SENSIENT TECHNOLOGIES CORP
Form DEF 14A
March 13, 2009

SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of the

Securities Exchange Act of 1934

Filed by the Registrant x Filed by a Party other than the Registrant ¨

Check the appropriate box:

¨ Preliminary Proxy Statement

¨ Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))

x Definitive Proxy Statement

¨ Definitive Additional Materials

¨ Soliciting Material Pursuant to Section 240.14a-11(c) or Section 240.14a-12

SENSIENT TECHNOLOGIES CORPORATION

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

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(1) Amount Previously Paid:

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[LOGO]

March 13, 2009

Dear Fellow Shareholder:

You are invited to attend the Annual Meeting of Shareholders of Sensient Technologies Corporation. The meeting will be held on Thursday, April 23, 2009, at 2:00 p.m., Central Time, at the Trump International Hotel, 401 North Wabash Avenue, Chicago, Illinois.

We hope that you will be able to join us at the meeting to review the year and take a look at what the future holds for our company. In addition, the business to be transacted is: (i) to elect eight directors of the Company as described in the accompanying Proxy Statement; (ii) to consider and act upon a proposal to amend and approve the Amended and Restated Sensient Technologies Corporation Incentive Compensation Plan for Elected Corporate Officers; (iii) to ratify the appointment of Ernst & Young LLP, certified public accountants, as the independent auditors of the Company for 2009; and (iv) to transact such other business as may properly come before the meeting or any adjournment thereof.

Whether or not you plan to attend, it is important that you exercise your right to vote as a shareholder. Please indicate your vote on the enclosed proxy card and return it promptly using the envelope provided or vote by telephone or by Internet according to the instructions on the enclosed proxy card. Be assured that your votes are completely confidential.

On behalf of the officers and directors of the Company, we want to thank you for your continued support and confidence.

Sincerely,

/s/ Kenneth P. Manning
Kenneth P. Manning
Chairman and Chief Executive Officer

Enclosures

SENSIENT TECHNOLOGIES CORPORATION

777 East Wisconsin Avenue

Milwaukee, Wisconsin 53202

Notice of Annual Meeting

To Be Held April 23, 2009

To the Shareholders of

Sensient Technologies Corporation:

NOTICE IS HEREBY GIVEN that the 2008 Annual Meeting of Shareholders (Meeting) of Sensient Technologies Corporation, a Wisconsin corporation (Company), will be held at the Trump International Hotel, 401 North Wabash Avenue, Chicago, Illinois on Thursday, April 23, 2009, at 2:00 p.m., Central Time, for the following purposes:

1. To elect eight directors of the Company as described in the accompanying Proxy Statement.

2. To consider and act upon a proposal to amend and approve the Amended and Restated Sensient Technologies Corporation Incentive Compensation Plan for Elected Corporate Officers.

3. To ratify the appointment of Ernst & Young LLP, certified public accountants, as the independent auditors of the Company for 2009.

4. To transact such other business as may properly come before the Meeting or any adjournments thereof.

Important Notice Regarding the Internet Availability of Proxy Materials for the Shareholder Meeting to Be Held on April 23, 2009

The Proxy Statement and Notice of Annual Meeting and the 2008 Annual Report are available on our web site at http://www.sensient-tech.com/financial/annualreport_and_proxy.htm.

The Board of Directors has fixed the close of business on February 27, 2009 as the record date for the determination of shareholders entitled to notice of, and to vote at, the Meeting and any adjournments thereof.

We encourage you to attend the Meeting and vote your shares in person. However, whether or not you are able to attend the Meeting, please complete the enclosed proxy and return it promptly using the envelope provided or vote by telephone or by Internet according to the instructions on the enclosed proxy card, so that your shares will be represented at the Meeting. You may revoke your proxy at any time before it is actually voted by notice in writing to the undersigned or by attending the Meeting and voting in person. Your attention is directed to the attached proxy statement and accompanying proxy.

For directions to the meeting site, contact the Company s Secretary at (414) 271-6755. Shareholders of record who wish to vote in person may do so at the meeting.

On Behalf of the Board of Directors

John L. Hammond
Secretary

Milwaukee, Wisconsin

March 13, 2009

SENSIENT TECHNOLOGIES CORPORATION

777 East Wisconsin Avenue

Milwaukee, Wisconsin 53202

(414) 271-6755

PROXY STATEMENT

for

ANNUAL MEETING OF SHAREHOLDERS

to be held on

April 23, 2009

GENERAL

This proxy statement and accompanying proxy are first being furnished to the shareholders of Sensient Technologies Corporation, a Wisconsin corporation (Company), beginning on or about March 13, 2009, in connection with the solicitation by the Board of Directors of the Company (Board) of proxies for use at the Company s 2009 Annual Meeting of Shareholders to be held at the Trump International Hotel, 401 North Wabash Avenue, Chicago, Illinois on Thursday, April 23, 2009, at 2:00 p.m., Central Time, and at any adjournments thereof (Meeting), for the purposes set forth in the attached Notice of Annual Meeting and in this proxy statement.

Accompanying this proxy statement are a Notice of Annual Meeting and a form of proxy solicited by the Board for the Meeting. The Proxy Statement and Notice of Annual Meeting and the 2008 Annual Report are also available on our web site at http://www.sensient-tech.com/financial/annualreport_and_proxy.htm. The Annual Report to Shareholders, which also accompanies this proxy statement, contains financial statements for the three years ended December 31, 2008, and certain other information concerning the Company. The Annual Report and financial statements are neither a part of this proxy statement nor incorporated herein by reference.

Only holders of record of the Company s Common Stock (Common Stock) as of the close of business on February 27, 2009, are entitled to notice of, and to vote at, the Meeting. On that date, the Company had 48,657,382 shares of Common Stock outstanding, each of which is entitled to one vote on each proposal submitted for shareholder consideration at the Meeting.

A proxy, in the enclosed form, which is properly executed, duly returned to the Company or its authorized representatives or agents and not revoked or which has been properly voted by telephone or by Internet according to the instructions on the enclosed proxy card and not revoked will be voted in accordance with the shareholder s instructions contained in the proxy. If no instructions are indicated on the proxy, the shares represented thereby will be voted as follows:

FOR the Board s eight nominees for director;

FOR approval of the proposal to amend and approve the Amended and Restated Sensient Technologies Corporation Incentive Compensation Plan for Elected Corporate Officers;

FOR ratification of the Board s appointment of Ernst & Young LLP as the Company s independent auditors for 2009; and

On such other matters that may properly come before the Meeting in accordance with the best judgment of the individual proxies named in the proxy.

Any shareholder giving a proxy may revoke it at any time before it is exercised at the Meeting by delivering written notice thereof to the Secretary of the Company. Any shareholder attending the Meeting may vote in person whether or not the shareholder has previously filed a proxy. Presence at the Meeting by a shareholder who has signed a proxy does not in itself revoke the proxy. The shares represented by all properly executed proxies received prior to the Meeting and not revoked will be voted as directed by the shareholders.

The cost of soliciting proxies will be borne by the Company. Proxies may be solicited by directors, officers or employees of the Company in person, by telephone or by telegram. The Company will use the services of D. F. King & Co., Inc., New York, New York, to aid in the solicitation of proxies. Their charges will be $8,000 plus reasonable expenses. The Company will also reimburse brokerage houses and other custodians, nominees and fiduciaries for their expenses in sending proxy materials to the beneficial owners.

ITEM 1.

ELECTION OF DIRECTORS

The Board of Directors currently consists of nine members who are all elected each year for one-year terms. All of the nominees are currently directors of the Company. The Board has renominated Messrs. Brown, Croft, Hickey, Manning and Salmon, Dr. Clydesdale, Dr. Wedral and Ms. Whitelaw. The Board wishes to thank Mr. Edmonds, who is not a nominee for re-election, for his years of service to the Company as an officer and director.

It is intended that the persons named as proxies in the accompanying proxy will vote FOR the election of the Board s eight nominees. If any nominee should become unable to serve as a director prior to the Meeting, the shares represented by proxies otherwise voted in favor of the Board s eight nominees or which do not contain any instructions will be voted FOR the election of such other person as the Board may recommend.

Under Wisconsin law, directors are elected by a plurality of the votes cast by the shares entitled to vote in the election, assuming a quorum is present. For this purpose, plurality means that the individuals receiving the largest number of votes are elected as directors, up to the maximum number of directors to be chosen at the election. Therefore, any shares of Common Stock which are not voted on this matter at the Meeting (whether by abstention, broker nonvote or otherwise) will have no effect on the election of directors at the Meeting.

Pursuant to the Company s Bylaws, written notice of other qualifying nominations by shareholders for election to the Board must have been received by the Secretary no later than 50 days before the meeting, or March 4, 2009. As no notice of any other nominations was received, no other nominations for election to the Board of Directors may be made by shareholders at the Meeting. We anticipate that the Board will amend the Bylaws prior to the Meeting to specify that the Board will consist of eight directors.

Set forth below is certain information about the Board s nominees.

THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS A VOTE FOR ALL NOMINEES. SHARES OF COMMON STOCK REPRESENTED AT THE MEETING BY EXECUTED BUT UNMARKED PROXIES WILL BE VOTED FOR ALL NOMINEES.

