the ITA, in each case duly completed and validly executed in accordance with the instructions, and such other documents as may be required pursuant to such instructions, the holder of such certificate will be entitled to receive in exchange, and IFF will cause the exchange agent to pay and deliver in exchange, as promptly as reasonably practicable, the exchange payment.

In the case of book-entry shares, upon receipt of the declaration for tax withholding purposes and/or a valid certificate, ruling or any other written instructions regarding tax withholding issued by the ITA, in each case duly completed and validly executed in accordance with the instructions, the holder of such book-entry shares will be entitled to receive in exchange, and IFF will cause the exchange agent to pay and deliver in exchange, as promptly as reasonably practicable, the exchange payment. No holder of book-entry shares will be required to deliver a certificate or letter of transmittal or surrender such book-entry shares to the exchange agent.

At the completion of the merger, all issued and outstanding Frutarom ordinary shares will no longer be outstanding and will automatically be canceled, retired and cease to exist, and each holder of a certificate or book-entry share that represented Frutarom ordinary shares immediately prior to the completion of the merger will cease to have any rights with respect to such ordinary share, other than the right to receive the merger consideration as described above and subject to the terms and conditions set forth in the merger agreement. No interest will be paid or will accrue for the benefit of holders of the certificates or book-entry shares on the cash or other merger consideration payable pursuant to the merger agreement.

The holders of IFF common stock issued in exchange for certificates or book-entry shares as described above will receive, without interest (1) at the time of delivery of the IFF common stock by the exchange agent, the amount of dividends or other distributions, if any, with a record date after the completion of the merger paid with respect to such shares of IFF common stock and (2) at the appropriate payment date, the amount of dividends or other distributions, if any, with a record date after the completion of the merger but before the delivery of IFF common stock by the exchange agent and a payment date subsequent to such delivery of such IFF common stock by the exchange agent pursuant to the merger agreement, payable with respect to such shares of IFF common stock.

Immediately after the completion of the merger, IFF will transfer the aggregate consideration with respect to Frutarom stock options subject to Section 102 of the ITO, which are referred to as the 102 options, and the aggregate merger consideration with respect to Frutarom ordinary shares issued upon previous exercise or settlement of 102 options and held by the 102 Trustee, to the 102 Trustee, on behalf of holders of such options and shares, as the case may be. The 102 Trustee will release such consideration to the beneficial holders of such options and shares, as applicable, together with any interest earned thereon by virtue of the investment of such amounts by the 102 Trustee, in accordance with the terms and conditions of Section 102 of the ITO and the options tax ruling, if obtained.

Immediately after the completion of the merger, IFF will (or will cause its exchange agent to) promptly deposit the aggregate consideration with respect to vested Frutarom stock options (other than 102 options) and with respect to vested Frutarom restricted stock awards, with the surviving company or, if applicable, its relevant engaging subsidiary at one or more accounts designated by Frutarom prior to closing for the benefit of the holders of such options and restricted stock awards, respectively, which amounts will be paid by the surviving company or, if applicable, the relevant engaging subsidiary, to the respective holders thereof through the surviving company's or, if applicable, the relevant engaging subsidiary's payroll system, subject to applicable withholdings by the surviving company or, if applicable, the relevant engaging subsidiary, as promptly as practicable after the completion of the merger.

All shares of IFF common stock issued pursuant to the merger agreement will be issued in book-entry form.

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Each of IFF, Frutarom, the surviving company, the 102 Trustee and IFF's exchange agent (each referred to as a payor) will be entitled to deduct and withhold from any amounts otherwise payable pursuant to the merger agreement to any person or entity such amounts as are required to be deducted and withheld with respect to the making of such payment under the applicable tax ruling, if obtained, or any provision of applicable tax law. Any amounts so withheld will be treated for all purposes of the merger agreement as having been paid to the person or entity in respect of which such deduction and withholding was made; provided that, with respect to the withholding of Israeli tax, in the event any holder of record of Frutarom ordinary shares or Frutarom stock options or a Frutarom restricted stock award provides a valid certificate, ruling or any other written instructions issued by the Israel Tax Authority regarding the withholding (or exemption from withholding) of Israeli tax from the consideration payable in respect thereof in accordance with the merger agreement (referred to as a valid tax certificate), then the deduction and withholding of any amounts under the ITO or any other provision of Israeli law or requirement, if any, from the consideration payable to such holder of record will be made only in accordance with the provisions of such valid tax certificate. To the extent amounts are so withheld, they will be paid over to the appropriate governmental authority prior to the last day on which such payment is required, and then such withheld amounts will be treated for all purposes of the merger agreement as having been paid to the person or entity in respect of which such deduction and withholding was made. To the extent any payor withholds any amounts, such payor will provide the affected person or entity, as soon as practicable (but no later than within thirty business days), with sufficient evidence regarding such withholding.

Notwithstanding the provisions in the immediately preceding paragraph, with respect to Israeli taxes, the consideration payable to each shareholder of Frutarom will be retained by IFF's exchange agent for the benefit of each such shareholder for a period of up to 180 days from closing (referred to as the withholding drop date) (during which time no payor will make any payments to any shareholder of Frutarom or withhold any amounts for Israeli taxes from the payments deliverable pursuant to the merger agreement). If no later than five business days prior to the withholding drop date a valid tax certificate is delivered to payor, then, with respect to the affected shareholders, the deduction and withholding of any Israeli taxes will be made only in accordance with the provisions of such valid tax certificate and the balance of the payment that is not withheld will be paid to such shareholders concurrently therewith subject to any non-Israeli withholding which is applicable to the payment (if any). If any shareholder of Frutarom (i) does not provide payor with or is not the subject of a valid tax certificate, by no later than five business days before the withholding drop date, or (ii) submits a written request with payor to release its portion of the consideration prior to the withholding drop date and fails to submit a valid tax certificate at or before such time, then the amount to be withheld from such shareholder's portion of the consideration will be calculated according to the applicable withholding rate as reasonably determined by IFF in accordance with applicable law (increased by interest plus linkage differences, as defined in Section 159A of the ITO, for the period between the 15th day of the calendar month following the month during which the closing occurs and the time the relevant payment is made, and calculated in NIS based on a US\$:NIS exchange rate not lower than the effective exchange rate at the closing) as reasonably determined by IFF and its exchange agent.

Representations and Warranties; Material Adverse Effect

The merger agreement contains a number of representations and warranties made by the parties thereto that are subject in some cases to exceptions and qualifications (including exceptions to the effect that there have not been, and would not reasonably be expected to be, a material adverse effect). See the definition of material adverse effect below.

The representations and warranties made by each party under the merger agreement relate to, among other things:

due organization, valid existence, good standing and qualification to do business;

capitalization;

corporate authorization of the merger agreement and the transactions contemplated by the merger agreement and the valid and binding nature of the merger agreement;

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required consents and approvals from governmental entities;

the absence of any conflicts or violations of organizational documents and other agreements or laws;

documents filed with securities authorities and securities exchanges and financial statements;

internal controls and disclosure controls and procedures relating to financial reporting;

the absence of certain changes or events;

conduct of their businesses in the ordinary course and the absence of a material adverse effect;

the absence of certain undisclosed liabilities;

the absence of certain legal proceedings, investigations and governmental orders;

possession of, and compliance with, permits necessary for the conduct of such party's business;

accuracy of information supplied or to be supplied in connection with this prospectus;

the absence of violations of anti-corruption laws; and

brokers and transaction-related fees and expenses.

The merger agreement also contains additional representations and warranties of Frutarom, relating to, among other things, the following:

ownership of subsidiaries;

the unanimous approval and recommendation by the Frutarom board of the merger agreement and the transactions contemplated by the merger agreement;

required approval from Frutarom shareholders;

employee benefit plans;

employment and labor matters;

tax matters;

material contracts and related party transactions;

vendors and customers;

intellectual property and information technology;

government grants;

real and personal property;

environmental matters;

export controls and import laws;

insurance policies;

product liability matters; and

applicability of anti-takeover statutes.

The merger agreement also contains additional representations and warranties by IFF and Merger Sub, relating to, among other things, sufficiency of IFF's funds in connection with the merger and IFF's debt financing commitments.

The representations and warranties of each of the parties to the merger agreement will expire upon the completion of the merger.

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Certain of the representations and warranties made by the parties are qualified as to knowledge, materiality or material adverse effect. For purposes of the merger agreement, material adverse effect, when used in reference to IFF or Frutarom, means any event, occurrence, effect, development or change that has a material adverse effect on the business, financial condition or results of operations of the referenced party and its subsidiaries, taken as a whole, except that, for purposes of the definition of material adverse effect, none of the following (or the results thereof) will constitute a material adverse effect or be taken into account in determining whether a material adverse effect has occurred or is reasonably expected to occur:

changes in general economic, financial market, regulatory, financial, political, geopolitical, credit or capital market conditions, including interest or exchange rates;

general changes or developments in any of the industries or markets or geographic regions in which the referenced party or any of its subsidiaries operate;

changes in any applicable laws or accounting regulations or principles or interpretations thereof;

acts of war (whether or not declared), hostilities, military actions or acts of terrorism, or any escalation or worsening of the foregoing, weather-related events, fires, natural disasters or any other acts of God;

any change in the price or trading volume of the referenced party's securities or other financial instruments or change in the referenced party's credit rating, in and of itself (except that the facts or occurrences giving rise to or contributing to such change that are not otherwise excluded from the definition of material adverse effect may constitute or be taken into account in determining whether a material adverse effect has occurred);

any failure, in and of itself, by the referenced party to meet its internal or published projections, plans or forecasts of its revenues, earnings or other financial performance or results of operations or any published analyst or other third-party estimates or expectations of the referenced party's revenue, earnings or other financial performance or results of operations for any period (except that the facts or occurrences giving rise to or contributing to such failure that are not otherwise excluded from the definition of material adverse effect may constitute or be taken into account in determining whether a material adverse effect has occurred);

any action taken or not taken as expressly required by the merger agreement (other than in performance of the referenced party's obligation to conduct its business and the business of its subsidiaries in the ordinary course of business in all material respects and to use commercially reasonable efforts to preserve its material assets and business organization and maintain its existing material business relationships) or at the express written request of, or with the express written consent of, the other party or its representatives; or

the identity of the other party or any of its affiliates, the execution of the merger agreement, the public announcement, pendency or completion of the merger or the other transactions contemplated by the merger agreement (including any effect on any of the referenced party's or any of its subsidiaries' relationships with their respective customers, suppliers, employees or other third parties), except with respect to any representation or warranty that is intended to address the consequences of the execution, delivery or performance of the merger agreement or the consummation of the transactions contemplated by the merger agreement;

provided that the exceptions in the first four bullets will not apply to the extent the events, occurrences, effects, developments or changes set forth in such bullets have a disproportionate impact on the referenced party and its subsidiaries, taken as a whole, relative to the other participants in the industries in which the referenced party and its subsidiaries operate, in which case only the extent of such disproportionate impacts (if any) will be taken into account when determining a material adverse effect.

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Covenants and Agreements

Conduct of Business

Each of IFF and Frutarom has agreed to certain covenants in the merger agreement restricting the conduct of its respective business between May 7, 2018 (the date of the merger agreement) and the earlier of the completion of the merger and the termination of the merger agreement.

Conduct of Business of Frutarom

In general, Frutarom has agreed that prior to the completion of the merger or the termination of the merger agreement in accordance with its terms, except as may be required by law, as may be consented to in writing by IFF (which consent will not be unreasonably withheld, delayed or conditioned), or as may be expressly contemplated or required by the merger agreement, it will and will cause its subsidiaries to:

conduct the business of Frutarom and its subsidiaries in the ordinary course of business in all material respects; and

to the extent consistent with the prior bullet, use commercially reasonable efforts to preserve its material assets and business organization and maintain its existing relationships with material customers, suppliers, distributors, regulators and business partners.

In addition, Frutarom has agreed that, prior to the completion of the merger or the termination of the merger agreement in accordance with its terms, except as may be required by law, as may be consented to in writing by IFF (which consent will not be unreasonably withheld, delayed or conditioned), or as may be expressly contemplated or required by the merger agreement, it will not and will cause its subsidiaries not to, directly or indirectly, subject to certain exceptions:

amend its articles of association or the equivalent organizational or governing documents of any of its subsidiaries (except, in the case the organizational or governing documents of any of Frutarom's subsidiaries, for amendments that would not be adverse in any material respect to IFF or Merger Sub and would not reasonably be expected to prevent, impede or delay the merger or the other transactions contemplated by the merger agreement);

split, reverse split, combine, subdivide, reclassify, redeem, repurchase or otherwise acquire any of Frutarom's capital stock or other equity or voting securities or any options, warrants, convertible securities or other rights to acquire any shares of Frutarom's capital stock or other equity or voting securities;

issue, sell, pledge, dispose of, encumber or grant any shares of Frutarom's or its subsidiaries' capital stock or other equity or voting securities or any options, warrants, convertible securities or other rights to acquire any shares of Frutarom's or its subsidiaries' capital stock or other equity or voting securities;

declare, set aside, authorize, make or pay any dividend or other distribution with respect to their capital stock or other equity interests, except for (i) the dividend contemplated under the section *Closing Dividend* below, (ii) the dividend declared by Frutarom before the date of the merger agreement with a payment date of May 6, 2018 and (iii) intercompany cash dividends and distributions paid by any of Frutarom's wholly owned subsidiaries to Frutarom or any of its other wholly owned subsidiaries;

except to the extent required under an existing employee compensation or benefit plan or agreement or labor agreement in effect on May 7, 2018:

enter into, amend, terminate, or accelerate rights under any employee compensation or benefit plan or agreement, except that they may enter into offer letters and employment agreements with newly hired employees in the ordinary course of business so long as such offer letters and agreements are pursuant to the standard form agreement used by them in the applicable jurisdiction and do not provide for any notice or severance pay in excess of amounts required under applicable law;

