

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF
THE SECURITIES EXCHANGE ACT OF 1934

For Quarter Ended February 28, 2017

Commission File Number 001-14920

McCORMICK & COMPANY, INCORPORATED

(Exact name of registrant as specified in its charter)

MARYLAND
(State or other jurisdiction of
incorporation or organization)

52-0408290
(I.R.S. Employer
Identification No.)

18 Loveton Circle, P. O. Box 6000,
Sparks, MD
(Address of principal executive offices)

21152-6000
(Zip Code)

Registrant's telephone number, including area code (410) 771-7301

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

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (Section 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definition of "accelerated filer," "large accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large Accelerated Filer Accelerated Filer
Non-Accelerated Filer Smaller Reporting Company

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

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

	Shares Outstanding
	February 28, 2017
Common Stock	11,451,748
Common Stock Non-Voting	113,226,723

TABLE OF CONTENTS

<u>PART I – FINANCIAL INFORMATION</u>	<u>3</u>
ITEM 1 <u>FINANCIAL STATEMENTS</u>	<u>3</u>
ITEM 2 <u>MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS</u>	<u>21</u>
ITEM 3 <u>QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK</u>	<u>36</u>
ITEM 4 <u>CONTROLS AND PROCEDURES</u>	<u>36</u>
<u>PART II - OTHER INFORMATION</u>	<u>38</u>
ITEM 1 <u>LEGAL PROCEEDINGS</u>	<u>38</u>
ITEM 1a <u>RISK FACTORS</u>	<u>38</u>
ITEM 2 <u>UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS</u>	<u>38</u>
ITEM 3 <u>DEFAULTS UPON SENIOR SECURITIES</u>	<u>38</u>
ITEM 4 <u>MINE SAFETY DISCLOSURES</u>	<u>38</u>
ITEM 5 <u>OTHER INFORMATION</u>	<u>40</u>
ITEM 6 <u>EXHIBITS</u>	<u>40</u>

PART I - FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

McCORMICK & COMPANY, INCORPORATED
CONDENSED CONSOLIDATED INCOME STATEMENT (UNAUDITED)
(in millions except per share amounts)

	Three months ended	
	February 28, 2017	February 29, 2016
Net sales	\$ 1,043.7	\$ 1,030.2
Cost of goods sold	630.7	625.2
Gross profit	413.0	405.0
Selling, general and administrative expense	275.2	274.3
Special charges	3.6	1.6
Operating income	134.2	129.1
Interest expense	14.5	13.9
Other income, net	0.1	1.1
Income from consolidated operations before income taxes	119.8	116.3
Income taxes	33.3	31.3
Net income from consolidated operations	86.5	85.0
Income from unconsolidated operations	7.0	8.4
Net income	\$ 93.5	\$ 93.4
Earnings per share – basic	\$ 0.75	\$ 0.73
Average shares outstanding – basic	125.1	127.1
Earnings per share – diluted	\$ 0.74	\$ 0.73
Average shares outstanding – diluted	126.9	128.3
Cash dividends paid per share	\$ 0.47	\$ 0.43

See notes to condensed consolidated financial statements (unaudited).

McCORMICK & COMPANY, INCORPORATED
CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)
(in millions)

	Three months ended	
	February 28, 2017	February 29, 2016
Net income	\$ 93.5	\$ 93.4
Net income attributable to non-controlling interest	1.1	0.7
Other comprehensive income (loss):		
Unrealized components of pension plans (including curtailment gains of \$76.7 for 2017)	86.5	7.7
Currency translation adjustments	15.1	(25.2)
Change in derivative financial instruments	(2.6)	1.6
Deferred taxes	(29.6)	(1.7)
Comprehensive income	<u>\$ 164.0</u>	<u>\$ 76.5</u>

See notes to condensed consolidated financial statements (unaudited).

McCORMICK & COMPANY, INCORPORATED
CONDENSED CONSOLIDATED BALANCE SHEET
(in millions)

	February 28, 2017	February 29, 2016	November 30, 2016
	(unaudited)	(unaudited)	
ASSETS			
Current Assets			
Cash and cash equivalents	\$ 125.7	\$ 111.8	\$ 118.4
Trade accounts receivables, net	404.4	371.2	465.2
Inventories, net			
Finished products	351.4	320.0	336.3
Raw materials and work-in-process	415.8	382.2	420.0
	767.2	702.2	756.3
Prepaid expenses and other current assets	87.8	72.9	81.9
Total current assets	1,385.1	1,258.1	1,421.8
Property, plant and equipment	1,665.2	1,533.3	1,630.2
Less: accumulated depreciation	(982.4)	(924.2)	(960.8)
Property, plant and equipment, net	682.8	609.1	669.4
Goodwill	1,857.6	1,764.0	1,771.4
Intangible assets, net	473.9	370.1	424.9
Investments and other assets	351.7	363.7	348.4
Total assets	\$ 4,751.1	\$ 4,365.0	\$ 4,635.9
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current Liabilities			
Short-term borrowings	\$ 638.9	\$ 389.6	\$ 390.3
Current portion of long-term debt	250.7	0.6	2.9
Trade accounts payable	448.4	336.7	450.8
Other accrued liabilities	400.4	363.7	578.7
Total current liabilities	1,738.4	1,090.6	1,422.7
Long-term debt	803.5	1,055.0	1,054.0
Other long-term liabilities	477.6	492.5	521.1
Total liabilities	3,019.5	2,638.1	2,997.8
Shareholders' Equity			
Common stock	413.1	386.5	409.7
Common stock non-voting	678.0	661.1	674.5
Retained earnings	1,073.1	1,086.3	1,056.8
Accumulated other comprehensive loss	(445.0)	(423.7)	(514.4)
Non-controlling interests	12.4	16.7	11.5
Total shareholders' equity	1,731.6	1,726.9	1,638.1
Total liabilities and shareholders' equity	\$ 4,751.1	\$ 4,365.0	\$ 4,635.9

See notes to condensed consolidated financial statements (unaudited).

McCORMICK & COMPANY, INCORPORATED
CONDENSED CONSOLIDATED CASH FLOW STATEMENT (UNAUDITED)
(in millions)

	Three months ended	
	February 28, 2017	February 29, 2016
Operating activities		
Net income	\$ 93.5	\$ 93.4
Adjustments to reconcile net income to net cash flow provided by operating activities:		
Depreciation and amortization	28.3	26.4
Stock-based compensation	4.1	3.0
Income from unconsolidated operations	(7.0)	(8.4)
Changes in operating assets and liabilities	(80.2)	(43.7)
Dividends from unconsolidated affiliates	5.6	7.9
Net cash flow provided by operating activities	44.3	78.6
Investing activities		
Acquisition of businesses (net of cash acquired)	(124.0)	—
Capital expenditures	(29.6)	(22.4)
Proceeds from sale of property, plant and equipment	0.9	0.2
Net cash flow used in investing activities	(152.7)	(22.2)
Financing activities		
Short-term borrowings, net	247.8	250.8
Long-term debt repayments	(2.5)	(201.7)
Proceeds from exercised stock options	8.2	7.8
Taxes withheld and paid on employee stock awards	(1.7)	(0.7)
Common stock acquired by purchase	(82.7)	(47.8)
Dividends paid	(58.9)	(54.6)
Net cash flow provided by (used in) financing activities	110.2	(46.2)
Effect of exchange rate changes on cash and cash equivalents	5.5	(11.0)
Increase (decrease) in cash and cash equivalents	7.3	(0.8)
Cash and cash equivalents at beginning of period	118.4	112.6
Cash and cash equivalents at end of period	\$ 125.7	\$ 111.8

See notes to condensed consolidated financial statements (unaudited).

McCORMICK & COMPANY, INCORPORATED
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

1. ACCOUNTING POLICIES

Basis of Presentation

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with the instructions to Form 10-Q and do not include all the information and notes required by United States generally accepted accounting principles (U.S. GAAP) for complete financial statements. In our opinion, the accompanying condensed consolidated financial statements contain all adjustments, which are of a normal and recurring nature, necessary to present fairly the financial position and the results of operations for the interim periods presented.

The results of consolidated operations for the three month period ended February 28, 2017 are not necessarily indicative of the results to be expected for the full year. Historically, our net sales, net income and cash flow from operations are lower in the first half of the fiscal year and increase in the second half. The typical increase in net sales, net income and cash flow from operations in the second half of the year is largely due to the consumer business cycle in the U.S., where customers typically purchase more products in the fourth quarter due to the Thanksgiving and Christmas holiday seasons.

For further information, refer to the consolidated financial statements and notes included in our Annual Report on Form 10-K for the year ended November 30, 2016.

As of November 30, 2016, we adopted ASU 2015-03 *Simplifying the Presentation of Debt Issuance Costs*, which eliminated the prior requirement to recognize debt issuance costs as an asset and instead requires classification as a direct reduction from the carrying amount of the debt liability, and ASU 2015-17 *Balance Sheet Classification of Deferred Taxes (Topic 740)*, which, for entities with a classified balance sheet, eliminated the prior requirement to classify deferred tax assets and liabilities as current and non-current and instead requires the presentation of all deferred tax assets and liabilities as noncurrent. As a result, the accompanying condensed consolidated balance sheet as of February 29, 2016, has been restated to reflect the requirements of these newly adopted standards.

Accounting Pronouncement Adopted in 2017

In March 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update No. 2016-09 *Compensation—Stock Compensation (Topic 718): Improvements to Employee Share-Based Payment Accounting*, which changes the accounting for certain aspects of share-based payments to employees. The new guidance requires, among its other provisions, that excess tax benefits (which represent the excess of actual tax benefits received at the date of vesting or settlement over the benefits recognized over the vesting period or upon issuance of share-based payments) and tax deficiencies (which represent the amount by which actual tax benefits received at the date of vesting or settlement is lower than the benefits recognized over the vesting period or upon issuance of share-based payments) be recorded in the income statement as an increase or decrease in income taxes when the awards vest or are settled. This is in comparison to the prior requirement that these excess tax benefits be recognized in additional paid-in capital and these tax deficiencies be recognized either as an offset to accumulated excess tax benefits, if any, or in the income statement. The new guidance also requires excess tax benefits to be classified along with other income tax cash flows as an operating activity in the statement of cash flows rather than, as previously required, a financing activity. The new guidance is effective for the first quarter of our fiscal year ending November 30, 2018, with early adoption permitted.

We have elected to early adopt ASU 2016-09 effective December 1, 2016 on a prospective basis where permitted by the new standard. As a result of this adoption:

- We recognized discrete tax benefits of \$1.6 million in the income taxes line item of our consolidated income statement for the three months ended February 28, 2017 related to excess tax benefits upon vesting or settlement in that period.
- We elected to adopt the cash flow presentation of the excess tax benefits prospectively, commencing with our cash flow statement for the three months ended February 28, 2017, where these benefits are classified along with other income tax cash flows as an operating activity.
- We have elected to continue to estimate the number of stock-based awards expected to vest, rather than electing to account for forfeitures as they occur to determine the amount of compensation cost to be recognized in each period.

- At this time, we have not changed our policy on statutory withholding requirements and will continue to allow an employee to withhold at the minimum statutory withholding requirements. Amounts paid by us to taxing authorities when directly withholding shares associated with employees' income tax withholding obligations are classified as a financing activity in our cash flow statement for the three months ended February 28, 2017. ASU 2016-09 requires that this cash flow presentation be made retrospectively and the cash flow statement for the three months ended February 29, 2016 has been restated accordingly.
- We excluded the excess tax benefits from the assumed proceeds available to repurchase shares in the computation of our diluted earnings per share for the three months ended February 28, 2017.

Recently Issued Accounting Pronouncements

In March 2017, the FASB issued Accounting Standards Update No. 2017-07 *Compensation-Retirement Benefits (Topic 715)-Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost*. This guidance revises how employers that sponsor defined benefit pension and other postretirement plans present the net periodic benefit cost in their income statement and requires that the service cost component of net periodic benefit cost be presented in the same income statement line items as other employee compensation costs from services rendered during the period. Of the components of net periodic benefit cost, only the service cost component will be eligible for asset capitalization. The other components of the net periodic benefit cost must be presented separately from the line items that include the service cost and outside of any subtotal of operating income on the income statement. The new standard will be effective for the first quarter of our fiscal year ending November 30, 2019. Early adoption is permitted as of the beginning of an annual reporting period for all entities. We have not yet determined the impact from adoption of this new accounting pronouncement on our financial statements.

In January 2017, the FASB issued Accounting Standards Update No. 2017-04 *Intangibles-Goodwill and Other Topics (Topic 350)-Simplifying the Test for Goodwill Impairment*. This guidance eliminates the requirement to calculate the implied fair value of goodwill of a reporting unit to measure a goodwill impairment charge. Instead, a company will record an impairment charge based on the excess of a reporting unit's carrying amount over its fair value. The new standard will be effective for the first quarter of our fiscal year ending November 30, 2021. Early adoption is permitted for all entities for annual and interim goodwill impairment testing dates after January 1, 2017. We have not yet determined the impact from adoption of this new accounting pronouncement on our financial statements.

In January 2017, the FASB issued Accounting Standards Update No. 2017-01 *Business Combinations (Topic 805)-Clarifying the Definition of a Business*. This guidance changes the definition of a business to assist entities in evaluating when a set of transferred assets and activities constitutes a business. The guidance requires an entity to evaluate if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or a group of similar identifiable assets; if so, the set of transferred assets and activities is not a business. The guidance also requires a business to include at least one substantive process and narrows the definition of outputs by more closely aligning it with how outputs are described in Accounting Standards Codification (ASC 606) *Revenue from Contracts with Customers*. The new standard will be effective for the first quarter of our fiscal year ending November 30, 2019. Early adoption is permitted for all entities. We have not yet determined the impact from adoption of this new accounting pronouncement on our financial statements.

In February 2016, the FASB issued Accounting Standards Update No. 2016-02 *Leases (Topic 842)*. This guidance revises existing practice related to accounting for leases under Accounting Standards Codification Topic 840 *Leases (ASC 840)* for both lessees and lessors. Our leases as of February 28, 2017 principally relate to: (i) certain real estate, including that related to a number of administrative, distribution and manufacturing locations; (ii) certain machinery and equipment, including a corporate airplane and automobiles; and (iii) certain software. In addition, in 2016, we entered into a 15-year lease for a headquarters building, which is expected to commence upon completion of building construction and fit-out, currently scheduled for the second half of 2018. The new guidance in ASU 2016-02 requires lessees to recognize a right-of-use asset and a lease liability for virtually all of their leases (other than leases that meet the definition of a short-term lease). The lease liability will be equal to the present value of lease payments and the right-of-use asset will be based on the lease liability, subject to adjustment such as for initial direct costs. For income statement purposes, the new standard retains a dual model similar to ASC 840, requiring leases to be classified as either operating or finance. For lessees, operating leases will result in straight-line expense (similar to current accounting by lessees for operating leases under ASC 840) while finance leases will result in a front-loaded expense pattern (similar to current accounting by lessees for capital leases under ASC 840). While the new standard maintains similar accounting for lessors as under ASC 840, the new standard reflects updates to, among other things, align with certain changes to the lessee model. The new standard will be effective for the first quarter of our fiscal year ending November 30, 2020. Early adoption is permitted for all entities. We have not yet determined the impact from adoption of this new accounting pronouncement on our financial statements.

In July 2015, the FASB issued Accounting Standards Update No. 2015-11 *Simplifying the Measurement of Inventory (Topic 330)*. This guidance is intended to simplify the subsequent measurement of inventories by replacing the current lower of cost or market test with a lower of cost and net realizable value test. It will be effective for the first quarter of our fiscal year ending November 30, 2018, and early adoption is permitted. We have not yet determined the impact from adoption of this new accounting pronouncement on our financial statements.

In May 2014, the FASB issued Accounting Standards Update No. 2014-09 *Revenue from Contracts with Customers (Topic 606)*. This guidance is intended to improve—and converge with international standards—the financial reporting requirements for revenue from contracts with customers. The new standard will be effective for the first quarter of our fiscal year ending November 30, 2019. Early adoption is permitted for all entities, but not before the original effective date for public business entities (that is, annual reporting periods beginning after December 15, 2016 or our fiscal year ending November 30, 2018). We do not expect to early adopt this new accounting pronouncement. In preparation for our adoption of the new standard in our fiscal year ending November 30, 2019, we have obtained representative samples of contracts and other forms of agreements with our customers in the U.S. and international locations and are evaluating the provisions contained therein in light of the five-step model specified by the new guidance. That five-step model includes: (1) determination of whether a contract—an agreement between two or more parties that creates legally enforceable rights and obligations—exists; (2) identification of the performance obligations in the contract; (3) determination of the transaction price; (4) allocation of the transaction price to the performance obligations in the contract; and (5) recognition of revenue when (or as) the performance obligation is satisfied. We are also evaluating the impact of the new standard on certain common practices currently employed by us and by other manufacturers of consumer products, such as slotting fees, co-operative advertising, rebates and other pricing allowances, merchandising funds and consumer coupons. We have not yet determined the impact of the new standard on our financial statements or whether we will adopt on a prospective or retrospective basis in the first quarter of our fiscal year ending November 30, 2019.

2. ACQUISITIONS

Acquisitions are part of our strategy to increase sales and profits.

On December 15, 2016, we purchased 100% of the shares of Enrico Giotti SpA (Giotti), a leading European flavor manufacturer located in Italy, for a cash payment of \$124.0 million (net of cash acquired of \$1.2 million), subject to certain post-closing adjustments. The acquisition was funded with cash and short-term borrowings. Giotti is well known in the industry for its innovative beverage, sweet, savory and dairy flavor applications. At the time of the acquisition, annual sales of Giotti were approximately €53 million. Our acquisition of Giotti in fiscal 2017 expands the breadth of value-added products for McCormick's industrial segment, including additional expertise in flavoring health and nutrition products. As of February 28, 2017, a preliminary valuation of the acquired net assets of Giotti resulted in \$2.5 million allocated to net tangible assets acquired, \$9.8 million allocated to indefinite lived brand asset, \$38.0 million allocated to definite lived intangible assets with a weighted-average life of 11.9 years and \$74.9 million allocated to goodwill. Goodwill related to the Giotti acquisition, which is not deductible for tax purposes, primarily represents the intangible assets that do not qualify for separate recognition, such as the value of leveraging the customer intimacy and value-added flavor solutions we provide to our industrial customers to Giotti's relationships with industrial customers of their flavors solutions and extracts, as well as from expected synergies from the combined operations and assembled workforces, and the future development initiatives of the assembled workforces. The preliminary valuation, based on a comparison of acquisitions of similar industrial businesses, provided average percentages of purchase prices assigned to goodwill and other identifiable intangible assets, which we used to initially value the Giotti acquisition. We expect to finalize the determination of the fair value of the acquired net assets of Giotti in the fourth quarter of 2017. Giotti has been included in our industrial segment since its acquisition. During the three months ended February 28, 2017, we recorded \$2.1 million in transaction-related expenses associated with this acquisition. Due to the estimated impact of financing, acquisition and integration costs, we do not expect the operating income contribution of Giotti to be significant to our overall results for 2017.

On April 19, 2016, we completed the purchase of 100% of the shares of Botanical Food Company, Pty Ltd, owner of the Gourmet Garden brand of packaged herbs (Gourmet Garden), a privately held company based in Australia. Gourmet Garden is a global market leader in chilled convenient packaged herbs. Gourmet Garden's products complement our existing branded herb portfolio with the addition of chilled convenient herbs located in the perimeter of the grocery store. We plan to drive sales of the Gourmet Garden brand by expanding global distribution and building awareness with increased brand investment. At the time of acquisition, annual sales of Gourmet Garden were approximately 70 million Australian dollars. The purchase price was \$116.2 million, net of cash acquired of \$3.3 million and after closing adjustments, and was financed with a combination of cash and short-term borrowings. A preliminary valuation of the acquired net assets of Gourmet Garden resulted in \$20.4 million allocated to net tangible assets acquired, \$20.3 million allocated to indefinite lived brand asset, \$14.2 million allocated to definite lived intangible assets with a weighted-average life of 12.0 years and \$61.3 million allocated to goodwill. Goodwill related to the Gourmet Garden acquisition, which is not deductible for tax purposes, primarily represents the intangible assets that do not qualify for separate recognition, such as the value of leveraging our brand building expertise, our insights in demand from consumers for herbs, and our supply chain capabilities, as well as expected synergies from the combined operations and assembled workforce. The preliminary valuation, based on a comparison of acquisitions of similar consumer businesses, provided average percentages of purchase prices assigned to goodwill and other identifiable intangible assets, which we used to initially value the Gourmet Garden acquisition. We expect to finalize the determination of the fair value of the acquired net assets of Gourmet Garden in the second quarter of 2017. Gourmet Garden has been included in our consumer segment since its acquisition. While this business has an industrial component, the industrial component was not material to its overall business in 2016. Beginning in 2017, the industrial component of Gourmet Garden is being reflected as a component of our industrial segment.

For the first quarter of 2017, Gourmet Garden and Giotti added \$16.6 million and \$11.1 million, respectively, to our sales. Due to financing, acquisition and integration costs, the aggregate incremental operating income contributed by Gourmet Garden and Giotti was not significant to our overall results for the three months ended February 28, 2017. Proforma financial information for these acquisitions has not been presented because the financial impact is not material.

3. SPECIAL CHARGES

We continue to evaluate changes to our organization structure to enable us to reduce fixed costs, simplify or improve processes, and improve our competitiveness.

In our consolidated income statement, we include a separate line item captioned “special charges” in arriving at our consolidated operating income. Special charges consist of expenses associated with certain actions undertaken by the Company to reduce fixed costs, simplify or improve processes, and improve our competitiveness and are of such significance in terms of both up-front costs and organizational/structural impact to require advance approval by our Management Committee, comprised of our senior management, including our Chairman, President and Chief Executive Officer. Upon presentation of any such proposed action (generally including details with respect to estimated costs, which typically consist principally of employee severance and related benefits, together with ancillary costs associated with the action that may include a non-cash component or a component which relates to inventory adjustments that are included in cost of goods sold; impacted employees or operations; expected timing; and expected savings) to the Management Committee and the Committee’s advance approval, expenses associated with the approved action are classified as special charges upon recognition and monitored on an on-going basis through completion.

During the three months ended February 28, 2017, we recorded \$3.6 million of special charges, consisting primarily of \$1.9 million for severance and other exit costs associated with our Europe, Middle East and Africa (EMEA) region’s closure of its manufacturing plant in Portugal in mid-2017; \$1.0 million related to third party expenses incurred associated with our evaluation of organizational streamlining activities; \$0.3 million for other exit costs related to the 2015 discontinuance of Kohinoor’s non-profitable bulk-packaged and broken basmati rice product lines, and \$0.2 million for other exit costs related to the planned exit from our current leased manufacturing facilities in Singapore and Thailand upon construction of a new manufacturing facility in Thailand, which was initiated in 2016. Of the \$3.6 million in special charges recorded during the three months ended February 28, 2017, approximately \$1.3 million were paid in cash and \$0.5 million represented a non-cash asset impairment, with the remaining accrual expected to be substantially paid in 2017.

In addition to the amounts recognized in the first quarter of 2017, we expect to incur additional special charges during the balance of 2017 of \$7.4 million, consisting of \$1.1 million associated with the plant closure in Portugal and related relocation of manufacturing, \$3.3 million of additional third party expenses associated with our evaluation of organizational streamlining activities, and approximately \$3 million for other streamlining actions approved by our Management Committee and more fully described in our Annual Report on Form 10-K for the year ended November 30, 2016. These other streamlining actions include: (1) the write-off of the foreign currency translation adjustment, which is included as a component of other comprehensive income, associated with our former consolidated joint venture in South Africa, which we exited in late 2016, upon its liquidation; (2) other costs associated with the planned exit of two leased manufacturing facilities in Singapore and Thailand described above; (3) other exit costs related to our Kohinoor business described above; and (4) other amounts associated with the EMEA reorganization plans initiated in 2015.

During the three months ended February 29, 2016, we recorded \$1.6 million of special charges, consisting of \$1.1 million related to other exit costs associated with actions undertaken to enhance organization efficiency and streamline processes in our EMEA region (which is more fully described below), \$0.3 million for other exit costs related to the discontinuance of Kohinoor’s non-profitable bulk-packaged and broken basmati rice product lines, and \$0.2 million for employee severance and related costs associated with our North America effectiveness initiative. All of these are a continuation of actions that were initiated in 2015. Substantially all of the \$1.6 million of 2016 special charges were paid in cash during the three months ended February 29, 2016.

Of the \$3.6 million of special charges recorded in our consolidated financial statements in the first quarter of 2017, \$2.5 million related to our consumer segment and \$1.1 million related to our industrial segment. Of the \$1.6 million of special charges recorded in our consolidated financial statements for the first quarter of 2016, \$1.3 million related to our consumer segment and \$0.3 million related to our industrial segment. All balances associated with our special charges are included in other accrued liabilities in our consolidated balance sheet.