NOMINEES FOR ELECTION TO THE BOARD OF DIRECTORS

Name, Age and Committees		Position with Company or Other Occupation	Year First Elected Director
Hank Brown			2004
A, F, N	69	President Emeritus of the University of Colorado; holder of the Newton Endowed Chair in Leadership. President of the University of Colorado, from August, 2005 to March, 2008; President and Chief Executive Officer, The Daniels Fund, a charitable foundation, from July, 2002 to July, 2005; President of the University of Northern Colorado from July, 1998 to June, 2002; Director of Sealed Air Corporation, Delta Petroleum Corporation and Guaranty Bancorp.	
Dr. Fergus M. Clydesdale			1998
C, E, N, S	72	Distinguished University Professor, Department of Food Science, College of Food and Natural Resources and Director of the Food Science Policy Alliance at the University of Massachusetts Amherst.	

A Audit Committee
C Compensation and Development Committee
E Executive Committee
F Finance Committee
N Nominating and Corporate Governance Committee
S Scientific Advisory Committee

NOMINEES FOR ELECTION TO THE BOARD OF DIRECTORS

Name, Age and Committees		Position with Company or Other Occupation	Year First Elected Director
James A.D. Croft			1997
A, C, E, S	71	Retired; Director of Richard Ellis Holdings Limited, property and investment consultants, until 1998; Chairman, Bartlodge, Ltd. since 1998.	
William V. Hickey			1997
A, E, F, N	64	President, Chief Executive Officer and Director of Sealed Air Corporation, a leading global manufacturer of a complementary line of protective, food and specialty packaging materials and systems; Director of Public Service Enterprise Group Incorporated.	
Kenneth P. Manning			1989
E, S	67	Chairman of the Board and Chief Executive Officer of the Company; Director of Badger Meter, Inc. and Sealed Air Corporation.	

A Audit Committee
C Compensation and Development Committee
E Executive Committee
F Finance Committee
N Nominating and Corporate Governance Committee
S Scientific Advisory Committee

NOMINEES FOR ELECTION TO THE BOARD OF DIRECTORS

Name, Age and Committees		Position with Company or Other Occupation	Year First Elected Director
Peter M. Salmon			2005
F, S	59	President, The International Food Network, Inc., an international provider of research and development services for food and beverage products.	
Dr. Elaine R. Wedral			2006
F, S	64	Retired; President of Nestle s Research and Development, Worldwide Food Service Systems from 1988 to 2004; Director of Balchem Corporation.	
Essie Whitelaw			1993
C, N	61	Senior Vice President, Operations, Wisconsin Physician Services, a provider of health insurance and benefit plan administration, since 2001; President and Chief Operating Officer of Blue Cross & Blue Shield of Wisconsin, a comprehensive health insurer, to 2000.	

A Audit Committee
C Compensation and Development Committee
E Executive Committee
F Finance Committee
N Nominating and Corporate Governance Committee
S Scientific Advisory Committee

Except as noted, all nominees have held their current positions or otherwise have served in their respective positions with the listed organizations for more than five years. No director, nominee for director or executive officer had any material interest, direct or indirect, in any business transaction of the Company or any subsidiary since the beginning of 2008 nor does any director, nominee or executive officer have any material interest, direct or indirect, in any such proposed transaction, except that Sealed Air Corporation, of which Mr. Hickey is President & Chief Executive Officer, purchased $198,893 and $88,894 in colors from one or more units of the Company in 2008 and 2007, respectively. The Board has determined that all members of the Board, except Mr. Edmonds and Mr. Manning, are independent under the applicable rules of the New York Stock Exchange and the Securities and Exchange Commission (the SEC). See Corporate Governance-Director Independence below.

Corporate Governance

Board Meetings and Meeting Attendance

The Board of Directors met five times during 2008. Each director attended at least 75% of the meetings of the Board and the Board Committees on which he or she served that were held during the period in which he or she was a director in 2008. The Company s Corporate Governance Guidelines provide that all directors are expected to attend the Annual Meeting of Shareholders. In 2008, all Board members attended the Annual Meeting of Shareholders.

Committees of the Board of Directors

Executive Committee

The Executive Committee of the Board of Directors, which currently consists of Messrs. Croft, Hickey and Manning and Dr. Clydesdale, met once in 2008. This Committee has the power and authority of the Board of Directors in directing the management of the business and affairs of the Company in the intervals between Board of Directors meetings, except to the extent limited by law, and reports its actions at regular meetings of the Board.

Audit Committee

The Audit Committee of the Board of Directors met nine times during 2008. Messrs. Brown, Croft and Hickey are the current members of the Audit Committee. All members of the Audit Committee meet the independence and experience requirements of the New York Stock Exchange and the SEC.

This Committee, among other things:

- has sole responsibility to appoint, terminate, compensate and oversee the independent auditors of the Company and to approve any audit and permitted non-audit work by the independent auditors;
- reviews the adequacy and appropriateness of the Company s internal control structure and recommends improvements thereto, including management s assessment of internal controls and the internal audit function and risk management activities in general;
- reviews with the independent auditors their reports on the consolidated financial statements of the Company and the adequacy of the financial reporting process, including the selection of accounting policies;
- reviews and discusses with management the Company s practices regarding earnings press releases and the provision of financial information and earnings guidance to analysts and ratings agencies;
- obtains and reviews an annual report of the independent auditor covering the independent auditor s quality control, any inquiry or investigation by governmental or professional authorities within five years and independence;
- sets hiring policies for employees or former employees of the independent auditor;
- establishes procedures for receipt of complaints about accounting or auditing matters; and
- reviews the adequacy and appropriateness of the various policies of the Company dealing with the principles governing performance of corporate activities. These policies, which are set forth in the Company s Code of Conduct, include antitrust compliance, conflict of interest and business ethics.

The Board of Directors has adopted a written charter for the Audit Committee, which is incorporated in the Company s Bylaws and posted on its website. The Audit Committee reviews and reassesses the adequacy of this charter at least annually. The Board has also adopted a Code of Ethics for Senior Financial Officers, as contemplated by the Sarbanes-Oxley Act of 2002 (the Sarbanes-Oxley Act). The Board has determined that Mr. Hickey is an audit committee financial expert in accordance with SEC rules. Any changes made to the Code of Ethics, and any waivers granted thereunder, will be posted and available on the Company s website.

Compensation and Development Committee

The current members of the Compensation and Development Committee of the Board of Directors, which held five meetings during 2008, are Mr. Croft, Dr. Clydesdale and Ms. Whitelaw. Each member of the Committee satisfies New York Stock Exchange independence requirements.

Among the Committee s responsibilities are:

- to review and approve all compensation plans and programs (philosophy and guidelines) of the corporation and, in consultation with senior management, oversee the development and implementation of the corporation s compensation program, including salary structure, base salary, short and long-term incentive compensation plans (such as restricted stock awards) and nonqualified benefit plans and programs, including fringe benefit programs;

- to review and make recommendations to the Board of Directors with respect to all compensation arrangements and changes in the compensation of the officers appointed by the Board of Directors, including, without limitation (i) base salary, (ii) short and long-term incentive compensation plans and equity-based plans (including overseeing the administration of these plans and discharging any responsibilities imposed on the Committee by any of these plans); (iii) employment agreements, severance arrangements and change-in-control agreements/provisions, in each case as, when and if appropriate; and (iv) any special or supplemental benefits; and

- at least annually, to review and approve corporate goals and objectives relevant to compensation of the Chief Executive Officer, evaluate the performance of the Chief Executive Officer in light of those goals and objectives, report the results of such evaluation to the Board of Directors and set the Chief Executive Officer s compensation level based on this evaluation.

See Compensation Discussion and Analysis for an analysis of material Committee compensation policies and procedures and Compensation and Development Committee Report for the Committee s report on 2008 executive compensation.

Finance Committee

The Finance Committee of the Board of Directors, which currently consists of Messrs. Brown, Hickey and Salmon and Dr. Wedral, held five meetings during 2008. Among other things, this Committee reviews and monitors the Company s financial planning and structure to ensure conformity with the Company s requirements for growth and fiscally sound operation, and also reviews and approves:

- the Company s annual capital budget, long-term financing plans, borrowings, notes and credit facilities, investments and commercial and investment banking relationships;

- existing insurance programs, foreign currency management and the stock repurchase program;

- the financial management and administrative operation of the Company s qualified and nonqualified benefit plans; and

- such other matters as may from time to time be delegated to the Committee by the Board or provided in the Bylaws.

Nominating and Corporate Governance Committee

The Nominating and Corporate Governance Committee of the Board of Directors, which currently consists of Messrs. Brown and Hickey, Dr. Clydesdale and Ms. Whitelaw, met three times during 2008. Each member of the Committee satisfies New York Stock Exchange independence requirements.

Among other functions, this Committee:

- studies and makes recommendations concerning the composition of the Board of Directors and its committee structure, and reviews the compensation of Board and Committee members;
- recommends persons to be nominated by the Board of Directors for election as directors of the Company and to serve as proxies at the annual meeting of shareholders;
- considers nominees recommended by shareholders;
- assists the Board in its determination of the independence of each director;
- develops corporate governance principles for the Company and reassesses such principles annually; and
- oversees the system of corporate governance and the evaluation of the Board and management from a corporate governance standpoint.