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grant or pay or commit to grant or pay any bonus or incentive award or payment;

increase or commit to increase the amount of the compensation or benefits of any of their employees, except for increases in base salaries or hourly rates of pay of employees in the ordinary course of business and consistent with past practice in an amount not to exceed, for all increases in the aggregate, 3% of the aggregate annual cost of base salaries and hourly rates of pay for all employees of Frutarom measured as of May 7, 2018;

accelerate the time of payment or funding of any amounts under, or increase the amount of funding required pursuant to, any employee compensation or benefit plan or agreement;

hire or make an offer to hire, or promote, any employee to the position of (i) Chief Executive Officer, or (ii) a position that directly reports to the Chief Executive Officer (each, a senior employee); or

terminate the employment of any senior employee other than for cause;

forgive any loans or advances to any officers, employees or directors or change existing borrowing or lending arrangements for any such persons pursuant to an employee benefit plan or otherwise, except in the ordinary course of business;

acquire (by any method) any person or entity, any division or segment of any person or entity or any assets of any third party comprising a business or a division or segment of a business (referred to as the acquisition covenant);

sell, dispose of, abandon, allow to lapse, lease, license, grant a lien (other than certain permitted liens) on or otherwise transfer or encumber any of their assets, business, properties or rights having a fair market value in excess of \$50 million in the aggregate, except for (i) sales in the ordinary course of business, (ii) certain intercompany transfers solely among Frutarom entities, (iii) the disposition of obsolete tangible assets or expired or stale inventory, (iv) any grant, amendment, extension, modification, or renewal in the ordinary course of business of leases, licenses or other similar grants of real property, or (v) non-exclusive licenses of intellectual property rights to customers or suppliers in the ordinary course of business;

pay or satisfy any indebtedness that has a material repayment cost, make whole amount or prepayment penalty, except (i) for certain intercompany indebtedness among Frutarom entities or (ii) as required by the terms of any contract existing as of May 7, 2018;

incur any indebtedness for borrowed money or issue or sell any debt securities (or options, warrants, calls or other rights to acquire any debt securities) except for (i) certain intercompany indebtedness among Frutarom entities, (ii) indebtedness under existing credit facilities or lines of credit or commercial paper program in

connection with ordinary course operations or to consummate an acquisition permitted by the terms of the merger agreement or (iii) indebtedness not exceeding \$50 million incurred in connection with acquisitions permitted under the acquisition covenant described above;

make any loans, advances or capital contributions to, or investments in, any other person or entity, except in the ordinary course of business;

enter into, terminate, materially amend or modify, renew (other than automatic renewals), or waive any material rights under, any material contract or material real property lease, except (i) in the ordinary course of business or (ii) to take any action permitted by Frutarom's conduct of business covenants in the merger agreement;

enter into, amend, modify or extend, in each case in any material respect, any labor agreement, except (i) as required by law or pursuant to an applicable contract in effect as of May 7, 2018 or (ii) where such actions are made in the ordinary course of business on terms that do not impose any additional material obligations;

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make any material change to its methods of financial accounting, except as required by IFRS or a governmental or quasi-governmental authority;

make any capital expenditures in an aggregate amount that exceeds 10% of certain specified budgeted amounts for specified periods;

cancel, abandon or allow to lapse any material intellectual property rights owned or purported to be owned by them;

(i) change any material aspect of its method of tax accounting; (ii) file any material amendment to a material tax return; (iii) settle or compromise any audit or proceeding with respect to material tax matters; (iv) agree to an extension or waiver of the statute of limitations with respect to material taxes; or (v) surrender any right to claim a material tax refund;

merge or consolidate with any person or entity or adopt a plan of complete or partial liquidation, dissolution, recapitalization or other reorganization, except (i) in connection with acquisitions permitted under the acquisition covenant described above or (ii) solely among wholly owned subsidiaries of Frutarom and so long as such transaction would not be adverse in any material respect to IFF or Merger Sub and would not reasonably be expected to prevent, impede or delay the consummation of the merger or the other transactions contemplated by the merger agreement;

release, assign or settle any legal proceeding, except for settlements that result solely in monetary obligations (without the admission of wrongdoing or a nolo contendere or similar plea, the imposition of injunctive or other equitable relief, or restrictions on the future activity or conduct on or by IFF, Frutarom or any of their respective subsidiaries) of an amount not greater than \$10 million in the aggregate;

voluntarily terminate or let lapse a material existing insurance policy covering Frutarom and its subsidiaries and their respective properties, assets and businesses, unless such insurance policy is substantially concurrently replaced by a policy underwritten by a reputable insurance company providing coverage at least substantially equal in all material respects;

announce, implement or effect any facility closing;

discontinue any material line of business; or

commit to, authorize or adopt any resolutions approving, or announce an intention to do, any of the foregoing.

Conduct of Business of IFF

In general, IFF has agreed that, prior to the completion of the merger or the termination of the merger agreement in accordance with its terms, except as may be required by law, as may be consented to in writing by Frutarom (which consent will not be unreasonably withheld, delayed or conditioned), or as may be expressly contemplated or required by the merger agreement, it will and will cause its subsidiaries to:

conduct the business of IFF and its subsidiaries in the ordinary course of business in all material respects;
and

to the extent consistent with the prior bullet, use commercially reasonable efforts to preserve its material assets and business organization and maintain its existing relationships with material customers, suppliers, distributors, regulators and business partners.

In addition, IFF has agreed that, prior to the completion of the merger or the termination of the merger agreement in accordance with its terms, except as may be required by law, as may be consented to in writing by Frutarom (which consent will not be unreasonably withheld, delayed or conditioned), or as may be expressly

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contemplated or required by the merger agreement, it will not, and will cause its subsidiaries not to, directly or indirectly, subject to certain exceptions:

amend IFF's and Merger Subsidiaries' certificate of incorporation, articles of association or by-laws, as applicable, in a manner that would be disproportionately (relative to other holders of IFF stock) adverse to Frutarom or Frutarom shareholders or would, or would reasonably be expected to, prevent, impede or delay the completion of the merger or the other transactions contemplated by the merger agreement;

split, reverse split, combine, subdivide, reclassify, redeem, repurchase or otherwise acquire IFF's capital stock or other equity or voting securities, or any options, warrants, convertible securities or other rights of any kind to acquire any shares of IFF's capital stock or other equity or voting securities;

issue, sell, pledge, dispose of, encumber or grant any shares of IFF common stock, or other equity or voting securities of IFF, or any options, warrants, convertible securities or other rights of any kind to acquire any IFF common stock or other equity or voting securities of IFF, in each case to the extent any such actions (either alone or together with any other transaction) would require, prior to the closing of the merger, a vote of the shareholders of IFF;

declare, set aside, authorize, make or pay any dividend or other distribution, payable in cash, stock, property or otherwise, with respect to IFF's or any of its subsidiaries' capital stock or other equity interests with a record date that is prior to the closing of the merger, except for (i) IFF's regular quarterly cash dividends, in amounts and with record and payment dates for such dividends consistent with past practice, and (ii) intercompany cash dividends or distributions paid by any of IFF's wholly owned subsidiaries to IFF or any of its other wholly owned subsidiaries;

merge or consolidate IFF with any person or entity (except, in certain circumstances, any wholly owned subsidiary of IFF so long as IFF is the surviving corporation) or adopt a plan of complete or partial liquidation, dissolution, recapitalization or other reorganization of IFF; or

commit to, authorize or adopt any resolutions approving, or announce an intention to do, any of the foregoing.

Shareholder Meeting and Board Recommendation

The merger agreement requires Frutarom to (1) as promptly as reasonably practicable following effectiveness of the registration statement of which this prospectus forms a part, set a record date for, duly call, give notice of, convene and hold a special meeting of its shareholders (together with any adjournment or postponement of the special meeting) for the purpose of seeking the approval of the merger proposal, (2) submit the merger proposal to its shareholders at such meeting and (3) not submit any other proposal in connection with such meeting without IFF's prior written consent, other than (a) a customary proposal regarding adjournment of the meeting and (b) proposals required or appropriate to approve compensation arrangements for officers, employees or affiliates of Frutarom as contemplated by the merger agreement. Frutarom is only entitled to adjourn or postpone the special meeting without IFF's consent

(not to be unreasonably withheld, conditioned or delayed) (1) after consultation with IFF, if adjournment or postponement is necessary to ensure any supplement or amendment to the proxy statement relating to the shareholder meeting is provided to shareholders within a reasonable amount of time in advance of the special meeting, or (2) to a date that is in the aggregate not more than 30 days following the originally scheduled date (or the date rescheduled per the prior clause) if there are not sufficient votes at such meeting to constitute a quorum or to obtain approval of the merger proposal, to allow reasonable additional time for solicitation of proxies.

If the Frutarom board has not made an adverse recommendation change (as defined below under *Adverse Recommendation Change; Certain Prohibited Actions*) pursuant to the terms of the merger agreement, the merger agreement requires that the Frutarom board (1) recommend that Frutarom shareholders approve the merger proposal, which is referred to as the *Frutarom board recommendation* , (2) include the Frutarom board recommendation in the proxy statement relating to the shareholder meeting and (3) use its reasonable best efforts

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to (a) solicit from its shareholders proxies in favor of the merger proposal, and (b) otherwise seek to obtain shareholder approval at the shareholder meeting.

Even if an adverse recommendation change has been made pursuant to the terms of the merger agreement, unless the merger agreement has been terminated in accordance with its terms, the obligations of the parties under the merger agreement will continue in full force and effect. Unless the merger agreement has been terminated in accordance with its terms, neither the commencement, public proposal, public disclosure or communication to Frutarom of any acquisition proposal (as defined below under *No Solicitation*), nor the making of any adverse recommendation change will affect the obligations of Frutarom to set a record date for, duly call, give notice of, convene and hold a special meeting of the shareholders in accordance with the terms of the merger agreement.

Appropriate Action; Consents; Filings

Each of IFF and Frutarom has agreed to cooperate with each other and use (and cause their respective subsidiaries to use) their respective reasonable best efforts to complete the transactions contemplated by the merger agreement and to cause the conditions to the completion of the merger to be satisfied as promptly as reasonably practicable, including, among other things, using reasonable best efforts to accomplish the following as promptly as reasonably practicable:

the obtaining of all actions or non-actions, consents, approvals, registrations, waivers, permits, authorizations, orders, expirations or terminations of waiting periods, and other confirmations from any governmental authority or other person or entity that are or may become necessary, proper or advisable in connection with the merger;

the defending of any lawsuits or other legal, administrative or other similar proceedings or actions, whether judicial or administrative, challenging the merger agreement or that would otherwise prevent or delay the completion of the merger in accordance with the terms of the merger agreement, including seeking to have any stay, temporary restraining order or injunction entered by any court or other governmental authority vacated or reversed; and

the execution and delivery of any additional instruments that are or may become reasonably necessary, proper or advisable to complete the transactions contemplated by the merger agreement.

Each of the parties to the merger agreement agreed to, in consultation and cooperation with the other parties and as promptly as practicable, but in no event later than as required by law, and in the case of the HSR Act, within 10 business days of the date of the merger agreement, make its respective notices, filings and applications under the HSR Act (which the parties filed on May 18, 2018) and any other applicable antitrust law. Neither IFF nor Frutarom will withdraw any such notices, filings or applications without the prior written consent of the other party.

Notwithstanding the foregoing, without the prior written consent of IFF (not to be unreasonably withheld, conditioned or delayed), Frutarom will not make any material payment to any third party in connection with seeking or obtaining its consent to the transactions contemplated by the merger agreement.

Each of the parties has agreed to (1) furnish to the other such necessary information and reasonable assistance as the other may request in connection with the preparation of any governmental filings, submissions or other documents; (2) give the other reasonable prior notice of any such filing, submission or other document and, to the extent reasonably practicable, of any communication with or from any governmental authority regarding the transactions

contemplated by the merger agreement, and permit the other to review (to the extent not prohibited by applicable law or by the applicable governmental authority) and discuss in advance, and consider in good faith the views, and secure the participation, of the other in connection with any such filing, submission, document or substantive communication; and (3) cooperate in responding as promptly as reasonably practicable to any investigation or other inquiry from a governmental authority or in connection with any legal, administrative or other similar proceeding or action initiated by a governmental authority or private party,

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including informing the other party as soon as practicable of any such investigation, inquiry or legal, administrative or other similar proceeding or action, and consulting in advance, to the extent practicable, before making any presentations or submissions to a governmental authority, or, in connection with any legal, administrative or other similar proceeding or action initiated by a private party, to any other person or entity.

Each of the parties has also agreed to give reasonable prior notice to and consult with the other in advance of any meeting, conference or substantive communication with any governmental authority, or, in connection with any legal or administrative or other similar proceeding or action by a private party, with any other person or entity, and to the extent not prohibited by applicable law or by the applicable governmental authority, not participate or attend any meeting or conference, or engage in any communication, with any governmental authority or such other person or entity in respect of the transactions contemplated by the merger agreement without offering the other party the possibility to participate, attend or engage in such meetings, conferences or communications, and in the event one party is prohibited from, or unable to participate, attend or engage in, any such meeting, conference or substantive communication, keep such party apprised with respect thereto.

To the extent not prohibited by applicable law or by the applicable governmental authority and subject to certain limitations (including with respect to sensitive information of a party), each party has agreed to furnish to the other copies of all filings, submissions, correspondence and communications between it and its subsidiaries and their respective representatives, on the one hand, and any governmental authority or members of any government authority staff (or any other person or entity in connection with any legal, administrative or other similar proceeding or action initiated by a private party), on the other hand, with respect to the transactions contemplated by the merger agreement.

Frutarom and IFF have agreed to jointly develop the strategy relating to the antitrust laws and consult and cooperate with one another, and consider in good faith the views of one another, regarding the form and content of any analyses, appearances, presentations, memoranda, briefs, arguments, opinions and proposals made or submitted by or on behalf of either party in connection with proceedings under or relating to any antitrust law prior to their submission, provided that, subject to its consultation obligations with respect to Frutarom, IFF will ultimately control, and have final decision-making authority with respect to, the parties' strategy relating to the antitrust laws.

IFF has agreed to, and has agreed to cause each of its subsidiaries to, take any and all actions necessary to obtain each consent required under or in connection with any applicable antitrust law, and to enable all waiting periods under any applicable antitrust law to expire or terminate, and to avoid or eliminate each and every impediment under any applicable antitrust law that may be asserted by any governmental authority so as to enable the consummation of the merger as promptly as practicable, and in any event prior to February 7, 2019, including at IFF's sole cost (i) comply with all restrictions and conditions, if any, imposed or requested by any governmental authority with respect to antitrust laws in connection with granting any necessary clearance or terminating any applicable waiting period, including (A) agreeing to sell, divest, hold separate, license, cause a third party to acquire, or dispose of, otherwise encumber or impair or take any other action with respect to any subsidiary, operations, divisions, businesses, product lines, customers, assets or properties of IFF, its affiliates, Frutarom or its subsidiaries contemporaneously with or after the closing and regardless as to whether a third party has been identified or approved prior to the closing, (B) taking or committing to take such other actions that may limit or otherwise affect IFF's, its subsidiaries', Frutarom's or its subsidiaries' freedom of action with respect to, or its ability to retain, one or more of its operations, divisions, businesses, product lines, customers, assets or properties and (C) entering into any order, consent decree or other agreement to effectuate any of the foregoing and (ii) oppose fully and vigorously any request for, the entry of, and seek to have vacated or terminated, any order of any governmental authority with respect to antitrust laws that could restrain, prevent or delay the closing, including by defending through litigation (including by retaining all appropriate expert witnesses and consultants) any action asserted by any person or entity in any court or before any governmental authority with respect to antitrust laws and by exhausting all avenues of appeal, including appealing properly any

adverse decision or order by any governmental authority with respect to antitrust laws.