In 2015, we initiated projects to enhance organization efficiency and streamline processes in EMEA in order to support our competitiveness and long-term growth. These initiatives center on actions intended to reduce fixed costs and improve business processes, as well as continue to drive simplification across the business and supply chain. These actions include the transfer of certain additional activities to our shared services center in Poland. These projects were continued in 2016.

The following table outlines the major components of accrual balances and activity relating to the special charges associated with the EMEA reorganization plans that were initiated in 2015 for the three months ended February 28, 2017 and February 29, 2016 (in millions):

	Employee severance and related benefits	Other related costs	Total
Balance as of November 30, 2016	\$ 10.5	\$ 0.5	\$ 11.0
Cash paid	(0.9)	—	(0.9)
Balance as of February 28, 2017	\$ 9.6	\$ 0.5	\$ 10.1
Balance as of November 30, 2015	\$ 16.2	\$ 0.6	\$ 16.8
Special charges	—	1.1	1.1
Cash paid	(1.2)	(1.1)	(2.3)
Impact of foreign exchange	0.1	—	0.1
Balance as of February 29, 2016	\$ 15.1	\$ 0.6	\$ 15.7

4. GOODWILL

The changes in the carrying amount of goodwill by segment for the three months ended February 28, 2017 and February 29, 2016 were as follows (in millions):

	2017		2016	
	Consumer	Industrial	Consumer	Industrial
Beginning of year	\$ 1,608.3	\$ 163.1	\$ 1,587.7	\$ 171.6
Changes in preliminary purchase price allocation	(0.4)	—	—	—
Increases in goodwill from acquisitions	—	74.9	—	—
Foreign currency fluctuations and other	10.4	1.3	7.6	(2.9)
Balance as of end of February	\$ 1,618.3	\$ 239.3	\$ 1,595.3	\$ 168.7

5. FINANCING ARRANGEMENTS AND FINANCIAL INSTRUMENTS

In July 2016, we entered into a 15-year lease for a headquarters building in Hunt Valley, Maryland. The lease, which is expected to commence upon completion of building construction and fit-out, currently scheduled for the second half of 2018, requires monthly lease payments of approximately \$0.9 million beginning six months after lease commencement. The \$0.9 million monthly lease payment is subject to adjustment after an initial 60-month period and thereafter on an annual basis as specified in the lease agreement. In addition, the initial \$0.9 million monthly lease payment is subject to increase in the event of agreed-upon changes to specifications related to the headquarters building. We expect to consolidate our Corporate staff and certain non-manufacturing U.S. employees, currently housed in four locations in the Hunt Valley, Maryland area, to the new headquarters building.

We use derivative financial instruments to enhance our ability to manage risk, including foreign currency and interest rate exposures, which exist as part of our ongoing business operations. We do not enter into contracts for trading purposes, nor are we a party to any leveraged derivative instruments. The use of derivative financial instruments is monitored through regular communication with senior management and the use of written guidelines.

During fiscal year 2016, we entered into multiple fair value foreign currency exchange contracts to hedge the currency component of certain intercompany loans between our subsidiaries. At February 28, 2017, the notional value of these contracts was \$113.0 million. During the three months ended February 28, 2017, we recognized a \$2.7 million loss on the change in fair value of these contracts, which was offset by a \$2.5 million gain on the change in the currency component of the underlying loans. Both the loss and the gain were recognized in our consolidated income statement as other income, net.

During the three months ended February 28, 2017, we entered into a total of \$75 million of forward starting interest rate swap agreements to manage our interest rate risk associated with the anticipated issuance of at least \$75 million of fixed rate notes by December 2017. The weighted average fixed rate of these agreements is 2.49% and is based upon the applicable U.S. LIBOR swap rate at the inception of each agreement. We intend to cash settle these agreements upon issuance of the notes. If the applicable U.S. LIBOR swap rate increases at the time of settlement of the agreements, we will receive a one-time cash payment from the counterparties. If the applicable U.S. LIBOR swap rate decreases at the time of settlement of the agreements, we will make a one-time cash payment to the counterparties. We have designated these forward starting interest rate swap agreements, which expire on December 15, 2017, as cash flow hedges. Amounts associated with these agreements, including the related mark-to-market prior to settlement, will be deferred in other comprehensive income; upon settlement, any gain or loss realized will be amortized over the life of the fixed rate notes as a component of interest expense.

As of February 28, 2017, the maximum time frame for our foreign exchange forward contracts is 9 months.

For all derivatives, the net amount of accumulated other comprehensive income expected to be reclassified in the next 12 months is \$2.1 million as an increase to earnings.

All derivatives are recognized at fair value in the balance sheet and recorded in either current or noncurrent other assets or other accrued liabilities or other long-term liabilities depending upon their nature and maturity.

The following table discloses the fair values of derivative instruments on our balance sheet (in millions):

As of February 28, 2017

	Asset Derivatives			Liability Derivatives		
	Balance sheet location	Notional amount	Fair value	Balance sheet location	Notional amount	Fair value
Interest rate contracts	Other current assets	\$ —	\$ —	Other accrued liabilities	\$ 175.0	\$ 2.1
Foreign exchange contracts	Other current assets	111.3	3.5	Other accrued liabilities	\$ 284.5	8.5
Total			\$ 3.5			\$ 10.6

As of February 29, 2016

	Asset Derivatives			Liability Derivatives		
	Balance sheet location	Notional amount	Fair value	Balance sheet location	Notional amount	Fair value
Interest rate contracts	Other current assets	\$ 100.0	\$ 4.5	Other accrued liabilities	\$ —	\$ —
Foreign exchange contracts	Other current assets	150.5	4.4	Other accrued liabilities	119.8	1.8
Total			\$ 8.9			\$ 1.8

As of November 30, 2016

	Asset Derivatives			Liability Derivatives		
	Balance sheet location	Notional amount	Fair value	Balance sheet location	Notional amount	Fair value
Interest rate contracts	Other current assets	\$ —	\$ —	Other accrued liabilities	\$ 100.0	\$ 1.2
Foreign exchange contracts	Other current assets	204.3	4.9	Other accrued liabilities	244.9	5.4
Total			\$ 4.9			\$ 6.6

The following tables disclose the impact of derivative instruments on our other comprehensive income (OCI), accumulated other comprehensive income (AOCI) and our income statement for the three month periods ended February 28, 2017 and February 29, 2016 (in millions):

Fair Value Hedges

Derivative	Income statement location	Income (expense)	
		2017	2016
Interest rate contracts	Interest expense	\$ 0.3	\$ 0.6

Derivative	Income statement location	Gain (loss) recognized in income			Income statement location	Gain (loss) recognized in income	
		2017	2016	Hedged item		2017	2016
Foreign exchange contracts	Other income, net	\$ (2.7)	\$ —	Intercompany loans	Other income, net	\$ 2.5	\$ —

Cash Flow Hedges

Derivative	Gain or (loss) recognized in OCI		Income statement location	Gain or (loss) reclassified from AOCI	
	2017	2016		2017	2016
Interest rate contracts	\$ (0.2)	\$ —	Interest expense	\$ (0.1)	\$ (0.1)
Foreign exchange contracts	(0.4)	2.1	Cost of goods sold	1.1	1.3
Total	\$ (0.6)	\$ 2.1		\$ 1.0	\$ 1.2

The amount of gain or loss recognized in income on the ineffective portion of derivative instruments is not material. The amounts noted in the tables above for OCI do not include any adjustments for the impact of deferred income taxes.

6. FAIR VALUE MEASUREMENTS

Fair value can be measured using valuation techniques, such as the market approach (comparable market prices), the income approach (present value of future income or cash flow), and the cost approach (cost to replace the service capacity of an asset or replacement cost). Accounting standards utilize a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value into three broad levels. The following is a brief description of those three levels:

- Level 1: Observable inputs such as quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly. These include quoted prices for similar assets or liabilities in active markets and quoted prices for identical or similar assets or liabilities in markets that are not active.
- Level 3: Unobservable inputs that reflect the reporting entity's own assumptions.

Our population of financial assets and liabilities subject to fair value measurements on a recurring basis are as follows (in millions):

	Fair Value	February 28, 2017		
		Level 1	Level 2	Level 3
Assets				
Cash and cash equivalents	\$ 125.7	\$ 125.7	\$ —	\$ —
Insurance contracts	111.1	—	111.1	—
Bonds and other long-term investments	9.0	9.0	—	—
Foreign currency derivatives	3.5	—	3.5	—
Total	\$ 249.3	\$ 134.7	\$ 114.6	\$ —
Liabilities				
Foreign currency derivatives	\$ 8.5	\$ —	\$ 8.5	\$ —
Interest rate derivatives	2.1	—	2.1	—
Contingent consideration related to D&A acquisition	29.3	—	—	29.3
Total	\$ 39.9	\$ —	\$ 10.6	\$ 29.3

	Fair Value	February 29, 2016		
		Level 1	Level 2	Level 3
Assets				
Cash and cash equivalents	\$ 111.8	\$ 111.8	\$ —	\$ —
Insurance contracts	97.7	—	97.7	—
Bonds and other long-term investments	9.2	9.2	—	—
Interest rate derivatives	4.5	—	4.5	—
Foreign currency derivatives	4.4	—	4.4	—
Total	\$ 227.6	\$ 121.0	\$ 106.6	\$ —
Liabilities				
Foreign currency derivatives	\$ 1.8	\$ —	\$ 1.8	\$ —
Contingent consideration related to D&A acquisition	28.4	—	—	28.4
Total	\$ 30.2	\$ —	\$ 1.8	\$ 28.4

	Fair Value	November 30, 2016		
		Level 1	Level 2	Level 3
Assets				
Cash and cash equivalents	\$ 118.4	\$ 118.4	\$ —	\$ —
Insurance contracts	106.0	—	106.0	—
Bonds and other long-term investments	10.2	10.2	—	—
Foreign currency derivatives	4.9	—	4.9	—
Total	\$ 239.5	\$ 128.6	\$ 110.9	\$ —
Liabilities				
Foreign currency derivatives	\$ 5.4	\$ —	\$ 5.4	\$ —
Interest rate derivatives	1.2	—	1.2	—
Contingent consideration related to D&A acquisition	28.9	—	—	28.9
Total	\$ 35.5	\$ —	\$ 6.6	\$ 28.9

Because of their short-term nature, the amounts reported in the balance sheet for cash and cash equivalents, receivables, short-term borrowings and trade accounts payable approximate fair value. The fair values of insurance contracts are based upon the underlying values of the securities in which they are invested and are from quoted market prices from various stock and bond exchanges for similar type assets. The fair values of bonds and other long-term investments are based on quoted market prices from various stock and bond exchanges. The fair values for interest rate and foreign currency derivatives are based on values for similar instruments using models with market based inputs.

The following table sets forth the carrying amount and fair values of our long-term debt (including the current portion thereof) at February 28, 2017, February 29, 2016 and November 30, 2016 (in millions):

	February 28, 2017	February 29, 2016	November 30, 2016
Carrying amount	\$ 1,054.2	\$ 1,055.6	\$ 1,056.9
Fair value	1,107.4	1,147.3	1,118.3

The acquisition-date fair value of the liability for contingent consideration related to our acquisition of Drogheria & Alimentari (D&A) was approximately \$27.7 million as of the acquisition date in May 2015. The fair value of the liability as of February 28, 2017 was \$29.3 million and was included in other long-term liabilities in our consolidated balance sheet. The fair value of the liability both at acquisition and as of each reporting period is estimated using a discounted cash flow technique applied to the expected payout with significant inputs that are not observable in the market and thus represents a Level 3 fair value measurement as defined in the FASB's Accounting Standards Codification (ASC) 820, *Fair Value Measurements and Disclosures*. The significant inputs in the Level 3 measurement not supported by market activity included our probability assessments of expected future cash flows related to our acquisition of D&A during the calendar 2017 earn-out period, adjusted for expectations of the amounts and ultimate resolution of likely disputes to be raised by the seller and by us as provided in the purchase agreement, discounted considering the uncertainties associated with the obligation, and calculated in accordance with the terms of the purchase agreement. Changes in the fair value of the liability for contingent consideration, excluding the impact of foreign currency, will be recognized in income on a quarterly basis until settlement in fiscal 2018.

The change in fair value of our Level 3 liabilities, which relates solely to the contingent consideration related to our acquisition of D&A, for the three months ended February 28, 2017 and February 29, 2016 is summarized as follows (in millions):

	Beginning of year	Settlements	Changes in fair value including accretion	Impact of foreign currency	Balance as of end of period
First quarter 2017	\$ 28.9	\$ —	\$ 0.3	\$ 0.1	\$ 29.3
First quarter 2016	\$ 27.1	\$ —	\$ 0.4	\$ 0.9	\$ 28.4

7. EMPLOYEE BENEFIT AND RETIREMENT PLANS

During the quarter ending February 28, 2017, we made the following significant changes to our employee benefit and retirement plans:

- On December 1, 2016, the Management Committee approved the freezing of benefits under the McCormick U.K. Pension and Life Assurance Scheme (the U.K. plan). The effective date of this freeze is December 31, 2016. Although the U.K. plan has been frozen, employees who are participants in that plan retained benefits accumulated up to the date of the freeze, based on credited service and eligible earnings, in accordance with the terms of the plan.
- On January 3, 2017, the Management Committee approved the freezing of benefits under the McCormick Pension Plan, the defined benefit pension plan available to U.S. employees hired on or prior to December 31, 2011. The effective date of this freeze is November 30, 2018. Although the U.S. Pension plan will be frozen, employees who are participants in that plan will retain benefits accumulated up to the date of the freeze, based on credited service and eligible earnings, in accordance with the terms of the plan.
- On January 3, 2017, the Compensation Committee of our Board of Directors approved the freezing of benefits under the McCormick Supplemental Executive Retirement Plan (the “SERP”). The effective date of this freeze is January 31, 2017. Although the SERP has been frozen, executives who are participants in the SERP as of the date of the freeze, including certain named executive officers, retained benefits accumulated up to that date, based on credited service and eligible earnings, in accordance with the SERP’s terms.

As a result of these changes, we remeasured pension assets and benefit obligations as of the dates of the approvals indicated above and reduced the U.S. and U.K. plan benefit obligations by \$69.9 million and \$7.8 million, respectively. These remeasurements resulted in non-cash, pre-tax net actuarial gains of \$77.7 million, which principally consist of curtailment gains of \$76.7 million, and are included in our Consolidated Statement of Comprehensive Income for the three months ended February 28, 2017, as a component of Other comprehensive income (loss) on the line entitled Unrealized components of pension plans. Deferred taxes associated with these actuarial gains, together with other unrealized components of pension plans recognized during the three months ended February 28, 2017, are also included in that statement as a component of Other comprehensive income (loss).

The following table presents the components of our pension expense of the defined benefit plans for the three months ended February 28, 2017 and February 29, 2016 (in millions):

	United States		International	
	2017	2016	2017	2016
Defined benefit plans				
Service cost	\$ 3.9	\$ 5.4	\$ 1.5	\$ 1.7
Interest costs	8.0	8.3	2.5	2.9
Expected return on plan assets	(10.2)	(10.1)	(3.7)	(4.1)
Amortization of prior service costs	—	—	0.5	0.1
Amortization of net actuarial losses	1.9	3.1	1.0	1.0
Total pension expense	\$ 3.6	\$ 6.7	\$ 1.8	\$ 1.6

During the three months ended February 28, 2017 and February 29, 2016, we contributed \$6.3 million and \$6.9 million, respectively, to our pension plans. Total contributions to our pension plans in fiscal year 2016 were \$25.1 million.

The following table presents the components of our other postretirement benefits expense (in millions):

	Three months ended	
	February 28, 2017	February 29, 2016
Other postretirement benefits		
Service cost	\$ 0.7	\$ 0.8
Interest costs	0.9	0.9
Amortization of gains	—	(0.1)
Total other postretirement expense	\$ 1.6	\$ 1.6

8. STOCK-BASED COMPENSATION

We have three types of stock-based compensation awards: restricted stock units (RSUs), stock options and company stock awarded as part of our long-term performance plan (LTPP). The following table sets forth the stock-based compensation expense recorded in selling, general and administrative (SG&A) expense (in millions):

	Three months ended	
	February 28, 2017	February 29, 2016
Stock-based compensation expense	\$ 4.1	\$ 3.0

Our 2017 annual grant of stock options and RSUs is expected to occur in the second quarter, similar to the 2016 annual grant.

The following is a summary of our stock option activity for the three months ended February 28, 2017 and February 29, 2016:

(shares in millions)	2017		2016	
	Number of Shares	Weighted-Average Exercise Price	Number of Shares	Weighted-Average Exercise Price
Outstanding at beginning of period	4.9	\$ 66.00	4.8	\$ 59.20
Exercised	(0.1)	63.75	(0.1)	41.95
Outstanding at end of the period	4.8	\$ 66.04	4.7	\$ 59.64
Exercisable at end of the period	3.7	\$ 59.93	3.0	\$ 52.41

As of February 28, 2017, the intrinsic value (the difference between the exercise price and the market price) for all options outstanding was \$155.2 million and for options currently exercisable was \$142.4 million. The total intrinsic value of all options exercised during the three months ended February 28, 2017 and February 29, 2016 was \$4.4 million and \$5.6 million, respectively.

The following is a summary of our RSU activity for the three months ended February 28, 2017 and February 29, 2016:

(shares in thousands)	2017		2016	
	Number of Shares	Weighted-Average Grant-Date Fair Value	Number of Shares	Weighted-Average Grant-Date Fair Value
Outstanding at beginning of period	267	\$ 80.08	270	\$ 71.03
Vested	(3)	71.35	(4)	37.94
Forfeited	(2)	85.37	(3)	74.11
Outstanding at end of period	262	\$ 80.13	263	\$ 71.49

The following is a summary of our LTPP activity for the three months ended February 28, 2017 and February 29, 2016:

(shares in thousands)	2017		2016	
	Number of Shares	Weighted-Average Grant-Date Fair Value	Number of Shares	Weighted-Average Grant-Date Fair Value
Outstanding at beginning of period	201	\$ 78.10	192	\$ 70.94
Granted	78	89.96	108	86.40
Vested	(43)	69.04	(18)	64.74
Forfeited	—	—	(1)	74.02
Outstanding at end of period	236	\$ 83.63	281	\$ 77.28

9. INCOME TAXES

Income taxes for the three months ended February 28, 2017 included \$2.4 million of discrete tax benefits consisting of the following: (i) \$1.6 million related to excess tax benefits associated with share-based compensation, and (ii) the reversal of unrecognized tax benefits and related interest of \$0.9 million associated with the expiration of statute of limitations in various jurisdictions; offset by a \$0.1 million net detriment for the revaluation of deferred tax assets related to legislation enacted in our first quarter.

Other than the discrete tax benefits mentioned previously and additions for current year tax positions, there were no significant changes to unrecognized tax benefits during the three months ended February 28, 2017.

Income taxes for the three months ended February 29, 2016 included \$3.8 million of discrete tax benefits consisting of the following: (i) recognition of the tax year 2015 research tax credit of \$2.4 million related to new legislation enacted in our first quarter of 2016; (ii) the reversal of unrecognized tax benefits and related interest of \$0.7 million associated with the expiration of statute of limitations in various jurisdictions; and (iii) a \$0.7 million revaluation of a deferred tax liability related to legislation enacted in our first quarter of 2016 reducing the statutory tax rate for a non-US jurisdiction.

As of February 28, 2017, we believe the reasonably possible total amount of unrecognized tax benefits that could increase or decrease in the next 12 months as a result of various statute expirations, audit closures, and/or tax settlements would not be material to our consolidated financial statements.

10. EARNINGS PER SHARE AND STOCK ISSUANCE

The following table sets forth the reconciliation of average shares outstanding (in millions):

	Three months ended	
	February 28, 2017	February 29, 2016
Average shares outstanding – basic	125.1	127.1
Effect of dilutive securities:		
Stock options/RSUs/LTPP	1.8	1.2
Average shares outstanding – diluted	126.9	128.3

The following table sets forth the stock options and RSUs for the three months ended February 28, 2017 and February 29, 2016 which were not considered in our earnings per share calculation since they were anti-dilutive (in millions):

	Three months ended	
	February 28, 2017	February 29, 2016
Anti-dilutive securities	0.8	0.2

The following table sets forth the common stock activity for the three months ended February 28, 2017 and February 29, 2016 under the Company's stock option and employee stock purchase plans and the repurchases of common stock under its stock repurchase program (in millions):

	Three months ended	
	February 28, 2017	February 29, 2016
Shares issued under stock option, employee stock purchase plans and RSUs	0.2	0.1
Shares repurchased in connection with the stock repurchase program	0.9	0.6

As of February 28, 2017, \$244 million remained of the \$600 million share repurchase authorization that was authorized by the Board of Directors in March 2015.

11. ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)

The following table sets forth the components of accumulated other comprehensive income (loss), net of tax where applicable (in millions):

	February 28, 2017	February 29, 2016	November 30, 2016
Foreign currency translation adjustment	\$ (284.3)	\$ (231.8)	\$ (299.4)
Unrealized gain on foreign currency exchange contracts	2.2	2.5	3.9
Fair value of interest rate swaps (excluding settled interest rate swaps)	(0.1)	—	—
Unamortized value of settled interest rate swaps	2.3	2.3	2.4
Pension and other postretirement costs	(165.1)	(196.7)	(221.3)
Accumulated other comprehensive loss	<u>\$ (445.0)</u>	<u>\$ (423.7)</u>	<u>\$ (514.4)</u>

The following table sets forth the amounts reclassified from accumulated other comprehensive income (loss) and into consolidated net income for the three months ended February 28, 2017 and February 29, 2016 (in millions):

Accumulated Other Comprehensive Income (Loss) Components	Three months ended		Affected Line Items in the Condensed Consolidated Income Statement
	February 28, 2017	February 29, 2016	
(Gains)/losses on cash flow hedges:			
Interest rate derivatives	\$ 0.1	\$ 0.1	Interest expense
Foreign exchange contracts	(1.1)	(1.3)	Cost of goods sold
Total before tax	(1.0)	(1.2)	
Tax effect	0.3	0.3	Income taxes
Net, after tax	<u>\$ (0.7)</u>	<u>\$ (0.9)</u>	

Amortization of pension and postretirement benefit adjustments:

Amortization of prior service costs (1)	\$ 0.5	\$ 0.1	SG&A expense/ Cost of goods sold
Amortization of net actuarial losses (1)	2.9	4.0	SG&A expense/ Cost of goods sold
Total before tax	3.4	4.1	
Tax effect	(1.2)	(1.4)	Income taxes
Net, after tax	<u>\$ 2.2</u>	<u>\$ 2.7</u>	

(1) This accumulated other comprehensive income component is included in the computation of total pension expense (refer to note 7 for additional details).

12. BUSINESS SEGMENTS

We operate in two business segments: consumer and industrial. The consumer and industrial segments manufacture, market and distribute spices, seasoning mixes, condiments and other flavorful products throughout the world. Our consumer segment sells to retail outlets, including grocery, mass merchandise, warehouse clubs, discount and drug stores under the “McCormick” brand and a variety of brands around the world, including “Lawry’s”, “Zatarain’s”, “Simply Asia”, “Thai Kitchen”, “Ducros”, “Vahine”, “Schwartz”, “Club House”, “Kamis”, “Kohinoor”, “DaQiao”, “Drogheria & Alimentari”, “Stubb’s”, and “Gourmet Garden”. Our industrial segment sells to food manufacturers and the foodservice industry both directly and indirectly through distributors.

In each of our segments, we produce and sell many individual products which are similar in composition and nature. With their primary attribute being flavor, we regard the products within each of our segments to be fairly homogenous. It is impracticable to segregate and identify sales and profits for each of these individual product lines.

We measure segment performance based on operating income excluding special charges as this activity is managed separately from the business segments. Although the segments are managed separately due to their distinct distribution channels and marketing strategies, manufacturing and warehousing are often integrated to maximize cost efficiencies. We do not segregate jointly utilized assets by individual segment for internal reporting, evaluating performance or allocating capital. Because of manufacturing integration for certain products within the segments, products are not sold from one segment to another but rather inventory is transferred at cost. Intersegment sales are not material.

	Consumer	Industrial	Total
	(in millions)		
<u>Three months ended February 28, 2017</u>			
Net sales	\$ 638.6	\$ 405.1	\$ 1,043.7
Operating income excluding special charges	97.9	39.9	137.8
Income from unconsolidated operations	6.5	0.5	7.0
<u>Three months ended February 29, 2016</u>			
Net sales	\$ 633.8	\$ 396.4	\$ 1,030.2
Operating income excluding special charges	94.3	36.4	130.7
Income from unconsolidated operations	7.6	0.8	8.4

A reconciliation of operating income excluding special charges (which we use to measure segment profitability) to operating income is as follows (in millions):

	Consumer	Industrial	Total
<u>Three months ended February 28, 2017</u>			
Operating income	\$ 95.4	\$ 38.8	\$ 134.2
Add: Special charges	2.5	1.1	3.6
Operating income excluding special charges	<u>\$ 97.9</u>	<u>\$ 39.9</u>	<u>\$ 137.8</u>
<u>Three months ended February 29, 2016</u>			
Operating income	\$ 93.0	\$ 36.1	\$ 129.1
Add: Special charges	1.3	0.3	1.6
Operating income excluding special charges	<u>\$ 94.3</u>	<u>\$ 36.4</u>	<u>\$ 130.7</u>

13. SUBSEQUENT EVENT

On March 24, 2017, we entered into a 364-day \$250 million revolving credit facility, which will support our commercial paper program and expire in March 2018. The pricing for the credit facility, on a fully drawn basis, is LIBOR plus 0.75%.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS OVERVIEW

The following Management's Discussion and Analysis of Financial Condition and Results of Operations (MD&A) is intended to help the reader understand McCormick & Company, Incorporated, our operations, and our present business environment. MD&A is provided as a supplement to, and should be read in conjunction with, our financial statements and the accompanying

notes thereto, included in Item 1 of this report. We use certain non-GAAP information—more fully described below under the caption Non-GAAP financial measures—that we believe is important for purposes of comparison to prior periods and development of future projections and earnings growth prospects. This information is also used by management to measure the profitability of our ongoing operations and analyze our business performance and trends. The dollar and share information in the charts and tables in MD&A are in millions, except per share data.

