Company has an optional right to call the VSRs each April 1, July 1, October 1 and January 1 from and including April 1, 1997 to and including October 1, 1998 (each, an "Optional Call Date") If the Company calls the VSRs on or before January 1, 1998, holders will be entitled to receive a payment of at least $0.50 and up to $3 25 per VSR if the 30-Day Average Market Price is below $10.25 per share, subject to adjustment, as of such Optional Call Date If the Company calls the VSRs after January 1, 1998, each VSR will entitle its holder to a payment, if any, of up to $3 25 per VSR if the 30-Day Average Market Price is below $11 00 per share, subject to adjustment, on such Optional Call Date

The Company's VSR obligation (which excludes the 8,439,400 VSR's received by the Company as a distribution from PCT) was accounted for at the fair value on the date of issuance and was subsequently marked to the closing market price of the security on December 31, 1996. The VSR obligation will be marked to the closing market price of the security at each financial statement date. As a result, income in future periods may be affected by any positive or negative mark to market adjustment.

The Company recorded a gain of $151.7 million in connection with the Flavors Disposition, which is net of a deferral of $61.2 million corresponding to the Company's continuing approximate 29% equity interest in PCT following the Flavors Disposition. The deferral of $61 2 million was recorded as a reduction of the Company's investment in PCT preferred and common stock.

4 INVENTORIES

Inventories consisted of the following

(in thousands)

DECEMBER 31,

	1996	1995
Raw materials	$34,469	$59,742
Work-in progress	1,974	1,988
Finished goods	9,514	22,764
	$45,957	$84,494

5 PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment consisted of

(in thousands)

DECEMBER 31,