The Committee identifies and recommends candidates it believes are qualified and suitable to serve as a director consistent with the criteria for selection of directors adopted by the Board. A copy of the Company s Director Selection Criteria is attached as Appendix A to this proxy statement. Recommendations for Board candidates may be made to the Committee by the Company s Chairman and Chief Executive Officer, other current Board members and Company shareholders. The Committee also from time to time utilizes the services of third-party search firms. Once appropriate candidates are identified, the Committee evaluates their qualifications to determine which candidate best meets the Company s Director Selection Criteria, without regard to the source of the recommendation. Recommendations by shareholders for director nominees should be forwarded to the Secretary of the Company, who will relay such information to the Committee Chair. The recommendations should identify the proposed nominee by name, should describe every arrangement or understanding with such person and should provide at least the detailed information about the nominee that is required by SEC rules for the solicitation of proxies for election of directors. Shareholders should look to the information required pursuant to the Company s Bylaws for shareholder nominations as a guide to the information required. Under the Company s Bylaws, shareholders also have the right to directly nominate a person for election as a director so long as the advance notice and informational requirements contained in the Bylaws are satisfied. See the discussion under Future Shareholder Proposals and Nominations below.

Scientific Advisory Committee

The Scientific Advisory Committee of the Board of Directors, which currently consists of Drs. Clydesdale and Wedral and Messrs. Croft, Edmonds, Manning and Salmon, met twice during 2008.

Among other functions, this Committee:

- reviews the Company s research and development programs with respect to the quality and scope of work undertaken;
- advises the Company on maintaining product leadership through technological innovation; and
- reports on new technological trends and regulatory developments that would significantly affect the Company and suggests possible new emphases with respect to its research programs and new business opportunities.

Committee Charters and Other Governance Documents

Charters for the Audit, Compensation and Development, and Nominating and Corporate Governance Committees of the Company s Board of Directors, as well as the Company s Code of Conduct, Standards of Conduct for International Employees, Code of Ethics for Senior Financial Officers, and Corporate Governance Guidelines, are available on the Company s website (www.sensient-tech.com), and are available in print to any shareholder upon request. If there are any amendments to the Code of Conduct, the Standards of Conduct, the Code of Ethics or the Corporate Governance Guidelines, or if waivers from any of them are granted for executive officers or directors, those amendments or waivers also will be posted on the Company s website.

Executive Sessions of Independent Directors

The Company s independent directors, who also constitute the non-management directors, meet at regularly scheduled executive sessions without management not less frequently than three times per year. The independent directors held three executive sessions during 2008. The responsibility for presiding at each meeting of independent directors is rotated among all independent members of the Board of Directors in alphabetical order.

Interested parties who wish to make their concerns known by communicating directly with the presiding independent director or with the independent directors or the Board as a group may do so in writing addressed to the attention of the Company Secretary. The Company s Corporate Governance Guidelines provide that all such communications will be relayed by the Company Secretary to the appropriate independent director unless the content is obviously inappropriate for Board or independent director review.

Director Independence

The Company s Corporate Governance Guidelines provide guidelines for determining whether a director is independent from management. For a director to be considered independent, the Board must make an affirmative determination that the director has no material relationship with the Company (either directly or as a partner, shareholder or officer of an organization that has a relationship with the Company). The guidelines contain the following specific criteria, which reflect the currently applicable New York Stock Exchange rules, to assist the Board in determining whether a director has a material relationship with the Company. A director is not independent if:

- The director is, or has been within the last three years, an employee of the Company, or an immediate family member is, or has been within the last three years, an executive officer of the Company.

- The director has received, or has an immediate family member who has received for service as an executive officer, during any twelve-month period within the last three years, more than $120,000 in direct compensation from the Company (other than fees in connection with services as director or other non-contingent deferred compensation for prior service).

- (A) The director is a current partner or employee of a firm that is the Company s internal or external auditor; (B) the director has an immediate family member who is a current partner of such a firm; (C) the director has an immediate family member who is a current employee of such a firm and who personally works on the Company s audit; or (D) the director or an immediate family member was within the last three years a partner or employee of such a firm and personally worked on the Company s audit within that time.

- The director or an immediate family member is, or has been within the last three years, employed as an executive officer of another company and any of the Company s present executive officers at the same time serves or served on that company s compensation committee.

- The director is a current employee, or an immediate family member is a current executive officer, of a company that has made payments to or received payments from the Company for property or services in an amount which, in any of the last three fiscal years, exceeds the greater of $1 million or 2% of the other company s consolidated gross revenues.

In addition, the guidelines state that no director shall be independent unless he or she shall meet the requirements for independence under applicable securities laws. For purposes of determining independence, the Company includes any parent or subsidiary in a consolidated group with the Company.

Based on these criteria, the Board has affirmatively determined that Messrs. Brown, Croft, Hickey and Salmon, Drs. Clydesdale and Wedral and Ms. Whitelaw (who are all of the members of the Board except Messrs. Edmonds and Manning) are independent under the applicable rules of the New York Stock Exchange and the Securities and Exchange Commission and the Company s independence criteria. In making this determination, the Board reviewed information provided by each of the directors to the Company. None of the directors identified as independent had any material relationship with the Company or its senior executive officers.

The Company has no relationships with any of the independent directors (other than as a director and a shareholder), except that Sealed Air Corporation, of which Mr. Hickey is President & Chief Executive Officer, purchased $198,893 and $88,894 in colors from one or more units of the Company in 2008 and 2007, respectively. The Board determined that this relationship did not impair Mr. Hickey s independence.

Director Compensation and Benefits

Directors who are not employees of the Company are entitled to receive an annual retainer of $35,000 and fees of $1,500 for each Board and Committee meeting attended in addition to reimbursable expenses for such attendance. Each Committee chairperson is entitled to receive an additional $6,750 annually for serving in that capacity, except that the chairperson of the Audit Committee is instead entitled to receive $10,000 annually for serving in that capacity.

The Company has an unfunded retirement plan for non-employee directors who have completed at least one year of service with the Company as a director. The plan provides a benefit equal to the annual retainer for directors in effect at the time of the director s departure from the Board. This benefit, payable only during the lifetime of the participant, continues for a period equal to the amount of time the individual was an active director. During the benefit period, the participant must be available to the Chairman of the Board for consultation.

The Company has a Directors Deferred Compensation Plan available to any director who is entitled to compensation as a Board member. Under this plan, the maximum amount that is eligible to be deferred is the total of all fees paid to the director by reason of his or her membership on the Board or any Committee thereof. The plan provides that directors may defer all or part of their director fees and the deferral may be in cash or Common Stock. The fees deferred in cash are credited to individual deferred compensation accounts which bear interest at the rate of 8.0% per annum. The amounts deferred pursuant to this plan will be paid either: (i) in a lump sum on January 31st of the calendar year following the year in which the director ceases to be a director or on January 31st of any year thereafter; or (ii) in five equal consecutive annual installments commencing on January 31st of the first calendar year after the director ceases to serve as a director. In the event of death, the balance in a director s account will be paid in a lump sum to a designated beneficiary or to the director s estate.

The Company has long maintained a Directors Stock Option Plan for any director who is not an employee of the Company. Until July 2008, the plan provided for each director to be granted options to purchase 2,000 shares of the Company s common stock annually on May 1. The options have an exercise price equal to the market price of the Company s stock on the date of grant and vest in increments of one-third of the total grant on each of the first, second, and third anniversaries of the date of grant. The plan was amended in July 2008 to provide that no further options will be granted under it.

The Company also has a Director Stock Plan for any director who is not an employee of the Company. Until July 2008, this plan provided for an annual grant of 900 shares of the Company s common stock to each non-employee director on the Annual Meeting date. The shares vest in increments of one-third of the total grant on each of the first, second and third anniversaries of the date of grant. The plan was amended in July 2008 to provide that effective with the 2009 Annual Meeting of Shareholders, the annual grant will be for 1,300 shares.

Set forth below is a summary of the compensation paid to each non-employee director in fiscal 2008:

2008 DIRECTOR COMPENSATION TABLE

Name	Fees Earned or Paid in Cash ($)(1)	Stock Awards ($)(2)(4)	Option Awards ($)(2)(3)(4)	Change in Pension Value and Nonqualified Deferred Compensation Earnings ($)	All Other Compensation ($)	Total ($)
H. Brown	$ 81,000	$ 22,276	$ 11,744	$ 22,000	$	$ 137,200
Dr. F. M. Clydesdale	70,250	22,276	11,744	5,000		109,270
J. A. D. Croft	74,750	22,276	11,744	3,000		111,770
W. V. Hickey	84,500	22,276	11,744	5,000		123,520
P. M. Salmon	57,500	20,264	10,719	33,000		123,264
Dr. E. R. Wedral	57,500	20,264	10,719	30,000		118,483
E. Whitelaw	56,000	22,276	11,744	(5)		90,020(5)

(1) Includes annual retainer, meeting attendance and chairmanship fees.