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Notwithstanding the preceding paragraph, IFF will not be required to take, or agree to take, any of the actions contemplated by the foregoing paragraph with respect to IFF, the surviving company or any of their respective subsidiaries if any such actions would, individually or in the aggregate, reasonably be expected to be material and adverse to IFF, the surviving company and their respective subsidiaries (but measured on a scale relative to Frutarom and its subsidiaries, taken as a whole), and Frutarom will neither agree nor permit any of its subsidiaries to agree without the prior written consent of IFF to take any such actions (provided that, if IFF so directs, Frutarom will agree, so long as such agreement or action is conditioned upon the closing). Nothing in the foregoing paragraph and this paragraph will require either IFF or Frutarom to effectuate or agree to effectuate any of the transactions or restrictions contemplated by the foregoing paragraph and this paragraph unless such transactions or restrictions are conditioned upon the closing.

Each of Frutarom and IFF have agreed that, between the date of the merger agreement and the earlier of the completion of the merger and the termination of the merger agreement in accordance with its terms, it will not, and will ensure that none of its subsidiaries will, consummate, enter into any agreement providing for, or announce, any investment, acquisition, divestiture or other business combination that would reasonably be expected to materially impede, materially delay or prevent or adversely affect (i) the obtaining of any consent of any governmental authority or expiration or termination of any applicable waiting period necessary to consummate the transactions contemplated by the merger agreement or (ii) the consummation of the transactions contemplated by the merger agreement.

No Solicitation

Frutarom has agreed between May 7, 2018 and the earlier of the completion of the merger and the termination of the merger agreement:

that it will, and will cause its subsidiaries, and its and their respective officers and directors to, immediately cease, and will instruct and use reasonable best efforts to cause its and their respective other representatives to immediately cease, all existing discussions, negotiations and communications with any person or entity with respect to any acquisition proposal, which term refers to a proposal or offer from any person or entity (other than IFF, Merger Sub or their respective subsidiaries or representatives) providing for any (1) merger, consolidation, share exchange, business combination, recapitalization or similar transaction involving Frutarom, pursuant to which any such person or entity (including such person's or entity's direct or indirect shareholders immediately prior to such transaction) would own or control, directly or indirectly, 20% or more of the voting power of Frutarom immediately following such transaction, (2) sale or other disposition, directly or indirectly, of assets of Frutarom (including the capital stock or other equity interests of any of its subsidiaries) and/or any subsidiary of Frutarom representing 20% or more of the consolidated assets, revenues or net income of Frutarom and its subsidiaries, taken as a whole, (3) issuance or sale or other disposition of capital stock or other equity interests representing 20% or more of the voting power of Frutarom, (4) tender offer, exchange offer or any other transaction or series of transactions in which any person or entity would acquire, directly or indirectly, beneficial ownership of capital stock or other equity interests representing 20% or more of the voting power of Frutarom or (5) any related combination of the foregoing;

that it will not, and will cause its subsidiaries and its and their respective officers and directors not to, and will instruct and use its reasonable best efforts to cause its other representatives not to, directly or indirectly (1) initiate, seek, solicit, knowingly facilitate, or knowingly encourage the making or submission of an

acquisition proposal, (2) enter into or engage in any negotiations or discussions with, or provide any non-public information to, or afford access to the business, properties, assets, books or records of Frutarom or any of its subsidiaries to, any person or entity (other than IFF or any of its representatives) relating to or for the purpose of encouraging or facilitating an acquisition proposal (other than to state that the terms of the merger agreement prohibit such discussions) or (3) grant any waiver or release under any standstill or similar agreement (unless the Frutarom board determines in

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good faith that the failure to grant such waiver or release would be inconsistent with its fiduciary duties under Israeli law, in which case Frutarom may waive any such standstill provision in order to permit a third party to make and pursue an acquisition proposal);

it will not provide any third party access, and will terminate access of any third party who has made or indicated an interest in making an acquisition proposal, to any data room containing any nonpublic information of Frutarom or any of its subsidiaries; and

it will demand the return or destruction of all confidential, non-public information and materials that have been provided to third parties that have entered into confidentiality agreements relating to a possible acquisition proposal with Frutarom or any of its subsidiaries.

Notwithstanding the foregoing, prior to obtaining the Frutarom shareholder approval (and in no event after receipt of shareholder approval), if Frutarom receives a bona fide acquisition proposal from a third party made after the date of the merger agreement that did not result from a material breach of the foregoing, then Frutarom may:

contact the person or entity or any of its representatives who has made such acquisition proposal solely to clarify the terms of such acquisition proposal so that the Frutarom board (or any committee thereof) may inform itself about such acquisition proposal;

afford access to or furnish information concerning itself and its business, properties or assets or provide access to a data room to such person or entity or any of the representatives of the person or entity who has made such acquisition proposal pursuant to a confidentiality agreement with confidentiality terms that, taken as a whole, are not materially less favorable to Frutarom than those contained in the confidentiality agreement, dated as of March 15, 2018, between IFF and Frutarom, as amended from time to time; and

negotiate and participate in discussions and negotiations with such person or entity or any of its representatives concerning such acquisition proposal if, in the case of the circumstances described in the immediately preceding part of this bullet and the prior bullet point, the Frutarom board determines in good faith, after consultation with its outside financial advisor and outside legal counsel, that such acquisition proposal constitutes or is reasonably likely to constitute or result in a superior proposal, which term refers to a bona fide written acquisition proposal (except that references to 20% in the definition of acquisition proposal are replaced with references to 50%) that the Frutarom board determines in good faith would result in a transaction (1) that, if completed, is more favorable to Frutarom shareholders from a financial point of view than the merger (taking into account at the time of determination all relevant circumstances the Frutarom board deems proper, including the various legal, financial and regulatory aspects of such proposal, all the terms and conditions of such proposal (including any termination or break-up fees, expense reimbursement provisions and any conditions, potential time delays or other risks to consummation) and the merger agreement, and any changes to the terms of the merger agreement irrevocably offered by IFF in writing in response to such acquisition proposal), and (2) that is reasonably capable of being completed on the terms proposed, taking into account the identity of the person or entity making the acquisition proposal, any approval requirements and all other financial, regulatory, legal and other aspects of such proposal.

Frutarom is required to (1) promptly (and in any case within 48 hours) provide IFF notice (a) of the receipt by Frutarom (or any of its representatives) of any acquisition proposal, which notice will include a complete, unredacted copy of all written proposals, draft agreements relating to, and/or other written materials that describe any such acquisition proposal and (b) of any inquiries, proposals or offers by third parties received by, any requests by third parties for non-public information from, or any discussions or negotiations initiated or continued (or sought to be initiated or continued) by third parties with, Frutarom or any of its representatives concerning an acquisition proposal, and disclose the material terms of such offer, proposal or request (2) make available to IFF, substantially concurrently with the time it is provided or made available to such party, all

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material non-public information, including copies of all material written materials, made available by Frutarom to the proposing party but not previously made available to IFF and (3) keep IFF informed on a reasonably prompt basis of the status and material events (including amendments and proposed amendments to any material terms) regarding any such acquisition proposal or other inquiry, offer, proposal or request, and to provide to IFF unredacted copies of any additional or revised written proposals or draft agreements relating to such acquisition proposal or other inquiry, offer, proposal or request. Frutarom and its subsidiaries has agreed not to enter into any agreement with any person or entity that prohibits Frutarom from providing any information to IFF in accordance with the foregoing provisions.

Adverse Recommendation Change; Certain Prohibited Actions

Except as permitted by the merger agreement (as described below) in the case of a superior proposal or an intervening event (as defined below), the Frutarom has agreed that the Frutarom board will not (1) withdraw, qualify or modify, or publicly propose to withdraw, qualify or modify the Frutarom board recommendation, in each case in a manner adverse to IFF or Merger Sub, (2) fail to include the Frutarom board recommendation in the proxy statement relating to the shareholder meeting, (3) publicly recommend or declare advisable any acquisition proposal, or (4) adopt, authorize or approve any letter of intent, memorandum of understanding, merger agreement, acquisition agreement, option agreement, joint venture agreement, partnership agreement or other similar agreement providing for any acquisition proposal (other than a confidentiality agreement permitted as described above in *No Solicitation*) (any action described in the foregoing clauses (1) through (4) of this paragraph being referred to as an *adverse recommendation change*).

Superior Proposal

Subject to the non-solicitation obligations described above and the obligations further described in this paragraph, if, prior to receipt of the Frutarom shareholder approval (and in no event after receipt of the Frutarom shareholder approval), the Frutarom board receives an acquisition proposal that did not result from a material breach of its non-solicitation obligations and that it determines in good faith, after consultation with its outside financial advisor and outside legal counsel, constitutes a superior proposal, the Frutarom board may (1) effect an adverse recommendation change or (2) terminate the merger agreement pursuant to the termination provisions as described below in order to enter into a definitive agreement providing for such superior proposal if, in each case, (a) the Frutarom board determines in good faith, after consultation with its outside legal counsel, that the failure to take such action would be inconsistent with its fiduciary duties under Israeli law, (b) Frutarom has notified IFF in writing at least four business days before taking such action that it intends to effect an adverse recommendation change or terminate the merger agreement pursuant to the termination provisions as described below, (c) Frutarom's notice delivered pursuant to the foregoing clause (b) attaches the proposed definitive agreement or the most current version of any proposed agreement between Frutarom and the person or entity making such superior proposal, if any, or a reasonably detailed summary of all material terms of such superior proposal and the identity of the offeror, if no such agreement exists, (d) for a period of four business days following the notice delivered pursuant to clause (b) above, Frutarom and Frutarom's relevant representatives will have discussed and negotiated in good faith (to the extent IFF desires to negotiate) with IFF and IFF's relevant representatives any proposed modifications to the terms and conditions of the merger agreement in response to such superior proposal and (e) no earlier than at the end of such negotiation period, the Frutarom board will have determined in good faith, after consultation with its outside financial advisor and outside legal counsel, and after taking into account any proposal by IFF to amend or modify the terms of the merger agreement irrevocably offered by IFF in writing, that the acquisition proposal that is the subject of the notice described in clause (b) above still constitutes a superior proposal. Each of Frutarom and IFF has agreed that in the event of any amendment to the financial terms or other material terms of any such superior proposal, a new written notification from Frutarom consistent with that described in the above clause (b) of this paragraph will be required and a new notice period under such clause (b) will commence, during which notice period Frutarom will be required to

comply with the requirements of this paragraph anew, except that such new notice period will be for two business days, as opposed to four business days.

Table of Contents***Intervening Event***

Subject to the non-solicitation obligations described above and the obligations further described in this paragraph, other than in connection with a superior proposal and prior to the Frutarom shareholder approval (and in no event after receipt of the Frutarom shareholder approval), the Frutarom board may, in response to or as a result of an intervening event, withdraw, qualify, or modify, or publicly propose to withdraw, qualify or modify, the Frutarom board recommendation or not include the Frutarom board recommendation in the proxy statement relating to the shareholder meeting if (1) the Frutarom board determines in good faith, after consultation with its outside legal counsel, that the failure to take such action would be inconsistent with its fiduciary duties under Israeli law, (2) Frutarom has notified IFF in writing that it intends to effect such adverse recommendation change (which notice will specify the facts and circumstances providing the basis of the intervening event in reasonable detail), (3) for a period of four business days following the notice delivered pursuant to clause (2) above, Frutarom and Frutarom's relevant representatives will have discussed and negotiated in good faith (to the extent IFF desires to negotiate) with IFF and IFF's relevant representatives any proposed modifications to the terms and conditions of the merger agreement and (4) no earlier than at the end of such negotiation period, the Frutarom board will have determined in good faith, after consultation with its outside legal counsel, and after taking into account any proposal by IFF to amend or modify the terms of the merger agreement irrevocably offered by IFF in writing, that the failure to take such action would still be inconsistent with its fiduciary duties under Israeli law. In the merger agreement, an *intervening event* is defined as any event, occurrence or circumstance that was not known or reasonably foreseeable (or if known or reasonably foreseeable, the consequences of which were not known or reasonably foreseeable) to the Frutarom board or the Chief Executive Officer of Frutarom on May 7, 2018, and becomes known to the Frutarom board prior to shareholder approval, except that no acquisition proposal will constitute an intervening event.

Subject to Frutarom's obligations with respect to the Frutarom board recommendation, as summarized in the section above, its obligations with respect to effecting an adverse recommendation change as summarized above, and its obligations with respect to publicity related to the transactions contemplated by the merger agreement, nothing in the merger agreement prohibits Frutarom or the Frutarom board from (1) disclosing to its shareholders a position or opinion contemplated by Section 329 of the ICL or from issuing a *stop, look and listen* or similar statement to its shareholders or (2) making any disclosure to its shareholders if the Frutarom board determines in good faith, after consultation with its outside legal counsel, that its failure to make such disclosure would be inconsistent with its fiduciary duties under Israeli law or would reasonably likely conflict with or violate any applicable law or the rules or requirements of the TASE or the LSE, provided that Frutarom's obligations with respect to an adverse recommendation change will not be affected or modified by the foregoing in this paragraph. Any such disclosure (other than issuance by Frutarom of a *stop, look and listen* or similar communication of the type contemplated by Rule 14d-9(f) under the Exchange Act or by the ICL) that addresses or relates to the approval, recommendation or declaration of advisability by the Frutarom board with respect to the merger agreement or an acquisition proposal will be deemed to be an adverse recommendation change unless the Frutarom board, in connection with such communication, publicly states that Frutarom board's recommendation with respect to the merger agreement has not changed.