Business profile

We are a global leader in flavor, with the manufacturing, marketing and distribution of spices, seasoning mixes, condiments and other flavorful products to the entire food industry—retailers, food manufacturers and foodservice business. Our major sales, distribution and production facilities are located in North America, Europe and China. Additional facilities are based in Australia, Mexico, India, Singapore, Central America, Thailand and South Africa. In fiscal year 2016, 42% of our sales were outside of the United States. We also are partners in a number of joint ventures that are involved in the manufacture and sale of flavorful products, the most significant of which is McCormick de Mexico.

We operate in two business segments, consumer and industrial.

Consumer segment—Our consumer segment customers span a variety of retailers that include grocery mass merchandise, warehouse clubs, discount and drug stores, and e-commerce retailers served directly and indirectly through distributors or wholesalers. In addition to marketing our branded products to these customers, we are also a leading supplier of private label items, also known as store brands.

Industrial segment—In our industrial segment, we provide a wide range of products to multinational food manufacturers and foodservice customers. The foodservice customers are supplied with branded, packaged products both directly and indirectly through distributors. We supply food manufacturers and foodservice customers with customized flavor solutions, and many of these customer relationships have been active for decades.

Demand for flavor is growing globally, and across both segments, we have the customer base and product breadth to participate in all types of eating occasions. Our products deliver flavor when cooking at home, dining out, purchasing a quick service meal or enjoying a snack. We offer customers and consumers a range of products that meet the increasing demand for certain product attributes such as organic, gluten-free and non-GMO (genetically modified organisms) and that extend from premium to value-priced.

Long-term growth objectives

Our long-term annual growth objectives are to increase sales 4% to 6%, increase operating income 7% to 9% and increase earnings per share 9% to 11%, all in constant currency.

Sales growth: Over time, we expect to grow sales with similar contributions from: 1) our base business—driven by brand marketing support, customer intimacy, expanded distribution and category growth; 2) product innovation; and 3) acquisitions.

Base business—In 2016, we increased our investment in brand marketing by 35% over the past five years and we plan a further increase in 2017. We measure the return on our brand marketing investment and have identified digital marketing as one of our highest return investments in brand marketing support. Through digital marketing, we are connecting with consumers in a personalized way to deliver recipes, provide cooking advice and discover new products. Digital marketing reached 46% of our total advertising expense in 2016, which is double the percentage from 2011.

Innovation—For our consumer segment, we believe that scalable and differentiated innovation continues to be one of the best ways to distinguish our brands from our competition, including private label. We are introducing products for every type of cooking occasion, from gourmet, premium items to convenient and value-priced flavors. Recent innovation includes liquid pouch products such as skillet sauces, slow cooker sauces and baking sauces in North America and squeeze pouch condiments in China. In 2016, we expanded our Grill Mates brand to single-use liquid marinade in North America. Additional examples introduced across multiple markets include herb grinders and expanded varieties of recipe mixes.

For industrial customers, we are developing seasonings for snacks and other food products, as well as flavors for new menu items. We have a solid pipeline of flavor solutions aligned with our customers' new product launch plans, many of which include "better-for-you" innovation. With over 20 product innovation centers around the world, we are supporting the growth of our brands and those of our industrial customers with products that appeal to local consumers.

Acquisitions—Acquisitions are contributing approximately one-third of our sales growth. Since the beginning of 2015, we have completed six acquisitions, which are driving sales in both our consumer and industrial segments. We have a robust pipeline of acquisition opportunities that meet the growing demand for flavor and health. In addition to bolt-on opportunities, we are

seeking larger acquisitions. Geographically, our focus is on acquisitions that build scale where we currently have presence in both developed and emerging markets.

Cost savings: We are fueling our investment in growth with cost savings from our Comprehensive Continuous Improvement (CCI) program, an ongoing initiative to improve productivity and reduce costs throughout the organization, as well as savings from organization and streamlining actions. In addition to funding brand marketing support, product innovation and other growth initiatives, our CCI program helps offset higher material costs and is contributing to higher operating income and earnings per share. Examples of CCI cost savings include vendor consolidation, high-speed equipment and automation, process reliability, shared services, route to market, system technology and sustainability. In the last five years, CCI cost savings have totaled nearly \$400 million and in 2016, together with organization and streamlining actions, we reached a record \$109 million in cost savings. In 2016, we set a four-year goal to deliver \$400 million of cost savings by November 30, 2019.

Cash flow: Our business generates strong cash flow and in 2016, net cash provided by operating activities reached \$658.1 million, an increase from \$590.0 million in 2015. We have a balanced use of cash for capital expenditures, acquisitions and the return of cash to shareholders through dividends and share repurchases. In 2016, that return of cash to shareholders was \$460.5 million, and our Board declared the 31st consecutive annual increase in our quarterly dividend.

2017 outlook

We are projecting another year of strong financial performance in 2017 and expect our constant currency growth rate in sales and adjusted earnings per share to be in line with our long-term constant currency financial growth objectives.

In 2017, we expect the strength of the U.S. dollar and the resultant unfavorable effects of foreign currency exchange to have a negative impact, as compared to 2016, on our sales and earnings. In 2017, sales are projected to grow 3% to 5%, which includes an estimated 2% impact from unfavorable foreign currency exchange rates. On a constant currency basis, sales are projected to grow 5% to 7%.

Led by CCI, we expect to reach cost savings of approximately \$100 million in 2017, with a large portion impacting our cost of goods sold. Material cost inflation is expected to be in the mid-single digit range and we expect to offset most of this impact with our pricing actions. For 2017, we plan to increase brand marketing at a high single digit rate.

Diluted earnings per share was \$3.69 in 2016. Earnings per share for 2017 are projected to range from \$3.98 to \$4.06. Excluding the earnings per share impact of special charges of \$0.09 in 2016, adjusted diluted earnings per share was \$3.78 in 2016. Adjusted diluted earnings per share (excluding an estimated \$0.07 impact from special charges expected to be recorded in 2017) are projected to be \$4.05 to \$4.13 in 2017. On a constant currency basis, we expect adjusted diluted earnings per share in 2017 to grow 9% to 11% over adjusted diluted earnings per share of \$3.78 in 2016. We expect this growth rate to be mainly driven by increased adjusted operating income.

RESULTS OF OPERATIONS – COMPANY

	Three months ended	
	February 28, 2017	February 29, 2016
Net sales	\$ 1,043.7	\$ 1,030.2
Percent increase	1.3%	2.0%
Gross profit	\$ 413.0	\$ 405.0
Gross profit margin	39.6%	39.3%

Sales for the first quarter of 2017 increased by 1.3% from the prior year level and by 3.6% on a constant currency basis (that is excluding the impact of foreign currency exchange as more fully described under the caption, Non-GAAP Financial Measures). For the first quarter of 2017, sales rose over the prior year level due to the incremental impact of acquisitions and pricing actions that increased sales by 2.7%, and 2.0%, respectively. These factors were offset by lower volume and product mix, in our consumer segment, that reduced consolidated sales by 1.1%. That lower volume and product mix in our consumer segment during the first quarter was driven by the impact of weak U.S. food industry trends and difficult retail conditions in the U.K., partially offset by continued growth in China. In addition, an unfavorable impact from foreign currency rates reduced sales by 2.3% compared to the year ago quarter. That unfavorable impact from foreign currency rates is excluded from our measure of sales growth of 3.6% on a constant currency basis.

Gross profit for the first quarter of 2017 increased by \$8.0 million, or 2.0%, over the comparable period in 2016, and our gross profit margin increased 30 basis points from the year ago quarter to 39.6%. This improvement was the result of cost savings from our Comprehensive Continuous Improvement program (CCI), organization and streamlining actions, shifts in our portfolio to more value added products and pricing actions, partially offset by higher commodity costs and an increase in manufacturing costs.

	Three months ended	
	February 28, 2017	February 29, 2016
Selling, general & administrative expense (SG&A)	\$ 275.2	\$ 274.3
Percent of net sales	26.4%	26.6%

SG&A as a percent of net sales decreased by 20 basis points from the year ago quarter to 26.4% in the first quarter of 2017. As compared to the first quarter of 2016, the decrease in SG&A as a percent of net sales was principally attributable to certain employee benefits expense, partially offset by the impact of a \$3.3 million increase in brand marketing expenses and by incremental expense associated with amortization of intangible assets related to our Gourmet Garden and Giotti acquisitions.

	Three months ended	
	February 28, 2017	February 29, 2016
Special charges	\$ 3.6	\$ 1.6

During the three months ended February 28, 2017, we recorded \$3.6 million of special charges, consisting primarily of \$1.9 million for severance and other exit costs associated with our Europe, Middle East and Africa (EMEA) region's closure of its manufacturing plant in Portugal in mid-2017 and \$1.0 million related to third party expenses incurred associated with evaluation of organizational streamlining initiatives.

During the three months ended February 29, 2016, we recorded \$1.6 million of special charges, consisting of \$1.1 million related to other exit costs associated with actions undertaken to enhance organization efficiency and streamline processes in our Europe, Middle East and Africa (EMEA) region, \$0.3 million for other exit costs related to the discontinuance of Kohinoor's non-profitable bulk-packaged and broken basmati rice product lines, and \$0.2 million for employee severance and related costs associated with our North America effectiveness initiative, all of which were initiated in 2015.

	Three months ended	
	February 28, 2017	February 29, 2016
Interest expense	\$ 14.5	\$ 13.9
Other income, net	0.1	1.1

Interest expense was higher in the three months ended February 28, 2017 compared to the same period of the prior year due to an increase in average total borrowings, as well as higher short-term interest rates. The decrease in other income for the three months ended February 28, 2017 was principally the result of higher non-operating foreign currency transaction gains recognized in the prior year.

	Three months ended	
	February 28, 2017	February 29, 2016
Income from consolidated operations before income taxes	\$ 119.8	\$ 116.3
Income taxes	33.3	31.3
Effective tax rate	27.8%	26.9%

The provision for income taxes is based on the then-current estimate of the annual effective tax rate adjusted to reflect the tax impact of items discrete to the fiscal period. We record tax expense or tax benefits that do not relate to ordinary income in the current fiscal year discretely in the period in which such items occur pursuant to the requirements of U.S. GAAP. Examples of such types of discrete items not related to ordinary income of the current fiscal year include, but are not limited to, changes in estimates of the outcome of tax matters related to prior years (including reversals of reserves upon the lapsing of statutes of limitations), provision-to-return adjustments, and the settlement of tax audits. In 2017, discrete items also include excess tax benefits associated with share-based payments to employees as a result of our adoption of ASU No. 2016-09 *Stock Compensation (Topic 718): Improvements to Employee Share-Based Payment Accounting* on a prospective basis as of the beginning of our 2017 fiscal year (see Note 1 of the accompanying financial statements for further details with respect to our adoption of this accounting standard).

Income tax expense for the three months ended February 28, 2017 and February 29, 2016 included net discrete tax benefits of \$2.4 million (including \$1.6 million of excess tax benefits associated with share-based payments to employees) and \$3.8 million, respectively. See note 9 of the accompanying financial statements for a further description of these discrete items. The increase in our effective tax rates for the first quarter of 2017 as compared to the year-ago period is due to lower discrete tax benefits.

We expect an annual effective tax rate in 2017 of approximately 28%. That rate includes the estimated favorable effect of excess tax benefits associated with share-based payments previously described, but excludes other discrete items in the remainder of the year. Our estimate of the favorable effect of those excess tax benefits is subject to variability as it is dependent upon underlying vesting and exercise activity and related future stock prices.

	Three months ended	
	February 28, 2017	February 29, 2016
Income from unconsolidated operations	\$ 7.0	\$ 8.4

Income from unconsolidated operations, which is presented net of earnings attributable to non-controlling interests, decreased by \$1.4 million for the three months ended February 28, 2017, as compared to the year-ago period, as a decline in income in our principal joint venture in Mexico was partially offset by an increase in a smaller venture. Income of our joint venture in Mexico declined as a result of the unfavorable impact of foreign currency, despite growing sales at a double-digit rate in local currency as compared to the first quarter of 2016. We anticipate income from unconsolidated operations to be unfavorably impacted by foreign currency headwinds throughout the remainder of 2017.

The following table outlines the major components of the change in diluted earnings per share from 2016 to 2017:

	Three months ended February	
	2017	2016
2016 Earnings per share – diluted	\$ 0.73	
Increase in special charges		(0.01)
Increase in operating income		0.04
Impact of effective tax rate		(0.01)
Decrease in income from unconsolidated operations		(0.01)
Decrease in other income		(0.01)
Impact of lower shares outstanding		0.01
2017 Earnings per share – diluted	\$ 0.74	

RESULTS OF OPERATIONS — SEGMENTS

We measure the performance of our business segments based on operating income, excluding special charges. See note 12 of the accompanying financial statements for additional information on our segment measures as well as for a reconciliation by segment of operating income, excluding special charges, to consolidated operating income.

CONSUMER SEGMENT

	Three months ended	
	February 28, 2017	February 29, 2016
(in millions)		
Net sales	\$ 638.6	\$ 633.8
Percent increase	0.8%	2.2%
Operating income, excluding special charges	\$ 97.9	\$ 94.3
Operating income margin, excluding special charges	15.3%	14.9%

In the first quarter of 2017, sales of our consumer segment increased by 0.8%, as compared to the first quarter of 2016, and increased by 2.2% on a constant currency basis. The incremental impact of acquisitions completed in 2016 added 2.6% to consumer segment sales in the first quarter of 2017. Pricing actions, taken in response to higher material costs, added 1.6% to sales. These factors were offset by lower volume and product mix that reduced sales by 2.0%. In addition, sales in the quarter reflected an unfavorable impact from foreign currency rates that reduced consumer segment sales by 1.4% compared to the year ago quarter and is excluded from our measure of sales growth of 2.2% on a constant currency basis.

In the Americas, consumer sales rose 2.1% in the first quarter of 2017 as compared to the first quarter of 2016 and rose by 1.8% on a constant currency basis. The incremental impact of acquisitions completed in 2016—Gourmet Garden and Cajun Injector, acquired in April and September, respectively—added 3.1% to sales for the first quarter of 2017. Pricing actions added 2.0% to sales for the quarter, while lower volume and product mix reduced sales by 3.3%. The decline in volume and product mix was impacted by weak consumer purchases in a number of food categories, including spices and seasonings. We had particular weakness in our sales of Hispanic items. We believe that a portion of this weakness is due to timing issues versus the first quarter of 2016, including a later Easter, and expect an improvement in volume and product mix in the second quarter of 2017 for this part of our business. In addition to these factors, the favorable impact of foreign currency rates increased sales by 0.3% in the quarter and is excluded from our measure of sales growth of 1.8% on a constant currency basis.

In the EMEA region, consumer sales decreased 7.2% in the first quarter of 2017 as compared to the first quarter of 2016 and decreased 4.5% on a constant currency basis. The incremental impact of our 2016 acquisition of Gourmet Garden added 0.3% to sales in the first quarter of 2017 and pricing actions added 0.3%. These factors were offset by a 5.1% decline in volume and product mix. The largest decrease was in the U.K. where a challenging retail market continues to adversely impact sales. This included a reduction in the number of our Schwartz-brand products by a large U.K. retailer, which has been rationalizing its portfolio to gain space for general merchandise. Sales of our Vahine dessert products in France were unfavorably impacted this period by a later Easter in 2017 versus 2016. In addition, an unfavorable impact from foreign currency rates reduced sales by 2.7% compared to the year-ago period and is excluded from our measure of sales growth on a constant currency basis.

In the Asia/Pacific region, consumer sales increased 7.0% in the first quarter of 2017 and increased by 12.8% on a constant currency basis. The incremental impact of our 2016 acquisition of Gourmet Garden added 4.2% to sales in the first quarter of 2017. Sales in the quarter reflected an increase of 6.7% attributable to volume and product mix and an increase of 1.9% attributable to higher pricing. In China, we experienced a double-digit rate of sales growth attributable to volume and product mix, driven by holiday promotions as well as e-commerce growth, which offset declines in volume and product mix in India. Those declines in volume and product mix in India resulted from the our prior decision to discontinue certain low margin Kohinoor products and the associated sell-off of that discontinued inventory in the first quarter of 2016. The net effect of these factors offset an unfavorable impact from foreign currency rates that reduced sales by 5.8% compared to the first quarter of 2017 and is excluded from our measure of sales growth of 12.8% on a constant currency basis.

Operating income, excluding special charges, for the first quarter of 2017 for our consumer segment increased by \$3.6 million, or 3.8%, compared to the first quarter of 2016, and increased by 4.6% on a constant currency basis. Operating income, excluding special charges, for our consumer segment increased in the first quarter of 2017, compared to the prior year level, due to the impact of cost savings that more than offset the unfavorable impact of higher material costs and an increase in brand marketing expenses. Brand marketing expense in the first quarter of 2017 was \$1.3 million higher than the comparable year-ago period. The net effect of these factors offset an unfavorable impact from foreign currency rates that reduced operating income, excluding special charges,

for the first quarter of 2017 by 0.8% from the prior year level and is excluded from our measure of growth in operating income, excluding special charges, of 4.6% on a constant currency basis.

INDUSTRIAL SEGMENT

	Three months ended	
	February 28, 2017	February 29, 2016
Net sales	\$ 405.1	\$ 396.4
Percent increase	2.2%	1.6%
Operating income, excluding special charges	\$ 39.9	\$ 36.4
Operating income margin, excluding special charges	9.8%	9.2%

In the first quarter of 2017, sales of our industrial segment increased by 2.2%, as compared to the first quarter of 2016, and increased by 5.9% on a constant currency basis. Our acquisition of Giotti in December of 2016 increased industrial segment sales by 2.9% during the first quarter of 2017. Pricing actions, taken in response to higher material costs, increased sales by 2.8% in the first quarter of 2017 and higher volume and product mix increased sales by 0.2%. These factors offset an unfavorable impact from foreign currency rates that reduced industrial segment sales by 3.7% compared to the year ago quarter and is excluded from our measure of sales growth of 5.9% on a constant currency basis.

In the Americas, industrial sales increased by 1.9% during the first quarter of 2017 from the prior year level and increased by 3.3% on a constant currency basis. Pricing actions added 3.2% to our industrial sales in the Americas, while slightly higher volume and product mix increased sales by 0.1%. Double-digit growth in sales of savory flavor products and branded foodservice products was mostly offset by lower sales to quick service restaurants. The net effect of these factors offset an unfavorable impact from foreign currency rates that reduced sales by 1.4% compared to the first quarter of 2016 and is excluded from our measure of sales growth of 3.3% on a constant currency basis.

In the EMEA region, industrial sales increased 0.5% in the first quarter of 2017 from the prior year level and increased by 12.7% on a constant currency basis. Our acquisition of Giotti in December 2016 increased industrial segment sales in the region by 14.2% during the first quarter of 2017. Pricing actions added 2.8%, while lower volume and product mix decreased sales by 4.3% in the first quarter. The effect of our 2016 exit from our unprofitable consolidated joint venture in South Africa was partially offset by pricing-led sales growth with packaged food companies. The net effect of these factors was offset by an unfavorable impact from foreign currency rates that reduced sales by 12.2% compared to the first quarter of 2016 and is excluded from our measure of sales growth of 12.7% on a constant currency basis.

In the Asia/Pacific region, industrial sales increased 6.7% in the first quarter of 2017, compared to the first quarter of 2016, and increased by 9.9% on a constant currency basis. The incremental effect of the 2016 acquisition of Gourmet Garden added 1.1% to industrial sales for the quarter. Higher volume and product mix increased sales by 8.0% during the quarter, while pricing actions increased sales by 0.8%. Both our China and Australia operations drove higher sales to quick service restaurants, which included a benefit from new products and promotional activities. The net effect of these factors was offset by an unfavorable impact from foreign currency rates that reduced sales by 3.2% compared to the first quarter of 2016 and is excluded from our measure of sales growth of 9.9% on a constant currency basis.

Operating income, excluding special charges, for the first quarter of 2017 for our industrial segment increased by \$3.5 million, or 9.6%, compared to the first quarter of 2016 and increased by 17.5% on a constant currency basis. Operating income, excluding special charges, for our industrial segment increased in the first quarter of 2017, compared to the corresponding period in 2016, driven by sales growth, cost savings and a more favorable business mix, offset in part by higher material costs and a \$2.0 million increase in brand marketing. The net effect of these factors offset an unfavorable impact from foreign currency rates that reduced operating income, excluding special charges, by 7.9% from the prior year level and is excluded from our measure of growth in operating income, excluding special charges, of 17.5% on a constant currency basis.

MARKET RISK SENSITIVITY

Foreign Exchange Risk

We utilize foreign currency exchange contracts to enhance our ability to manage foreign currency exchange risk. We do not enter into contracts for trading purposes, nor are we a party to any leveraged derivative instrument and all derivatives are designated as hedges.

The following table sets forth the notional values and unrealized net gain of the portfolio of our forward foreign currency contracts:

	February 28, 2017	February 29, 2016	November 30, 2016
Notional value	\$ 395.8	\$ 270.3	\$ 449.2
Unrealized net (loss) gain	(5.0)	2.6	(0.5)

The quarterly fluctuation in notional value is a result of our decisions on foreign currency exposure coverage, based on our foreign currency exposures.

Interest Rate Risk

We manage our interest rate exposure by entering into both fixed and variable rate debt arrangements. In addition, we use interest rate swaps to minimize worldwide financing costs and to achieve a desired mix of fixed and variable rate debt. We do not enter into contracts for trading purposes, nor are we a party to any leveraged derivative instrument and all derivatives are designated as hedges.

The following table sets forth the notional values and fair values of our interest rate swap contracts:

	February 28, 2017	February 29, 2016	November 30, 2016
Notional value	\$ 175.0	\$ 100.0	\$ 100.0
Unrealized net (loss) gain	(2.1)	4.5	(1.2)

As disclosed in note 5 of the accompanying financial statements, we entered into \$75 million of additional forward starting interest rate swap contracts during the three months ended February 28, 2017 to hedge our interest rate risk associated with the anticipated issuance of fixed rate notes by December 2017. The change in fair values of our interest rate swap contracts is due to changes in interest rates on the notional amounts outstanding as of each date as well as the remaining duration of our interest rate derivatives.

Commodity Risk

We purchase certain raw materials which are subject to price volatility caused by weather, market conditions, growing and harvesting conditions, governmental actions and other factors beyond our control. Our most significant raw materials are pepper, dairy products, capsicums (red peppers and paprika), garlic, onion, rice, wheat flour and vanilla. While future movements of raw material costs are uncertain, we respond to this volatility in a number of ways, including strategic raw material purchases, purchases of raw material for future delivery and customer price adjustments. We generally have not used derivatives to manage the volatility related to this risk. To the extent that we have used derivatives for this purpose, it has not been material to our business.

Credit Risk

The customers of our consumer segment are predominantly food retailers and food wholesalers. Consolidations in these industries have created larger customers. In addition, competition has increased with the growth in alternative channels including mass merchandisers, dollar stores, warehouse clubs, discount chains and e-commerce. This has caused some customers to be less profitable and increased our exposure to credit risk. Some of our customers and counterparties are highly leveraged. We continue to closely monitor the credit worthiness of our customers and counterparties. We believe that our allowance for doubtful accounts properly recognizes trade receivables at realizable value. We consider nonperformance credit risk for other financial instruments to be insignificant.

CONTRACTUAL OBLIGATIONS AND COMMERCIAL COMMITMENTS

As of February 28, 2017, there have been no material changes in our contractual obligations and commercial commitments outside the ordinary course of business since November 30, 2016.