(2) The amounts in the table reflect the compensation expense recognized by the Company during 2008 for stock awards and option awards to the named director in 2005 to 2008. In December 2004, the Financial Accounting Standards Board issued SFAS No. 123(R), which requires us to recognize compensation expense for stock options and other stock-related awards granted to our employees and directors based on the estimated fair value of the equity awards at the time of grant. The compensation expense is required to be recognized over the vesting period. The requirements of SFAS No. 123(R) became effective beginning in the first quarter of fiscal 2006. The assumptions used to determine the valuation of the awards are discussed in footnote 5 to our consolidated financial statements. The 2008 restricted stock awards were made on April 24, 2008 and the 2008 option awards were made on May 1, 2008. The grant date fair value of the 2008 restricted stock award to each director was $30.58 per share, and the grant date fair value of the 2008 option award to each director was $6.77 per share.

(3) The options have an exercise price equal to the market price of the Company s stock on the date of grant and vest in increments of one-third of the total grant on each of the first, second, and third anniversaries of the date of grant.

(4) Each non-employee director had the following equity awards outstanding as of the end of fiscal 2008:

Name	Option Awards Number of Securities Underlying Unexercised Options (#)	Stock Awards Number of Shares of Stock That Have Not Vested (#)
H. Brown	10,000	1,800
Dr. F. M. Clydesdale	18,000	1,800
J. A. D. Croft	18,000	1,800
W. V. Hickey	18,000	1,800
P. M. Salmon	6,000	1,800
Dr. E. R. Wedral	6,000	1,800
E. Whitelaw	18,000	1,800

(5) The change in pension value for Ms. Whitelaw is excluded from the table because it was negative $10,000.

AUDIT COMMITTEE REPORT

In accordance with its written charter adopted by the Board, the Audit Committee of the Board (the Committee) assists the Board in fulfilling its responsibility for oversight of the quality and integrity of the accounting, auditing and financial reporting practices of the Company. During 2008, the Committee met nine times. The Committee discussed the financial information contained in each quarterly earnings announcement and in each of the Company s Forms 10-Q and 10-K with the Company s Senior Vice President and Chief Financial Officer, its Vice President, Controller and Chief Accounting Officer and its independent auditors prior to release of the earnings announcement and prior to filing the Company s Forms 10-Q and 10-K with the Securities and Exchange Commission, respectively. During each fiscal quarter of 2008, the procedures undertaken in connection with the Chief Executive Officer and Chief Financial Officer certifications for Forms 10-Q and 10-K were reviewed, including the Company s disclosure controls and procedures and internal controls.

In discharging its oversight responsibility as to the audit process, the Committee obtained from the independent auditors a formal written statement describing all relationships between the auditors and the Company that might bear on the auditors independence and information required by applicable requirements of the Public Company Accounting Oversight Board regarding the independent accountant s communications with the Committee concerning independence and discussed with the auditors any relationships that may impact their objectivity and independence. The Committee has also considered whether the provision of any non-audit services by the auditors is compatible with maintaining the auditors independence. The Committee is satisfied as to the auditors independence. The Committee also discussed with management, the Company s Director, Internal Audit and the independent auditors the quality and adequacy of the Company s internal controls and the internal audit function s organization, responsibilities, budget and staffing. The Committee reviewed the audit plans, audit scopes and identification of audit risks with both the independent auditor and the Director, Internal Audit.

The Committee discussed and reviewed with the independent auditors all communications required by the Public Company Accounting Oversight Board, including those described in Statement on Auditing Standards No. 61, as amended, Communication with Audit Committees and, with and without management present, discussed and reviewed the results of the independent auditors examination of the financial statements. The Committee also discussed the results of the internal audit examinations and met separately with the Company s Director, Internal Audit.

Audit Fees

During the years ended December 31, 2008 and 2007, aggregate fees (including expenses) for the annual audit of the Company s financial statements were approximately $2,564,200 and $2,352,500, respectively. Audit fees include fees for the audit of the Company s consolidated financial statements, fees for statutory audits of foreign entities, fees for quarterly review services and fees related to the Company s SEC filings.

Audit-Related Fees

During the years ended December 31, 2008 and 2007, aggregate fees (including expenses) for audit-related services provided by the independent auditors were approximately $72,000 and $69,800, respectively. Audit-related fees include fees for audits of the Company s employee benefit plans and non-audit related accounting consultations.

Tax Fees

During the years ended December 31, 2008 and 2007, aggregate fees (including expenses) for tax services provided by the independent auditors were approximately $1,026,100 and $1,339,700, respectively. Tax services include tax compliance, tax advice and tax planning.

All Other Fees

No other fees were paid to the Company s auditors in 2008 or 2007.

All of the services described above were approved by the Audit Committee. At its February 2009 meeting, the Committee reviewed and approved resolutions continuing the Company s Audit Committee Pre-Approval Policy for a new twelve-month period. This policy provides that the Committee is required to pre-approve all audit and non-audit services performed by the independent auditor and specifies certain audit, audit-related and tax services that have general pre-approval for the next twelve months, subject to specified dollar limits. The policy also provides that any services by the independent auditor not generally pre-approved or above the specified dollar limits must be submitted for pre-approval by the Audit Committee. Pursuant to the resolutions and the policy, the Chairman of the Audit Committee has the authority to grant pre-approval when necessary, provided that such pre-approval is reported to the Committee at its next meeting.

The Committee reviewed the audited financial statements of the Company as of and for the year ended December 31, 2008, with management and the independent auditors. Management has the responsibility for the preparation of the Company s financial statements and the independent auditors have the responsibility for the examination of those statements.

Based on the above-mentioned review and discussions with management and the independent auditors, the Committee recommended to the Board that the Company s audited financial statements be included in its Annual Report on Form 10-K for the year ended December 31, 2008, for filing with the Securities and Exchange Commission. As further discussed in Item 3, Ratification of Appointment of Independent Auditors, the Committee has appointed Ernst & Young LLP, subject to shareholder approval, to be the independent auditors for 2009 and the Board recommended that the shareholders ratify that appointment.

Date: February 5, 2009

Hank Brown,
Chairman

James A.D. Croft
William V. Hickey

PRINCIPAL SHAREHOLDERS

Management

The following table sets forth certain information as of February 10, 2009, regarding the beneficial ownership of Common Stock by each of the executive officers of the Company who is named in the Summary Compensation Table below (named executive officers), each director and nominee of the Company, and all of the directors and executive officers of the Company as a group. Except as otherwise indicated, all shares listed are owned with sole voting and investment power.

Name of Beneficial Owner	Amount and Nature of Beneficial Ownership and Percent of Class (1)(2)(3)(4)
Hank Brown	16,550
Dr. Fergus M. Clydesdale	23,079
Neil G. Cracknell	88,768
James A.D. Croft	32,701
Robert J. Edmonds	68,252
John L. Hammond	214,876
William V. Hickey	24,509
Richard F. Hobbs	323,214
Kenneth P. Manning	802,895
Peter M. Salmon	9,459
Dr. Elaine R. Wedral	4,826
Essie Whitelaw	22,020
All directors and executive officers as a group *(17 persons)*	1,951,040

(1) Except for Mr. Manning, who beneficially owns 1.65% of the outstanding Common Stock, no director or named executive officer beneficially owns 1% or more of the Company s Common Stock. The beneficial ownership of all directors and executive officers as a group represents 4.01% of the outstanding Common Stock. In each case this percentage is based upon the assumed exercise of that number of options which are included in the total number of shares shown (see Note (2), below).

(2) Includes the following shares subject to stock options which are currently exercisable or exercisable within 60 days of February 10, 2009: Mr. Brown 6,000 shares; Mr. Cracknell 35,500 shares; Mr. Edmonds 3,000 shares; Mr. Hammond 101,500 shares; Mr. Hobbs 161,166 shares; Mr. Manning 415,000 shares; Mr. Salmon 2,000 shares; Dr. Wedral 2,000 shares; each of the other directors (Dr. Clydesdale, Messrs. Croft and Hickey and Ms. Whitelaw) 14,000 shares; and all directors and executive officers as a group 961,665 shares.

(3) Includes 3,700 shares held by Mr. Brown s wife, 1,500 shares held by Mr. Croft s wife and 2,000 shares held by Mr. Manning s wife.

(4) Shares owned through Sensient s Savings Plan stock fund and Sensient s ESOP are held on a unitized basis. The numbers of shares held through these plans have been estimated based on the closing stock price of $23.25 on February 10, 2009.

Other Beneficial Owners

The following table sets forth information regarding beneficial ownership by those persons whom the Company believes to be beneficial owners of more than 5% of the Common Stock of the Company as of February 10, 2009, based solely on review of filings made with the Securities and Exchange Commission.

Name and Address of Beneficial Owner	Amount and Nature of Ownership	Percent of Class (1)
Barclays Global Investors, NA (2)	3,928,676	8.1%
GAMCO Investors, Inc. (3)	3,262,479	6.7%

(1) All percentages are based on 48,623,862 shares of Common Stock outstanding as of February 10, 2009.

(2) Barclays Global Investors, NA, Barclays Global Fund Advisors and Barclays Global Investors, Ltd, 400 Howard Street, San Francisco, CA 94105 jointly filed a Schedule 13G dated February 6, 2009, which reported that as of December 31, 2008 they held sole power to vote 3,445,862 shares and had sole dispositive power with respect to 3,928,676 shares of Common Stock. They stated that all of the shares are held in trust accounts for the economic benefit of beneficiaries of those accounts.