Employee Benefits Matters

Except where applicable law or the provisions of a labor agreement require more favorable treatment, during the one-year period following the completion of the merger, IFF or one of its subsidiaries will provide to each employee of Frutarom or any of its subsidiaries as of immediately prior to the completion of the merger (which employees are referred to as *covered employees*) with the following, for so long as each such covered employee remains employed by IFF or any of its subsidiaries: (i) a base salary or wage rate at least equal to the base salary or wage rate of such covered employee immediately prior to the completion of the merger; (ii) annual or other short-term cash incentive

compensation opportunities at least equal to the annual or other short-term cash incentive compensation opportunities of such covered employee immediately prior to the completion of the merger; (iii) equity or equity-based incentive compensation opportunities at least equal to the equity or equity-

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based incentive compensation opportunities of such covered employee immediately prior to the completion of the merger; and (iv) employee benefits (excluding equity and equity-based compensation, retention benefits and change in control benefits) that are substantially comparable in the aggregate to the employee benefits provided by Frutarom or its subsidiaries to such covered employees immediately prior to the completion of the merger.

If any covered employee first becomes eligible to participate under any employee benefit plan or compensation plan maintained by IFF or any of its subsidiaries (referred to as an IFF benefit plan) following the completion of the merger, IFF will, or will cause its subsidiaries to, use commercially reasonable efforts to (1) waive any preexisting condition exclusions and waiting periods with respect to participation and coverage requirements applicable to any covered employee under any IFF benefit plan providing medical, dental or vision benefits to the same extent such limitation would have been waived or satisfied under any similar employee benefit plan or compensation plan of Frutarom or any of its subsidiaries (referred to as a Frutarom benefit plan) that the covered employee participated in immediately prior to coverage under the IFF benefit plan and (2) provide each covered employee with credit for any co-payments, out-of-pocket requirements and deductibles paid prior to the covered employee's coverage under any IFF benefit plan during the plan year in which such covered employee first becomes eligible to participate under such IFF benefit plan, to the same extent such credit was given under any similar Frutarom benefit plan that covered employee participated in immediately prior to coverage under the IFF benefit plan, in satisfying any applicable co-payment, deductible or out-of-pocket requirements under the IFF benefit plan for the plan year in which such covered employee first becomes eligible to participate under such IFF benefit plan.

As of the completion of the merger, IFF will recognize, or cause its subsidiaries to recognize, all service of each covered employee prior to the completion of the merger, to Frutarom and its subsidiaries (or any predecessor entities of Frutarom or any of its subsidiaries) for purposes of vesting, eligibility and, solely in respect of vacation and severance entitlements, benefit accrual under any IFF benefit plan established or maintained for the benefit of covered employees, in each case, to the same extent such service was recognized immediately before the completion of the merger under a comparable Frutarom benefit plan in which such covered employee was eligible to participate immediately prior to the completion of the merger, except that (i) such service will not be recognized with respect to any IFF benefit plan that provides defined benefit pension benefits or retiree welfare benefits and (ii) such recognition of service will not apply for purposes of any IFF benefit plan under which similarly situated employees of IFF or its subsidiaries do not receive credit for prior service or that is grandfathered or frozen, either with respect to level of benefits or participation. In no event will there be any duplication of benefits for the same period of service.

If the merger closes before the payment of annual bonuses for 2018:

to the extent that a covered employee (other than any covered employee who is employed at Frutarom's headquarters or is an office holder of Frutarom (as such term is defined in the ICL)) who participates as of immediately prior to the closing in a Frutarom benefit plan that is an annual bonus plan (referred to as a Frutarom bonus plan) remains employed through December 31, 2018, IFF will cause Frutarom to pay such covered employee an annual bonus for such year based on the actual level of achievement of the applicable performance goals in accordance with the terms and conditions of the applicable annual bonus plan at the time that annual bonuses are payable in the ordinary course consistent with past practice;

to the extent that a covered employee who is employed at Frutarom's headquarters or is an office holder of Frutarom (as such term is defined in the ICL) remains employed through December 31, 2018, IFF will cause Frutarom to pay such covered employee a certain specified annual bonus for such year; and

if an applicable covered employee's employment with Frutarom and its subsidiaries is terminated by Frutarom and its subsidiaries without cause on or after the closing and prior to December 31, 2018, such covered employee will receive a prorated bonus payment within 30 days following the date on

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which bonuses are paid to active employees under the Frutarom bonus plan (A) if such covered employee is not employed at Frutarom's headquarters and is not an office holder of Frutarom (as defined in the ICL), equal to the product of (x) the full annual bonus for the year of termination based on the actual level of achievement of the applicable performance goals, *multiplied* by (y) a fraction, the numerator of which is the number of days between January 1, 2018 and the date of such termination of employment and the denominator of which is the total number of days in calendar year 2018 (referred to as the proration fraction), or (B) if such covered employee is employed at Frutarom's headquarters or is an office holder of Frutarom (as defined in the ICL), equal to the product of (x) the full annual bonus for the year of termination to which such covered employee would have been entitled, *multiplied* by (y) the proration fraction.

If the closing of the merger has not occurred by September 30, 2018, then on, or within three business days following, October 1, 2018, Frutarom will, in the ordinary course of business and consistent with past practice, grant Frutarom stock options to the executives of Frutarom who are scheduled to receive such Frutarom stock options in payment of the second half of their equity-based bonus in respect of 2017 (such Frutarom stock options are referred to as the deferred bonus options). If the closing of the merger occurs on or prior to September 30, 2018, then on, or within three business days following, October 1, 2018, IFF will pay to each executive of Frutarom who is scheduled to receive deferred bonus options the cash equivalent of the deferred bonus options that such executive would have received absent the closing of the merger.

If requested by IFF in a writing delivered to Frutarom not less than 10 business days prior to the closing of the merger, Frutarom and its subsidiaries will adopt, or cause to be adopted, resolutions (in form and substance approved by IFF) and will take such other corporate action as is necessary to terminate each 401(k) plan of Frutarom and its subsidiaries specified by IFF, effective as of immediately prior to the closing. In the event that IFF requests that any Frutarom 401(k) plan be terminated, (i) prior to the closing and thereafter (as applicable), IFF will take any and all action as may be required, including amendments to each applicable 401(k) plan sponsored or maintained by IFF or one of its subsidiaries, to permit each applicable covered employee to make rollover contributions of eligible rollover distributions (within the meaning of Section 401(a)(31) of the Code, including of loans) in cash or notes (in the case of loans) in an amount equal to the eligible rollover distribution portion of the account balance distributable to such covered employee from the applicable Frutarom 401(k) plan to the corresponding IFF 401(k) plan, and (ii) the covered employees who were eligible to participate in any Frutarom 401(k) plan as of immediately prior to the completion of the merger shall be eligible to participate, effective as of the completion of the merger, in the applicable IFF 401(k) plan.

Financing and Financing Cooperation

IFF's obligation to complete the merger is not conditioned upon its obtaining financing. IFF will use its reasonable best efforts to take, or cause to be taken, all actions, and to do, or cause to be done, all things necessary, advisable or proper to complete financing of the merger. IFF has agreed to keep Frutarom reasonably informed on a reasonably current basis of the status of IFF's efforts to obtain financing. Frutarom will, and will cause its subsidiaries to, and will use its reasonable efforts to cause their respective representatives to provide, all customary cooperation as is reasonably requested by IFF in connection with the arrangement of the financing for the merger.

Tax Rulings

Frutarom has filed requests for three tax rulings from the ITA with respect to (i) withholding tax in Israel, regarding the cash consideration paid to Frutarom shareholders; (ii) a deferral of capital gains tax with respect to Frutarom shareholders which hold less than 5% of Frutarom's issued and outstanding shares through the Nominee Company and Frutarom shareholders which hold less than 5% of Frutarom's issued and outstanding shares directly and not through the Nominee Company, regarding the stock consideration; and (iii) the Israeli tax treatment applicable to holders of

Frutarom options and shares issued to certain directors and employees under

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Section 102 of the ITO (confirming that the cancellation and exchange of the 102 options, in consideration for the applicable merger consideration in respect of each net share subject to each such option, will not be regarded as a violation of the requisite holding period (as such term is defined in Section 102 of the ITO) so long as such merger consideration is deposited with the 102 Trustee until the end of the respective requisite holding period and other conditions are met; such ruling is referred to as the options tax ruling).

Each of Frutarom and IFF will cause their respective Israeli counsel, advisors and accountants to coordinate all material activities, and to cooperate with each other, with respect to the preparation and filing of such application and in the preparation of any written or oral submissions that may be necessary, proper or advisable to obtain the tax rulings described above. The final text of such tax rulings will be subject to the prior written confirmation of IFF or its counsel, which consent will not be unreasonably withheld, conditioned or delayed. Subject to the terms and conditions hereof, Frutarom will use reasonable best efforts to promptly take, or cause to be taken, all actions and to do, or cause to be done, all things necessary, proper or advisable under applicable laws to obtain such tax rulings, as promptly as practicable.

For more information regarding such tax rulings, see the see *The Merger Certain Israeli Tax Consequences of the Merger* beginning on page 78. In the event that any of the tax ruling has not been received in accordance with the terms of this section *Tax Rulings* , IFF may make such payments and withhold any applicable taxes as described above in the section *Conversion of Shares; Payment Procedures; Withholding* .

Directors and Officers Indemnification and Insurance

The parties have agreed that all rights, existing at the time of the merger agreement, to indemnification and exculpation from liabilities (including advancement of expenses) for acts or omissions occurring at or prior to the completion of the merger, in favor of the current or former directors, officers or employees (in the case of employees, only such persons who are covered by Frutarom s existing policies of directors and officers liability insurance and fiduciary liability insurance as of May 7, 2018) of Frutarom (which persons are referred to as the D&O indemnified parties) as provided in the articles of association of Frutarom or in any indemnification contract between such person and Frutarom will survive the merger and will continue in full force and effect.

For seven years after the completion of the merger (or until the final resolution of any claim made for indemnification within such seven-year period), IFF will cause the surviving company to maintain in effect the exculpation, indemnification and advancement of expenses equivalent to the provisions of the articles of association of Frutarom as in effect immediately prior to the completion of the merger with respect to acts or omissions occurring prior to the completion of the merger and will not amend, repeal or otherwise modify any such provisions in any manner that would adversely affect the rights thereunder of any of the D&O indemnified parties.

Notwithstanding anything to the contrary set forth in the merger agreement, without the prior express written consent of the applicable D&O indemnified party, neither IFF nor any of its subsidiaries will settle or otherwise compromise or consent to the entry of any judgment or otherwise seek termination with respect to any claim, proceeding, investigation or inquiry for which indemnification is sought by a D&O indemnified party under or as contemplated by the merger agreement unless such settlement, compromise, consent or termination does not include any admission of wrongdoing by such D&O indemnified party and includes an unconditional release of such D&O indemnified party from all liability arising out of such claim, proceeding, investigation or inquiry.

Prior to the completion of the merger, Frutarom will (or, if Frutarom is unable to, after the completion of the merger, IFF will cause the surviving company to) purchase a seven-year prepaid tail policy, with terms, conditions, retentions and limits of liability that are no less favorable than the coverage provided under Frutarom existing policies of

directors and officers liability insurance and fiduciary liability insurance, with respect to matters arising on or before the completion of the merger (including in connection with the merger agreement

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and the transactions or actions contemplated by the merger agreement), and the surviving company and IFF will cause such policy to be maintained in full force and effect, for its full term and cause its obligations thereunder to be honored; provided that such tail policy will be consistent in all material respects with the terms set forth in Frutarom's compensation policy adopted in accordance with the ICL and that Frutarom will not pay, and the surviving company will not be required to pay, to secure such tail policy in excess of 700% of the last annual premium paid by Frutarom prior to the date of the merger agreement in respect of such existing policies of directors' and officers' liability insurance and fiduciary liability insurance, but in such case will purchase as much coverage as reasonably practicable for such amount. If Frutarom or the surviving company for any reason fails to obtain such tail insurance policies prior to, as of or after the completion of the merger, IFF will, for seven years from the completion of the merger, cause the surviving company to maintain in effect the current policies of directors' and officers' liability insurance and fiduciary liability insurance maintained by Frutarom with respect to matters arising on or before the completion of the merger, provided that after the completion of the merger, IFF will not be required to pay annual premiums in excess of 350% of the last annual premium paid by Frutarom prior to the date of the merger agreement in respect of such coverage, but in such case IFF will continue to maintain as much coverage as reasonably practicable for such amount.

Closing Dividend

Prior to the completion of the merger, Frutarom shall declare a dividend to its shareholders in an amount per Frutarom ordinary share equal to the product of (a) the aggregate amount of cash dividends declared per share of IFF common stock with a record date occurring on or after May 7, 2018 and prior to the completion of the merger, multiplied by (b) 0.2490. The record date for such dividend, which may be conditioned upon the completion of the merger, will be the close of business on the last business day prior to the completion of the merger and the payment date for such dividend will be three business days after the completion of the merger.

Other Covenants and Agreements

The merger agreement contains additional covenants and agreements relating to, among other matters:

consultation and consent rights regarding any press releases or other public statements with respect to the merger agreement, the merger, or the other transactions contemplated by the merger agreement;

certain additional employee and employee benefit matters;

the conduct of Merger Sub;

certain reporting requirements under Section 16(a) of the Exchange Act;

the treatment and payoff of certain outstanding indebtedness;

submission of the merger proposal to the Companies Registrar, and certain related actions;

the approval for the listing of IFF common stock on the TASE and the approval for the listing of the IFF common stock to be issued in connection with the merger on the TASE and the NYSE;

the delisting of Frutarom ordinary shares from the TASE;

eliminating any applicability of state takeover laws;

notice, cooperation and coordination relating to transaction-related litigation, if any;

resignations of Frutarom directors; and

notification of the occurrence or non-occurrence of certain events.

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Conditions to the Merger

Conditions to the Obligations of the Parties to Complete the Merger

The obligations of each of IFF, Merger Sub and Frutarom to complete the merger are subject to the satisfaction or (to the extent permitted by law) waiver of the following conditions:

Frutarom having obtained the Frutarom shareholder approval;

the shares of IFF common stock to be issued in connection with the merger having been approved for listing on the NYSE, subject to official notice of issuance;

the registration statement on Form S-4, of which this prospectus forms a part, having become effective under the Securities Act, and not being the subject of any stop order;

any applicable waiting period (and any extension thereof) under the HSR Act relating to the completion of the merger having expired or early termination thereof having been granted, and any authorization or consent from a governmental authority required to be obtained with respect to the merger under any antitrust laws in the European Union, the State of Israel, the Russian Federation, the Republic of Turkey, Ukraine, the Republic of South Africa and the United Mexican States having been obtained or granted;

50 days having elapsed after the filing of the merger proposal with the Companies Registrar and 30 days having elapsed after the Frutarom shareholder approval; and

no governmental authority of competent jurisdiction having issued or entered any order or promulgated or enacted any law after the date of the merger agreement having the effect of enjoining or otherwise prohibiting the completion of the merger.