NON-GAAP FINANCIAL MEASURES

The following table includes financial measures of adjusted operating income, adjusted income from unconsolidated operations, adjusted net income and adjusted diluted earnings per share, each excluding the impact of special charges for the periods presented. These represent non-GAAP financial measures which are prepared as a complement to our financial results prepared in accordance with United States generally accepted accounting principles. In our consolidated income statement, we include a separate line item captioned “special charges” in arriving at our consolidated operating income. Additionally, certain amounts related to inventory adjustments may be included in cost of goods sold in our income statement and classified as special charges. Special charges consist of expenses associated with certain actions undertaken by the Company to reduce fixed costs, simplify or improve processes, and improve our competitiveness and are of such significance in terms of both up-front costs and organizational/structural impact to require advance approval by our Management Committee, comprised of our Chairman, President and Chief Executive Officer; Executive Vice President and Chief Financial Officer; President Global Industrial Segment and McCormick International, President Global Consumer Segment and North America; and Senior Vice President, Human Relations. Upon presentation of any such proposed action (including details with respect to estimated costs, which generally consist principally of employee severance and related benefits, together with ancillary costs associated with the action that may include a non-cash component or a component which relates to inventory adjustments that are included in cost of goods sold; impacted employees or operations; expected timing; and expected savings) to the Management Committee and the Committee’s advance approval, expenses associated with the approved action are classified as special charges upon recognition and monitored on an on-going basis through completion. Details with respect to the composition of special charges recorded for the periods and in the amounts set forth below are included in note 3 of the accompanying financial statements or of the financial statements included in our Annual Report on Form 10-K for the year ended November 30, 2016.

We believe that these non-GAAP financial measures are important. The exclusion of special charges provides additional information that enables enhanced comparisons to prior periods and, accordingly, facilitates the development of future projections and earnings growth prospects. This information is also used by management to measure the profitability of our ongoing operations and analyze our business performance and trends.

These non-GAAP financial measures may be considered in addition to results prepared in accordance with GAAP, but they should not be considered a substitute for, or superior to, GAAP results. In addition, these non-GAAP financial measures may not be comparable to similarly titled measures of other companies because other companies may not calculate them in the same manner that we do. We intend to continue to provide these non-GAAP financial measures as part of our future earnings discussions and, therefore, the inclusion of these non-GAAP financial measures will provide consistency in our financial reporting. A reconciliation of these non-GAAP financial measures to the related GAAP financial measures is provided below:

	For the year ended November 30, 2016	For the three months ended		Estimated for the year ending November 30, 2017
		February 28, 2017	February 29, 2016	
Operating income	\$ 641.0	\$ 134.2	\$ 129.1	
Impact of special charges included in cost of goods sold	0.3	—	—	
Impact of other special charges	15.7	3.6	1.6	
Total special charges	16.0	3.6	1.6	
Adjusted operating income	\$ 657.0	\$ 137.8	\$ 130.7	
Income from unconsolidated operations	\$ 36.1	\$ 7.0	\$ 8.4	
Impact of special charges attributable to non-controlling interests (2)	(1.9)	—	—	
Adjusted income from unconsolidated operations	\$ 34.2	\$ 7.0	\$ 8.4	
Net income	\$ 472.3	\$ 93.5	\$ 93.4	
Impact of total special charges (1)	13.0	2.5	1.3	
Impact of special charges attributable to non-controlling interests (2)	(1.9)	—	—	
Adjusted net income	\$ 483.4	\$ 96.0	\$ 94.7	
Earnings per share – diluted	\$ 3.69	\$ 0.74	\$ 0.73	\$3.98 to \$4.06
Impact of total special charges	0.10	0.02	0.01	0.07
Impact of special charges attributable to non-controlling interests (2)	(0.01)	—	—	—
Adjusted earnings per share – diluted	\$ 3.78	\$ 0.76	\$ 0.74	\$4.05 to \$4.13

(1) Total special charges of \$16.0 million for the year ended November 30, 2016 are net of taxes of \$3.0 million. Total special charges of \$3.6 million and \$1.6 million for the three months ended February 28, 2017 and February 29, 2016, respectively, are net of taxes of \$1.1 million and \$0.3 million, respectively.

(2) Represents the portion of the total special charges of \$2.8 million for the year ended November 30, 2016 associated with our exit of a consolidated joint venture in South Africa, attributable to our former joint venture partner.

Because we are a multi-national company, we are subject to variability of our reported U.S. dollar results due to changes in foreign currency exchange rates. Those changes have been volatile over the past several years. The exclusion of the effects of foreign currency exchange, or what we refer to as amounts expressed “on a constant currency basis”, is a non-GAAP measure. We believe that this non-GAAP measure provides additional information that enables enhanced comparison to prior periods excluding the translation effects of changes in rates of foreign currency exchange and provides additional insight into the underlying performance of our operations located outside of the U.S. It should be noted that our presentation herein of amounts and percentage changes on a constant currency basis does not exclude the impact of foreign currency transaction gains and losses (that is, the impact of transactions denominated in other than the local currency of any of our subsidiaries in their local currency reported results).

Percentage changes in sales and adjusted operating income expressed on a constant currency basis are presented excluding the impact of foreign currency exchange. To present this information for historical periods, current period results for entities reporting in currencies other than the U.S. dollar are translated into U.S. dollars at the average exchange rates in effect during

the corresponding period of the prior fiscal year, rather than at the actual average exchange rates in effect during the current fiscal year. As a result, the foreign currency impact is equal to the current year results in local currencies multiplied by the change in the average foreign currency exchange rate between the current fiscal period and the corresponding period of the prior fiscal year.

Constant currency growth rates follow:

	Three Months Ended February 28, 2017		
	Percentage Change as Reported	Impact of Foreign Currency Exchange	Percentage Change on Constant Currency Basis
Net sales:			
Consumer segment:			
Americas	2.1 %	0.3 %	1.8 %
EMEA	(7.2)%	(2.7)%	(4.5)%
Asia/Pacific	7.0 %	(5.8)%	12.8 %
Total Consumer	0.8 %	(1.4)%	2.2 %
Industrial segment:			
Americas	1.9 %	(1.4)%	3.3 %
EMEA	0.5 %	(12.2)%	12.7 %
Asia/Pacific	6.7 %	(3.2)%	9.9 %
Total Industrial	2.2 %	(3.7)%	5.9 %
Total net sales	1.3 %	(2.3)%	3.6 %
Adjusted operating income:			
Consumer segment	3.8 %	(0.8)%	4.6 %
Industrial segment	9.6 %	(7.9)%	17.5 %
Total adjusted operating income	5.4 %	(2.8)%	8.2 %

To present “constant currency” information for the fiscal year 2017 projection, projected sales and adjusted operating income for entities reporting in currencies other than the U.S. dollar are translated into U.S. dollars at the company’s budgeted exchange rates for 2017 and are compared to the 2016 results, translated into U.S. dollars using the same 2017 budgeted exchange rates, rather than at the average actual exchange rates in effect during fiscal year 2016. To estimate the percentage change in adjusted earnings per share on a constant currency basis, a similar calculation is performed to arrive at adjusted net income divided by historical shares outstanding for fiscal year 2016 or projected shares outstanding for fiscal year 2017, as appropriate.

	Projection for Year Ending November 30, 2017
Percentage change in adjusted earnings per share	7% to 9%
Impact of foreign currency exchange	(2)%
Percentage change in adjusted earnings per share in constant currency	9% to 11%

In addition to the above non-GAAP financial measures, we use total debt to earnings before interest, tax, depreciation and amortization (EBITDA) as a measure of leverage. We define EBITDA as net income plus expenses for interest, income taxes, depreciation and amortization. EBITDA and the ratio of total debt to EBITDA are both non-GAAP financial measures. This ratio measures our ability to repay outstanding debt obligations. Our target for total debt to EBITDA is 1.5 to 1.8. Our total debt to EBITDA can be temporarily impacted by our acquisition activity. We believe that total debt to EBITDA is a meaningful metric to investors in evaluating our financial leverage and may be different than the method used by other companies to calculate total debt to EBITDA.

The following table reconciles our EBITDA to our net income for the trailing twelve month periods ended February 28, 2017, February 29, 2016 and November 30, 2016:

	February 28, 2017	February 29, 2016	November 30, 2016
Net income	\$ 472.4	\$ 424.5	\$ 472.3
Depreciation and amortization	110.6	107.4	108.7
Interest expense	56.6	54.3	56.0
Income tax expense	155.0	142.6	153.0
EBITDA	\$ 794.6	\$ 728.8	\$ 790.0
Total debt	\$ 1,693.1	\$ 1,445.2	\$ 1,447.2
Total debt to EBITDA	2.13	1.98	1.83

LIQUIDITY AND FINANCIAL CONDITION

	Three months ended	
	February 28, 2017	February 29, 2016
Net cash provided by operating activities	\$ 44.3	\$ 78.6
Net cash used in investing activities	(152.7)	(22.2)
Net cash provided by (used in) financing activities	110.2	(46.2)

In the statement of cash flows, the changes in operating assets and liabilities are presented excluding the translation effects of changes in foreign currency exchange rates, as these do not reflect actual cash flows. Accordingly, the amounts in the statement of cash flows do not agree with changes in the operating assets and liabilities that are presented in the balance sheet.

Due to the cyclical nature of a portion of our business, we generate much of our cash flow in the fourth quarter of the fiscal year.

Operating Cash Flow—Net cash provided by operating activities ("cash flow from operations") is typically lower in the first and second quarters and then builds in the third and fourth quarters of our fiscal year. For the three months ended February 28, 2017, cash flow from operations was \$34.3 million lower than the same period of 2016. The decrease was mainly due to the timing of income tax payments and higher incentive compensation payments in 2017 compared to the prior year related to our fiscal year 2016 financial performance.

Investing Cash Flow—Net cash used in investing activities for the three months ended February 28, 2017, increased by \$130.5 million over the prior year level due to the acquisition of a business and a higher level of capital expenditures in the 2017 period. During the first quarter of 2017, we spent \$124.0 million to acquire the Giotti business (see note 2 of the accompanying financial statements for additional information with respect to this acquisition). We did not acquire any businesses in the first quarter of 2016. During the first three months of 2017, capital expenditures increased by \$7.2 million over the 2016 level to \$29.6 million. Capital expenditures for fiscal year 2017 are expected to be \$170 million to \$190 million.

Financing Cash Flow—Cash provided by financing activities was \$110.2 million for the first quarter of 2017, as compared to \$46.2 million of cash used in financing activities for the corresponding period in 2016. The primary drivers behind this \$156.4 million change was the repayment of long term debt in the first quarter of 2016, partially offset by an increase of \$34.9 million in cash used to repurchase common stock in 2017 versus the prior year level. During the first quarter of 2016, we paid off \$200 million of 5.20% notes that matured in December 2015.

The following table outlines the activity in our share repurchase program for the three months ended February 28, 2017 and February 29, 2016:

	2017	2016
Number of shares of common stock repurchased	0.9	0.6
Dollar amount	\$ 82.7	\$ 47.8

As of February 28, 2017, \$244 million remained of the \$600 million share repurchase authorization that was authorized by the Board of Directors in March 2015.

During the three months ended February 28, 2017, we received proceeds of \$8.2 million from exercised options compared to \$7.8 million received in the comparable 2016 quarter. We increased dividends paid to \$58.9 million for the first quarter of 2017 compared to \$54.6 million of dividends paid in the same period last year. Dividends paid in the first quarter of 2017 were declared on November 29, 2016.

In accordance with our adoption of ASU 2016-09 (see note 1 of the accompanying financial statements for additional information), we are classifying amounts paid by us to taxing authorities when directly withholding shares associated with employees income tax withholding obligations on share-based awards as a financing activity in our cash flow statement for the three months ended February 28, 2017, and have restated the cash flow statement for the three months ended February 29, 2016 for retrospective application.

The following table presents the ratios of our total debt to EBITDA for the trailing twelve month periods ended February 28, 2017, February 29, 2016 and November 30, 2016:

	February 28, 2017	February 29, 2016	November 30, 2016
Total debt to EBITDA	2.13	1.98	1.83

Our ratio of total debt to EBITDA was 2.13 as of February 28, 2017 as compared to the ratios of 1.83 and 1.98 as of November 30, 2016 and February 29, 2016, respectively. The increase in the ratios from 1.83 as of November 30, 2016 to 2.13 as of February 28, 2017 is principally due to an increase in total debt associated with the funding, net of cash flow from operations for the first quarter of 2017, of our acquisition of Giotti, repurchases of common stock and payment of dividends. Special charges were \$16.1 million, \$36.7 million and \$14.1 million for the twelve months ended February 28, 2017, February 29, 2016, and November 30, 2016. Those special charges reduced EBITDA and, accordingly, increased the ratios of total debt to EBITDA as of February 28, 2017, February 29, 2016 and November 30, 2016 shown in the preceding table by 0.04, 0.09, and 0.03, respectively.

Most of our cash is denominated in foreign currencies. We manage our worldwide cash requirements by considering available funds among the many subsidiaries through which we conduct our business and the cost effectiveness with which those funds can be accessed. The permanent repatriation of cash balances from certain of our subsidiaries could have adverse tax consequences; however, those balances are generally available without legal restrictions to fund ordinary business operations, capital projects and any possible future acquisitions. At February 28, 2017, we temporarily used \$146.2 million of cash from our foreign subsidiaries to pay down short-term debt in the U.S. At February 29, 2016, we temporarily used \$173.4 million of cash from our foreign subsidiaries to pay down short-term debt in the U.S. During a quarter, our short-term borrowings vary, but are lower at the end of a quarter. The average short-term borrowings outstanding for the three months ended February 28, 2017 and February 29, 2016 were \$665.7 million and \$520.6 million, respectively. Total average debt outstanding for the three months ended February 28, 2017 and February 29, 2016 was \$1,720.7 million and \$1,575.6 million, respectively.

The reported values of our assets and liabilities are significantly affected by fluctuations in foreign exchange rates between periods. At February 28, 2017, the exchange rates for the Euro, the British pound sterling, the Chinese renminbi and the Polish zloty were lower than at February 29, 2016. At February 28, 2017, the exchange rates for the Canadian dollar and Australian dollar were higher than at February 29, 2016. At February 28, 2017, the exchange rate for the British pound sterling was lower than at November 30, 2016. At February 28, 2017, the exchange rates for the Euro, the Canadian dollar, the Australian dollar, the Chinese renminbi and the Polish zloty were higher than at November 30, 2016.

The June 23, 2016 referendum by British voters to exit the European Union (“Brexit”) adversely impacted global markets, including currencies, and resulted in a sharp decline in the value of the British pound, as compared to the U.S. dollar and other currencies. Volatility in interest rates and in exchange rates is expected to continue in the short term as the United Kingdom (U.K.) negotiates its exit from the European Union. A weaker British pound compared to the U.S. dollar during a reporting period causes local currency results of our U.K. operations to be translated into fewer U.S. dollars. For the year ended November 30, 2016, net sales of our U.K. operations constituted 7% of our consolidated net sales. In the longer term, any impact from Brexit on our U.K. operations will depend, in part, on the outcome of tariff, trade, regulatory, and other negotiations.

Credit and Capital Markets

Cash flows from operating activities are our primary source of liquidity for funding growth, dividends, capital expenditures and share repurchases. We also rely on our revolving credit facilities, or borrowings backed by these facilities, to fund seasonal working capital needs and other general corporate requirements. We generally use these facilities to support our issuance of commercial paper. If the commercial paper market is not available or viable we could borrow directly under our revolving credit facilities. The facilities are made available by syndicates of banks, with various commitments per bank. If any of the banks in these syndicates are unable to perform on their commitments, our liquidity could be impacted, which would reduce our ability to grow through funding of seasonal working capital.

We engage in regular communication with all of the banks participating in our revolving credit facilities. During these communications, none of the banks have indicated that they may be unable to perform on their commitments. In addition, we periodically review our banking and financing relationships, considering the stability of the institutions, pricing we receive on services, and other aspects of the relationships. Based on these communications and our monitoring activities, we believe the likelihood of one of our banks not performing on its commitment is remote.

We hold investments in equity and debt securities in both our qualified defined benefit pension plans and a rabbi trust for our nonqualified defined benefit pension plan. We estimate total required contributions to our pension plans in 2017 of approximately \$14 million. In 2016, we contributed \$25.1 million of contributions in 2016, which included a \$10 million voluntary contribution. Future increases or decreases in pension liabilities and required cash contributions are highly dependent on changes in interest rates and the actual return on plan assets.

We will continue to have cash requirements to support seasonal working capital needs and capital expenditures, to pay interest, to service debt, and to fund acquisitions. In order to meet these cash requirements, we intend to use our existing cash, cash equivalents, and internally generated funds, to borrow under our existing credit facilities or under other short-term borrowing facilities, and, depending upon the significance of the cost of a particular acquisition to our then-available sources of funds, to obtain additional short- and long-term financing. We believe that cash provided from these sources will be adequate to meet our cash requirements over the next twelve months.

ACQUISITIONS

Acquisitions are part of our strategy to increase sales and profits. We have a particular interest in businesses that meet the growing demand for flavor and health. In addition to bolt-on opportunities, we are seeking larger acquisitions. Geographically, our focus is on acquisitions that build scale where we currently have presence in developed and emerging markets.

As described in note 2 of the accompanying financial statements, we acquired Giotti during the three months ended February 28, 2017.

ACCOUNTING AND DISCLOSURE CHANGES

New accounting pronouncements are issued periodically that affect our current and future operations. See note 1 of the accompanying financial statements for further details of these impacts.

FORWARD-LOOKING INFORMATION

Certain statements contained in this report, including statements concerning expected performance such as those relating to net sales, earnings, cost savings, acquisitions and brand marketing support, are “forward-looking statements” within the meaning of Section 21E of the Securities Exchange Act of 1934. These statements may be identified by the use of words such as “may,” “will,” “expect,” “should,” “anticipate,” “intend,” “believe” and “plan.” These statements may relate to: the expected results of operations of businesses acquired by us, the expected impact of raw materials costs and our pricing actions on our results of operations and gross margins, the expected productivity and working capital improvements, expected trends in net sales and earnings performance and other financial measures, the expectations of pension and postretirement plan contributions, the holding period and market risks associated with financial instruments, the impact of foreign exchange fluctuations, the adequacy of internally generated funds and existing sources of liquidity, such as the availability of bank financing, our ability to issue additional debt or equity securities, and our expectations regarding purchasing shares of our common stock under the existing authorizations.

These and other forward-looking statements are based on our current views and assumptions and involve risks and uncertainties that could significantly affect expected results. Results may be materially affected by factors such as: damage to our reputation or brand name; loss of brand relevance; increased use of private label or other competitive products; product quality, labeling, or safety concerns; negative publicity about our products; business interruptions due to natural disasters or unexpected events; actions by, and the financial condition of, competitors and customers; our inability to achieve expected and/or needed cost savings or margin improvements; negative employee relations; the lack of successful acquisition and integration of new businesses; issues affecting our supply chain and raw materials, including fluctuations in the cost and availability of raw and packaging materials; government regulation, and changes in legal and regulatory requirements and enforcement practices; global economic and financial conditions generally, including the availability of financing, and interest and inflation rates; the investment return on retirement plan assets, and the costs associated with pension obligations; foreign currency fluctuations; the stability of credit and capital markets; risks associated with our information technology systems, the threat of data breaches and cyber attacks; fundamental changes in tax law; volatility in our effective tax rate; climate change; infringement of our intellectual property rights, and those of customers; litigation, legal and administrative proceedings; and other risks described in our filings with the Securities and Exchange Commission.

Actual results could differ materially from those projected in the forward-looking statements. We undertake no obligation to update or revise publicly, any forward-looking statements, whether as a result of new information, future events or otherwise, except as may be required by law.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

For information regarding our exposure to certain market risks, see “Market Risk Sensitivity” in the Management’s Discussion and Analysis of Financial Condition and Results of Operations above and Item 7A, Quantitative and Qualitative Disclosures About Market Risk, in our Annual Report on Form 10-K for the year ended November 30, 2016. Except as described in Management’s Discussion and Analysis of Financial Condition and Results of Operations above, there have been no significant changes in our financial instrument portfolio or market risk exposures since our November 30, 2016 fiscal year end.

ITEM 4. CONTROLS AND PROCEDURES

The Company’s management, with the participation of the Company’s Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of the Company’s disclosure controls and procedures, as defined in Rules 13a-15(e) and 15d-15(e) of the Securities Exchange Act of 1934, as of the end of the period covered by this report. Based on that evaluation, the

Company's Chief Executive Officer and Chief Financial Officer concluded that, as of the end of the period covered by this report, the Company's disclosure controls and procedures were effective.

No change occurred in our "internal control over financial reporting" (as defined in Rule 13a-15(f)) during our last fiscal quarter which was identified in connection with the evaluation required by Rule 13a-15(a) as materially affecting, or reasonably likely to materially affect, our internal control over financial reporting.

PART II – OTHER INFORMATION**ITEM 1. LEGAL PROCEEDINGS**

There are no material pending legal proceedings in which we or our subsidiaries is a party or in which any of our or their property is the subject.

ITEM 1.A RISK FACTORS

There have been no material changes in our risk factors from those disclosed in Part I, Item 1A to our Annual Report on Form 10-K for the fiscal year ended November 30, 2016.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

The following table summarizes our purchases of Common Stock (CS) and Common Stock Non-Voting (CSNV) during the first quarter of 2017:

ISSUER PURCHASES OF EQUITY SECURITIES

Period	Total Number of Shares Purchased	Average Price Paid per share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs
December 1, 2016 to December 31, 2016	CS – 0	\$ —	—	\$301 million
	CSNV – 279,200	\$ 92.06	279,200	
January 1, 2017 to January 31, 2017	CS – 0	\$ —	—	\$277 million
	CSNV – 265,222	\$ 92.61	265,222	
February 1, 2017 to February 28, 2017	CS – 58,587 ⁽¹⁾	\$ 96.76	58,587	\$244 million
	CSNV – 277,740	\$ 96.40	277,740	
Total	CS – 58,587	\$ 96.76	58,587	\$244 million
	CSNV – 822,162	\$ 93.70	822,162	

(1) On February 9, 2017, we purchased 17,087 shares of our common stock from our U.S. defined contribution retirement plan to manage shares, based upon participant activity, in the plan's company stock fund. The price paid per share of \$96.85 represented the closing price of the common shares on February 9, 2017.

As of February 28, 2017, \$244 million remained of the \$600 million share repurchase authorization approved by the Board of Directors in March 2015. There is no expiration date for our repurchase program. The timing and amount of any shares repurchased is determined by our management based on its evaluation of market conditions and other factors. The repurchase program may be suspended or discontinued at any time.

In certain circumstances, we issue shares of CS in exchange for shares of CSNV, or issue shares of CSNV in exchange for shares of CS, in either case pursuant to the exemption from registration provided by Section 3(a)(9) of the Securities Act of 1933, as amended. Typically, these exchanges are made in connection with the administration of our employee benefit plans, executive compensation programs and dividend reinvestment/direct purchase plans. The number of shares issued in an exchange is generally equal to the number of shares received in the exchange, although the number may differ slightly to the extent necessary to comply with the requirements of the Employee Retirement Income Security Act of 1974. During the first quarter of 2017, we issued 171,259 shares of CSNV in exchange for shares of CS and issued 89,742 shares of CS in exchange for shares of CSNV.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. MINE SAFETY DISCLOSURES

Not Applicable.

ITEM 5. OTHER INFORMATION

None.

ITEM 6. EXHIBITS

The following exhibits are attached or incorporated herein by reference:

	Exhibit Number	Description	
(3)	(i)	Articles of Incorporation and By-Laws Restatement of Charter of McCormick & Company, Incorporated dated April 16, 1990 Articles of Amendment to Charter of McCormick & Company, Incorporated dated April 1, 1992 Articles of Amendment to Charter of McCormick & Company, Incorporated dated March 27, 2003	Incorporated by reference from Exhibit 4 of Registration Form S-8, Registration No. 33-39582 as filed with the Securities and Exchange Commission on March 25, 1991. Incorporated by reference from Exhibit 4 of Registration Form S-8, Registration Statement No. 33-59842 as filed with the Securities and Exchange Commission on March 19, 1993. Incorporated by reference from Exhibit 4 of Registration Form S-8, Registration Statement No. 333-104084 as filed with the Securities and Exchange Commission on March 28, 2003.
	(ii)	By-Laws By-Laws of McCormick & Company, Incorporated Amended and Restated on November 29, 2016	Incorporated by reference from Exhibit 99.1 of McCormick's Form 8-K dated November 29, 2016, File No. 1-14920, as filed with the Securities and Exchange Commission on November 30, 2016.
(4)		Instruments defining the rights of security holders, including indentures	
	(i)	See Exhibit 3 (Restatement of Charter and By-Laws)	
	(ii)	Summary of Certain Exchange Rights, incorporated by reference from Exhibit 4.1 of McCormick's Form 10-Q for the quarter ended August 31, 2001, File No. 0-748, as filed with the Securities and Exchange Commission on October 12, 2001.	
	(iii)	Indenture dated December 7, 2007 between McCormick and The Bank of New York, incorporated by reference from Exhibit 4.1 of McCormick's Form 8-K dated December 4, 2007, File No. 0-748, as filed with the Securities and Exchange Commission on December 10, 2007.	
	(iv)	Indenture dated July 8, 2011 between McCormick and U.S. Bank National Association, incorporated by reference from Exhibit 4.1 of McCormick's Form 8-K dated July 5, 2011, File No. 1-14920, as filed with the Securities and Exchange Commission on July 8, 2011.	
	(v)	Form of 5.75% Notes due 2017, incorporated by reference from Exhibit 4.2 of McCormick's Form 8-K dated December 4, 2007, File No. 0-748, as filed with the Securities and Exchange Commission on December 10, 2007.	
	(vi)	Form of 3.90% Notes due 2021, incorporated by reference from Exhibit 4.2 of McCormick's Form 8-K dated July 5, 2011, File No. 1-14920, as filed with the Securities and Exchange Commission on July 8, 2011.	
	(vii)	Form of 3.50% Notes due 2023, incorporated by reference from Exhibit 4.2 of McCormick's Form 8-K dated August 14, 2013, File No. 1-14920, as filed with the Securities and Exchange Commission on August 19, 2013.	
	(viii)	Form of 3.25% Notes due 2025, incorporated by reference from Exhibit 4.2 of McCormick's Form 8-K dated November 3, 2015, File No. 1-14920, as filed with the Securities and Exchange Commission on November 6, 2015.	