(3) GAMCO Investors, Inc., One Corporate Center, Rye, NY 10580, filed a Schedule 13F-HR/A dated February 13, 2009, which reported that as of December 31, 2008 Gabelli Investors held sole dispositive power with respect to 3,262,479 shares of Common Stock. Its most recent report on Schedule 13D, dated August 19, 2008, indicated that GAMCO and its affiliates beneficially owned 3,520,772 shares as of that date, but did not have voting authority with respect to 86,300 of those shares.

COMPENSATION AND DEVELOPMENT COMMITTEE REPORT

The duties and responsibilities of the Compensation and Development Committee of the Board of Directors (the Compensation Committee) are set forth in a written charter adopted by the Board, as set forth on the Company s website at www.sensient-tech.com. The Compensation Committee reviews and reassesses this charter annually and recommends any changes to the Board for approval.

As part of the exercise of its duties, the Compensation Committee has reviewed and discussed the following Compensation Discussion and Analysis contained in this proxy statement with management. Based upon that review and those discussions, the Compensation Committee recommended to the Board of Directors that the Compensation Discussion and Analysis be incorporated by reference in the Company s annual report to shareholders on Form 10-K and included in this proxy statement.

James A.D. Croft, Chairman

Dr. Fergus M. Clydesdale

Essie Whitelaw

EXECUTIVE COMPENSATION

Compensation Discussion and Analysis

Overview and Recent Changes to Executive Compensation Program

The pages below discuss the material elements of Sensient s compensation program for its executive officers. We believe the following points may assist you in reviewing these disclosures and in understanding the Company s executive compensation decisions for 2006, 2007 and 2008 and our ongoing compensation program for 2009 and future years.

Compensation for 2006, 2007 and 2008 is Tied to Strong Company Financial Performance. Sensient achieved excellent financial results during 2006, 2007 and 2008. Those results contributed to increases in the Company s stock price for the benefit of all of our shareholders during 2006 and 2007, and while our stock price declined in 2008 when the U.S. banking and financial markets fell sharply, we believe that our financial performance helped to limit the decline. As illustrated in the graph below, the total return to investors in Sensient s stock during 2006, 2007 and 2008 has outpaced the returns earned by the S&P 400 Chemical Index, the S&P 400 Index, the S&P Specialty Chemical Index and our peer group, which is described below. The graph assumes a $100 investment is made on December 31, 2005 and reinvestment of dividends.

Our 2008 stock price and total return performance was the best among the nine companies in the S&P 400 Specialty Chemicals Index and the second best among the 16 companies in the S&P 400 Chemicals Index, ranking in approximately the top 20 percent among both our peer group described below and the S&P 400 as a whole. Sensient s compensation program is intentionally designed to link executive and shareholder interests through equity-based compensation arrangements and to recognize individual contributions toward the achievement of corporate goals and objectives. As a result, a substantial portion of our executives compensation reflects the performance of Sensient s stock. Our executive compensation for all three years reflects the Company s performance well in excess of the earnings goals and certain other financial performance goals set in advance for those years in our annual cash incentive compensation plan.

Some Reported Compensation Exceeds Current Compensation Awards and Related Payments. The Compensation and Development Committee of the Board of Directors (the Compensation Committee or the Committee) focuses primarily on granting awards or making payments with respect to an executive s service for a given year, rather than upon the timing of the expense under the accounting rules and rather than the tax gross-up payments that may be required in the current year as a result of awards made in prior years. This is in contrast with some aspects of the proxy statement compensation disclosure rules, which are partially based on accounting rules and are impacted by current tax gross-up payments required by awards in earlier years, requiring us to include in the executive compensation tables for 2006, 2007 and (to a lesser extent) 2008 some significant amounts that are related to compensation awarded in prior years. For example, the required disclosures related to options and restricted stock awards focus upon compensation expense for accounting purposes rather than on the value of awards we actually made during a particular year. The amounts disclosed can exceed the value of the awards made to an executive with respect to the year in question, especially as the executive approaches the normal retirement age of 65. Mr. Manning attained age 65 in January 2007. As a result, an unusually large portion of our compensation expense related to restricted stock awards made to Mr. Manning over the past several years was required to be included in the 2006 and 2007 compensation amounts reported in this proxy statement. This multi-year expense number significantly exceeds the fair value of the equity awards actually made to him during those two years. Also, since restricted stock awards granted over a number of years vested when Mr. Manning reached age 65, the Company s tax gross-up obligations with respect to those awards were triggered in 2007, resulting in substantial payments to cover his resulting tax obligations. Those obligations arose entirely from awards made prior to 2007. Awards for 2007 and 2008 did not include (and future awards will not include) the tax gross-up feature. Another prime example is that the portion of reported 2006, 2007 and 2008 compensation related to changes in pension values and deferred compensation earnings is directly related to the pension expense calculated for accounting purposes, rather than any amounts actually paid or earned in the current year.

Improvements to Our Compensation Design for 2007, 2008 and Future Years. We made some significant revisions in the design of our compensation program for 2007, 2008 and future years. (1) We did not grant additional stock options to our executive officers in 2007 and 2008 and currently do not intend to grant stock options to our executives or directors in future years, relying instead on future awards of restricted stock. (2) Restricted stock awards granted in 2007 and 2008 did not and restricted stock awards for future years will not include the tax gross-up feature that has been included in our restricted stock awards for many years (although we will comply with our tax gross-up obligations under awards made in 2006 and prior years, if and when those obligations are triggered in the future). (3) The 2007, 2008 and 2009 awards under our annual cash incentive plan include increased earnings per share targets and also include targets for improved cash flow and return on invested capital as well as targets for the levels of working capital (for 2007 and 2008) or gross profit as a percentage of revenue (for 2009) and for selling, general and administrative expenses as a percentage of revenue. See page 32. We believe that these changes in our compensation program further our goal of aligning the interests of Sensient and its shareholders with our executives incentives in a way that enables us to attract and retain the best possible executive talent without creating incentives for our senior executive officers to take unnecessary and excessive risks that could threaten Sensient s long-term value. These changes first applied in 2007, so they are not reflected in the disclosures for 2006 that are included in the tables in this proxy statement.

The Compensation Committee

The Compensation Committee is composed entirely of independent, non-employee directors, as determined using New York Stock Exchange listing standards. The Committee oversees Sensient s executive compensation programs. See Committees of the Board of Directors Compensation and Development Committee above for a description of the Committee s responsibilities. This discussion and analysis is designed to assist your understanding of Sensient s compensation objectives and philosophy, the Compensation Committee s practices and the elements of total executive compensation.

Compensation Objectives and Philosophy

Sensient s executive compensation program is designed:

- to align Sensient s interests with the interests of executives through an executive compensation program that recognizes individual contributions toward the achievement of corporate goals and objectives;
- to link executive and shareholder interests through equity-based compensation arrangements;
- to motivate these executives to successfully execute the Company s business strategy;
- to place Sensient s base salaries and total target cash compensation between the 50th and 75th percentile for Sensient s peer group and to place the target incentive compensation at approximately the 75th percentile for comparable positions at comparable companies, subject to adjustment as described below; and
- to attract and retain the best possible executive talent.

We determine specific compensation levels for Sensient s executive officers based on several factors, including:

- achievement of specific financial targets;
- each executive officer s role and his or her experience and tenure in the position;
- the relative importance of each position to Sensient s operations;
- the total compensation of executives who perform similar duties at other comparable companies;
- the total salary and other compensation for the executive officer during the prior fiscal year;
- how the executive officer may contribute to Sensient s future success; and
- other circumstances as appropriate.

The Committee intends that the compensation program both help the Company to attract and retain key executives and give executive officers an appropriate and meaningful incentive to achieve superior corporate and individual performance without undertaking unnecessary or excessive risks. As a general matter, aggregate compensation levels for Sensient s executive officers generally are designed to fall at between the 50th and the 75th percentile for comparable positions reflected in the Comparable Company Data, using regression analysis for the survey data because of differences in size between the comparable companies and the Company, assuming the executive and Company achieve (but do not significantly exceed) the target level of financial and other performance goals set in advance by the Company (see page 32 regarding recent targets). Sensient intends that the executive officers should have an opportunity through the incentive compensation plan to earn compensation at approximately the 75th percentile through performance that materially exceeds the target performance goals. This is only a general guideline, and actual aggregate compensation awarded to our named executive officers for 2006, 2007 and 2008 was close to the 75th percentile of the Comparable Company data due to their experience levels, tenure and contributions, and the achievement of the maximum incentive compensation (because performance was well in excess of the target levels for each of those years despite the U.S. economic downturn during 2008). The Compensation Committee Practices section below includes a description of the Comparable Company Data. Each material element of compensation is discussed further below.

The executive compensation program ties a significant portion of executive compensation to the Company s success in meeting specified financial goals and objectives. The Committee also considers other compensation and amounts payable to executive officers. This other compensation includes retirement compensation and potential payments in a situation involving a change of control of the Company. Retirement compensation is intended both to recognize, over the long term, services rendered to the Company as well as the practice that employers provide employees with retirement benefits. The supplemental retirement arrangements adopted by the Company also reflect a decision that limitations on covered compensation and potential benefits which would apply under the Internal Revenue Code generally ought not limit the retirement benefits that would otherwise apply to the Company s most highly compensated employees. We believe this is a common practice among companies with whom we compete to attract and retain executive officers and that it is an important component of our executive recruitment and retention program.