Conditions to the Obligations of Each of IFF and Merger Sub to Complete the Merger

In addition, the obligations of each of IFF and Merger Sub to complete the merger are subject to the satisfaction or waiver of the following conditions:

the representations and warranties of Frutarom set forth in the merger agreement with respect to (1)(a) certain matters relating to capitalization and outstanding equity awards and (b) the non-occurrence of a material adverse effect on Frutarom since December 31, 2017 being true and correct in all respects (other than *de minimis* inaccuracies with respect to the foregoing clause (1)(a)) and (2) authorization and issuance of Frutarom common stock, the corporate power and authority of Frutarom, approvals of the Frutarom board with respect to the merger agreement, required shareholder approval of the merger proposal, the inapplicability of

anti-takeover laws, brokers and financial advisor matters being true and correct (without giving effect to qualifications with respect to materiality or material adverse effects on Frutarom) in all material respects, in each case of clauses (1) and (2), as of the closing date of the merger (or, in the case of representations and warranties made as of a specific date, as of such date), such representations and warranties listed in clauses (1) and (2) being referred to as the Frutarom specified representations ;

all other representations and warranties of Frutarom set forth in the merger agreement (other than the Frutarom specified representations) being true and correct (without giving effect to qualifications in such representations and warranties with respect to materiality or material adverse effect on Frutarom) as of the closing date of the merger (or, in the case of representations and warranties made as of a specific date, as of such date), except where failure to be true and correct, individually or in the aggregate, has not had and would not reasonably be expected to have a material adverse effect on Frutarom;

Frutarom having performed or complied in all material respects with its obligations under the merger agreement required to be performed or complied with on or prior to the closing of the merger; and

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IFF having received a certificate from an executive officer of Frutarom certifying, on behalf of Frutarom, that the above conditions have been satisfied.

Conditions to the Obligation of Frutarom to Complete the Merger

In addition, the obligation of Frutarom to complete the merger is subject to the satisfaction or waiver of the following conditions:

the representations and warranties of IFF and Merger Sub set forth in the merger agreement with respect to (1)(a) certain matters relating to capitalization and outstanding equity awards and (b) the non-occurrence of a material adverse effect on IFF since December 31, 2017 being true and correct in all respects (other than *de minimis* inaccuracies with respect to the foregoing clause (1)(a)) and (2) the authorization and issuance of IFF common stock, corporate authorization of the merger agreement, approvals of the IFF and Merger Sub boards of directors with respect to the merger agreement, no requirement for shareholder approval of the merger agreement and brokers being true and correct (without giving effect to qualifications with respect to materiality or material adverse effects on IFF) in all material respects, in each case of clauses (1) and (2), as of the closing date of the merger (or, in the case of representations and warranties made as of a specific date, as of such date), such representations and warranties listed in clauses (1) and (2) being referred to as the IFF specified representations ;

all other representations and warranties of IFF and Merger Sub set forth in the merger agreement (other than the IFF specified representations), without giving effect to qualifications in such representations and warranties with respect to materiality or material adverse effect on IFF, being true and correct as of the closing date of the merger (or, in the case of representations and warranties made as of a specific date, as of such date), except where failure to be true and correct, individually or in the aggregate, has not had and would not reasonably be expected to have a material adverse effect on IFF;

IFF and Merger Sub having performed or complied in all material respects with each of their respective obligations required under the merger agreement to be performed or complied with on or prior to the closing of the merger; and

Frutarom having received a certificate from an executive officer of IFF certifying, on behalf of IFF, that the above conditions have been satisfied.

Termination

The merger agreement may be terminated at any time prior to the completion of the merger, before or after approval from the Frutarom shareholders is obtained (except as expressly noted otherwise), as follows:

by the mutual written consent of IFF and Frutarom;

by either IFF or Frutarom if:

the merger has not been consummated on or before 5:00 p.m. (New York time) on February 7, 2019; except that if, on such date, any of the conditions of the closing set forth above in the fourth and sixth bullets of *Conditions to the Merger* *Conditions to the Obligations of the Parties to Complete the Merger* (as a result of any antitrust law or order arising under any antitrust law) will not have been satisfied, then, at the written election of IFF or Frutarom, such date may be extended to 5:00 p.m. (New York time) on May 7, 2019 (such date, as extended if applicable, is referred to herein as the termination date), except where the party seeking to terminate the merger agreement for this reason has committed a breach of any of its obligations under the merger agreement that has proximately caused the failure of the closing to have occurred on or before the termination date (which termination right is referred to herein as the termination date termination right);

any governmental authority of competent jurisdiction has issued or entered any order or has enacted or promulgated any law after the date of the merger agreement that has the effect of

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permanently enjoining or otherwise permanently prohibiting the consummation of the merger, and in the case of such an order, such order will have become final and non-appealable, except that the right to terminate the merger agreement for this reason will not be available to a party if a breach by such party of its obligations under the merger agreement has proximately caused the issuance of such order or the enactment or promulgation of such law; or

the Frutarom shareholder approval has not been obtained upon a vote taken at the Frutarom special meeting duly convened therefor or at any adjournment or postponement thereof (which termination right is referred to herein as the shareholder approval termination right);

by Frutarom if:

IFF breaches or fails to perform any of its representations, warranties, covenants or other agreements set forth in the merger agreement, which breach or failure to perform would result in the failure of a closing condition regarding (1) the accuracy of IFF's representations or warranties or (2) the performance or compliance in all material respects with IFF's obligations under the merger agreement required to be performed or complied with on or prior to the closing of the merger, and, in each case, such breach or failure to perform is incapable of being cured by the termination date or, if capable of being cured, will not have been cured prior to the earlier of the termination date and the date that is 30 days after delivery of notice by Frutarom to IFF of such breach or failure to perform, except that Frutarom will not have the right to terminate the merger agreement for this reason if Frutarom is then in breach of any of its obligations under the merger agreement, resulting in the failure of a closing condition regarding its performance or compliance with its obligations under the merger agreement required to be performed or complied with on or prior to the closing of the merger; or

prior to the Frutarom shareholder approval, in order for Frutarom to enter into a definitive agreement with respect to a superior proposal as described in *Covenants and Agreements Superior Proposal*, provided that as a condition to the effectiveness of such termination, Frutarom pays to IFF the termination fee (which termination right is referred to herein as the superior proposal termination right);

by IFF if:

Frutarom breaches or fails to perform any of its representations, warranties, covenants or other agreements set forth in the merger agreement, which breach or failure to perform would result in the failure of a closing condition regarding (1) the accuracy of Frutarom's representations or warranties or (2) the performance or compliance in all material respects with Frutarom's obligations under the merger agreement required to be performed or complied with on or prior to the closing of the merger, and, in each case, such breach or failure to perform is incapable of being cured by the termination date or, if capable of being cured, will not have been cured prior to the earlier of the termination date and the date that is 30 days after delivery of notice by IFF to Frutarom of such breach or failure to perform, except that IFF will not have the right to terminate the merger agreement for this reason if IFF is then in

breach of any of its obligations under the merger agreement, resulting in the failure of a closing condition regarding its performance or compliance with its obligations under the merger agreement required to be performed or complied with on or prior to the closing of the merger (which termination right is referred to herein as the breach termination right);

prior to shareholder approval, if Frutarom has materially breached its obligations described above under *Covenants and Agreements No Solicitation* , *Covenants and Agreements Adverse Recommendation Change; Certain Prohibited Actions* , *Covenants and Agreements Superior Proposal* or *Covenants and Agreements Intervening Event* (which termination right is referred to herein as the no solicitation termination right); or

prior to the Frutarom shareholder approval, (1) the Frutarom board makes an adverse recommendation change or (2) after an acquisition proposal is publicly announced or becomes

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generally known to the public, Frutarom fails to publicly reaffirm its recommendation within 10 business days after receipt of a written request by IFF to do so (which request IFF will not be permitted to make more than one time for any such acquisition proposal, except for one permitted additional request following any amendment to the financial or other material terms of any such acquisition proposal that is publicly announced or becomes generally known to the public) (which termination right is referred to as the recommendation change termination right).

Effect of Termination

If the merger agreement is terminated as described above, the terminating party must provide written notice to the other party specifying the provisions of the merger agreement pursuant to which the termination is being made, and the merger agreement will be null and void, without liability on the part of any party, except that obligations with respect to certain provisions of the merger agreement will survive the termination of the merger agreement, including that:

no termination will relieve any party of any liability or damages resulting from any intentional breach (as defined below) of its obligations under the merger agreement prior to such termination or fraud, in which case the aggrieved party will be entitled to all rights and remedies available at law or in equity, including liability for damages (taking into account all relevant factors, including the loss of benefit of the merger to the party or its shareholders, any lost shareholder premium, any lost synergies and the time value of money); and

the confidentiality agreement entered into by IFF and Frutarom in connection with the merger agreement and the provisions of the merger agreement with respect to the indemnification of Frutarom by IFF regarding financing, the effect of termination, termination fees and expenses, amendment, extension and waiver and general provisions of interpretation and construction will survive any termination of the merger agreement.

Under the merger agreement, intentional breach means an action or omission taken or omitted to be taken that the breaching party intentionally takes (or fails to take) and knows would, or knows would reasonably be expected to, cause a material breach of the merger agreement.

Termination Fee

The merger agreement requires Frutarom to pay a termination fee of \$191 million to IFF as a result of a termination of the merger agreement under the following circumstances:

if the conditions in one of the four sub-bullets listed below are satisfied and within twelve months after such termination, an acquisition proposal is consummated or Frutarom enters into a definitive agreement with respect to an acquisition proposal (provided that the references to 20% in the definition of acquisition proposal will be deemed to be references to 50%):

- (1) Frutarom terminates the merger agreement pursuant to the termination date termination right prior to receipt of the Frutarom shareholder approval and
- (2) after the execution of the merger agreement an acquisition proposal has been publicly disclosed or otherwise communicated to the Frutarom board and

not withdrawn on a bona fide basis without qualification at least five business days prior to such termination;

(1) either IFF or Frutarom terminates the merger agreement pursuant to the shareholder approval termination right and (2) after the execution of the merger agreement an acquisition proposal has been publicly disclosed and not withdrawn on a bona fide basis without qualification at least five business days prior to the Frutarom shareholder meeting;

(1) IFF terminates the merger agreement pursuant to the breach termination right with respect to an intentional breach of a covenant and (2) after the execution of the merger agreement and prior

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to the date of the intentional breach that gave rise to such right of termination an acquisition proposal has been publicly disclosed or otherwise communicated to the Frutarom board and not withdrawn on a bona fide basis without qualification at least five business days prior to such termination; or

(1) IFF terminates the merger agreement pursuant to the no solicitation termination right prior to receipt of shareholder approval and (2) after the execution of the merger agreement an acquisition proposal has been publicly disclosed or otherwise communicated to the Frutarom board;

if Frutarom terminates the merger agreement pursuant to the superior proposal termination right; or

if IFF terminates the merger agreement pursuant to the recommendation change termination right.

In no event will Frutarom be required to pay a termination fee on more than one occasion.

If IFF receives payment from Frutarom of the termination fee, such payment will constitute the sole and exclusive remedy of IFF against Frutarom and its subsidiaries and representatives for all losses and damages suffered as a result of the failure of the transactions contemplated by the merger agreement to be completed or a breach or failure to perform under the merger agreement or otherwise, except (1) in the event of fraud and (2) that if Frutarom fails to timely pay any termination fee due pursuant to the merger agreement, Frutarom will be obligated to pay any costs and expenses (including reasonable attorneys' fees), together with interest, in connection with any suit brought by IFF that results in a judgment against Frutarom for the payment of such termination fee or expense reimbursement.

Expenses

Except as otherwise described under *Termination Fee* above and except for filing fees required under any antitrust law and expenses in connection with Frutarom's financing cooperation, all expenses incurred in connection with the merger agreement and the transactions contemplated by the merger agreement shall be paid by the party incurring such expenses, whether or not the merger is completed.

Amendment and Waiver

Amendment

The merger agreement may be amended by mutual agreement of the parties in writing, except that (1) no amendment may be made after receipt of the Frutarom shareholder approval if such amendment would require, in accordance with applicable law or the rules of any stock exchange, further approval of Frutarom shareholders, without such further approval and (2) no amendment may be made that is materially adverse to the rights of IFF's financing sources under the merger agreement relating to amendment, status as third-party beneficiaries, waiver of jury trial, governing law, forum selection or liability with regard to legal, administrative or other similar proceedings or actions related to such financing sources, without the written consent of IFF's financing sources. The merger agreement may not be amended after the completion of the merger.

Waiver

At any time prior to the completion of the merger, subject to applicable law, the parties may:

extend the time for the performance of any obligation or other act of any other party to the merger agreement;

waive any inaccuracy in the representations and warranties of the other party to the merger agreement contained in the merger agreement or in any document delivered pursuant to the merger agreement; or

waive compliance with any agreement or condition contained in the merger agreement.

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No failure or delay by any party in exercising any right under the merger agreement will operate as a waiver of such right nor will any single or partial exercise of any such right preclude any other or further exercise of any other right under the merger agreement. Any such extension or waiver will only be valid if set forth in an instrument in writing signed by the party or parties to be bound.

Third-Party Beneficiaries

The merger agreement is not intended to and will not confer upon any person or entity other than the parties thereto any rights or remedies, except for:

from and after the completion of the merger, the provisions of the merger agreement relating to indemnification and exculpation from liability for the current or former directors and officers of Frutarom;

from and after the completion of the merger, the holders of Frutarom ordinary shares and Frutarom equity awards (solely with respect to the provisions governing such holders' rights to receive the merger consideration or related payments in respect of equity awards and the payment of any dividend declared in accordance with the section *Closing Dividend*); and

IFF's financing sources, with respect to amendment of the merger agreement, status as third-party beneficiaries, waiver of jury trial, governing law, forum selection and liability with regard to legal, administrative or other similar proceedings or actions related to such financing sources.