(10) Material Contracts

- (i) The 2001 Stock Option Plan, in which officers and certain other management employees participate, is set forth on pages 33 through 36 of McCormick's definitive Proxy Statement dated February 15, 2001, File No. 1-14920, as filed with the Securities and Exchange Commission on February 14, 2001, and incorporated by reference herein.*
- (ii) 2004 Directors' Non-Qualified Stock Option Plan, provided to members of McCormick's Board of Directors who are not also employees of McCormick, is set forth in Exhibit B of McCormick's definitive Proxy Statement dated February 17, 2004, File No. 1-14920, as filed with the Securities and Exchange Commission on February 17, 2004, and incorporated by reference herein.*
- (iii) Directors' Share Ownership Program, provided to members of McCormick's Board of Directors who are not also employees of McCormick, is set forth on page 28 of McCormick's definitive Proxy Statement dated February 17, 2004, File No. 1-14920, as filed with the Securities and Exchange Commission on February 17, 2004, and incorporated by reference herein.*
- (iv) Deferred Compensation Plan, as restated on January 1, 2000, and amended on August 29, 2000, September 5, 2000 and May 16, 2003, in which directors, officers and certain other management employees participate, a copy of which Plan document and amendments was attached as Exhibit 10(viii) of McCormick's Form 10-Q for the quarter ended August 31, 2003, File No. 1-14920, as filed with the Securities and Exchange Commission on October 14, 2003, and incorporated by reference herein.*
- (v) Non-Qualified Retirement Savings Plan, with an effective date of February 1, 2017, in which directors, officers and certain other management employees participate.* Filed herewith
- (vi) The 2007 Omnibus Incentive Plan, in which directors, officers and certain other management employees participate, is set forth in Exhibit A of McCormick's definitive Proxy Statement dated February 20, 2008, File No. 1-14920, as filed with the Securities and Exchange Commission on February 20, 2008, and incorporated by reference herein, as amended by Amendment No. 1 thereto, which Amendment is incorporated by reference from Exhibit 10(xi) of McCormick's 10-K for the fiscal year ended November 30, 2008, File No. 1-14920, as filed with the Securities and Exchange Commission on January 28, 2009.*
- (vii) The 2013 Omnibus Incentive Plan, in which directors, officers and certain other management employees participate, is incorporated by reference from Exhibit 4.1 of McCormick's Form S-8, Registration No. 333-187703, as filed with the Securities and Exchange Commission on April 3, 2013, as amended, which Amendment No. 1 is incorporated by reference from Exhibit 10(x) of McCormick's Form 10-Q for the quarter ended February 28, 2015, File No. 1-14920, as filed with the Securities and Exchange Commission on March 31, 2015.*
- (viii) Form of Long-Term Performance Plan Agreement, formerly known as the Mid-Term Incentive Plan, incorporated by reference from Exhibit 10(x) of McCormick's Form 10-Q for the quarter ended May 31, 2013, File No. 1-14920, as filed with the Securities and Exchange Commission on June 28, 2013.
- (ix) Form of Restricted Stock Units Agreement, incorporated by reference from Exhibit 10(xi) of McCormick's Form 10-Q for the quarter ended May 31, 2013, File No. 1-14920, as filed with the Securities and Exchange Commission on June 28, 2013.
- (x) Form of Restricted Stock Units Agreement for Directors, incorporated by reference from Exhibit 10(xii) of McCormick's Form 10-Q for the quarter ended May 31, 2013, File No. 1-14920, as filed with the Securities and Exchange Commission on June 28, 2013.
- (xi) Form of Non-Qualified Stock Option Agreement, incorporated by reference from Exhibit 10(xiii) of McCormick's Form 10-Q for the quarter ended May 31, 2013, File No. 1-14920, as filed with the Securities and Exchange Commission on June 28, 2013, as amended, which Amendment No. 1 is incorporated by reference from Exhibit 10(xv) of McCormick's Form 10-Q for the quarter ended

February 28, 2015, File No. 1-14920, as filed with the Securities and Exchange Commission on March 31, 2015.

- (xii) Form of Non-Qualified Stock Option Agreement for Directors, incorporated by reference from Exhibit 10(xiv) of McCormick's Form 10-Q for the quarter ended May 31, 2013, File No. 1-14920, as filed with the Securities and Exchange Commission on June 28, 2013.
- (xiii) Form of Indemnification Agreement, incorporated by reference from Exhibit 10(xv) of McCormick's Form 10-Q for the quarter ended February 28, 2014, File No. 1-14920, as filed with the Securities and Exchange Commission on March 26, 2014.
- (xiv) Employment Agreement between McCormick (UK) Limited and Malcolm Swift, incorporated by reference from Exhibit 10.1 of McCormick's Form 8-K, File No. 1-14920, as filed with the Securities and Exchange Commission on January 29, 2015.*
- (xv) Severance Plan for Executives, incorporated by reference from Exhibit 10(xix) of McCormick's Form 10-Q for the quarter ended February 28, 2015, File No. 1-14920, as filed with the Securities and Exchange Commission on March 31, 2015.*

(31) Rule 13a-14(a)/15d-14(a) Certifications Filed herewith

(32) Section 1350 Certifications Filed herewith

(101) The following financial information from the Quarterly Report on Form 10-Q of McCormick for the quarter ended February 28, 2017, filed electronically herewith, and formatted in XBRL (Extensible Business Reporting Language): (i) Condensed Consolidated Balance Sheet; (ii) Condensed Consolidated Income Statement; (iii) Condensed Consolidated Statement of Comprehensive Income; (iv) Condensed Consolidated Cash Flow Statement; and (v) Notes to the Condensed Consolidated Financial Statements.

* Management contract or compensatory plan or arrangement.

McCormick hereby undertakes to furnish to the Securities and Exchange Commission, upon its request, copies of additional instruments of McCormick with respect to long-term debt that involve an amount of securities that do not exceed 10 percent of the total assets of McCormick and its subsidiaries on a consolidated basis, pursuant to Regulation S-K, Item 601(b)(4)(iii)(A).

SIGNATURES

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

McCORMICK & COMPANY, INCORPORATED

March 28, 2017

By: /s/ Michael R. Smith

Michael R. Smith

Executive Vice President & Chief Financial Officer

March 28, 2017

By: /s/ Christina M. McMullen

Christina M. McMullen

Vice President & Controller

McCORMICK & COMPANY, INCORPORATED
NON-QUALIFIED RETIREMENT SAVINGS PLAN
Effective February 1, 2017

TABLE OF CONTENTS

Article 1 . General Provisions		1
Section 1.1.	Purpose.	1
Section 1.2.	History of the Plan.	1
Section 1.3.	Benefit Structures and Merged Plans.	2
Section 1.4.	Effective Date.	3
Article 2 . Definitions and Construction		4
Section 2.1.	Definitions.	4
Section 2.2.	Construction.	11
Article 3 . Eligibility and Participation		12
Section 3.1.	Eligibility, Selection by Committee.	12
Section 3.2.	Commencement of Participation.	12
Section 3.3.	Reemployment	12
Section 3.4.	Change of Employment Category	12
Section 3.5.	Termination of Participation	13
Article 4 . Contributions and Accounts		14
Section 4.1.	Deferral Contributions.	14
Section 4.2.	Deferral Contribution Elections.	15
Section 4.3.	Suspension of Deferrals.	16
Section 4.4.	Matching Contributions.	16
Section 4.5.	Non-Elective Contributions.	17
Section 4.6.	Transition Credits.	18
Section 4.7.	Discretionary Contributions.	19
Section 4.8.	Selection of Hypothetical Investments.	20
Section 4.9.	Adjustment of Participant Accounts.	21
Section 4.10.	Withholding of Taxes.	21
Section 4.11.	Vesting.	22
Section 4.12.	Forfeitures	23
Article 5 . Payments from the Plan		24
Section 5.1.	Default Time and Forms of Payment.	24
Section 5.2.	Election of Alternate Time or Form of Payment.	24
Section 5.3.	Cash Out of Small Benefits.	25
Section 5.4.	Forms of Payment.	25
Section 5.5.	Time of Benefit Payments.	25
Section 5.6.	Withdrawal in the Event of a Financial Emergency.	26
Section 5.7.	Medium of Distributions.	26

Article 6 . Death Benefits		26
Section 6.1.	Payments in the Event of Death.	26
Section 6.2.	Beneficiary.	27
Section 6.3.	Beneficiary Designation; Change.	27
Section 6.4.	Receipt.	27
Section 6.5.	No Beneficiary Designation.	27
Section 6.6.	Doubt as to Beneficiary.	27
Section 6.7.	Discharge of Obligations.	27
Article 7 . Administration of the Plan		28
Section 7.1.	Designation of Committee.	28
Section 7.2.	Authority of Committee.	28
Section 7.3.	Agents.	28
Section 7.4.	Binding Effect of Decisions.	28
Section 7.5.	Indemnity of Committee.	28
Section 7.6.	Employer Information.	28
Section 7.7.	Finality of Decisions.	29
Article 8 . Amendment and Termination		30
Section 8.1.	Amendment, Suspension, and Termination.	30
Section 8.2.	Effect of Payment.	31
Section 8.3.	Section 409A of the Code.	31
Article 9 . Claims Procedures		32
Section 9.1.	Presentation of Claim.	32
Section 9.2.	Notification of Decision.	32
Section 9.3.	Review of a Denied Claim.	32
Section 9.4.	Decision on Review.	33
Section 9.5.	Section 409A of the Code.	33
Section 9.6.	Time Limit on Commencing Litigation.	33
Article 10 . Trust		35
Section 10.1.	Establishment of the Trust.	35
Section 10.2.	Automatic Funding of Trust.	35
Section 10.3.	Interrelationship of the Plan and the Trust.	35
Section 10.4.	Distributions From the Trust.	35
Article 11 . Miscellaneous		36
Section 11.1.	Status of Plan.	36
Section 11.2.	Unsecured General Creditor.	36

Section 11.3.	Employer’s Liability.	36
Section 11.4.	Nonassignability.	36
Section 11.5.	Not a Contract of Employment.	36
Section 11.6.	Furnishing Information.	37
Section 11.7.	Governing Law.	37
Section 11.8.	Forum Selection.	37
Section 11.9.	Notices, Signature, Delivery.	38
Section 11.10.	Successors.	38
Section 11.11.	Severability.	38
Section 11.12.	Payment on Behalf of Person Unable to Manage Affairs.	38
Section 11.13.	Distribution in the Event of Taxation.	38
Section 11.14.	Insurance.	39
Section 11.15.	Section 409A of the Code.	39
Section 11.16.	Other Benefits and Agreements.	40
Section 11.17.	Complete Statement of the Plan	40

Addendum A	Terms of the McCormick & Company, Incorporated 2005 Deferred Compensation Plan	A-42
Addendum B	Terms of the McCormick & Company, Incorporated Restoration Plan	B-1
Addendum C	Terms of The McCormick Supplemental Executive Retirement Plan	C-1

Article 1. General Provisions

Section 1.1. Purpose.

- (a) This Plan is maintained to provide Participants an opportunity to defer compensation and to provide supplemental retirement benefits to Participants.
- (b) This Plan is an unfunded deferred compensation plan maintained primarily for the purpose of providing deferred compensation for a select group of management or highly compensated employees within the meaning of Title I of ERISA. Sections 201(2), 301(a)(3), and 401(a)(1) of ERISA provide that such benefits are not subject to the participation and vesting, funding, or fiduciary requirements (Parts 2, 3, and 4 of Title I) of ERISA.
- (c) Benefits under the Plan shall be payable from the Company's general assets or, in the sole discretion of the Committee, from the assets of the Employer or a Trust. All benefits under the Plan are subject to the claims of the Company's general creditors if the Company becomes bankrupt or insolvent.

Section 1.2. History of the Plan.

- (a) Before 2005, the Company provided deferred compensation benefits under a plan known as the "McCormick & Company, Incorporated Deferred Compensation Plan," which was effective January 1, 2000 (the "2000 Plan"). The 2000 Plan was frozen effective January 1, 2005, and no further deferrals were permitted under the 2000 Plan after 2004. All benefits under the 2000 Plan were vested as of December 31, 2004.
- (b) This Plan, originally known as the McCormick & Company, Incorporated 2005 Deferred Compensation Plan, was first effective January 1, 2005, and it incorporated the terms of the 2000 Plan, except to the extent those terms were inconsistent with the requirements of Section 409A of the Code. The provisions of the Plan, as in effect before February 1, 2017, are referred to in this document as the "Pre-2017 Plan."
- (c) Effective February 1, 2017, this Plan is being amended and restated in its entirety, and is being renamed as the McCormick & Company Non-Qualified Retirement Savings Plan. In addition to allowing Participants to defer compensation, the newly amended and restated Plan will provide employer contributions for Participants who receive Total Compensation that exceeds the limit set forth in Section 401(a)(17) of the Code (\$270,000 in 2017) from an Employer during a Plan Year.
- (d) Effective January 31, 2017, the McCormick & Company, Incorporated Restoration Plan ("Restoration Plan") and The McCormick Supplemental Executive Retirement Plan ("DB SERP") (collectively, the "Frozen Non-Qualified Plans") were frozen.
- (e) As a result of the amendment and restatement of this Plan and the freeze of the Frozen Non-Qualified Plans, (1) effective February 1, 2017, contributions to the Plan (including deferrals of compensation payable after January 31, 2017) shall be subject to the terms of the Plan rather than the terms of the Pre-2017 Plan, except to the extent such treatment would result in additional income tax under Section 409A of the Code, (2) no additional contributions shall be made to the Restoration Plan on or after February 1, 2017, (3) no benefits shall accrue under the DB SERP on or after February 1, 2017, (4) the amount of

the Pension Plan benefit used as the offset in the calculation of the DB SERP benefit shall be frozen effective January 31, 2017, (5) no individual shall become a participant in the Frozen Non-Qualified Plans on or after February 1, 2017, and (6) no individual whose employment is terminated and who is subsequently reemployed on or after February 1, 2017 may again participate in the Frozen Non-Qualified Plans. As soon as practicable after January 31, 2017, the Frozen Non-Qualified Plans will be merged into this Plan.

Section 1.3. Benefit Structures and Merged Plans.

As a result of the merger of the Frozen Non-Qualified Plans into the Plan, the Plan consists of the following benefit structures:

- (a) Benefits under the Pre-2017 Plan. Except as provided in this subsection (a), the payment of amounts deferred and contributions made under the Pre-2017 Plan shall be governed by the Pre-2017 Plan, which is set forth in Addendum A. Addendum A generally reflects the terms of the Pre-2017 Plan in effect immediately before the merger and is a continuation of the terms of the Pre-2017 Plan. Amounts deferred after January 31, 2017, will be treated as contributed under the Plan (rather than the Pre-2017 Plan), even if the applicable deferral election was made before February 1, 2017, except to the extent such treatment would result in a Participant owing additional income tax under Section 409A of the Code.

Notwithstanding the foregoing, Article 7 (“Administration of the Plan”), Article 8 (“Amendment and Termination”), Article 9 (“Claims Procedures”), and Article 11 (“Miscellaneous”) of the Pre-2017 Plan as in effect immediately before February 1, 2017, which do not affect the payment or calculation of benefits, are no longer in effect, and instead, Article 7 (“Administration of the Plan”), Article 8 (“Amendment and Termination”), Article 9 (“Claims Procedures”), and Article 11 (“Miscellaneous”) of the Plan, as amended from time to time (collectively, the “Governance Provisions”), shall apply to Pre-2017 Plan benefits.

Addendum A applies only to persons who are eligible as defined in Addendum A and who have a benefit under the Pre-2017 Plan on or after February 1, 2017.

- (b) Benefits under the Restoration Plan. Except as provided in this subsection (b), the payment of Restoration Plan benefits shall be governed by the Restoration Plan, which is set forth in Addendum B. Addendum B generally reflects the terms of the Restoration Plan in effect immediately before the merger and is a continuation of the terms of the Restoration Plan. Notwithstanding the foregoing, article 8 (“Administration of the Plan”), article 9 (“Amendment and Termination”), article 10 (“Claims Procedures”), and article 12 (“Miscellaneous”) of the Restoration Plan, which do not affect the payment or calculation of benefits, are no longer in effect, and instead the Governance Provisions of the Plan shall apply to Restoration Plan benefits.

Addendum B applies only to persons who are eligible as defined in Addendum B and who are participants in the Restoration Plan on or after February 1, 2017.

- (c) Benefits under the DB SERP. Except as provided in this subsection (c), the payment of DB SERP benefits shall be governed by the DB SERP, which is set forth in Addendum C. Addendum C generally reflects the terms of the DB SERP in effect immediately before

the merger and is a continuation of the terms of the DB SERP. Notwithstanding the foregoing, article 5 (“Administration of the Plan”), article 6 (“Claims Procedures”), article 7 (“Amendment and Termination”), and article 9 (“Miscellaneous”) of the DB SERP, which do not affect the payment or calculation of benefits, are no longer in effect, and instead the Governance Provisions of the Plan shall apply to DB SERP benefits.

Addendum C applies only to persons who are eligible as defined in Addendum C and who are participants in the DB SERP on or after February 1, 2017.

Section 1.4. Effective Date.

The Plan, as amended and restated in this document, is effective February 1, 2017.

Article 2. Definitions and Construction

Section 2.1. Definitions.

For purposes of this Plan, unless otherwise clearly apparent from the context, the following phrases or terms shall have the meanings indicated:

- (a) **Account Balance.** As of any given date called for under the Plan, the sum of the balances of the Participant's: (1) Deferral Contribution Account, (2) Matching Contribution Account, (3) Non-Elective Contribution Account, (4) Transition Credit Account, and (5) Discretionary Contribution Account, as such accounts have been adjusted to reflect all applicable Investment Adjustments and all prior withdrawals and distributions, in accordance with Article 4 and Article 5 of the Plan.
- (b) **Article.** An Article of the Plan.
- (c) **Base Annual Compensation.** The base annual compensation (including disability benefits whether or not includible in gross income under Code §§ 104(a)(3), 105(a), or 105(h)) payable to a Participant by an Employer during a Plan Year, but (1) excluding Bonuses, commissions, director fees and other additional incentives and awards payable to the Participant, but (2) before reduction for any Elective Deductions. With respect to directors of the Company who are not employees of the Company or any Employer, Base Annual Compensation shall mean the director fees payable to such individuals during a Plan Year.
- (d) **Beneficiary.** One or more persons, trusts, estates or other entities, designated (or deemed designated) by the Participant in accordance with Article 6.
- (e) **Beneficiary Designation Form.** The document prescribed by the Committee to be used by the Participant to designate his Beneficiary for the Plan.
- (f) **Board.** The Board of Directors of the Company.
- (g) **Bonus.** The amounts payable to a Participant during a Plan Year under any annual bonus or incentive plan or arrangement sponsored by an Employer, before reduction for any Elective Deductions, but excluding commissions, multi-year bonuses, stock-related awards, long-term performance plan payments, and other non-monetary incentives.
- (h) **Cause.** As determined by the Committee, (1) gross negligence or willful misconduct in connection with the performance of duties; (2) conviction of, or plea of nolo contendere to, a criminal offense (other than minor traffic offenses); or (3) material breach of any term of any employment, consulting, or other service, confidentiality, intellectual property, nonsolicitation or non-competition agreements, if any, between the Participant and an Employer.
- (i) **Change in Control Event.** One or more of the following events:
 - (1) the consolidation or merger of the Company with or into another entity where the Company is not the continuing or surviving corporation, or pursuant to which shares of the Company's capital stock are converted into cash, securities or other

property, except for any consolidation or merger of the Company in which the holders (excluding any “Substantial Stockholders” as defined in Section 4, “Common Stock,” subsection (b)(2)(H) of the Certificate of Incorporation of the Company as in effect as of the date hereof (the “Charter”)) of the Company’s (A) voting common stock, (B) non-voting common stock, and (C) other classes of voting stock, if any, immediately before the consolidation or merger shall, upon consummation of the consolidation or merger, own in excess of 50% of the voting stock of the surviving corporation;

- (2) any sale, lease, exchange or other transfer (in one transaction or a series of transactions contemplated or arranged by any party as a single plan) of all or substantially all of the assets of the Company;
- (3) any person (as such term is used in Sections 13(d) and 14(d)(2) of the Securities Exchange Act of 1934, as amended) becoming the beneficial owner (as defined in Section 4, “Common Stock,” subsection (b)(2)(C) of the Charter), directly or indirectly, of securities of the Company representing more than 13% (the “Specified Percentage”) of the voting power of all the outstanding securities of the Company having the right to vote in an election of the Board (after giving effect, to the extent applicable, to the operation of Section 4, “Common Stock,” subsection (b) of the Charter) (including, without limitation, any securities of the Company that any such person has the right to acquire pursuant to any agreement, or upon exercise of conversion rights, warrants or options, or otherwise, which shall be deemed beneficially owned by such person), provided, however, that in the event that the vote limitation with respect to Substantial Stockholders set forth in Section 4, “Common Stock,” subsection (b) of the Charter becomes inoperative by virtue of the operation of Section 4, “Common Stock,” subsection (b)(12) of the Charter, or otherwise, the “Specified Percentage” shall be increased, without requirement for further action, to 35%; or
- (4) individuals, who constitute the entire Board elected by the Company’s stockholders at its most recent annual meeting of stockholders and any new directors who have been appointed to the Board by a vote of at least a majority of the directors then in office, having ceased for any reason to constitute a majority of the members of the Board.

Notwithstanding the definition of Change in Control Event set forth in this Section 2.1(i), if a Change in Control Event occurs and such event does not constitute a “change in ownership,” “change in effective control,” or “change in the ownership of a substantial portion of the assets” of the Company within the meaning of Section 409A of the Code, such event shall not constitute a benefit commencement date and shall not be treated as a triggering event for any payments otherwise scheduled to be made following a Change in Control Event.

- (j) **Change in Control Termination.** During the period that begins six months before a Change in Control Event and ends two-years after a Change in Control Event, the involuntary termination of a Participant’s employment by the Employer (other than for Cause or due to death or Disability) or the voluntary termination of a Participant’s employment for Good Reason; provided, however, that any Participant who terminates

employment with the Employer voluntarily without Good Reason (or is terminated involuntarily for Cause or due to death or Disability) before the effective date of the Participant's termination established by the Employer has not had a Change in Control Termination.

- (k) **Claimant.** The person or persons described in Article 9 who apply for benefits or amounts that may be payable under the Plan.
- (l) **Code.** The Internal Revenue Code of 1986, as amended.
- (m) **Committee.** Either of the Committees designated in Article 7, as applicable.

However, at or following a Change in Control Event, "Committee" means a committee of three individuals selected by the Company's Compensation Committee, as such committee was constituted immediately before the Change in Control Event. If any such individual's employment or service with the Company terminates for any reason (other than death), such individual shall appoint a replacement in consultation with the remaining members of the committee; if any such individual's employment or service with the Company terminates due to the individual's death, the remaining members of the committee shall appoint a replacement.

- (n) **Company.** McCormick & Company, Incorporated, and any successors and assigns.
- (o) **Contributions.** Deferral Contributions and Employer Contributions.
- (p) **Deferral Contribution.** The amount of Total Compensation deferred from each regularly scheduled payment of Base Annual Compensation and from any Bonus payment by a Participant in accordance with the terms of the Plan and credited to the Participant's Deferral Contribution Account.
- (q) **Deferral Contribution Account.** A Participant's aggregate Deferral Contributions, as adjusted to reflect any appreciation (or depreciation) due to Investment Adjustments and prior distributions and withdrawals.
- (r) **Director.** Non-employee member of the Board.
- (s) **Disabled/Disability.** "Totally and Permanently Disabled" or "Temporarily Disabled" within the meaning of the Company's long-term disability plan, or "Disabled" within the meaning of the Company's short-term disability plan, provided that no Disability shall be treated as a triggering event for the payment of benefits under the Plan unless such Disability constitutes a "disability" within the meaning of Treas. Reg. § 1.409A-3(i)(4), and no Disability shall be the basis upon which a deferral election is suspended in accordance with Section 4.3 ("Suspension of Deferrals") unless such Disability constitutes a "disability" within the meaning of Treas. Reg. § 1.409A-3(j)(4)(xii).
- (t) **Discretionary Contribution.** The amount, if any, credited by the Employer to the Participant's Discretionary Contribution Account in accordance with the terms of the Plan.