The Committee also recognizes that situations involving a potential change in control of a company can be very disruptive to all of its employees, including executive officers. To help address the inherent potential conflict of interest between executive officers personal interests and other interests of a company and its shareholders, many companies provide key decision-making officers with agreements which will help protect them in the case of a change in control. Since 1988, the Company has had change of control agreements with its key executive officers. The Committee continues to believe these agreements remain important to the Company and therefore has continued them, although the Committee reviews them from time to time.

Finally, as with all companies, the Company provides various other benefits to its employees, including its executive officers. Many of these benefits, such as health insurance, are provided on the same basis to all salaried employees. In many respects, the types and amounts of those benefits have historically been driven by reference to the Company s past practices. The Committee regularly reviews these and other benefits, including special benefits or perks, for executive officers.

Compensation Committee Practices

Each year the Committee conducts a review of the Company s executive compensation program. Generally, the Committee begins its consideration of annual cash and long-term incentive compensation at its Fall meeting to preliminarily discuss related considerations and to receive and begin review of the Comparable Company Data discussed above. Final determinations of salaries, annual incentives and long-term incentive compensation awards are made at the Committee s meeting in connection with the Board s regular meeting in December. Generally, salary changes become effective on January 1 of the following year. Stock options (if any) and restricted stock awards are granted effective as of the December meeting date, and the stock options have an exercise price equal to the closing price of Sensient common stock on that date. We did not grant stock options to our executive officers during 2007 and 2008 (relying instead on awards of restricted stock) and we expect to continue that practice in the future.

As part of its annual review of the Company s executive compensation program, the Committee retains a consultant who prepares a report comparing Sensient s executive compensation to the most recent available compensation information regarding comparable executives at a group of corporations that the consultant and the Committee determine are comparable for this purpose and represent the Company s competition for executive talent. We refer to the results of this annual assessment as the Comparable Company Data. It ordinarily includes information that is from the year prior to the date of the analysis.

Establishing an appropriate peer group for the Company has been challenging because Sensient has few direct competitors of similar size who are publicly traded in the United States. The colors and flavors and fragrances industries are highly fragmented geographically and are diversified among product lines. In light of these challenges, Sensient has determined the appropriate peer group by considering:

- companies of comparable size (based primarily on revenues and secondarily on market capitalization);
- companies with which it competes for business (primarily in the specialty chemicals industry);
- companies with significant international operations; and
- companies with generally consistent, strong financial performance.

In setting compensation for 2006 and 2007, Hewitt Associates (Hewitt) was retained to assist the Committee by conducting this assessment and providing the Comparable Company Data. Hewitt s 2006 report of the Comparable Company Data that was used in making 2007 compensation determinations was based on data regarding the 41 public and private manufacturing companies with revenues between $0.6 billion and $2.6 billion (an average of $1.3 billion, compared with $1.0 billion for Sensient) for which Hewitt had compensation data. The 41 manufacturing companies included in this analysis were:

Albemarle Corporation	Covance Inc.	Metaldyne Corporation	Texas Industries, Inc.
Ameron International Corporation	Dade Behring Inc.	Milacron Inc.	Thomas & Betts Corporation
	Donaldson Company, Inc.		
Amerek, Inc.	Edwards Lifesciences, LLC	Mylan Laboratories Inc.	Timex Corporation
AMSTED Industries Incorporated	Foster s Americas	OMNOVA Solutions Inc.	Tupperware Corporation
Arch Chemicals, Inc.	Graco Inc.	Packaging Corporation of America	Valmont Industries, Inc.
Barton Incorporated	H.B. Fuller Company	Playtex Products, Inc.	Walter Industries, Inc.
Behr America Inc.	Herman Miller, Inc.	Rhodia, Inc.	Waters Corporation
Brady Corporation	Jacuzzi Brands, Inc.	Sauer-Donfoss Inc.	Wells Dairy, Inc.
Church & Dwight Company, Inc.	Joy Global, Inc.	Sybron Dental Specialties, Inc.	Woodward Governor Company
Columbian Chemicals Company	McCormick & Company, Incorporated	Teradyne, Inc.	Zebra Technologies Corporation

After reviewing the Comparable Company Data provided by Hewitt and with the assistance of recommendations from management, in 2005 and 2006 the Committee set the executive compensation for 2006 and 2007, respectively, including annual base salary and annual incentive plan bonus awards between the 50th and 75th percentiles based on the Comparable Company Data (before adjustment for performance exceeding the target level under the incentive plans, and varying from the 50th percentile target where appropriate due to experience, tenure and contributions by the executive), and restricted stock awards for executive officers at approximately the 50th percentile of the Comparable Company Data.

The peer group is reviewed annually and companies are added or removed as circumstances warrant. The 2007 analysis that was used by the Compensation Committee in making decisions for 2008 was based on an analysis of published survey data covering approximately 130 companies (the 2007/2008 Watson Wyatt Top Management Survey and the 2007 Mercer Executive Compensation Survey). Sensient s principal compensation advisor at Hewitt moved to Watson Wyatt Worldwide (Watson Wyatt) during 2007. The Comparable Company Data that was used in 2007 to make compensation decisions for 2008 was prepared by Watson Wyatt based in part on published survey data rather than Hewitt s proprietary data base. In compiling the Comparable Company data that was used in 2007 to make compensation decisions for 2008, the data from each of the surveys was regressed to Sensient s revenue and aged to October 2007 using an annual aging factor of 3.9%. The Comparable Company Data that was used in making 2008 compensation determinations also included an analysis of the proxy statements of 11 public companies in the specialty chemical industry or food products industry with revenues ranging from approximately $750 million to $2.9 billion (median annual revenues of approximately $1.1 billion). The 11 public companies included in this 2007 analysis of proxy statement disclosures were:

Albemarle Corporation	International Flavors & Fragrances Inc.	Minerals Technologies Inc.	Stepan Company
Arch Chemicals, Inc.	MacDermid, Incorporated	OMNOVA Solutions Inc.	Terra Industries Inc.
H.B. Fuller Company	McCormick & Company, Incorporated	Sigma-Aldrich Corporation	

Similarly, the 2008 analysis that was used by the Compensation Committee in making decisions for 2009 compensation was based on an analysis of the proxy statements of a modified peer group of 16 public companies, including eight of the companies that had been included in the prior year and eight additional companies in the specialty chemicals and pharmaceuticals, beauty products or personal care products industries that have similar sales revenue, market capitalization and other financial attributes. The three companies that were eliminated were unavailable or not comparable to Sensient (one became privately held, another had consistently poor financial performance and the third was primarily in the agricultural chemicals industry). The 16 public companies included in the 2008 analysis of proxy statement disclosures were:

Aceto Corporation	Cabot Corporation	International Flavors & Fragrances Inc.	Penford Corporation
Albemarle Corporation	Cambrex Corporation	McCormick & Company, Incorporated	Polyone Corporation
Alberto-Culver Company	FMC Corporation	Minerals Technologies Inc.	Sigma-Aldrich Corporation
Arch Chemicals, Inc.	H.B. Fuller Company	Nu Skin Enterprises, Inc.	Stepan Company

The Compensation Committee has the sole authority to retain and terminate a compensation consulting firm to assist it by compiling the Comparable Company Data and has the sole authority to approve the consultant s fees and other retention terms. The Company also used Hewitt for certain actuarial services. As part of the process to retain a consulting firm, the Committee determined that these actuarial services did not adversely affect Hewitt s independence, and that Watson Wyatt was also independent of the Company and its management. The Company s Vice President Administration customarily assists the Committee in its determinations by helping compile and organize information, arranging meetings and acting as Company support for the Committee s work. He also serves as the Committee s officer contact but has no decision-making authority on the Committee. In reviewing the performance and establishing the compensation levels of other elected officers, the Committee takes into account the recommendations of Mr. Manning as Chief Executive Officer.

Cash and Incentive Compensation

The cash and incentive compensation for Sensient s executive officers in 2006, 2007 and 2008 included:

- Base salary;
- Annual incentive plan bonuses; and
- Equity awards.

Our Chief Executive Officer typically receives a higher salary, a higher potential bonus and larger equity awards than our other executive officers, which is typical of companies included in the Comparable Company Data. We believe this is appropriate in light of his responsibilities and overall role in the Company. We discuss the specific methods used to determine compensation for Mr. Manning in the section entitled Compensation for Mr. Manning.

Base Salary

As with most companies, base salary is one of the key elements in attracting and retaining our key officers. When determining the amount of base salary for a particular executive, we consider (among other factors) market data, prior salary, job responsibilities and changes in job responsibilities, individual experience, demonstrated leadership, performance potential, Company and individual performance and retention considerations. These factors ordinarily are not weighed or ranked in any particular way. For 2006, 2007 and 2008, the executive officers base salaries were generally between the 50th and the 75th percentiles of the range of base pay levels of similarly positioned executives in the Comparable Company Data, using a regression analysis for the survey data when appropriate because of the differences in size between the comparable companies and the Company. For the five officers whose compensation is detailed in the summary compensation tables elsewhere in this proxy statement, the actual levels for 2006, 2007 and 2008 generally were established between the 50th and 75th percentiles of the Comparable Company Data, primarily because of the Committee s judgments regarding their experience levels, tenure and performance.