Governing Law; Jurisdiction; Waiver of Jury Trial

Governing Law; Jurisdiction

The merger agreement and all legal, administrative or other similar proceedings or actions (whether based on contract, tort or otherwise) arising out of or relating to the merger agreement or the actions of IFF, Merger Sub or Frutarom in the negotiation, administration, performance and enforcement of the merger agreement, will be governed by, and construed in accordance with, the laws of the State of Delaware applicable to agreements made and to be performed entirely within such state without regard to the conflicts of law provisions thereof, except that (i) the internal affairs of the corporations party to the merger agreement that are organized and existing under the ICL and (ii) all other provisions of, or transactions contemplated by, the merger agreement that are expressly or otherwise required to be governed by the ICL will be governed by the ICL. Notwithstanding the foregoing, except to the extent relating to the interpretation of any provisions in the merger agreement (including those provisions of, and references to, the merger agreement that are referred to, or incorporated by reference in, the debt commitment letter), the parties to the merger agreement agreed that any legal, administrative or other similar proceedings of any kind or nature, whether at law or equity, in contract or in tort, to which any of IFF's financing sources is a party in connection with the merger agreement or any of the transactions contemplated by the merger agreement or that may be based upon, arise out of or relate to the debt commitment letter or the financing (including the transactions contemplated thereby) will be governed by and construed in accordance with the law of the State of New York, without giving effect to any choice of law or conflict of law provision or rule (whether of the State of New York or any other jurisdiction) that would cause application of the law of any jurisdiction other than the State of New York, except to the extent otherwise provided in the debt commitment letter or any definitive agreement with respect to the financing of the merger.

Each of the parties to the merger agreement has agreed that, with respect to any legal claim or proceeding arising out of the merger agreement or the transactions contemplated by the merger agreement, any such legal claim or proceeding will be brought, tried and determined only in the Chancery Court of the State of Delaware and any state appellate court therefrom within the State of Delaware, or in the event (but only in the event) that such court declines to accept jurisdiction over a particular matter, in any state or federal court located within the State of Delaware.

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Waiver of Jury Trial

The parties to the merger agreement have agreed to waive all rights to trial by jury in any legal, administrative or other similar proceedings relating to the financing of the merger or involving any of IFF's financing sources.

Enforcement

The parties to the merger agreement have agreed that irreparable damage for which monetary damages, even if available, would not be an adequate remedy, would occur in the event that any party to the merger agreement does not perform the provisions of the merger agreement (including by failing to take such actions as are required of such party to complete the merger and other transactions contemplated by the merger agreement) in accordance with the specified terms of the merger agreement or otherwise breaches the provisions of the merger agreement. Accordingly, the parties to the merger agreement acknowledged and agreed that the parties will be entitled to an injunction, specific performance and other equitable relief to prevent breaches of the merger agreement and to enforce specifically the terms and provisions of the merger agreement, in addition to any other remedy to which they are entitled at law or in equity. Each of the parties to the merger agreement also agreed that it will not oppose the granting of an injunction, specific performance and other equitable relief on the basis that any other party has an adequate remedy at law or that any award of specific performance is not an appropriate remedy for any reason at law or in equity. Any party seeking an injunction or injunctions to prevent breaches of the merger agreement and to enforce specifically the terms and provisions of the merger agreement will not be required to provide any bond or other security in connection with any such order or injunction.

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UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL INFORMATION

On May 7, 2018, IFF, Frutarom and Merger Sub entered into a merger agreement that provides for the acquisition of Frutarom by IFF. Subject to approval of Frutarom shareholders and the satisfaction or waiver of certain other closing conditions, IFF will acquire Frutarom through the merger of Merger Sub with and into Frutarom, with Frutarom surviving the merger and becoming a wholly owned subsidiary of IFF.

The following unaudited pro forma condensed combined financial information is presented to illustrate the estimated effects of the merger and certain other adjustments listed below.

The unaudited pro forma condensed combined balance sheet as of March 31, 2018, and the unaudited pro forma condensed combined statements of operations for the three months ended March 31, 2018 and the year ended December 31, 2017, respectively, are presented herein. The unaudited pro forma condensed combined balance sheet combines the unaudited consolidated balance sheets of IFF and Frutarom as of March 31, 2018, and gives effect to the merger as if it occurred on March 31, 2018. The unaudited pro forma condensed combined statements of operations combine the historical results of IFF and Frutarom for the three months ended March 31, 2018, and the year ended December 31, 2017, and give effect to the merger as if it occurred on January 1, 2017. The historical financial information has been adjusted to give effect to pro forma adjustments that are (i) directly attributable to the merger, (ii) factually supportable, and (iii) with respect to the unaudited condensed combined statements of operations, expected to have a continuing impact on the combined entity's condensed results.

The merger of IFF and Frutarom will be accounted for using the acquisition method of accounting as per the provisions of Accounting Standards Codification 805, "Business Combinations", which we refer to as ASC 805, with IFF representing the accounting acquirer under this guidance. The unaudited pro forma condensed combined financial statements were prepared in accordance with Article 11 of Regulation S-X and primarily give effect to the merger adjustments, which include:

Adjustments to reconcile Frutarom's historical audited and unaudited financial statements prepared in accordance with IFRS as issued by the IASB to U.S. GAAP;

Conforming accounting policies and presentation;

Application of the acquisition method of accounting in connection with the merger;

Adjustments to reflect repayment of certain existing debt facilities of Frutarom and financing arrangements entered into in connection with the merger; and

Effect of acquisition-related costs in connection with the merger.

The pro forma adjustments included in this document are subject to modification based on changes in interest rates, changes in share prices, the final determination of the fair value of the assets acquired and liabilities assumed, additional analysis, and additional information that may become available, which may cause the final adjustments to be materially different from the pro forma condensed combined financial statements presented in this prospectus.

Following the consummation of the merger, IFF management will perform a detailed review of Frutarom's accounting policies in an effort to determine if differences in accounting policies require further reclassification of Frutarom's results of operations or reclassification of assets or liabilities to conform to IFF's accounting policies and classification. As a result, IFF may subsequently identify additional material differences in the accounting policies which could have a material impact on the unaudited pro forma combined financial information.

The unaudited pro forma condensed combined financial information presented is for informational purposes only and is not necessarily indicative of the financial position or results of operations that would have been realized if the merger had been completed on the dates set forth above, nor is it indicative of future results or

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financial position of the combined company. Additionally, the final determination of the purchase price and the purchase price allocation, upon the completion of the merger, will be based on Frutarom's net assets acquired as of that date and will depend on a number of factors that cannot be predicted with certainty at this time. The unaudited pro forma condensed combined financial information does not reflect any anticipated synergies or dis-synergies, operating efficiencies or cost savings that may result from the merger or potential divestitures that may occur prior to, or subsequent to, the completion of the merger or any acquisition and integration costs that may be incurred. The pro forma adjustments, which IFF believes are reasonable under the circumstances, are preliminary and are based upon available information and certain assumptions described in the accompanying notes to the unaudited pro forma condensed combined financial information. Actual results and valuations may differ materially from the assumptions within the accompanying unaudited pro forma condensed combined financial information. Any changes to IFF's stock price, from June 28, 2018 through the date the merger is completed, will also change the purchase price, which may include the recording of a lower or higher amount of goodwill. The final adjustments may be materially different from the pro forma condensed combined financial statements presented in this document.

The unaudited pro forma condensed combined financial information should be read in conjunction with the notes to the unaudited pro forma condensed combined financial information and Frutarom's audited financial statements included elsewhere in this prospectus, as well as IFF's consolidated financial statements and related notes thereto contained in its Annual Report on Form 10-K for the year ended December 31, 2017 and IFF's Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2018. Please see *Where You Can Find More Information* beginning on page 153.

Table of Contents**Unaudited Pro Forma Condensed Combined Balance Sheet****As of March 31, 2018****(In USD thousands, except shares and per-share data)**

	Historical		Purchase	Other Pro		Total	
	IFF	FRUTAROM	Accounting	Forma	Notes		
	(US GAAP)	(US GAAP)	Adjustments	Adjustments	Notes		
Assets							
Current Assets:							
Cash and Cash Equivalents	305,276	161,359	(4,250,437)	3	3,924,016	6k	140,214
Trade receivables, net	734,378	297,670					1,032,048
Inventory	687,817	348,798	42,202	6c			1,078,817
Prepaid expenses and other current assets	242,870	28,827					271,697
Total Current Assets	1,970,341	836,654	(4,208,235)		3,924,016		2,522,776
Property, plant and equipment, net	887,483	341,612					1,229,095
Goodwill	1,166,022	589,250	3,565,844	6b			5,321,116
Other intangible assets, net	414,055	430,851	2,009,149	4			2,854,055
Deferred income taxes assets	88,231	5,630					93,861
Other assets	155,144	33,839					188,983
Total Assets	4,681,276	2,237,836	1,366,758		3,924,016		12,209,886
LIABILITIES AND SHAREHOLDERS EQUITY							
Current Liabilities:							
Short term borrowings	36,819	389,290			194,543	6f	620,652
Accounts payable	324,262	222,114					546,376
Dividends payable	54,404	8,471	10,249	3			73,124
Other current liabilities	301,267	14,042	45,582	4	(19,502)	6j	341,389
Total Current Liabilities	716,752	633,917	55,831		175,041		1,581,541
Long-term debt	1,676,211	452,004			1,866,571	6f	3,994,786
Retirement liabilities	226,937	35,024					261,961
Deferred income tax liabilities		67,062	388,903	6d			455,965
Other liabilities	282,414	28,143	(4,186)	4			306,371
Total Other Liabilities	2,185,562	582,233	384,717		1,866,571		5,019,083
		102,803					102,803

Redeemable Noncontrolling Interest**Shareholders Equity:**

Common Stock	14,470	17,093	(15,233)	6e	1,482	6f	17,812
Capital in excess of par value	166,517	115,794	1,723,014	6e	2,001,751	6f	4,007,076
Other equity	1,592,163	781,571	(781,571)	6e	(120,829)	6e	1,471,334

Total Shareholders Equity	1,773,150	914,458	926,210		1,882,404		5,496,222
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Noncontrolling interest	5,812	4,425					10,237
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Total Shareholders Equity including NCI	1,778,962	918,883	926,210		1,882,404		5,506,459
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Total Liabilities and

Shareholders Equity	4,681,276	2,237,836	1,366,758		3,924,016		12,209,886
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See the accompanying *Notes to the Unaudited Pro Forma Condensed Combined Financial Information* beginning on page 119, which are an integral part hereof. The pro forma adjustments are explained in the notes below.

Table of Contents**Unaudited Pro Forma Condensed Combined Statement of Operations****For the Quarter Ended March 31, 2018****(In USD thousands, except shares and per-share data)**

	Historical				Other		
	IFF	FRUTAROM	Purchase		Pro		Total
	(US GAAP)	(US GAAP)	Accounting	Notes	Forma	Notes	
			Adjustments		Adjustments		
Revenue:							
Net sales	930,928	384,805					1,315,733
Cost of goods sold	525,119	229,067					754,186
<i>Gross profit</i>	405,809	155,738					561,547
Expenses:							
Research and development expenses	78,476	15,641					94,117
Selling and administrative expenses	142,644	71,839					214,483
Restructuring and other charges, net	717						717
Amortization of acquisition-related intangibles	9,185	6,828	27,797	6a			43,810
Gain on sales of fixed assets	(69)	195					126
<i>Total expenses</i>	230,953	94,503	27,797				353,253
<i>Operating profit</i>	174,856	61,235	(27,797)				208,294
Other income (expense):							
Interest expense	16,595	5,965			13,564	6f	36,124
Other (income) expense, net	(576)	(1,234)					(1,810)
<i>Total other income (expense)</i>	16,019	4,731			13,564		34,314
Income before taxes	158,837	56,504	(27,797)		(13,564)		173,980
Taxes on income	29,421	10,823	(5,337)	6a	(3,243)	6j	31,664
Net income (Including Noncontrolling Interests)	129,416	45,681	(22,460)		(10,321)		142,316
		1,507					1,507

Less: noncontrolling
interests

Net Income	129,416	44,174	(22,460)	(10,321)	140,809
Net income per share basic	1.63	0.74			\$ 1.27
Net income per share diluted	1.63	0.73			\$ 1.26
Basic shares outstanding	79,018	59,530			110,567
Diluted shares outstanding	79,393	60,339			111,904

See the accompanying *Notes to the Unaudited Pro Forma Condensed Combined Financial Information* beginning on page 119, which are an integral part hereof. The pro forma adjustments are explained in the notes below.

Table of Contents**Unaudited Pro Forma Condensed Combined Statement of Operations****For the Year Ended December 31, 2017****(In USD thousands, except shares and per-share data)**

	Historical		Purchase	Other Pro		Total
	IFF	FRUTAROM	Accounting	Forma	Notes	
	(US GAAP)	(US GAAP)	Adjustments	Adjustments	Notes	
Revenue:						
Net sales	\$ 3,398,719	\$ 1,362,396	\$	\$		\$ 4,761,115
Cost of goods sold	1,919,718	\$ 837,271		6,538	6i	\$ 2,763,527
<i>Gross profit</i>	1,479,001	525,125		(6,538)		1,997,588
Expenses:						
Research and development expenses	286,026	43,644		9,443	6i	339,113
Selling and administrative expenses	557,311	246,332		12,833	6i	816,476
Restructuring and other charges, net	19,711	(340)				19,371
Amortization of acquisition-related intangibles	34,694	22,193	114,824		6a	171,711
Gain on sales of fixed assets	(184)	1,934				1,750
<i>Total expenses</i>	897,558	313,763	114,824	22,276		1,348,421
<i>Operating profit</i>	581,443	211,362	(114,824)	(28,814)		649,167
Other (income) expense:						
Interest expense	65,363	10,075		78,649	6f	154,087
Other (income) expense, net	(20,965)	13,325		(28,814)	6i	(36,454)
<i>Total other (income) expense</i>	44,398	23,400		49,835		117,633
Income before taxes	537,045	187,962	(114,824)	(78,649)		531,534
Taxes on income	241,380	35,105	(22,506)	(18,788)	6a, 6j	235,191
Net income (Including Noncontrolling Interests)	295,665	152,857	(92,318)	(59,861)		296,343
Less: noncontrolling interests		5,046				5,046
Net Income	295,665	147,811	(92,318)	(59,861)		291,297

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Net income per share	basic	3.73	2.49	2.63
Net income per share	diluted	3.72	2.48	2.60
Basic shares outstanding		79,070	59,342	110,619
Diluted shares outstanding		79,370	59,632	111,881

See the accompanying *Notes to the Unaudited Pro Forma Condensed Combined Financial Information* beginning on page 98, which are an integral part hereof. The pro forma adjustments are explained in the notes below.