- (u) **Discretionary Contribution Account.** A Participant's aggregate Discretionary Contributions, as adjusted to reflect any appreciation (or depreciation) due to Investment Adjustments and prior distributions and withdrawals.
- (v) **Election Form.** The document required by the Committee to be submitted by a Participant, on a timely basis, which specifies (1) the amount of Total Compensation (or Directors' fees) the Participant elects to defer for a given Plan Year, and (2) in accordance with Article 5, the form of payment and Interim Distribution Date (if any) for Contributions made by and on behalf of the Participant for that Plan Year.
- (w) **Elective Deductions.** Those deductions from a Participant's Base Annual Compensation or Bonus for amounts voluntarily deferred or contributed by the Participant pursuant to any qualified or non-qualified deferred compensation plan, including, without limitation, amounts deferred pursuant to Sections 125, 402(e)(3) and 402(h) of the Code, to the extent that all such amounts would have been payable to the Participant in cash had there been no such deferral or contribution.
- (x) **Eligible Employee.** Any employee of an Employer who is determined to be part of a select group of management or highly compensated employees, but excluding any person designated by an Employer as an independent contractor or leased employee. If an Employer mistakenly classifies an individual as having a status other than common law employee (*e.g.*, an independent contractor) and such individual is later reclassified as a common law employee, such individual shall be treated as an employee prospectively from the date of such reclassification but not for any period before such reclassification.
- (y) **Employer.** The Company and/or any of its subsidiaries (now in existence or hereafter formed or acquired) that have been selected by the Management Committee to participate in the Plan.
- (z) **Employer Contributions.** Matching Contributions, Non-Elective Contributions, Transition Credits, and Discretionary Contributions.
- (aa) **ERISA.** The Employee Retirement Income Security Act of 1974, as amended.
- (bb) **Financial Emergency.** An unanticipated emergency or severe financial hardship to the Participant resulting from a sudden and unexpected illness or accident of the Participant or a dependent of the Participant, a loss of the Participant's property due to casualty, or such other extraordinary and unforeseeable circumstances arising as a result of events beyond the control of the Participant. The circumstances that constitute an unforeseeable emergency will be determined by the Committee and shall depend upon the facts of each case, provided that a Financial Emergency shall not be deemed to exist to the extent that such hardship is or may be relieved:
 - (1) through reimbursement or compensation by insurance or otherwise,
 - (2) by liquidation of the Participant's assets, to the extent the liquidation of such assets would not itself cause severe financial hardship, or
 - (3) by cessation of Deferral Contributions under the Plan, provided that this clause (3) shall not apply for purposes of Section 4.3(a).

By way of example, the need to send a Participant's child to college or the desire to purchase a home shall not be considered a Financial Emergency.

- (cc) **Good Reason.** A Participant's Separation from Service as a result of the occurrence of any of the events listed below; provided that, (A) the Participant gives the Employer the opportunity to "cure" the conditions constituting Good Reason by notifying the Employer within ninety (90) days of the initial existence of the conditions constituting Good Reason, (B) the Employer fails to remedy the conditions within thirty (30) days of the Participant's notification, and (C) the Participant terminates employment within thirty (30) days of the Employer's failure to remedy:
- (1) Re-assignment of the Participant to a position which is at a substantially lower level in the organizational structure than his previous position, as defined by any one or a combination of the following factors: reporting relationship, compensation compared to others in the organization, and authority, duties and responsibilities;
 - (2) Substantial diminution in the Participant's authority, duties or responsibilities, or the assignment of duties and responsibilities which are unsuitable for an individual having the position, experience and stature of the Participant;
 - (3) Substantial reduction in the Participant's total compensation (including salary, bonus opportunity, deferred compensation, stock options, profit sharing and retirement programs and other benefits); provided, however, that, before a Change in Control Event, a reduction that applies generally to all employees of the Employer, for example, a reduction or elimination of the employer matching contribution or profit sharing contribution under The McCormick 401(k) Retirement Plan, shall not be Good Reason; or
 - (4) Relocation of the Participant's principal workplace to a location which is more than 50 miles from the Participant's previous principal workplace.
- (dd) **Hypothetical Investment.** An investment fund or benchmark made available to Participants by the Committee for purposes of valuing amounts credited under the Plan. The Committee shall have the discretion to offer a Hypothetical Investment that is intended to track the returns of the Common Stock of the Company ("Stock").
- (ee) **Interim Distribution Date.** The first day of any calendar year, selected by the Participant, upon which the designated portion of Contributions (as well as any appreciation or depreciation of such amounts due to Investment Adjustments) attributable to a given Plan Year shall be distributed. A Participant shall be permitted to have only one Interim Distribution Date with respect to Deferral Contributions, Matching Contributions, Non-Elective Contributions, Transition Credits, and Discretionary Contributions for any Plan Year, but shall be permitted to have separate Interim Distribution Dates with respect to Contributions for different Plan Years. In addition, the Committee can designate a different Interim Distribution Date for Discretionary Contributions.
- (ff) **Investment Adjustment(s).** Any appreciation credited to (as income or gains) or depreciation deducted from (as expenses or losses) a Participant's Deferral Contribution

Account, Matching Contribution Account, Non-Elective Contribution Account, Transition Credit Account, and/or Discretionary Contribution Account in accordance with such Participant's selection of Hypothetical Investments.

- (gg) **Matching Contribution.** The amount, if any, credited by the Employer to the Participant's Matching Contribution Account in accordance with the terms of the Plan.
- (hh) **Matching Contribution Account.** A Participant's aggregate Matching Contributions, as adjusted to reflect any appreciation (or depreciation) due to Investment Adjustments and prior distributions and withdrawals.
- (ii) **Non-Elective Contribution.** The amount, if any, credited by the Employer to the Participant's Non-Elective Contribution Account in accordance with the terms of the Plan.
- (jj) **Non-Elective Contribution Account.** A Participant's aggregate Non-Elective Contributions, as adjusted to reflect any appreciation (or depreciation) due to Investment Adjustments and prior distributions and withdrawals.
- (kk) **Participant.** Any Eligible Employee or member of the Board who (1) is eligible to participate in the Plan in accordance with Section 3.1, and (2) elects to participate in the Plan in accordance with Section 3.2.
- (ll) **Plan.** McCormick & Company Non-Qualified Retirement Savings Plan.
- (mm) **Plan Year.** A 12-month period commencing January 1 and ending December 31 of the same calendar year. Accordingly, Plan quarters shall commence on January 1, April 1, July 1 and October 1 of each year.
- (nn) **Qualifying Termination.** The involuntary termination of a Participant's employment by the Employer (other than for Cause, or due to death or Disability, or, before a Change in Control Event, for performance reasons) or the voluntary termination of a Participant's employment for Good Reason, and that is not a Change in Control Termination. A Participant who has been notified by the Employer of his termination of employment does not have a Qualifying Termination until the effective date of such termination as established by the Employer. Any Participant who terminates employment with the Employer voluntarily without Good Reason (or is terminated involuntarily for Cause, or due to death or Disability, or, before a Change in Control, for performance reasons) before the effective date of the Participant's termination established by the Employer has not had a Qualifying Termination. The termination of employment at the end of a leave of absence or period of short- or long-term disability as a result of a Participant's inability or failure to return to his prior position in accordance with applicable law is not an involuntary termination of employment, except to the extent required by law.
- (oo) **Retirement.** The earlier of (1) the date on which the Participant has attained at least age 55, or (2) the date on which the Participant becomes "Totally and Permanently Disabled" within the meaning of the Company's long-term disability plan.
- (pp) **Section 401(a)(17) Limit.** The limit set forth in Section 401(a)(17) of the Code (\$270,000 in 2017).

- (qq) **Separation from Service.** A termination of a Participant's employment relationship with the Employers that constitutes a "separation from service" within the meaning of Section 409A of the Code.
- (rr) **Total Compensation.** The sum of Base Annual Compensation and Bonus paid during a Plan Year.
- (ss) **Transition Credit.** The amount, if any, credited by the Employer to the Participant's Transition Credit Account in accordance with the terms of the Plan.
- (tt) **Transition Credit Account.** A Participant's aggregate Transition Credits, as adjusted to reflect any appreciation (or depreciation) due to Investment Adjustments and prior distributions and withdrawals.
- (uu) **Trust.** The McCormick & Company, Incorporated Deferred Compensation Plan Trust or such other trust as may be established by an Employer to fund benefits under this Plan. The Plan, notwithstanding the creation of the Trust, is intended to be unfunded for purposes of the Code and Title I of ERISA. The Trust shall maintain separate subaccounts for each of the Frozen Non-Qualified Plans and this Plan.
- (vv) **Vested Account Balance.** As of any given measurement date called for under the Plan, the sum of the following: (1) the balance of the Participant's Deferral Contribution Account, (2) the balance of the Participant's Matching Contribution Account, (3) the vested portion of the Participant's Non-Elective Contribution Account, (4) the vested portion of the Participant's Transition Credit Account, and (5) the vested portion of the balance of the Participant's Discretionary Contribution Account, as such accounts have been adjusted to reflect all applicable Investment Adjustments and all prior withdrawals and distributions.

Section 2.2. Construction.

For purposes of the Plan, unless the contrary is clearly indicated by the context,

- (a) the use of the masculine gender shall also include within its meaning the feminine and vice versa,
- (b) the use of the singular shall also include within its meaning the plural and vice versa,
- (c) the word “include” shall mean to include without limitation, and
- (d) the captions of the articles, sections, or paragraphs of this Plan are for convenience only and shall not control or affect the meaning or construction of its provisions.

Article 3. Eligibility and Participation

Section 3.1. Eligibility, Selection by Committee.

Eligible Employees shall be eligible to participate in the Plan if they are either (1) in Grade 65 or higher or (2) chosen by the applicable Employer to participate in the Plan and approved for such participation by the Committee. Directors are eligible to participate in the Plan by making Deferral Contributions, but are not eligible to receive Employer Contributions.

- (a) Deferral Contributions. Participants and Directors are eligible to make Deferral Contributions.
- (b) Matching Contributions and Non-Elective Contributions. Participants (excluding Directors) who earn Total Compensation that exceeds the Section 401(a)(17) Limit from an Employer during a Plan Year, shall be eligible to receive Matching Contributions and Non-Elective Contributions for that Plan Year.
- (c) Transition Credits. Participants (excluding Directors) who are participating in the Senior Executive Program, Executive Program, or Management Program of the DB SERP on January 31, 2017, shall be eligible for Transition Credits.
- (d) Discretionary Contributions. The Employer shall have sole discretion to determine with respect to each Plan Year which Participants (excluding Directors), if any, shall be eligible for a Discretionary Contribution.

Section 3.2. Commencement of Participation.

- (a) An Eligible Employee who has satisfied the requirements of Section 3.1 and met all enrollment requirements established by the Committee shall commence participation in the Plan as of the date established by the Committee.
- (b) If a Participant fails to meet all such requirements within the specified time period with respect to any Plan Year, the Participant shall not be eligible to make any Deferral Contributions or receive any Employer Contributions during that Plan Year.

Section 3.3. Reemployment

If a Participant has a Separation from Service and is subsequently reemployed with an Employer, he will become a Participant in accordance with the provisions of Section 3.2. Any unvested Account Balance that was forfeited in accordance with Section 4.12 (“Forfeitures”) will not be reinstated following rehire.

Section 3.4. Change of Employment Category

During any period in which a Participant remains in the employ of the Employer, but ceases to be an Eligible Employee or to satisfy the requirements in Section 3.1 (“Eligibility, Selection by Committee”) (an “Ineligible Employee”), he will continue to vest in his Account Balance in accordance with Section 4.11 (“Vesting”); however, Deferral Contributions and Employer Contributions will terminate as follows:

- (a) Any Deferral Contribution election in place for the Plan Year in which a Participant becomes an Ineligible Employee shall remain in effect for the duration of the Plan Year in accordance with Section 4.2 (“Deferral Contribution Elections”).
- (b) If the Participant becomes an Ineligible Employee after May 30, his Deferral Contribution election will remain in place with respect to Total Compensation paid in the Plan Year following the Plan Year in which he becomes an Ineligible Employee.
- (c) The Participant will remain eligible for Employer Contributions through the end of the Plan Year in which his Deferral Contribution election terminates under subsections (a) and (b), above; provided that he otherwise satisfies the requirements for such Employer Contributions.

Section 3.5. Termination of Participation

Once a person has become a Participant, he shall continue to be a Participant until all benefits due him and his Beneficiaries under the Plan have been distributed in full. Once all benefits due a Participant and his Beneficiaries under the Plan have been distributed in full (or forfeited), the Participant shall cease to be a Participant.

Article 4. Contributions and Accounts

Section 4.1. Deferral Contributions.

(a) Amounts Eligible for Deferral. Subject to Section 4.1(b) and (c):

- (1) Total Compensation at or below Section 401(a)(17) Limit. A Participant (other than a Director) may designate a whole percentage to be deducted from his Total Compensation that is equal to or below the Section 401(a)(17) Limit. Such amount shall be deducted from each regularly scheduled payment of Base Annual Compensation and from any Bonus payment before the Participant's Total Compensation reaches the Section 401(a)(17) Limit.
- (2) Total Compensation above Section 401(a)(17) Limit. A Participant (other than a Director) may designate a whole percentage to be deducted from his Total Compensation that exceeds the Section 401(a)(17) Limit, if any. Such amount, if any, shall be deducted from each regularly scheduled payment of Base Annual Compensation and from any Bonus payment after the Participant's Total Compensation reaches the Section 401(a)(17) Limit.
- (3) Directors' Fees. A Participant who is a Director may designate a whole percentage (or, if permitted by the Committee, a fixed dollar amount) to be deducted from his directors' fees. Such amount shall be deducted from each regularly scheduled payment of directors' fees.

(b) Minimum Deferral.

For any Plan Year, no deferral election (whether above or below the Section 401(a)(17) Limit) shall be valid unless it is at least equal to 5% for the Plan Year beginning January 1, 2018, and 6% for all Plan Years beginning on or after January 1, 2019.

If an Election Form is submitted which would yield less than the stated minimum amounts, the amount deferred shall be zero.

(c) Maximum Deferral.

For any Plan Year, no deferral election shall be valid to the extent that it exceeds the following maximum percentages:

Type of Compensation	Maximum Deferral Percentage
Total Compensation	80%
Directors' Fees	100%

If an Election Form is submitted which would yield more than the stated maximum amounts, the amount deferred shall be the maximum amount as set forth above.

(d) Time of Crediting Deferral Contributions.

Deferral Contributions shall be deemed to be made to the Plan by the Participant as soon as practicable after the date the Participant would have received such compensation had it not been deferred pursuant to the Plan.

Section 4.2. Deferral Contribution Elections.

- (a) Subject to the requirements of this Article 4, a Participant may elect to defer the receipt of Total Compensation during any Plan Year.
- (b) The Participant's intent to defer shall be evidenced by an annual Election Form, completed and submitted (either electronically or in writing) to the Committee or its designee in accordance with such procedures and time frames as may be established by the Committee.
- (c) Amounts deferred by a Participant with respect to a given Plan Year shall be referred to collectively as Deferral Contributions and shall be credited to a Deferral Contribution Account established in the name of the Participant. The Deferral Contribution Account shall be used solely as a device for the measurement of amounts to be paid to the Participant under the Plan. The Deferral Contribution Account shall not be, constitute or be treated as an escrow, trust fund, or any other type of funded account for Code or ERISA purposes, and amounts credited to any such account shall not be considered "plan assets" for ERISA purposes. The Deferral Contribution Account merely provides a record of the bookkeeping entries relating to the benefits that the Employer intends to provide to the Participant and shall thus reflect a mere unsecured promise to pay such amounts in the future.
- (d) Except with respect to a newly eligible Participant, as provided in subsection (e), below, the Election Form must be submitted by May 30 of the Plan Year preceding the Plan Year during which the Total Compensation will be paid in order to comply with the requirement in Treas. Reg. § 1.409A-2(a)(8) that elections with respect to deferrals of Bonus that constitute "performance-based compensation" within the meaning of Section 409A of the Code be submitted at least six months before the end of the applicable performance cycle.
- (e) A newly eligible Participant shall be permitted to defer Base Annual Compensation and Bonus as follows:
 - (1) Compensation Paid in Plan Year in which Participant Becomes Eligible. A newly eligible Participant cannot elect to defer Total Compensation paid in the Plan Year in which he becomes eligible.
 - (2) Compensation Paid in Plan Year Following Plan Year in which Participant Becomes Eligible.
 - (A) After May 30. If a newly eligible Participant becomes eligible after May 30, he cannot elect to defer Total Compensation paid during the Plan Year following the Plan Year in which he becomes eligible.
 - (B) On or Before May 30. If a newly eligible Participant becomes eligible on or before May 30, he will submit an Election Form, in accordance with

subsection (d), above, solely with respect to Base Annual Compensation paid during the Plan Year following the Plan Year in which he becomes eligible. A newly eligible Participant cannot elect to defer Bonus that is paid in the Plan Year following the Plan Year in which he first becomes eligible.

- (f) An Election Form shall remain in effect, notwithstanding any change in the Participant's Base Annual Compensation and Bonuses, until changed or terminated in accordance with this Section 4.2 or Section 4.3 ("Suspension of Deferrals"). For the avoidance of doubt, to increase, decrease, or terminate his Deferral Contribution election, Election Forms must be filed by May 30 of the Plan Year preceding the Plan Year during which the Total Compensation will be paid. If a Participant becomes an Ineligible Employee after May 30, as described in Section 3.4 ("Change of Employment Category"), his Deferral Contribution election will remain in place with respect to Total Compensation paid in the Plan Year following the Plan Year in which he becomes an Ineligible Employee.
- (g) If a Participant fails to submit an Election Form or fails to submit such form on a timely basis (and one is not already in effect in accordance with subsection (f), above) with respect to Total Compensation for a Plan Year, the Participant shall not make Deferral Contributions with respect to Total Compensation paid during that Plan Year.
- (h) Except to the extent specifically permitted under Section 409A of the Code, a Participant's Election Form with respect to Total Compensation is irrevocable once that election period ends and may not be changed until the following election period.

Section 4.3. Suspension of Deferrals.

- (a) Financial Emergencies. If a Participant experiences a Financial Emergency, the Participant may petition the Committee to suspend any deferrals required to be made by the Participant pursuant to his current Election Form. The Committee shall determine whether to approve the Participant's petition. If the petition for a suspension is approved, suspension shall commence upon the date of approval and shall continue until the end of the Plan Year during which the Financial Emergency occurs.
- (b) Disability. If a Participant is deemed to have suffered a Disability, any current Election Form of the Participant shall automatically be suspended and no further deferrals shall be required to be made by the Participant pursuant to his current Election Form as of the date on which the Participant incurs the Disability.
- (c) Discretionary Contributions. If a Participant's Deferral Contributions are suspended pursuant to Section 4.3(a) or (b), the Committee may also suspend the Participant's eligibility for Discretionary Contributions, Non-Elective Contributions, and Transition Credits.

Section 4.4. Matching Contributions.

- (a) 2018 Plan Year. For the Plan Year beginning January 1, 2018, the Employer shall make a Matching Contribution to the Plan with respect to each payroll period on behalf of each Participant who satisfies the eligibility requirements in Section 3.1(b), in an amount equal to (A) 100% of the Participant's Deferral Contributions with respect to Total

Compensation that exceeds the Section 401(a)(17) Limit, to the extent that such Deferral Contributions do not exceed 3% of the Participant's Total Compensation; and (B) 50% of the Participant's Deferral Contributions with respect to Total Compensation that exceeds the Section 401(a)(17) Limit, to the extent that such Deferral Contributions do not exceed 2% of the Participant's Total Compensation.

- (b) 2019 Plan Year and Beyond. For Plan Years beginning on and after January 1, 2019, the Employer shall make a Matching Contribution to the Plan with respect to each payroll period on behalf of each Participant who satisfies the eligibility requirements in Section 3.1(b), in an amount equal to (A) 100% of the Participant's Deferral Contributions with respect to Total Compensation that exceeds the Section 401(a)(17) Limit, to the extent that such Deferral Contributions do not exceed 3% of the Participant's Total Compensation; and (B) 66-2/3% of the Participant's Deferral Contributions with respect to Total Compensation that exceeds the Section 401(a)(17) Limit, to the extent that such Deferral Contributions do not exceed 3% of the Participant's Total Compensation.
- (c) True-up. At the end of each Plan Year the Committee shall re-determine any Matching Contribution for each Participant based on the Participant's Total Compensation paid during the Plan Year in accordance with the Matching Contribution formula in subsection (a) or (b) above, as applicable. Any Participant for whom any Matching Contribution has not been sufficiently made in accordance with the Matching Contribution formula shall receive an additional Matching Contribution so that the total Deferral Contributions for the Plan Year reflected as a percentage of Total Compensation paid during the Plan Year are matched in accordance with the applicable Matching Contribution formula ("true-up" of Matching Contributions).
- (d) Last Day Requirement. A Participant must be employed by an Employer on December 31 of the applicable Plan Year to receive a true-up in accordance with subsection (c) above, unless Separation of Service is due to Retirement or death.
- (e) Hypothetical Account. The Matching Contribution Account shall be used solely as a device for the measurement of amounts to be paid to the Participant under the Plan. The Matching Contribution Account shall not be, constitute or be treated as an escrow, trust fund, or any other type of funded account for Code or ERISA purposes, and amounts credited to such an account shall not be considered "plan assets" for ERISA purposes. The Matching Contribution Account merely provides a record of the bookkeeping entries relating to the benefits that the Employer intends to provide to the Participant and shall thus reflect a mere unsecured promise to pay such amounts in the future.

Section 4.5. Non-Elective Contributions.

- (a) 2017 Plan Year. The Employer shall make a Non-Elective Contribution to the Plan on behalf of each Participant who satisfies the eligibility requirements in Section 3.1(b), in an amount equal to 7% of the Participant's Total Compensation paid during the period beginning February 1, 2017 and ending December 31, 2017, that exceeds the Section 401(a)(17) Limit.
- (b) 2018 Plan Year and Beyond. For each Plan Year beginning on and after January 1, 2018, the Employer shall make a Non-Elective Contribution to the Plan on behalf of each Participant who satisfies the eligibility requirements in Section 3.1(b), in an amount equal

to 3% of the Participant's Total Compensation paid during the applicable Plan Year that exceeds the Section 401(a)(17) Limit.

- (c) Last Day Requirement. A Participant must be employed by an Employer on December 31 of the applicable Plan Year to receive a Non-Elective Contribution, unless Separation of Service is due to Retirement or death.
- (d) Newly Eligible Participant. Non-Elective Contributions shall be calculated taking into account only Total Compensation paid after a Participant becomes eligible to participate in the Plan.
- (e) Hypothetical Account. The Non-Elective Contribution Account shall be used solely as a device for the measurement of amounts to be paid to the Participant under the Plan. The Non-Elective Contribution Account shall not be, constitute or be treated as an escrow, trust fund, or any other type of funded account for Code or ERISA purposes, and amounts credited to such an account shall not be considered "plan assets" for ERISA purposes. The Non-Elective Contribution Account merely provides a record of the bookkeeping entries relating to the benefits that the Employer intends to provide to the Participant and shall thus reflect a mere unsecured promise to pay such amounts in the future.

Section 4.6. Transition Credits.

- (a) Amount. The Employer shall make a Transition Credit to the Plan on behalf of each Participant who satisfies the eligibility requirements in Section 3.1(c) in the following amount:
 - (1) For the 2017 Plan Year, the Applicable Percentage multiplied by the Participant's Total Compensation paid during the period beginning February 1, 2017 and ending December 31, 2017, that exceeds eleven twelfths of the Section 401(a)(17) Limit.
 - (2) For the 2018 Plan Year, the sum of (A) the Applicable Percentage based on a Participant's Points determined at midnight Eastern Standard Time on January 31, 2017, under subsection (c) below, multiplied by the Participant's Total Compensation paid during the period beginning on January 1, 2018 and ending November 30, 2018, that exceeds the Section 401(a)(17) Limit for the Plan Year, and (B) the Applicable Percentage based on a Participant's Points determined at midnight Eastern Standard Time on November 30, 2018, under subsection (c) below, multiplied by the Participant's Total Compensation paid during the period beginning on December 1, 2018 and ending December 31, 2018, to the extent the Total Compensation for such period, when added to the Total Compensation paid during the period January 1, 2018, to November 30, 2018, exceeds the Section 401(a)(17) Limit for the Plan Year.
 - (3) For the 2019 Plan Year, the Applicable Percentage multiplied by the Participant's Total Compensation paid during the 2019 Plan Year that exceeds the Section 401(a)(17) Limit.

(4) For the 2020 Plan Year, the Applicable Percentage multiplied by the Participant's Total Compensation paid during the period beginning January 1, 2020 and ending November 30, 2020, that exceeds eleven twelfths of the Section 401(a)(17) Limit.