Annual Incentive Plan Bonuses

We maintain annual incentive plans for Sensient s elected officers. The annual incentive compensation is intended to provide incentives based upon achieving overall Company or group financial goals and to place a significant part of each elected officer s total compensation at risk depending upon achievement of those goals. The annual bonuses are subject to a target level of earnings per share, with bonuses for the executive officers in the range of 50% to 85% of annual base salary (depending on the officer s position in the Company) paid if the target level is achieved. Performance in excess of the targeted level allows for a payment of up to 200% of the bonus at the targeted level. Performance below the targeted level can result in a reduced award, or no award at all if the minimum threshold level is not achieved. The plan may provide additional bonus opportunities based on achievement of other objective financial goals, with the aggregate incentive compensation not to exceed 200% of the targeted bonus. The particular targets and financial goals used are those which the Committee believes reflect or are important to achieve increased shareholder value over the long term without undertaking unnecessary or excessive risks. The Committee generally sets target bonus award levels near the 75th percentile of comparable companies bonus practices for each executive position because that keeps Sensient s levels competitive with its industry, and for performance exceeding the targeted levels, the maximum annual bonus (200% of the bonus at the target level) generally brings aggregate cash compensation to approximately the 75th percentile among comparable companies, which the Committee believes is appropriate in the case of performance materially in excess of the targets.

Our objective is to set incentive goals that are quantitative and measurable and that represent meaningful improvement from the prior year while still being capable of achievement at the target level. Our primary reliance is on earnings per share. Beginning with awards for 2007, we also established supplemental targets based on improvements in cash flow, return on invested capital, expense levels and net working capital (for 2007 and 2008) or gross profit as a percentage of revenue (for 2009), subject to an overall maximum on the aggregate incentive compensation awarded. For some officers we also used a measure of group operating profit. See page 32 for a detailed description of the current targets. Each of these targets is an objective measure that we believe is widely accepted by investors generally. After the end of the year, we compare Sensient s actual annual performance against our goals for each of the performance measures to determine the amount we pay the executive officers under the annual incentive plans applicable for the year. For example, the Chief Executive Officer can earn an incentive payment equal to 85% of base salary under the annual incentive plan applicable to him if target performance is achieved for the earnings per share performance measure during the fiscal year, with performance in excess of the targeted level allowing for a payment of up to double that amount, subject to the limits in the plan. See Item 2 to this proxy statement. The other named executive officers currently would earn 65% of their base salaries in the case of target earnings per share performance. The supplemental targets provide other bases upon which the executives can earn awards, subject to an overall maximum for each executive equal to 200% of his target bonus based on earnings per share. The Committee determined that these levels of annual incentive bonuses were appropriate based on the Comparable Company Data. The target percentage payout may vary from year to year. The amount we pay will increase or decrease in accordance with performance against our performance measures. We intend that payments at the target level combined with base salaries would provide cash compensation between the 50th and 75th percentiles of the Comparable Company Data, and generally somewhat above the 75th percentile for performance significantly exceeding the targeted levels. Because actual performance significantly exceeded the earnings per share targets for 2006, 2007 and 2008, the incentive awards for those years exceeded the 75th percentiles in the Comparable Company Data.

Equity Awards

For 2006 we provided equity incentive compensation to Sensient s executive officers primarily through the Company s 1998 and 2002 Stock Option Plans and for 2007 and 2008 we provided equity incentive compensation pursuant to these plans and the 2007 Restricted Stock Plan (collectively, the Plans). We believe that including a significant level of equity-based awards helps align the financial interests of management with those of our shareholders since the ultimate value of equity-based awards is tied to the value of Sensient s stock and these awards provide executives with a further equity stake in the Company.

In 2007 and 2008, our long-term incentive compensation for our principal executive officers was composed, and in future years we expect that our long-term incentive compensation for these officers will be composed, entirely of restricted stock awards, with no stock options. The 2007 Restricted Stock Plan authorizes the Committee to make restricted stock grants that may include both time vesting and performance based elements. For 2007 and 2008 the awards to the named executive officers were based entirely on time vesting and, except with respect to Mr. Manning (whose shares vested immediately upon grant because he has attained age 65), will vest after five years or when the individual attains age 65 (if earlier). Beginning in 2007 we switched from primarily issuing options to relying instead on restricted stock awards because recent accounting rule changes make options less efficient for the Company by requiring that stock options (like restricted stock awards) be expensed over the vesting period whether or not the options are ever exercised by the executive. Since the executive will receive at least some benefit from restricted stock if he or she remains employed by the Company throughout the period of restriction and helps the Company to achieve its performance goals, we believe restricted stock grants can be a more effective retention tool for key executives than stock option awards. In future years, an award may be granted using the same performance criteria as for the non-equity based cash incentive plan discussed above, using entirely different criteria, providing for time vesting without regard to any performance criteria, or in a combination of these alternatives. Prior to 2007 the Committee maintained a long-standing practice of also providing gross-up payments to executive officers to reimburse them for income tax obligations incurred by them in connection with vesting of restricted stock so that the tax obligations did not discourage long-term ownership of the related stock, consistent with the objective to give them incentives to create shareholder value over the long-term. We eliminated the tax gross-up element of compensation for equity awards granted in 2007 and 2008 because we no longer believe the tax gross-up is necessary to attract and retain qualified executives. The amount of the targeted restricted stock awards was increased by approximately 30% in 2007 and then was held approximately level for 2008 to partially offset the elimination of the tax gross-up and elimination of stock option awards. The sum of the value of stock option awards, restricted stock awards and tax gross-up obligations incurred for 2006 exceeded the value of the restricted stock awarded in 2007 and 2008. See Overview and Recent Changes to Executive Compensation Program Some Reported Compensation Exceeds Current Compensation Awards and Related Payments for a discussion comparing the accounting treatment and disclosures of these awards with the approach used by Sensient s Compensation Committee.

Mr. Manning, our Chairman and Chief Executive Officer, reached age 65 on January 18, 2007. The Company has an employment agreement with him that provides for a term ending in December 2011. See Compensation for Mr. Manning, below. In accordance with the Company s long-standing policy and the terms of its outstanding restricted stock awards, the restricted stock of an employee who turns 65 vests immediately upon termination of employment for any reason. Because the Committee believed that it was appropriate to align Mr. Manning s vesting date with the incurrence of the tax liability for the stock, and because his retirement after age 65 would cause his stock to vest in any event, in October 2006 the Committee modified the transfer restrictions on Mr. Manning s past and future restricted stock grants, effective upon his attainment of age 65. A provision under the Company s 1998 and 2002 Stock Option Plans that prevents any sale of restricted stock for at least six months after the date of the grant was retained. The Company s 2007 Restricted Stock Plan does not include such a provision. These facts result in a faster recognition of compensation expense from outstanding restricted stock awards as an employee approaches age 65 than would otherwise be the case. Turning 65 also triggers the employee s tax liability for the restricted stock, and therefore also triggers Sensient s obligation under awards granted in 2006 and prior years to pay the employee a cash amount equal to the tax obligation. The payment related to tax liability for Mr. Manning s restricted stock that was awarded prior to 2007 is reflected in the summary compensation table for 2007.

The Company has a written policy encouraging ownership of Company stock by executive officers and discouraging stock sales without the prior consent of the Chief Executive Officer. Specifically, the written policy indicates that the Chief Executive Officer should own stock (excluding unexercised stock options but including restricted stock) with a value of at least four times his annual base salary and that other executive officers should own stock with a value of at least two or three times their annual base salaries. The policy also prohibits the use of Company stock as collateral in a margin account and loans of Company stock for purposes of short selling. Our Board and Chief Executive Officer have approved specific stock sales, generally pursuant to Rule 10b5-1 trading plans, primarily to permit asset diversification as an executive approaches retirement age and to allow the sale of shares obtained upon exercise of options that would otherwise expire within one year. The Company also has a written policy encouraging ownership of Company stock by directors and discouraging directors from selling Company stock while they remain on the Board. The written policy indicates that directors should own at least 1,000 shares of Sensient common stock (excluding unexercised stock options but including restricted stock) within a year following a director s initial election to the Board and at least 5,000 shares after five years of service on the Board. This policy also prohibits the use of Company stock as collateral in a margin account and loans of Company stock for purposes of short selling.

Other Benefits

Our executive officers receive various other benefits in the same manner as other salaried employees. For example, we provide executive officers and salaried employees with health insurance, vacation and sick pay. For key executives we have also provided other benefits, including automobiles, club memberships, financial planning, the tax gross-up payments discussed above, and sometimes relocation assistance or other benefits. Executives serving outside their country of residence may receive certain additional benefits, including a relocation housing allowance and tuition reimbursements for family members.