Table of Contents**NOTES TO THE UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL INFORMATION****(In US\$ thousands, except share and per share data)****Note 1 Description of Business Combination**

On May 7, 2018, International Flavors & Fragrances (IFF) entered into an Agreement and Plan of Merger (the merger agreement) with Frutarom Industries Ltd., a company organized under the laws of the State of Israel (Frutarom) and Icon Newco Ltd., a company organized under the laws of the State of Israel and a wholly owned subsidiary of IFF (Merger Sub). Pursuant to the merger agreement, subject to the satisfaction or waiver of specified conditions, Merger Sub will merge with and into Frutarom (the merger), with Frutarom continuing as the surviving company in the merger and a wholly owned subsidiary of IFF.

At the completion of the merger, each ordinary share, par value Israeli New Shekel (to be referred as NIS) 1.00 per share, of Frutarom (the Frutarom ordinary shares) issued and outstanding immediately prior to the completion of the merger (other than Frutarom ordinary shares held by Frutarom as treasury stock (dormant shares) or held directly or indirectly by IFF, Merger Sub or any wholly owned subsidiary of Frutarom) will be converted into the right to receive (i) \$71.19 in cash (the cash consideration) and (ii) 0.249 of a validly issued, fully paid and non-assessable share of common stock, par value \$0.125 per share, of IFF (IFF common stock), with cash in lieu of fractional shares of IFF common stock otherwise issuable (such shares of IFF common stock and any such cash in lieu of fractional shares, together with the cash consideration, the merger consideration), in each case without interest and subject to applicable tax withholding.

At the completion of the merger, each Frutarom stock option and Frutarom restricted stock award that is outstanding and vested as of immediately prior to the completion of the merger, will be canceled in exchange for the right to receive the merger consideration in respect of each net share subject to such vested Frutarom stock option or Frutarom restricted stock award, less applicable tax withholding. For this purpose, net share means, with respect to a Frutarom stock option or Frutarom restricted stock award, the quotient of (i) the product of (A) the excess, if any, of the value of the merger consideration (calculated as specified in the merger agreement) over the exercise price or purchase price per Frutarom ordinary share (as applicable) subject to such Frutarom stock option or Frutarom restricted stock award, multiplied by (B) the number of Frutarom ordinary shares subject to such Frutarom stock option or Frutarom restricted stock award, divided by (ii) the value of the merger consideration.

The merger agreement provides for the Frutarom board of directors to declare a special dividend, on a per share basis, equal to the product of (a) 0.249 and (b) the aggregate per share value of IFF dividends with a record date after the date of the merger agreement and prior to the closing of the merger.

Note 2 Basis of Presentation

The accompanying unaudited pro forma condensed combined financial information was prepared in accordance with Article 11 of Regulation S-X and was based on the historical financial statements of IFF and Frutarom as of and for the year ended December 31, 2017 and as of and for the three months ended March 31, 2018. IFF is deemed to be the accounting acquirer and the pro forma adjustments are preliminary and are based on estimates that are subject to change. The combined group will not be a foreign private issuer as defined in Rule 405 under the Securities Act and Rule 3b-4(c) under the Exchange Act, accordingly the pro forma information of the combined group is prepared in accordance with U.S. GAAP.

The unaudited pro forma condensed combined statements of operations were prepared using:

the historical unaudited consolidated statements of operations and comprehensive income of IFF for the three months ended March 31, 2018;

the historical audited consolidated statements of operations and comprehensive income of IFF for the year ended December 31, 2017;

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the historical unaudited condensed consolidated statement of operations of Frutarom for the three months ended March 31, 2018; and

the historical audited consolidated income statement of Frutarom for the year ended December 31, 2017. IFF's historical audited and unaudited financial statements were prepared in accordance with U.S. GAAP and presented in thousands of U.S. dollars. Frutarom's historical audited and unaudited financial statements were prepared in accordance with IFRS as issued by the IASB and presented in thousands of U.S. dollars. Certain reclassifications were made to align Frutarom's financial statement presentation with that of IFF (see Note 5).

Frutarom's historical audited and unaudited financial statements were reconciled to U.S. GAAP. In addition, a preliminary review of IFRS to U.S. GAAP differences and related accounting policies has been completed based on information made available to date (see Note 5 for further information). However, following the consummation of the merger, IFF management will conduct a detailed review. As a result of that review, IFF management may identify differences that, when finalized, could have a material impact on the unaudited pro forma condensed combined financial information.

The unaudited pro forma condensed combined statements of operations also include certain purchase accounting adjustments, including items expected to have a continuing impact on the condensed combined results.

Note 3 Estimated Purchase Price

Pursuant to the merger, shareholders of Frutarom will receive \$71.19 in cash and 0.249 shares of IFF's common stock for each Frutarom ordinary share held prior to the merger. If the aggregate number of shares of IFF common stock to be issued pursuant to the merger agreement would exceed 19.9% of the issued and outstanding shares of IFF common stock immediately prior to the entry into the merger agreement, rounded down to the nearest whole share, the exchange ratio will be reduced by the minimum extent necessary such that the foregoing clause is no longer true, and the cash component of the merger consideration will also be increased accordingly.

The following table summarizes the components of the preliminary estimated purchase price:

<i>(In USD thousands, except share data and exchange ratio)</i>	
Estimated Frutarom's shares outstanding ⁽ⁱ⁾	59,542,645
Cash consideration per share ⁽ⁱⁱ⁾	\$ 71.19
Total cash paid to shareholders of Frutarom	4,238,841
Estimated cash paid to vested stock option holders ⁽ⁱⁱⁱ⁾	\$ 11,596
Estimated accrual for unvested stock option holders ^(iv)	\$ 15,582
Estimated closing dividend payable ^(v)	\$ 10,249
Estimated cash portion of purchase price	A 4,276,268
Estimated Frutarom's shares outstanding	59,542,645
Exchange ratio ^(vi)	0.249
Total common shares of IFF to be issued	14,826,119

IFF's share price ⁽ⁱⁱ⁾		123.70
Total equity consideration paid to shareholders of Frutarom		\$ 1,833,991
Estimated equity consideration paid to vested stock Frutarom option holders ⁽ⁱⁱⁱ⁾		\$ 6,677
Estimated equity portion of purchase price	B	\$ 1,840,668
Total estimated consideration to be paid	A+B	\$ 6,116,936

(i) Number of shares outstanding as of May 7, 2018, i.e., date of signing of the merger agreement

(ii) Cash consideration per share as per the merger agreement

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- (iii) Estimated cash and equity consideration payable to the vested Frutarom stock option holders on a diluted basis
- (iv) Estimated pro rata portion of the unvested Frutarom stock options attributable to pre-combination services. The pro forma adjustment has been recorded in other current liabilities.
- (v) Estimated dividend payable to Frutarom shareholders prior to closing considering the exchange ratio, as set forth in the merger agreement, and IFF's current dividend rate. IFF's current dividend rate (\$0.69 per share) has been considered for the purpose of this computation. The amount is subject to change if IFF's dividend rate changes prior to closing. The pro forma adjustment has been recorded in dividends payable.
- (vi) Exchange ratio as set forth in the merger agreement
- (vii) Closing price of IFF's common stock on the New York Stock Exchange on June 28, 2018

The final estimated merger consideration could significantly differ from the amounts presented in the unaudited pro forma condensed combined financial information due to movements in IFF's common stock price up to the closing date of the merger. A sensitivity analysis related to the fluctuation in the IFF's common stock price was performed to assess the impact a hypothetical change of 10% on the closing price of IFF's common stock on June 28, 2018, would have on the estimated merger consideration and goodwill as of the closing date. The following table shows the change in stock price, estimated merger consideration and goodwill:

	Purchase Price	Estimated Goodwill
As presented in the pro forma combined financial statements	\$ 6,116,936	\$ 4,155,094
10% increase in common stock price	6,301,788	4,339,947
10% decrease in common stock price	5,932,083	3,970,242

Note 4 Preliminary Purchase Price Allocation

Under the acquisition method of accounting, Frutarom's assets and liabilities will be recorded at fair value at the date of the completion of the merger and combined with the historical carrying amounts of the assets and liabilities of IFF. In the unaudited pro forma condensed combined balance sheet, IFF's cost to acquire Frutarom has been allocated to the assets acquired, liabilities assumed and goodwill based upon management's preliminary estimate of what their respective fair values would be as if the merger closed on March 31, 2018. Accordingly, the unaudited pro forma condensed combined financial information includes a preliminary allocation of the purchase price based on assumptions and estimates that, while considered reasonable under the circumstances, are subject to changes, which may be material.

IFF has not completed a full, detailed valuation analysis necessary to determine the fair values of Frutarom's identifiable assets to be acquired, liabilities to be assumed and redeemable and non-redeemable noncontrolling interest. The preliminary calculation of assets acquired and liabilities assumed performed for the purposes of these unaudited pro forma condensed combined financial statements was primarily limited to the identification and calculation of preliminary values for the intangible assets, property and equipment, inventory, deferred taxes and contingent consideration. As of the date of this prospectus, the calculations necessary to estimate the fair values of the assets acquired and liabilities assumed have been performed based on publicly available benchmarking information as well as a variety of other assumptions, including market participant assumptions, as there are limitations on the type of information that can be exchanged between IFF and Frutarom at this time. Where applicable, the benchmark information was corroborated with an income approach methodology such as the relief from royalty or multi-period excess earnings method. IFF will continue to refine its identification and valuation of assets to be acquired and the liabilities to be assumed as further information becomes available.

The estimated values of the assets acquired, liabilities assumed and redeemable and non-redeemable noncontrolling interest will remain preliminary until after closing of the merger, at which time IFF will determine the fair values of

assets acquired and liabilities assumed. The final determination of the purchase price allocation is anticipated to be completed as soon as practicable after completion of the merger and will be based on the fair

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values of the assets acquired and liabilities assumed as of the merger closing date. The final amounts allocated to assets acquired and liabilities assumed could differ significantly from the amounts presented in the unaudited pro forma condensed combined financial statements.

The following is a preliminary estimate of the assets to be acquired and the liabilities to be assumed by IFF in the merger, reconciled to the estimate of total consideration expected to be transferred (in USD thousands):

	Frutarom s	Fair Value	
	US GAAP		
	(Note 5)	Adjustments	Fair value
Purchase Consideration			6,116,936
Identifiable net assets:			
Inventories	348,798	42,202	391,000
Property, plant and equipment	341,612		341,612
Identifiable intangible assets	430,851	2,009,149	2,440,000
Deferred tax assets	5,630		5,630
All other assets (excluding goodwill)	521,695		521,695
Existing contingent consideration	(42,186)	4,186	(38,000)
Transaction bonus		(30,000)	(30,000)
Deferred tax liabilities	(67,062)	(388,903)	(455,965)
All other liabilities	(1,106,902)		(1,106,902)
Total identifiable net assets	432,436	1,636,634	2,069,070
Redeemable Noncontrolling interest	(102,803)		(102,803)
Noncontrolling interest	(4,425)		(4,425)
Goodwill	589,250	3,565,844	4,155,094
Total	914,458	5,202,478	6,116,936

The amount allocated to identifiable intangible assets has been attributed to the following assets (in thousands):

	Estimated Useful Life	Amount
Product Formulas	10 years	\$ 330,000
Trade name	20 years	130,000
Customer relationships	20 years	1,980,000
Total identifiable intangible assets		\$ 2,440,000

These intangible assets will be amortized over the estimated useful lives on a straight line basis. IFF believes that it represents the pattern in which economic benefits will be consumed.

In addition, pursuant to the merger agreement, Frutarom has the right to grant a transaction bonus to its CEO and selected employees before the merger is consummated to the extent of up to \$20 million each. The transaction bonus

to the CEO will be payable immediately prior to the closing of the merger. The transaction bonus to employees is payable in two installments (i) 50% at closing and (ii) 50% after the completion of one year of service (subject to the terms of the merger agreement). IFF has determined that \$30 million is a pre-merger expense to be accrued by Frutarom due to the fact that the transaction bonus was entered into by or on behalf of Frutarom. See table below (*in USD thousands*):

	Pre-combination expense	Post-combination expense
CEO	\$ 20,000	
Selected employees	10,000	10,000
Total bonus	\$ 30,000	\$ 10,000

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Accordingly, pro forma condensed combined balance sheet has been adjusted to reflect an adjustment of \$30,000 for transaction bonus payable by Frutarom, declared before the merger is consummated. This amount together with \$15,582 for the accrual for unvested Frutarom stock options attributable to pre-combination services (see Note 3) has been shown as an adjustment to other current liabilities.

Note 5 Adjustments to Frutarom s Historical Financial Statements to Conform to U.S. GAAP

Frutarom s consolidated financial statements have been prepared in accordance with IFRS as issued by the IASB, which differs in certain material respects from U.S. GAAP.

The unaudited U.S. GAAP information includes a statement of financial position and statements of income of Frutarom derived from the historical consolidated financial statements as of and for the three months ended March 31, 2018 and the year ended December 31, 2017, prepared in accordance with IFRS as issued by the IASB. This balance sheet as of March 31, 2018 and statements of operations for the year ended December 31, 2017 and for the three months ended March 31, 2018 have been adjusted to reflect Frutarom s consolidated statement of financial position and statements of profit or loss on a U.S. GAAP basis.