(b) Applicable Percentage. The Applicable Percentage is the percentage specified in the following table:

Points	Applicable Percentage for Participants who first became eligible to participate in the McCormick Pension Plan before December 1, 2001	Applicable Percentage for Participants who first became eligible to participate in the McCormick Pension Plan on or after December 1, 2001
Less than 55	2%	0%
55 to 64	3%	1%
65 to 74	4%	2%
75 to 84	6%	3%
85 or more	8%	4%

(c) Points. A Participant's Points shall equal the sum of his age and whole years of Benefit Service under the McCormick Pension Plan at midnight Eastern Standard Time on January 31, 2017. Points will be recalculated at midnight Eastern Standard Time on November 30, 2018.

(d) Last Day Requirement. A Participant must be employed by an Employer on December 31 of the applicable Plan Year to receive a Transition Credit, unless Separation of Service is due to Retirement or death.

(e) Newly Eligible Participant. Transition Credits shall be calculated taking into account only Total Compensation paid after a Participant becomes eligible to participate in the Plan.

(f) Hypothetical Account. The Transition Credit Account shall be used solely as a device for the measurement of amounts to be paid to the Participant under the Plan. The Transition Credit Account shall not be, constitute or be treated as an escrow, trust fund, or any other type of funded account for Code or ERISA purposes, and amounts credited to such an account shall not be considered "plan assets" for ERISA purposes. The Transition Credit Account merely provides a record of the bookkeeping entries relating to the benefits that the Employer intends to provide to the Participant and shall thus reflect a mere unsecured promise to pay such amounts in the future.

Section 4.7. Discretionary Contributions.

(a) A Participant may be credited with Discretionary Contributions for any Plan Year in which such amounts are declared by the applicable Employer with respect to the Participant. Such Discretionary Contributions shall be credited to a Discretionary Contribution Account in the name of the Participant.

- (b) The applicable Employer shall have sole discretion to determine with respect to each Plan Year and each Participant (1) whether any Discretionary Contribution was declared with respect to the Participant, (2) the amount of such Discretionary Contribution, (3) the date as of which such Discretionary Contribution shall be credited to a Participant's Discretionary Contribution Account, and (4) any other condition (such as a vesting schedule or time and form of payment that differs from those set forth in Section 4.11(e) and Article 5) that applies with respect to such Discretionary Contribution.
- (c) The Discretionary Contribution Account shall be used solely as a device for the measurement of amounts to be paid to the Participant under the Plan. The Discretionary Contribution Account shall not be, constitute or be treated as an escrow, trust fund, or any other type of funded account for Code or ERISA purposes, and amounts credited to such an account shall not be considered "plan assets" for ERISA purposes. The Discretionary Contribution Account merely provides a record of the bookkeeping entries relating to the benefits that the Employer intends to provide to the Participant and shall thus reflect a mere unsecured promise to pay such amounts in the future.

Section 4.8. Selection of Hypothetical Investments.

- (a) Hypothetical Investments. The Committee shall provide each Participant with a list of Hypothetical Investments available under the Plan. From time to time, the Committee may revise the Hypothetical Investments available within the Plan.
- (b) Investment Forms. The Participant shall, via his Investment Allocation Form(s) and his Investment Re-Allocation Form(s), select one or more Hypothetical Investments among which his various contributions shall be allocated.
 - (1) Investment Allocation Form. The document that (A) shall apply with respect to those Contributions made to the Plan after the effective date of the Investment Allocation Form but before the effective date of a timely filed subsequent Investment Allocation Form and (B) shall determine the manner in which such Contributions shall be initially allocated by the Participant among the various Hypothetical Investments within the Plan. A new Investment Allocation Form may be submitted by the Participant in written or electronic format, at such times and according to such procedures as the Committee shall establish.
 - (2) Investment Re-allocation Form. The document required by the Committee that shall re-direct the manner in which earlier Contributions, as well as any appreciation (or depreciation) to-date, are invested within the Hypothetical Investments available in the Plan. An Investment Re-Allocation Form may be submitted by the Participant in written or electronic format, at such times and according to such procedures as the Committee shall establish.
- (c) Investment Selections. All Hypothetical Investment selections must be denominated in whole percentages unless the Committee determines that lower increments (or whole dollar amounts) are acceptable. A Participant may make changes in his selected Hypothetical Investments on a daily basis via submission of a new Investment Allocation Form or submission of a new Investment Re-Allocation Form. A Participant shall be permitted to increase or decrease an allocation with respect to Stock in accordance with

such rules, regulations, and procedures as the Committee or its designee may establish from time to time.

- (d) Default Investment. Any Participant who does not have on file a valid selection of Hypothetical Investments for his Account Balance shall be deemed to have elected to invest any portion for which there is no valid selection in the Hypothetical Investment that the Committee selects for this purpose.

Section 4.9. Adjustment of Participant Accounts.

- (a) Adjustment. While a Participant's accounts do not represent the Participant's ownership of, or any ownership interest in, any particular assets, the Participant's accounts shall be adjusted in accordance with the Hypothetical Investment(s) chosen by the Participant on his Investment Allocation Form or Investment Re-Allocation Form, subject to the conditions and procedures set forth herein or established by the Committee.
- (b) Investment of Earnings. Any cash earnings generated under a Hypothetical Investment (such as hypothetical interest and cash dividends) shall, in the Committee's sole discretion, either be deemed to be reinvested in that Hypothetical Investment or reinvested in one or more other Hypothetical Investment(s) designated by the Committee.
- (c) Valuation. All notional acquisitions and dispositions of Hypothetical Investments that occur within a Participant's accounts, pursuant to the terms of the Plan, shall be deemed to occur at such times as the Committee shall determine to be administratively feasible and the Participant's accounts shall be adjusted accordingly. Accordingly, if a distribution or re-allocation must occur pursuant to the terms of the Plan and all or some portion of the Account Balance must be valued in connection with such distribution or re-allocation (to reflect Investment Adjustments), the Committee may, unless otherwise provided for in the Plan, select a date or dates that shall be used for valuation purposes.
- (d) Change in Control Event. Notwithstanding anything in the Plan to the contrary, any Investment Adjustments made to any Participants' accounts following a Change in Control Event shall be made in a manner no less favorable to Participants than the practices and procedures employed under the Plan, or as otherwise in effect, as of the date of the Change in Control Event.

Section 4.10. Withholding of Taxes.

- (a) Annual Withholding from Compensation.
 - (1) Immediately Vested Contributions. For any Plan Year in which Contributions are credited under the Plan and are either immediately vested (such as Deferral Contributions and Matching Contributions) or vest during the Plan Year in which they are contributed, the Employer shall withhold the Participant's share of FICA and other employment taxes attributable to such Contributions from the portion of the Participant's Base Annual Compensation and/or Bonus not deferred. If deemed appropriate by the Committee, the Committee may reduce the amount deferred pursuant to the Participant's Election Form where necessary to facilitate compliance with applicable withholding requirements.

- (2) Not Immediately Vested Contributions. For any Plan Year in which previously unvested Employer Contributions vest and become nonforfeitable under the Plan, the Employer shall withhold the Participant's share of FICA and other employment taxes attributable to such Employer Contributions and any appreciation (or depreciation) attributable to such contributions due to Investment Adjustments, from the portion of the Participant's Base Annual Compensation not deferred. If deemed appropriate by the Committee, the Committee may reduce the amount deferred pursuant to the Participant's Election Form where necessary to facilitate compliance with applicable withholding requirements.
- (b) Withholding from Benefit Distributions. The Participant's Employer (or the trustee of the Trust, as applicable), shall withhold from any payments made to a Participant under this Plan all federal, state and local income, employment and other taxes required to be withheld in connection with such payments, in amounts and in a manner to be determined in the sole discretion of the Employer (or the trustee of the Trust, as applicable).

Section 4.11. Vesting.

- (a) Deferral Contributions. The Participant shall at all times be one hundred percent (100%) vested in all Deferral Contributions, adjusted to reflect any appreciation (or depreciation) specifically attributable to such contributions due to Investment Adjustments.
- (b) Matching Contributions. The Participant shall at all times be one hundred percent (100%) vested in all Matching Contributions, adjusted to reflect any appreciation (or depreciation) specifically attributable to such contributions due to Investment Adjustments.
- (c) Non-Elective Contributions. A Participant shall not vest in his Non-Elective Contributions, adjusted to reflect any appreciation (or depreciation) specifically attributable to such contributions due to Investment Adjustments, until the earlier of (1) the date on which the Participant completes three years of service under The McCormick 401(k) Retirement Plan or (2) the date on which the Participant has attained at least age 55.
- (d) Transition Credits. A Participant shall not vest in his Transition Credits, adjusted to reflect any appreciation (or depreciation) specifically attributable to such contributions due to Investment Adjustments, until the earlier of (1) the date on which the Participant completes three years of service under The McCormick 401(k) Retirement Plan or (2) the date on which the Participant has attained at least age 55.
- (e) Discretionary Contributions. Unless otherwise specified by the Committee at the time the Discretionary Contribution is made, a Participant shall not vest in his Discretionary Contributions, adjusted to reflect any appreciation (or depreciation) specifically attributable to such contributions due to Investment Adjustments, until the earlier of (1) the date on which the Participant completes three years of service under The McCormick 401(k) Retirement Plan or (2) the date on which the Participant has attained at least age 55.

(f) Accelerated Vesting.

- (1) Qualifying Termination, Death, or Disability. If a Participant has a Qualifying Termination or a Separation from Service as a result of death or Disability, the portion of such Participant's unvested Account Balance that would have vested in the twelve-month period (eighteen-month period for the CEO) beginning on the date immediately preceding the date of such Participant's Qualifying Termination or Separation from Service as a result of death or Disability, shall vest and become nonforfeitable on the first day of such twelve-month period (eighteen-month period for the CEO). Any portion of the Participant's unvested Account Balance that does not vest under the preceding sentence, shall be forfeited in accordance with Section 4.12 ("Forfeitures").
- (2) Change in Control Termination. If a Participant has a Change in Control Termination, the Participant's unvested Account Balance shall vest and become nonforfeitable on the date immediately preceding the date of such Participant's Separation from Service.
- (3) Plan Termination Following a Change in Control. If the Plan is terminated following a Change in Control Event, Participants' unvested Account Balances shall vest and become nonforfeitable as of the date of such Change in Control Event.

Section 4.12. Forfeitures

Except as provided in Section 4.11(f) ("Accelerated Vesting"), if a Participant incurs a Separation from Service other than at a time when he is fully vested, he will forfeit any then unvested Account Balance. The aggregate of any forfeitures occurring in a Plan Year shall be returned to, or retained by, the Employer.

Article 5. Payments from the Plan

Section 5.1. Default Time and Forms of Payment.

Except as provided in Section 5.2 (“Election of Alternate Time or Form of Payment”) or Section 5.3 (“Cash Out of Small Benefits”) a Participant’s Vested Account Balance shall be paid in a lump sum on the date that is six months after the Participant’s Separation from Service.

Section 5.2. Election of Alternate Time or Form of Payment.

- (a) In General. Except as provided in Section 5.3 (“Cash Out of Small Benefits”), if the Participant has a valid election on file with the Company as to the time and form of payment for his Contributions, payment of such Contributions and any appreciation or depreciation of such Contributions due to Investment Adjustments shall be paid at the time and in the form designated in his election. Valid elections shall remain in effect until changed in accordance with subsections (b) and (c), below.
- (b) Initial Election.
- (1) The Participant may elect a time and/or form of payment for his Contributions under the Plan from among the different alternatives available under the Plan as provided in Section 5.4 (“Forms of Payment”).
 - (2) When the Participant submits his Election Form(s) in accordance with the requirements of Section 4.2 (“Deferral Contribution Elections”) for a Plan Year, he shall specify the time and form of payment that shall apply with respect to the deferrals of Total Compensation for that Plan Year that are to be deferred pursuant to the Election Form submitted. A Participant’s time and form of payment election shall also apply to all Employer Contributions made for that Plan Year, except as otherwise provided with respect to Discretionary Contributions. The Participant may elect a different time and/or form of payment for different Plan Years.
- (c) Changes to Election. A Participant may file an election to change the timing or form of the payment of his Contributions for a Plan Year and any appreciation or depreciation of such amount due to Investment Adjustments at the time and in the manner designated by the Committee, subject to the following conditions:
- (1) the election to change the time or form of payment shall not take effect until twelve (12) months after the election is made;
 - (2) the election to change the time or form of payment must be filed at least twelve (12) months prior to the date on which payments to the Participant are otherwise scheduled to commence; and
 - (3) the first payment with respect to which such election to change the form of payment is made must be deferred for a period of five (5) years from the date such payment would otherwise have been made.

For purposes of this Section 5.2(c), a series of installment payments shall be treated as a single payment.

Section 5.3. Cash Out of Small Benefits.

Notwithstanding any elections to the contrary, if a Participant's Vested Account Balance on the date of his Separation from Service is less than the limit set forth in Section 402(g) of the Code (\$18,000 in 2017), the benefit shall be paid in a lump sum on the date that is six (6) months after the Participant's Separation from Service.

Section 5.4. Forms of Payment.

Payment of a Participant's Vested Account Balance may be payable in the form of annual installments over 5, 10, 15 or 20 years, a lump sum, or any other form of payment permitted by the Committee. If benefits are paid in the form of installments, the amount of each payment shall equal the portion of the Participant's Vested Account Balance that is subject to the election to be paid in installments at the time the payment is made multiplied by a fraction, the numerator of which is one and the denominator of which is the total number of installment payments remaining to be made.

Section 5.5. Time of Benefit Payments.

Except as provided in subsection (d) below ("Change in Control Event"), a Participant's Vested Account Balance (or portion thereof) that is not distributed in accordance with Section 5.1 ("Default Time and Forms of Payment") or Section 5.3 ("Cash Out of Small Benefits") shall be distributed upon the earliest of the payment events listed as Section 5.5(a)-(c) below, as elected by the Participant in accordance with Section 5.2 ("Election of Alternate Time or Form of Payment"), and distributions shall be made at the time indicated for each payment event as follows:

- (a) Separation from Service. If a Participant has elected to be paid in connection with the Participant's Separation from Service with respect to any Contributions, payment of such Contributions and any appreciation or depreciation of such amount due to Investment Adjustments shall commence on the date of the Participant's Separation from Service, except that any payments that are scheduled to be made on or within the first six months after Separation from Service shall be paid in one lump sum on the date that is six (6) months after the Participant's Separation from Service.
- (b) Disability. Any portion of a Participant's Vested Account Balance that has not begun to be paid as of the date that the Participant is determined to be Disabled shall commence (in the case of installments) or be paid (in the case of a lump sum) within thirty (30) days after the Participant is determined to be Disabled.
- (c) Interim Distribution Date. If the Participant has elected an Interim Distribution Date with respect to any Contributions, payment of such Contributions and any appreciation or depreciation of such amount due to Investment Adjustments shall commence within thirty (30) days after the earlier of (1) such Interim Distribution Date or (2) the Participant's Separation from Service (subject to the six-month delay described in subsection (a) above). Notwithstanding the prior sentence, in no event shall a Participant be permitted

to select an Interim Distribution Date that is less than four (4) years from the date the election is made.

- (d) Change in Control Event. If a Participant's Account Balance is vested in accordance with Section 4.11(f)(2) ("Change in Control Termination") or Section 4.11(f)(3) ("Plan Termination Following a Change in Control"), his Account Balance shall be paid in a single lump sum within ten (10) days after the Change in Control Event.

Notwithstanding the foregoing, the Committee may permit a Participant to elect to be paid on the "earlier of" or the "later of" any of the permissible payment dates set forth in this Section 5.5.

Section 5.6. Withdrawal in the Event of a Financial Emergency.

A Participant who believes he has experienced a Financial Emergency may request in writing a withdrawal of a portion of his Vested Account Balance (except Stock) necessary to satisfy the emergency. The Committee shall determine (a) whether a Financial Emergency has occurred, (b) the amount reasonably necessary to satisfy the Financial Emergency (which may include amounts necessary to pay any federal, state, local, or foreign income taxes or penalties reasonably anticipated to result from the distribution), and (c) the accounts from which the withdrawal shall be made. If the Committee approves the petition for a withdrawal, the distribution shall be made within thirty (30) days of the date of approval by the Committee.

Section 5.7. Medium of Distributions.

- (a) Medium. All distributions, other than distributions of amounts allocated to Stock, shall be made in cash. The value of a fractional share of Stock shall in all cases be distributed in cash.
- (b) Installment Distributions. Distributions made in installment payments will be deemed to be made on a pro rata basis from each Hypothetical Investment in which a Participant's Account Balance is deemed to be invested pursuant to Section 4.8 ("Selection of Hypothetical Investments"). The Participant's Account Balance shall continue to be adjusted to reflect any appreciation (or depreciation) due to Investment Adjustments in accordance with Section 4.9 ("Adjustment of Participant Accounts") up until the last business day preceding each installment distribution.

Article 6. Death Benefits

Section 6.1. Payments in the Event of Death.

- (a) Death Benefit. If the Participant dies before the payment date designated in Article 5, the Participant's Beneficiary shall receive the pre-retirement death benefit described below and no other benefits shall be payable under the Plan. If the Participant dies after installment payments have begun and before the last installment payment has been made, the Participant's Beneficiary shall receive a lump sum payment of the remainder of Participant's installment payments.
- (b) Payment of Pre-Retirement Death Benefit. The pre-retirement death benefit shall be a lump-sum payment equal to the Participant's Vested Account Balance and shall be made no later than sixty (60) days after the occurrence of the Participant's death.

Section 6.2. Beneficiary.

Each Participant shall have the right, at any time, to designate a Beneficiary or Beneficiaries to receive, in the event of the Participant's death, those benefits payable under the Plan. The Beneficiary(ies) designated under this Plan may be the same as or different from the Beneficiary designation made under any other plan of the Employer.

Section 6.3. Beneficiary Designation; Change.

A Participant shall designate his Beneficiary by completing a Beneficiary Designation Form, and returning it to the Committee or its designated agent, in accordance with the Committee's rules and procedures, as in effect from time to time. A Participant shall have the right to change his Beneficiary by completing and submitting to the Committee (or its designated agent) a revised Beneficiary Designation Form in accordance with the Committee's rules and procedures, as in effect from time to time. Upon receipt by the Committee (or its designated agent) of a revised Beneficiary Designation Form, all Beneficiary designations previously filed shall be deemed canceled. The Committee shall rely on the last Beneficiary Designation Form received by the Committee (or its designated agent) prior to the Participant's death.

Section 6.4. Receipt.

No designation or change in designation of a Beneficiary shall be effective until received and accepted by the Committee or its designated agent.

Section 6.5. No Beneficiary Designation.

If a Participant fails to designate a Beneficiary as provided above or, if all designated Beneficiaries predecease the Participant or die prior to complete distribution of the Participant's benefits, then the Participant's designated Beneficiary shall be deemed to be his surviving spouse. If the Participant has no surviving spouse, the benefits remaining under the Plan shall be payable to the estate of the Participant.

Section 6.6. Doubt as to Beneficiary.

If the Committee has any doubt as to the proper Beneficiary to receive payments pursuant to this Plan, the Committee shall have the right to cause the Participant's Employer (or, if applicable, the trustee of the Trust) to withhold such payments until this matter is resolved to the Committee's satisfaction.

Section 6.7. Discharge of Obligations.

The payment of benefits under the Plan to a Beneficiary shall fully and completely discharge all Employers and the Committee from all further obligations under this Plan with respect to the Participant, and the Participant's Election Forms shall terminate upon such full payment of benefits.

Article 7. Administration of the Plan

Section 7.1. Designation of Committee.

This Plan shall be administered by the Compensation Committee of the Board of Directors or the Management Committee of the Company, as the case may be. The Compensation Committee reviews and approves the participation and benefits for the Company's "executive officers," as defined in the rules promulgated under the Securities Exchange Act of 1934, as amended, and any other employees that it designates. The Management Committee reviews and approves the participation and benefits for all other executives. Members of the Management Committee may participate in this Plan.

Section 7.2. Authority of Committee.

The Committee shall have the discretion and authority to (a) make, amend, interpret, and enforce all appropriate rules and regulations for the administration of this Plan and (b) decide or resolve any and all questions including interpretations of this Plan and facts that are relevant to the administration of the Plan, as may arise in connection with the Plan. Any individual serving on the Committee who is a Participant shall not vote or act on any matter relating solely to himself. When making a determination or calculation, the Committee shall be entitled to rely on information furnished by a Participant or an Employer.

Section 7.3. Agents.

In the administration of this Plan, the Committee may, from time to time, employ or designate agents and delegate to them such administrative duties as it sees fit (including acting through a duly appointed representative) and may from time to time consult with counsel who may be counsel to any Employer.

Section 7.4. Binding Effect of Decisions.

The decision or action of the Committee with respect to any question arising out of or in connection with the administration, interpretation and application of the Plan and the rules and regulations promulgated by the Committee hereunder shall be final and conclusive and binding upon all persons having any interest in the Plan.

Section 7.5. Indemnity of Committee.

All Employers shall indemnify and hold harmless the members of the Committee, and any employee to whom duties of the Committee may be delegated, against any and all claims, losses, damages, expenses or liabilities arising from any action or failure to act with respect to this Plan, except in the case of willful misconduct by the Committee or any of its members or any such employee, in which case the member(s) or employee(s) who engaged in the misconduct shall not be eligible for indemnification.

Section 7.6. Employer Information.

To enable the Committee to perform its functions, each Employer shall supply full and timely information to the Committee on all matters relating to the compensation of its Participants, the

date and circumstances of the Disability, death or Separation from Service of its Participants, and such other pertinent information as the Committee may reasonably require.

Section 7.7. Finality of Decisions.

Any actions taken hereunder, including any valuation of the amount, or designation of a recipient, or any payment to be made hereunder, shall be binding and conclusive on all persons for all purposes.

Article 8. Amendment and Termination

Section 8.1. Amendment, Suspension, and Termination.

- (a) Subject to subsections (b), (c), and (d), below, the Company, or a committee designated by the Company, may, at any time, amend, suspend, or terminate the Plan in whole or in part with respect to any or all Employers. Subject to subsections (b), (c), and (d), below, the Committee shall have the authority, except to the extent corporate governance documents (including the Compensation Committee Charter) or applicable law require the Board to adopt amendments to the Plan, to adopt any amendments to the Plan that the Committee determines does not materially increase the Company's costs or expenses relating to the Plan; provided that any action of the Committee to amend the Plan shall be in writing.
- (b) No amendment, suspension, or termination shall decrease or restrict the value of a Participant's Vested Account Balance in existence at the time the amendment or modification is made, calculated as if the Participant had experienced a Separation from Service as of the effective date of the amendment, suspension, or termination, unless such affected Participant or Beneficiary consents in writing to such amendment.
- (c) Any resolution to amend, suspend, or terminate the Plan that is adopted or becomes effective during the period beginning six (6) months before a Change in Control Event and ending two (2) years after a Change in Control Event, shall not adversely affect in a material way an individual who was a Participant or Beneficiary as of immediately before the Change in Control Event, unless such affected Participant or Beneficiary consents in writing to such amendment.
- (d) Notwithstanding the foregoing, either the Company or the Committee may amend the Plan at any time to the extent necessary to avoid adverse consequences under any applicable law. Any such amendment shall, to the maximum extent possible, preserve the Plan's benefits for all Participants and Beneficiaries.
- (e) Although the Employers anticipate that they will continue the Plan for an indefinite period of time, there is no guarantee that any Employer will continue the Plan or will not terminate the Plan at any time in the future. Accordingly, each Employer, subject to subsections (b), (c), and (d), above, reserves the right to discontinue its sponsorship of the Plan and to terminate the Plan, at any time, with respect to its participating employees by action of its board of directors.
- (f) Upon the termination of the Plan with respect to any Employer (and any other plan required to be aggregated with this Plan pursuant to Section 409A of the Code), the Company may, in its discretion, elect to distribute to each Participant the full amount of his benefit under the Plan in a lump sum no earlier than the 13th month and no later than the 24th month after the termination of the Plan, provided that the termination of the Plan is not proximate to a downturn in the Company's financial health and the Company does not adopt any new arrangement that would have been aggregated with the Plan under Section 409A of the Code within three years following the date of the Plan's termination.

Section 8.2. Effect of Payment.

The full payment of the applicable benefit under the provisions of the Plan shall completely discharge all obligations to a Participant and his Beneficiaries under this Plan and each of the Participant's Election Forms shall terminate.

Section 8.3. Section 409A of the Code.

If the Company determines that any provision of the Plan is or might be inconsistent with the restrictions imposed by Section 409A of the Code, such provision shall be deemed to be amended to the extent that the Company determines is necessary to bring it into compliance with Section 409A of the Code. Any such deemed amendment shall be effective as of the earliest date such amendment is necessary under Section 409A of the Code. No amendment or termination pursuant to Section 8.1 ("Amendment, Suspension, and Termination") shall be effective to the extent that it would result in an imposition of any additional income tax under Section 409A of the Code.

Article 9. Claims Procedures

Section 9.1. Presentation of Claim.