Compensation for Mr. Manning

As noted above, Mr. Manning has an employment agreement with the Company. The agreement specifies that Mr. Manning will serve as Chairman of the Board and Chief Executive Officer until December 31, 2011. The agreement provides for the payment of base salary (subject to annual adjustment by mutual agreement), plus bonus eligibility, participation in incentive, savings and retirement plans, and customary benefits. The agreement can be terminated by the Board of Directors with or without cause. If Mr. Manning is terminated by the Board without cause or Mr. Manning resigns for good reason, termination benefits are payable to Mr. Manning in an amount equal to three times the sum of his base salary then in effect plus the higher of his most recent annual bonus and his target bonus for the fiscal year in which such termination occurred. (See Potential Payments Upon Termination or Change of Control below for a description of cause and good reason as used in the agreement.) Mr. Manning would also continue to receive benefits under the Company s health and other benefit plans for three years as well as three additional years of service and age credit for purposes of the Supplemental Executive Retirement Plan. The agreement contains a one-year non-competition covenant. In the event of a change of control of the Company, Mr. Manning s employment contract would be superseded by a change of control employment and severance agreement as described below, except that he would be entitled to retain retirement and disability benefits under his employment contract.

For 2006, 2007 and 2008, Sensient s principal corporate goals and objectives relevant to Mr. Manning s compensation as Chief Executive Officer were to achieve excellent overall financial performance and increased shareholder value by executing Sensient s strategic plans, including strengthening Sensient s management organization. Those goals continue for 2009.

For 2006, 2007 and 2008, the Committee set Mr. Manning s base salary at $813,500, $845,500 and $878,500 per annum, respectively. Each amount was selected based on the evaluations described above and on Sensient s overall financial performance, Mr. Manning s leadership role and the compensation levels of the chief executives reflected in the Comparable Company Data. In addition, for fiscal 2006, 2007 and 2008, his potential annual bonus payment was 85% of base salary at target performance, which was consistent with the potential bonuses of other companies based on the Comparable Company Data. For 2006 Mr. Manning s annual incentive target was based entirely on earnings per share. For 2007 and 2008 the plan design for all of the executive officers (including Mr. Manning) was modified to also include targets based on improvements in cash flow, return on invested capital, expense levels and net working capital (subject to an overall maximum on the aggregate incentive compensation awarded). See page 32 for a description of the specific targets.

We granted Mr. Manning a restricted stock award for 65,000 shares for 2006, 75,000 shares for 2007 and 80,000 shares for 2008. Mr. Manning elected to receive no stock options for 2006. The award for each year was based on Mr. Manning s performance during the year in accordance with the evaluation described above. As noted, the 2006 and prior restricted stock awards became fully vested when Mr. Manning attained age 65 on January 18, 2007, and the 2007 and 2008 restricted stock awards vested immediately upon issuance. As a result, the remaining 208,000 shares awarded to Mr. Manning prior to 2007 that had not previously vested did so during 2007, as did the 75,000 shares were awarded to him during 2007. The 80,000 shares awarded to him during 2008 vested in 2008. The criteria for equity compensation awards are discussed in further detail in the subsection above entitled Equity Awards.

Mr. Manning also participates in the Company benefit plans available to other executive officers, including the Company s supplemental executive retirement plan, supplemental benefit plan and deferred compensation plan. Mr. Manning s participation in these retirement plans is on the same basis as other executive officers of the Company.

Retirement Benefits

See the description of Sensient s supplemental retirement plan included in the compensation tables portion of this proxy statement.

Change of Control and Other Employment-Related Agreements

The Company maintains change of control employment and severance agreements with all of its elected executive officers, including Mr. Manning and the other named executive officers. We believe these agreements are customary in our industry and help to attract and retain key executives in the event of a change of control. Under these agreements, in the event that there is an acquisition or other change of control of the Company, the Company will continue to employ the executive for a period of three years following the date of the change of control. During this employment period, the executive will receive as compensation a base salary, subject to annual adjustment, bonus awards in accordance with past practice and all other customary benefits in effect as of the date of the change of control. Each agreement can be terminated upon 30 days notice by the Company in the event of the executive s disability. The agreements can also be terminated by the Company for cause and by the executive for good reason. (See Potential Payments Upon Termination or Change of Control below for a description of cause and good reason as used in the agreement.) The agreements provide that a termination by the executive for any reason during the 30-day period immediately following the first anniversary of the change of control is deemed to be a termination for good reason. If terminated by the Company other than for cause or disability, or by the executive for good reason, the Company will pay the executive an amount equal to the sum of (i) accrued unpaid deferred compensation and vacation pay and (ii) three times the sum of the executive s base salary plus the greater of the highest annual bonus (x) for the last five years or (y) since reaching age 50. The executive will also be entitled to coverage under existing benefit plans and benefits for three years and a payment equal to the vested amounts plus a payment equal to three additional years of employer contributions under Sensient s retirement and deferred compensation plans, which generally provide for full vesting if a change of control occurs. The circumstances under which employment may cease generally are a termination of the employee without cause within three years after an acquisition or an employee choosing to leave for a specified good reason within that period. In addition, our agreements provide for a gross-up of benefits under these change of control agreements. See Tax Aspects of Executive Compensation below. We have established a so-called Rabbi Trust for the payments of the Company s obligations in the event of a change of control. As noted above, the Company also has an employment agreement with Mr. Manning that includes significant obligations upon early termination without cause as defined therein. See Potential Payments Upon Termination or Change of Control for further information about these agreements.

Tax Aspects of Executive Compensation

Section 162(m) of the Internal Revenue Code generally limits the corporate tax deduction for compensation paid to the executive officers that is not performance based to $1 million annually per executive officer. Sensient s stock option plans are designed so that stock option awards granted to the covered individuals can meet Section 162(m) requirements for performance-based compensation. Stock option awards granted under these plans should not be counted toward the $1 million limitation on tax deductions for an executive officer s compensation in any fiscal year. However, the Company has previously noted that there may be instances in which we determine that we cannot structure compensation to comply with these requirements and that, in those instances, the Compensation Committee may elect to structure elements of compensation (such as certain qualitative factors in annual bonuses) to accomplish business objectives that are in the best interests of the Company and its shareholders, even though doing so may reduce the amount of Sensient s tax deduction for the compensation. Mr. Manning s compensation in 2006, 2007 and 2008 exceeded the Section 162(m) limitation. For 2006 and 2007 this was primarily because of restricted stock grants awarded to him prior to 2007 and the tax gross-up payment for 2007, relating to those prior awards, which was paid when he attained age 65. The smaller excess for 2008 primarily resulted from his restricted stock award. The Compensation Committee did not include tax gross-up payments in awards for 2007 and 2008 and does not intend to include tax gross-ups with respect to future awards.

Other provisions of the Internal Revenue Code also can affect the decisions which we make. Under Section 280G of the Internal Revenue Code, a 20% excise tax is imposed upon executive officers who receive excess payments upon a change in control of a public corporation to the extent the payments received by them exceed an amount approximating three times their average annual compensation. The excise tax applies to all payments over annual compensation, determined by a five year average. A company also loses its tax deduction for excess payments. Our change-in-control employment and severance agreements provide that all benefits under them will be grossed up so that we also reimburse the executive officer for these tax consequences. Although these gross up provisions and loss of deductibility would increase the expense to the Company, the Committee wished to preserve the incentives and protections included in the agreements notwithstanding the effects of these tax code provisions.

In addition, the Internal Revenue Code was recently amended to provide a surtax under Section 409A of the Internal Revenue Code when deferred compensation is paid to former executive officers of publicly-held corporations after they leave a company. We have made some changes to our benefit plans and agreements to comply with Section 409A and to help our executive officers avoid the potential application of this surtax. We do not expect these changes to have a material tax or financial consequence on the Company.

Executive Compensation Tables (2006, 2007 and 2008)

Summary

The tables below summarize our compensation to our Chief Executive Officer, Chief Financial Officer and next three most highly compensated executive officers who were serving in those positions at the end of 2008.

SUMMARY COMPENSATION TABLE

Name and Principal Position	Year	Salary ($)	Bonus ($)	Stock Awards ($)(1)	Option Awards ($)(1)	Non-Equity Incentive Plan Compensation ($)(2)	Change in Pension Value and Nonqualified Deferred Compensation Earnings ($)(3)	All Other Compensation ($)(4)(5)	Total ($)
Kenneth P. Manning	2008	$ 878,500	$	$ 1,784,800	$	$ 1,493,450	$ 1,192,000	$ 221,541	$ 5,570,291
Chairman and Chief	2007	845,500		3,044,343		1,437,350	1,070,000	4,072,373	10,469,566
Executive Officer	2006	813,500		2,509,147		1,382,950	887,000	878,590	6,471,187
Richard F. Hobbs	2008	428,000		459,466		556,400	375,000	366,629	2,185,495
Senior Vice	2007	411,500		304,658		534,950	82,000	234,149	1,567,257
President and Chief	2006	395,500		219,650	35,063	514,150	280,000	336,302	1,780,665
Financial Officer									
Robert J. Edmonds	2008	338,000		180,940	5,807	439,400		65,653	1,029,800
President and Chief									
Operating Officer (6)									
John L. Hammond	2008	300,500		398,938	753	390,650	294,000	246,341	1,631,182
Senior Vice President,	2007	289,000		236,677	90,885	375,700	249,000	157,572	1,398,834
General Counsel &	2006	269,000		150,097	101,324	349,700	187,000	219,729	1,276,850
Secretary									
Neil G. Cracknell	2008	322,500		176,586	22,620	248,154		182,237	952,097
President, Flavors &	2007	286,045		89,316	28,522	305,393		401,332	1,110,608
Fragrances Group									