Certain balances presented in the historical Frutarom s financial statements included within the unaudited pro forma condensed combined financial information have been reclassified to conform the presentation to that of IFF as indicated in the tables as below:

Table of Contents**UNAUDITED FRUTAROM US GAAP BALANCE SHEET****As of March 31, 2018**

	Frutarom (IFRS)	Reclassification Adjustments	Notes	IFRS to U.S. GAAP Adjustments	Notes	FRUTAROM (U.S. GAAP)
Assets						
Current Assets:						
Cash and Cash Equivalents	161,359					161,359
Accounts receivable:						
Trade	273,004	(273,004)	5a			
Other	24,666	(24,666)	5a			
Trade receivables, net		297,670	5a			297,670
Prepaid expenses and advances to suppliers	28,827	(28,827)	5b			
Prepaid expenses and other current assets		28,827	5b			28,827
Inventory	348,798					348,798
	836,654					836,654
Non-Current Assets:						
Property, plant and equipment	376,403			(34,791)	5o	341,612
Intangible assets	1,020,101	(589,250)	5c			430,851
Goodwill		589,250	5c			589,250
Investment in associates and available for sale assets	27,446	(27,446)	5d			
Deferred income tax assets	5,630					5,630
Others	6,393	(6,393)	5d			
Other assets		33,839	5d			33,839
	1,435,973			(34,791)		1,401,182
Total Assets	2,272,627			(34,791)		2,237,836
Liabilities and equity						
Current liabilities						
Short term bank credit and loans and current maturities of long-term loans	389,290	(389,290)	5e			
Short-term borrowings		389,290	5e			389,290
Accounts payable:						
Trade	104,988	(104,988)	5f			
Other	156,152	(156,152)	5g			

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Accounts Payable		222,114	5f, 5g		222,114
Leases	8,295			(8,295)	5o
Dividends payable	8,471				8,471
Other current liabilities		21,614	5g	(7,572)	5n
	667,196	(17,412)		(15,867)	633,917

NON-CURRENT LIABILITIES:

Long-term loans, net of current maturities	452,004				452,004
Retirement benefit obligations, net	35,024				35,024
Deferred income tax liabilities	67,062				67,062
Leases	26,496			(26,496)	5o
Liability for shareholders of subsidiaries and other	105,962	(10,731)	5h	(95,231)	5n
Other liabilities		28,143	5h		28,143
	686,548	17,412		(121,727)	582,233

TOTAL LIABILITIES 1,353,744 (137,594) 1,216,150

Redeemable Noncontrolling Interest 102,803 5n 102,803

Equity attributable to owners of the parent:

Ordinary shares	17,093				17,093
Other capital surplus	115,794	(115,794)	5i		
Capital in excess of par value		115,794	5i		115,794
Translation differences	(34,423)	34,423	5j		
Retained earnings	819,827	(819,827)	5j		
Less-cost of company shares held by the company	(3,833)	3,833	5j		
Other equity		781,571	5j		781,571

Total Shareholders Equity 914,458 914,458

Noncontrolling interest 4,425 4,425

TOTAL EQUITY 918,883 918,883

TOTAL EQUITY AND LIABILITIES 2,272,627 (34,791) 2,237,836

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UNAUDITED FRUTAROM US GAAP STATEMENT OF OPERATIONS

FOR THE PERIOD ENDED MARCH 31, 2018

	Frutarom IFRS	Reclassification Adjustments	Notes	IFRS to U.S. GAAP Adjustments	Notes	Frutarom U.S. GAAP
Revenue:						
Net sales	384,805					384,805
Cost of Sales	229,067	(229,067)	5k			
Cost of goods sold		229,067	5k			229,067
Gross profit	155,738					155,738
Selling, marketing, research and development expenses net	67,407	(67,407)	51			
Research and development expenses		15,641	51			15,641
Selling and administrative expenses		71,839	51			71,839
General and administrative expenses	26,901	(26,901)	51			
Amortization of acquisition-related intangibles		6,828	51			6,828
Other expenses net	(349)	349	51			
Gain on sales of fixed assets		195	51			195
Group's share of earnings of companies accounted for at equity	(690)	690	51			
Income From Operations	62,469	(1,234)				61,235
Financial Expenses net	5,965	(5,965)	5m			
Interest Expense		5,965	5m			5,965
Other (income) expense, net		(1,234)	51			(1,234)
Income Before Taxes on Net Income	56,504					56,504
Income Tax	10,823					10,823
Net income (Including Noncontrolling Interests)	45,681					45,681
Less: noncontrolling interests	412			1,095	5n	1,507
Net Income	45,269			(1,095)		44,174
Net income per share basic	0.76					0.74
Net income per share diluted	0.75					0.73

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	Frutarom IFRS	Reclassification Adjustments	Notes	IFRS to U.S. GAAP Adjustments	Notes	Frutarom U.S. GAAP
Revenue:						
Net sales	1,362,396					1,362,396
Cost of Sales	837,271	(837,271)	5k			
Cost of goods sold		837,271	5k			837,271
Gross profit	525,125					525,125
Selling, marketing, research and development expenses net	220,014	(220,014)	5l			
Research and development expenses		43,644	5l			43,644
Selling and administrative expenses		246,332	5l			246,332
General and administrative expenses	92,155	(92,155)	5l			
Amortization of acquisition-related intangibles		22,193	5l			22,193
Restructuring and other charges, net		(340)	5l			(340)
Other expenses net	3,392	(3,392)	5l			
Gain on sales of fixed assets		1,934	5l			1,934
Group's share of earnings of companies accounted for at equity	(1,402)	1,402	5l			
Income From Operations	210,966	396				211,362
Financial Expenses net	24,606	(24,606)	5m			
Interest Expense		10,075	5m			10,075
Other (income) expense, net		14,927	5l, 5m	(1,602)	5p	13,325
Income Before Taxes on Net Income	186,360			1,602		187,962
Income Tax	34,797			308	5p	35,105
Net income (Including Noncontrolling Interests)	151,563			1,294		152,857
Less: noncontrolling interests	1,884			3,162	5n	5,046
Net Income	149,679			(1,868)		147,811
Net income per share basic	2.52					2.49
Net income per share diluted	2.51					2.48

Table of Contents**Adjustments included in the column Reclassification Adjustments are as follows:**

Represents certain reclassifications of historical Frutarom's financial statement line items to conform to the expected financial statement line items of the combined group including:

Balance sheet items:

- a) Accounts receivable: Trade and Other have been reclassified to Trade receivables, net;
- b) Prepaid expenses and advances to suppliers have been reclassified to Prepaid expenses and other current assets;
- c) The portion of intangible assets that relates to goodwill was classified separately as goodwill;
- d) Investment in associates and available for sale assets and Others have been reclassified to Other assets;
- e) Short term bank credit and loans and current maturities of long-term loans have been reclassified to Short-term borrowings;
- f) Accounts payable: Trade has been reclassified to Accounts Payable;
- g) Accounts payable: Other has been reclassified as follows: (i) an amount of \$17,412 that represents the non-current portion of various contingent considerations, has been reclassified to Other liabilities and; (ii) an amount of \$21,614 that represents \$7,572 of Put-Option liability and \$14,042 of the current portion of Contingent consideration, has been reclassified to Other current liabilities, and (iii) the remaining balance of \$117,125 has been reclassified to Accounts Payable.
- h) The portion of liability for shareholders of subsidiaries and other that relates to long term portion of contingent consideration has been reclassified to Other liabilities;
- i) Other capital surplus has been reclassified to Capital in excess of par value; and
- j) Translation differences, Retained earnings, cost of company shares held by Frutarom have been condensed into other equity.

Statement of income items:

- k) Cost of Sales have been reclassified to Cost of goods sold;
- l) Selling, marketing, research and development expenses net, General and administrative expenses, Other expenses net and Group's share of earnings of companies accounted for at equity have been reclassified in accordance with IFF's presentation as below:

Frutarom's Presentation	Year ended Dec 31, 2017	Period ended March 31, 2018	IFF's Presentation	Year ended Dec 31, 2017	Period ended March 31, 2018
Selling, marketing, research and development expenses net	220,014	67,407	Research and development expenses	43,644	15,641
General and administrative expenses	92,155	26,901	Selling and administrative expenses	246,332	71,839
Other expenses net	3,392	(349)	Restructuring and other charges, net	(340)	
Group's share of earnings of companies accounted for at equity	(1,402)	(690)	Amortization of acquisition-related intangibles	22,193	6,828
			Losses (Gain) on sales of fixed assets	1,934	195
			Other (income) expense, net	396	(1,234)

Total expenses	314,159	93,269	314,159	93,269
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- m) The portion of Financial Expenses net that relates to expenses on debt have been reclassified to Interest Expense and the remaining portion that relates to foreign exchange gain or loss has been reclassified to Other (income) expenses, net.

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Table of Contents**Adjustments included in the column IFRS to U.S. GAAP Adjustments are as follows:**

The following adjustments have been made to convert Frutarom's historical balance sheet as of March 31, 2018 and income statement for the three months ended March 31, 2018 and the year ended December 31, 2017 to U.S. GAAP for purposes of the pro forma presentation:

- n) Reflects an adjustment to reclassify put option liability as redeemable noncontrolling interest as mezzanine equity. As part of several acquisitions effected by Frutarom, the noncontrolling interest holders of the acquired entities were granted an option to sell (Put option) their respective interests to Frutarom. In accordance with IFRS, Frutarom recognized a liability for such put options. Under U.S. GAAP, IFF determined the put options cannot be separated from the noncontrolling interest and the combination of a noncontrolling interest and the redemption feature require classification of such noncontrolling interest as a redeemable noncontrolling interest in the combined balance sheet. Further, those noncontrolling interest which are not currently redeemable but are probable to become redeemable are measured using the present value of the redemption value as of the earliest redemption date and the noncontrolling interest which are currently redeemable are measured at the maximum redemption amount. IFF has reviewed the computation of liabilities for put option under IFRS and determined that the amounts to be recorded for redeemable non-controlling interest under U.S. GAAP would be materially the same as the amount of such liabilities for put option recorded under IFRS. Accordingly, the unaudited pro forma condensed combined balance sheet as at March 31, 2018 was adjusted to reclassify the current and non-current portion of liability for put option that represented redeemable portion of noncontrolling interest as mezzanine equity which is presented between total liabilities and shareholders' equity. In addition, as a result of the reclassification to mezzanine equity, a portion of the profit has been allocated to the relevant NCI in accordance with U.S. GAAP.
- o) For the year ended December 31, 2017, Frutarom accounted for the lease arrangements entered into under IAS 17 Leases (IAS 17). Frutarom has elected to early adopt IFRS 16 Leases (IFRS 16) issued by the IASB, as of January 1, 2018, which requires entities to recognize a lease liability that reflects future lease payments and a right-of-use in all lease arrangements, with no distinction between capital/finance and operating leases subject to an exemption of certain short term leases or leases of low value assets. As a result of the early adoption of IFRS 16, Frutarom has recorded its operating leases as a right to use asset along with a corresponding lease liability in its historical balance sheet for the three months ended March 31, 2018. Regarding all leases, Frutarom applied the transitional provisions under IFRS 16 such that it initially recognized a liability at the commencement date at an amount equal to the present value of the lease payments during the lease, discounted using the effective interest rate as of that date, and concurrently recognized a right-of-use asset at an amount identical to the liability. As a result, adoption of the standard had no impact on equity and retained earnings of Frutarom as of initial application. IFF will adopt ASC 842 beginning January 1, 2019. Accordingly, IFF will reverse changes made by Frutarom under IFRS 16 and leases are accounted for under ASC 840 for the three months ending March 31, 2018.
- p) Expected return on plan assets Under IFRS, companies calculate a net interest cost (income) by applying the discount rate to the net pension benefit obligation or asset, while U.S. GAAP requires companies to calculate a separate return on plan assets using an estimated long-term rate of return on plan assets. The interest cost on the pension benefit obligation is generally the same under both IFRS and U.S. GAAP.

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The following is a summary of the calculation of the pro forma income statement adjustment of \$1.6 million for the year ended December 31, 2017 relating to the expected return on plan assets. This adjustment is due to the different asset return rates used for IFRS versus U.S. GAAP and has been calculated using the following methodology:

Plan Asset	\$ 28,699	A
Rate Differential:		
Expected rate on plan assets	6.63%	U.S. GAAP
Weighted average discount rate	1.04%	IFRS
Difference	5.58%	B
Calculated difference	\$ 1,602	A*B

The expected long-term rate of return on pension plan assets was estimated based on the plan's investment strategy and asset allocation, historical capital market performance, and historical performance.

The tax impact of the pro forma income statement adjustment was estimated using Frutarom's statutory tax rate in the jurisdictions expected to be impacted.

An adjustment for the three month ended March 31, 2018 has not been calculated since management believes that the adjustment is not material.

No pro forma balance sheet adjustment is required because the amounts recorded for pension assets and obligations will not change materially as a result of purchase accounting.

Note 6 Pro Forma Adjustments

Adjustments included in the unaudited pro forma condensed combined balance sheet are represented by the following:

- a) Represents the adjustments to record amortization expense related to the increased basis of intangible assets (see Note 4), which have been recorded at estimated fair value on a pro forma basis and will be amortized over the estimated useful lives on a straight line basis as management continues to evaluate the pattern of economic benefits. As part of the preliminary valuation analysis, IFF identified intangible assets related to product formulas, trade name and customer relationships.

The following table summarizes the estimated fair values of Frutarom's identifiable intangible assets and their estimated useful lives and uses a straight line method of amortization (in USD thousands):

	Estimated Fair Value	Estimated Useful Life (in Years)	Amortization expense	
			For the Three Months Ended March 31, 2018	For the Year Ended December 31 2017
Intangible assets				
Product formulas	330,000	10	8,250	33,000

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Trade name	130,000	20	1,625	6,500
Customer relationships	1,980,000	20	24,750	99,000
	2,440,000		34,625	138,500
Less: Historical amortization expense			6,828	23,676
Pro forma adjustment			27,797	114,824

The estimated tax impact of the fair market value adjustments on the amortization expense is reflected in the statements of operations using the weighted average statutory tax rate of the jurisdictions expected to be impacted.

A 10% change in the valuation of definite lived intangible assets would cause a corresponding increase or decrease in the balance of goodwill and would also cause a corresponding increase or decrease in the annual amortization expense of approximately \$13,850.

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- b) The pro forma condensed combined balance sheet has been adjusted to reflect the elimination of Frutarom's historical goodwill of \$589,250 and to record goodwill resulting from the merger of \$4,155,094. Recorded goodwill is calculated as the difference between the fair value of the purchase price paid and the preliminary values assigned to the identifiable tangible and intangible assets acquired and liabilities assumed. See Note 4 for the calculation of the amount of preliminary goodwill recognized in connection with the merger.
- c) The pro forma condensed combined balance sheet has been adjusted to step up Frutarom's inventory to a fair value of approximately \$391,000, an increase of \$42,202 from the carrying value. This fair value estimate of inventory is preliminary and is determined based on the assumptions that market participants would use in pricing an asset, based on the most advantageous market for the asset (i.e., its highest and best use). This preliminary fair value estimate could include assets that are not intended to be used, may be sold or are intended to be used in a manner other than their best use. The final fair value determination for inventories may differ from this preliminary determination. No adjustment to the unaudited pro forma condensed combined statement of operations has been recorded since the step up of inventory does not have a continuing impact on the combined company.
- d) The pro forma condensed balance sheet has been adjusted to include the adjustment to deferred tax liabilities, on a preliminary basis, of \$388,903 resulting from the pro forma fair value adjustments for inventory, intangible assets (excluding goodwill which is not tax deductible), and liabilities utilizing a weighted average statutory rate for the jurisdictions expected to be impacted. Because the tax rate used for these pro forma financial statements is an estimate, it will likely vary from the actual rate in periods subsequent to the completion of the merger and those differences may be material.