Any Participant or Beneficiary of a deceased Participant (such Participant or Beneficiary being referred to below as a "Claimant") may deliver to the Committee a written claim for a determination with respect to the amounts distributable to such Claimant from the Plan. If such a claim relates to the contents of a notice received by the Claimant, the claim must be made within thirty (30) days after such notice was received by the Claimant. All other claims must be made within one hundred eighty (180) days of the date on which the event that caused the claim to arise occurred. Each claim must state with particularity the determination desired by the Claimant.

Section 9.2. Notification of Decision.

The Committee shall consider a Claimant's claim and shall notify the Claimant in writing or by electronic means:

- (a) that the Claimant's requested determination has been made, and that the claim has been allowed in full; or
- (b) that the Committee has reached a conclusion contrary, in whole or in part, to the Claimant's requested determination, and in that event, such notice shall set forth in a manner calculated to be understood by the Claimant:
 - (1) the specific reason(s) for the denial of the claim, or any part of it;
 - (2) specific reference(s) to pertinent provisions of the Plan upon which such denial was based;
 - (3) a description of any additional material or information necessary for the Claimant to perfect the claim, and an explanation of why such material or information is necessary; and
 - (4) an explanation of the review procedures and the time limits applicable to such procedures, including a statement of the Claimant's right to bring a civil action under Section 502(a) of ERISA following an adverse benefit determination on review.

Any such notice shall be provided within ninety (90) days after receipt of the claim by the Plan, unless special circumstances require an extension of time for processing the claim for up to a maximum of an additional ninety (90) days. The Claimant will receive written notification if any such extension is necessary.

Section 9.3. Review of a Denied Claim.

Within sixty (60) days after receiving a notice from the Committee that a claim has been denied, in whole or in part, a Claimant (or the Claimant's duly authorized representative) may file with the Committee a written request for a review of the denial of the claim. Thereafter, the Claimant (or the Claimant's duly authorized representative):

- (a) may review and request copies of pertinent documents, records, and other information relevant to the claim for benefits;
- (b) may submit written comments, documents, records, and other information relating to the claim for benefits (regardless of whether such comments, documents, records, or other information was submitted or considered in connection with the initial claim); and/or
- (c) may, but not later than thirty (30) days after the review procedure began, request a hearing, which the Committee may grant.

No claim shall be reviewed if the Claimant (or the Claimant's duly authorized representative) fails to file the written request for review in a timely manner.

A Claimant who fails to request a review (and fails to have a duly authorized representative seek review on his behalf) in accordance with this Section 9.3 shall not be permitted to bring an action under ERISA to enforce his rights under the Plan.

Section 9.4. Decision on Review.

The Committee shall render its decision on review promptly, and not later than sixty (60) days after the filing of a written request for review of the denial, unless a hearing is held or other special circumstances require additional time, in which case the Committee's decision must be rendered within one hundred twenty (120) days after such date. The Claimant will receive written notification if any extension beyond the original sixty (60) days is necessary. Such decision must be written in a manner calculated to be understood by the Claimant, and it must contain:

- (a) specific reasons for the decision;
- (b) specific reference(s) to the pertinent Plan provisions upon which the decision was based;
- (c) a statement that the Claimant is entitled to receive, upon request and free of charge, reasonable access to, and copies of, all documents, records, and other information relevant to the claim for benefits; and
- (d) a statement of the Claimant's right to bring an action under Section 502(a) of ERISA.

Section 9.5. Section 409A of the Code.

If a Participant or Beneficiary believes he is entitled to benefits but has not received them, the Participant or Beneficiary must accept any payment made under the Plan and make prompt and reasonable, good faith efforts to collect the remaining portion of the payment, as determined under Treas. Reg. § 1.409A-3(g). For this purpose (and as determined under such regulation), efforts to collect the payment will be presumed not to be prompt, reasonable, good faith efforts, unless the Participant or Beneficiary provides notice to the Committee within ninety (90) days of the latest date upon which the payment could have been timely made in accordance with the terms of the Plan and the regulations under Section 409A of the Code, and unless, if not paid, the Participant or Beneficiary takes further enforcement measures within one hundred eighty (180) days after such latest date.

Section 9.6. Time Limit on Commencing Litigation.

- (a) If a Claimant wishes to file a lawsuit against the Plan (1) to recover benefits believed due under the terms of the Plan or any law, (2) to clarify the Claimant's right to future benefits under the Plan, (3) to enforce the Claimant's rights under the Plan, or (4) to seek a remedy, ruling or judgment of any kind against the Plan that relates to the Plan, the claimant must file the suit within the Applicable Limitations Period or the suit will be time-barred.
- (b) The "Applicable Limitations Period" is the period ending two years after:
- (1) In the case of a claim to recover benefits allegedly due under the Plan or to clarify rights to future benefits from the Plan, the earliest of (A) the date the first benefit payment was actually made; (B) the date the first benefit payment was allegedly due; or (C) the date the Company, the Plan, or the Committee first repudiated the alleged obligation to provide such benefits.

A repudiation may be made in the form of a direct communication to the Claimant (*e.g.*, denial of a claim under administrative review procedures established by the Committee) or a more general oral or written communication related to benefits payable under the Plan (for example, a summary plan description, a summary of material modifications, a benefit statement, or an agreement or offer letter);
 - (2) In the case of a claim or action to enforce an alleged right under the Plan (other than a claim for plan benefits), the date the Plan first denied the Claimant's request to exercise such right; or
 - (3) In the case of any other claim or action, the earliest date on which the Claimant knew or should have known of the material facts on which such claim or action is based, regardless of whether the Claimant was aware of the legal theory underlying the claim or action.
- (c) If a request for administrative review under the procedures established by the Committee is pending when the Applicable Limitations Period expires, the Applicable Limitations Period will be extended to the date that is sixty (60) calendar days after the final denial (including a deemed denial) of such claim on administrative review.
- (d) The Applicable Limitations Period replaces and supersedes any limitations period that ends at a later time and that otherwise might be deemed applicable under state or federal law in the absence of this Section 9.6. The Applicable Limitations Period does not extend any limitations period under state or federal law.
- (e) The Committee may extend the Applicable Limitations Period upon a showing of exceptional circumstances, but such an extension is at the discretion of the Committee and is not subject to review.

Article 10. Trust

Section 10.1. Establishment of the Trust.

The Company may utilize one or more Trusts to which the Employers may transfer such assets as the Employers determine in their sole discretion to assist in meeting their obligations under the Plan. Any Trust shall conform to the restrictions under Section 409A of the Code relating to the funding of nonqualified deferred compensation plans. Benefits under the Plan may also be paid out of the general assets of the Company or an Employer. Any Trust shall maintain separate subaccounts for each of the Frozen Non-Qualified Plans and this Plan.

Nothing contained in this Plan and no action taken pursuant to the provisions of this Plan shall create or be construed to create a trust of any kind, or a fiduciary relationship between the Company and the Participant or any other person.

Section 10.2. Automatic Funding of Trust.

Upon a Change in Control Event, (a) if it has not done so already, the Company shall establish a Trust, and (b) the Employers shall contribute amounts to such Trust (or any pre-existing Trust or Trusts) sufficient to fund all benefits due under the Plan.

Section 10.3. Interrelationship of the Plan and the Trust.

The provisions of the Plan shall govern the rights of a Participant to receive distributions pursuant to the Plan. The provisions of the Trust shall govern the rights of the Employers, Participants and the creditors of the Employers to the assets transferred to the Trust.

Section 10.4. Distributions From the Trust.

Each Employer's obligations under the Plan may be satisfied with Trust assets distributed pursuant to the terms of the Trust, and any such distribution shall reduce the Employer's obligations under this Plan.

Article 11. Miscellaneous

Section 11.1. Status of Plan.

The Plan is intended to be a plan that is not qualified within the meaning of Section 401(a) of the Code and that “is unfunded and is maintained by an employer primarily for the purpose of providing deferred compensation for a select group of management or highly compensated employees” within the meaning of ERISA. The Plan shall be administered and interpreted to the extent possible in a manner consistent with that intent. All Participant accounts and all credits and other adjustments to such Participant accounts shall be bookkeeping entries only and shall be used solely as a device for the measurement and determination of amounts to be paid under the Plan. No Participant accounts, credits or other adjustments under the Plan shall be interpreted as an indication that any benefits under the Plan are in any way funded.

Section 11.2. Unsecured General Creditor.

Participants and their Beneficiaries, heirs, successors and assigns shall have no legal or equitable rights, interests or claims in any property or assets of the Company or an Employer or in any property or assets held in a Trust maintained with respect to the Plan. For purposes of the payment of benefits under this Plan, any and all of an Employer’s assets, shall be, and shall remain, the general, unpledged unrestricted assets of the Employer. Any Employer’s obligation under the Plan shall be merely that of an unfunded and unsecured promise to pay money in the future. To the extent that any person acquires a right to receive payments from the Company under this Plan, such rights shall be no greater than the right of any unsecured general creditor of the Company.

Section 11.3. Employer’s Liability.

An Employer’s liability for the payment of benefits shall be defined only by the Plan and the Election Form. An Employer shall have no obligation to a Participant under the Plan except as expressly provided in the Plan and his Election Form.

Section 11.4. Nonassignability.

Except to the extent required by an approved domestic relations order, neither a Participant nor any other person shall have any right to commute, sell, assign, transfer, pledge, anticipate, mortgage or otherwise encumber, transfer, hypothecate, alienate or convey in actual receipt, the amount, if any, payable hereunder, or any part thereof, which are, and all rights to which are expressly declared to be, unassignable and non-transferable. Except as required by law or an approved domestic relations order, no part of the amounts payable shall, prior to actual payment, be subject to seizure, attachment, garnishment or sequestration for the payment of any debts, judgments, alimony or separate maintenance owed by a Participant or any other person, be transferable by operation of law in the event of a Participant’s or any other person’s bankruptcy or insolvency.

Section 11.5. Not a Contract of Employment.

The terms and conditions of this Plan and the Election Form shall not be deemed to constitute a contract of employment between any Employer and the Participant. Such employment is hereby acknowledged to be an “at will” employment relationship that can be terminated at any time for

any reason, or no reason, with or without cause, and with or without notice, except as otherwise provided in a written employment agreement. Nothing in this Plan or any Election Form shall be deemed to give a Participant the right to be retained in the service of any Employer as an employee or to interfere with the right of any Employer to discipline or discharge the Participant at any time.

Section 11.6. Furnishing Information.

Each Participant and Beneficiary shall cooperate with the Committee by furnishing any and all information requested by the Committee and take such other actions as may be requested in order to facilitate the administration of the Plan and the payments of benefits hereunder, including but not limited to taking such physical examinations as the Committee may deem necessary.

Section 11.7. Governing Law.

The provisions of this Plan shall be construed and interpreted according to ERISA and the internal laws of the State of Maryland without regard to its conflicts of laws principles, to the extent not preempted by ERISA.

Section 11.8. Forum Selection.

- (a) To the fullest extent permitted by law, any lawsuit brought in whole or in part under Section 502 of ERISA (or any successor provision) and relating to the Plan, the lawfulness of any Plan provision or the administration of the Plan must be filed in one of the following courts:
- (1) the United States District Court for the District of Maryland or for the district in which the Company is headquartered;
 - (2) in the case of an action brought by an individual plaintiff, the United States District Court for the district in which such plaintiff resides; or
 - (3) in the case of an action brought by more than one plaintiff, the United States District Court for the district in which the largest number of plaintiffs (or in the case of a putative class action, the largest number of putative class members) resides or is reasonably believed to reside.
- (b) If any action within the scope of subsection (a) is filed in a jurisdiction other than one of those described in subsection (a), or if any non-class action filed in such a jurisdiction is subsequently amended or altered to add additional plaintiffs or to add class action allegations, then the Plan, any plaintiffs, and all alleged Plan participants must take all necessary steps to have the action removed to, transferred to, or re-filed in a jurisdiction described in subsection (a). Such steps may include, but are not limited to (1) a joint motion to transfer the action or (2) a joint motion to dismiss the action without prejudice to its re-filing in a jurisdiction described in subsection (a), with any applicable time limits or statutes of limitations applied as if the suit or class action allegation had originally been filed or asserted in a jurisdiction described in subsection (a) at the same time that it was filed or asserted in a jurisdiction not described therein.

- (c) This forum selection provision is waived if no party invokes it within 120 days of the filing of a putative class action, the addition of plaintiffs or the assertion of class action allegations.
- (d) This Section 11.8 does not relieve the Plan or any putative class member of any obligation existing under the Plan or by law to exhaust administrative remedies before initiating litigation or to comply with the limitation of actions provision set forth in Section 9.6 (“Time Limit on Commencing Litigation”).

Section 11.9. Notices, Signature, Delivery.

Whenever a signature, acceptance, notice or delivery of a document is required or appropriate under the Plan, signature, notice or delivery may be accomplished by paper or written format, by electronic means, or by default. If electronic means are used for the signature, notice or delivery of a document hereunder, the electronic record or confirmation of that signature, notice or delivery maintained by or on behalf of the Committee shall for purposes of the Plan be treated as if it was a written signature or notice and was delivered in the manner provided herein for a written document. Similarly, to the extent that acceptance of a document occurs by default, the Committee’s failure to receive a rejection or opting out of a document shall for purposes of the Plan be treated as if it was a written acceptance delivered in the manner provided herein for a written document.

Section 11.10. Successors.

The provisions of this Plan shall bind and inure to the benefit of the Participant’s Employer and its successors and assigns, the Participant, the Participant’s Beneficiaries and their successors and assigns.

Section 11.11. Severability.

If any provision of the Plan shall be held unlawful or otherwise invalid or unenforceable in whole or in part, the unlawfulness, invalidity, or unenforceability shall not affect any other provision of the Plan, each of which shall remain in full force and effect.

Section 11.12. Payment on Behalf of Person Unable to Manage Affairs.

If the Committee shall find that any person to whom any amount is payable under this Plan is unable to care for his affairs because of illness or accident, or is a minor, any payment due (unless a prior claim therefor shall have been made by a duly appointed guardian, committee or other legal representative) may be paid to the spouse, a child, a parent, or a brother or sister, or to any person deemed by the Committee to have incurred expense for such person otherwise entitled to payment, in such manner and proportions as the Committee may determine. The Committee may require proof of minority, incompetence, incapacity or guardianship, as it may deem appropriate prior to distribution of the benefit. Any such payment shall be a complete discharge of the liabilities of the Company under this Plan.

Section 11.13. Distribution in the Event of Taxation.

- (a) If, for any reason, all or any portion of a Participant’s benefit under this Plan becomes includable in the Participant’s gross income for Federal income tax purposes prior to

receipt of such benefit, the Participant may petition the Committee for a distribution of that portion of his benefit that has become taxable. Upon the grant of such a petition, which grant shall not be unreasonably withheld, the Participant's Employer shall immediately distribute to the Participant funds in an amount equal to the taxable portion of his benefit (which amount shall not exceed the Participant's unpaid Vested Account Balance under the Plan). If the petition is granted, the tax liability distribution shall be made within ninety (90) days of the date when the Participant's petition is granted. Such a distribution shall correspondingly reduce the benefits with respect to the Participant under this Plan.

- (b) In its discretion, the Committee may distribute all or a portion of the Participant's benefit prior to the date the benefit would otherwise commence under Article 5 to the extent necessary to pay any FICA or income taxes which may be owed by the Participant on his benefit under the Plan and to the extent permitted by Section 409A of the Code.

Section 11.14. Insurance.

The Employers, on their own behalf or on behalf of the trustee of the Trust, and, in their sole discretion, may apply for and procure insurance on the life of the Participant, in such amounts and in such forms as the Trust may choose. The Employers or the trustee of the Trust, as the case may be, shall be the sole owner and beneficiary of any such insurance. The Participant shall have no interest whatsoever in any such policy or policies, and at the request of the Employers shall submit to medical examinations and supply such information and execute such documents as may be required by the insurance company or companies to whom the Employers have applied for insurance.

Section 11.15. Section 409A of the Code.

- (a) The Plan will be interpreted to ensure that the payments contemplated hereby to be made by the Company to a Participant are exempt from or comply with Section 409A of the Code; provided, however, that nothing in this Plan shall be interpreted or construed to transfer any liability for any tax (including a tax or penalty due as a result of a failure to comply with Section 409A of the Code) from any Participant, Participant's spouse, Beneficiary, or estate to the Company, any Employer, or any other individual or entity.
- (b) Any payment under the Plan that is subject to Section 409A of the Code and that is contingent on a termination of employment is contingent on a "separation from service" within the meaning of Section 409A of the Code. Each such payment will be considered to be a separate payment for purposes of Section 409A of the Code.
- (c) If, upon separation from service, a Participant is a "specified employee" within the meaning of Section 409A of the Code, any payment to such Participant that is subject to Section 409A of the Code and would otherwise be paid within six months after the Participant's separation from service will instead be paid in the seventh month following the Participant's separation from service (to the extent required by Section 409A(a)(2)(B)(i) of the Code).

Section 11.16. Other Benefits and Agreements.

The benefits provided for a Participant and Participant's Beneficiary under the Plan are in addition to any other benefits available to such Participant under any other plan or program for employees of the Participant's Employer. The Plan shall supplement and shall not supersede, modify or amend any other such plan or programs except as may otherwise be expressly provided.

Section 11.17. Complete Statement of the Plan

This Plan contains a complete statement of its terms. The Plan may be amended, suspended or terminated only in writing and then only as provided in Section 8.1 ("Amendment, Suspension, and Termination"). A Participant's right to any benefit of a type provided under the Plan is determined solely in accordance with the terms of the Plan. No other evidence, whether written or oral, will be taken into account in interpreting the provisions of the Plan.

**MCCORMICK & COMPANY NON-QUALIFIED RETIREMENT SAVINGS PLAN
ADDENDUM A - TERMS OF THE
MCCORMICK & COMPANY, INCORPORATED
2005 DEFERRED COMPENSATION PLAN
AS IN EFFECT ON JANUARY 31, 2017 (“PRE-2017 PLAN”)**

**ADDENDUM A TO THE
McCORMICK & COMPANY INCORPORATED
NON-QUALIFIED RETIREMENT SAVINGS PLAN**

**McCORMICK & COMPANY, INCORPORATED
2005 DEFERRED COMPENSATION PLAN**

Amended and Restated Effective January 1, 2005

TABLE OF CONTENTS

Article 1 . General Provisions	1
Section 1.1. Purpose.	1
Section 1.2. History of the Plan.	1
Section 1.3. Effective Date.	1
Article 2 . Definitions and Construction	2
Section 2.1. Definitions.	2
Section 2.2. Construction.	6
Article 3 . Eligibility, Selection and Enrollment	7
Section 3.1. Eligibility, Selection by Committee.	7
Section 3.2. Commencement of Participation.	7
Article 4 . Contributions and Accounts	8
Section 4.1. Deferral Contributions.	8
Section 4.2. Elections to Defer.	9
Section 4.3. Suspension of Deferrals.	10
Section 4.4. Discretionary Contributions.	10
Section 4.5. Selection of Hypothetical Investments.	11
Section 4.6. Adjustment of Participant Accounts.	12
Section 4.7. Withholding of Taxes.	12
Section 4.8. Vesting.	13
Article 5 . Payments from the Plan	14
Section 5.1. Default Time and Forms of Payment.	14
Section 5.2. Election of Alternate Time or Form of Payment.	14
Section 5.3. Cash Out of Small Benefits.	15
Section 5.4. Forms of Payment.	15
Section 5.5. Time of Benefit Payments.	15
Section 5.6. Withdrawal in the Event of a Financial Emergency.	16
Article 6 . Death Benefits	17
Section 6.1. Payments in the Event of Death.	17
Section 6.2. Beneficiary.	17
Section 6.3. Beneficiary Designation; Change; Spousal Consent.	17
Section 6.4. Acknowledgment.	17
Section 6.5. No Beneficiary Designation.	17
Section 6.6. Doubt as to Beneficiary.	18

Section 6.7.	Discharge of Obligations.	18
Article 7 . Administration of the Plan		18
Section 7.1.	Designation of Committee.	18
Section 7.2.	Authority of Committee.	18
Section 7.3.	Agents.	18
Section 7.4.	Binding Effect of Decisions.	18
Section 7.5.	Indemnity of Committee.	19
Section 7.6.	Employer Information.	19
Section 7.7.	Finality of Decisions.	19
Article 8 . Amendment and Termination		19
Section 8.1.	Amendment.	19
Section 8.2.	Termination.	19
Section 8.3.	Effect of Payment.	20
Section 8.4.	Section 409A of the Code.	20
Article 9 . Claims Procedures		20
Section 9.1.	Presentation of Claim.	20
Section 9.2.	Notification of Decision.	20
Section 9.3.	Review of a Denied Claim.	21
Section 9.4.	Decision on Review.	22
Section 9.5.	Section 409A of the Code.	22
Article 10 . Trust		23
Section 10.1.	Establishment of the Trust.	23
Section 10.2.	Interrelationship of the Plan and the Trust.	23
Section 10.3.	Distributions From the Trust.	23
Article 11 . Miscellaneous		248
Section 11.1.	Status of Plan.	24
Section 11.2.	Unsecured General Creditor.	24
Section 11.3.	Employer’s Liability.	24
Section 11.4.	Nonassignability.	24
Section 11.5.	Not a Contract of Employment.	25
Section 11.6.	Furnishing Information.	25
Section 11.7.	Governing Law.	25
Section 11.8.	Required or Permitted Notices.	25
Section 11.9.	Successors.	25
Section 11.10.	Severability.	26

Section 11.11.	Payment on Behalf of Person Unable to Manage Affairs.	26
Section 11.12.	Distribution in the Event of Taxation.	26
Section 11.13.	Insurance.	26
Section 11.14.	Section 409A of the Code.	27
Section 11.15.	Other Benefits and Agreements.	27

Article 1. General Provisions

Section 1.1. Purpose.

- (a) This Plan is maintained to provide Participants an opportunity to defer compensation that would otherwise be currently payable to such Participants.
- (b) This Plan is intended to be an unfunded plan maintained primarily for the purpose of providing deferred compensation for a select group of management or highly compensated employees within the meaning of Title I of the Employee Income Retirement Security Act of 1974, as amended.

Section 1.2. History of the Plan.

- (a) Before 2005, the Company provided deferred compensation benefits under a plan known as the “McCormick & Company, Incorporated Deferred Compensation Plan,” which was effective January 1, 2000 (the “2000 Plan”). On December 23, 2004, the 2000 Plan was frozen effective January 1, 2005, and no further deferrals were permitted under the 2000 Plan after 2004. All benefits under the 2000 Plan were vested as of December 31, 2004.
- (b) This Plan was first effective January 1, 2005, and it incorporated the terms of the 2000 Plan, except to the extent those terms were inconsistent with the requirements of Section 409A of the Code. Since January 1, 2005, the Plan has been operated in good faith compliance with Section 409A of the Code and the applicable guidance thereunder.

Section 1.3. Effective Date.

The Plan, as amended and restated in this document, is effective January 1, 2005.

Article 2. Definitions and Construction

Section 2.1. Definitions.

For purposes of this Plan, unless otherwise clearly apparent from the context, the following phrases or terms shall have the meanings indicated:

- (a) **Account Balance.** As of any given date called for under the Plan, the sum of: (1) the balance of the Participant's Deferral Contribution Account and (2) the balance of the Participant's Discretionary Contribution Account, as such accounts have been adjusted to reflect all applicable Investment Adjustments and all prior withdrawals and distributions, in accordance with Article 4 and Article 5 of the Plan.
- (b) **Article.** An Article of the Plan.
- (c) **Base Annual Salary.** The base annual compensation payable to a Participant by an Employer for services rendered during a Plan Year, (1) excluding Bonuses, commissions, director fees and other additional incentives and awards payable to the Participant, but (2) before reduction for any Elective Deductions. With respect to directors of the Company who are not employees of the Company or any Employer, Base Annual Salary shall mean the director fees payable to such individuals.
- (d) **Beneficiary.** One or more persons, trusts, estates or other entities, designated (or deemed designated) by the Participant in accordance with Article 6.
- (e) **Beneficiary Designation Form.** The document prescribed by the Committee to be used by the Participant to designate his Beneficiary for the Plan.
- (f) **Board.** The Board of Directors of the Company.
- (g) **Bonus.** The amounts payable to a Participant during a Plan Year under any annual bonus or incentive plan or arrangement sponsored by an Employer, before reduction for any Elective Deductions, but excluding commissions, multi-year bonuses, stock-related awards and other non-monetary incentives.
- (h) **Change in Control Event.** One or more of the following events:
 - (1) the consolidation or merger of the Company with or into another entity where the Company is not the continuing or surviving corporation, or pursuant to which shares of the Company's capital stock are converted into cash, securities or other property, except for any consolidation or merger of the Company in which the holders (excluding any "Substantial Stockholders" as defined in Section 4, "Common Stock," subsection (b)(2)(H) of the Certificate of Incorporation of the Company as in effect as of the date hereof (the "Charter")) of the Company's (A) voting common stock, (B) non-voting common stock, and (C) other classes of voting stock, if any, immediately before the consolidation or merger shall, upon

consummation of the consolidation or merger, own in excess of 50% of the voting stock of the surviving corporation;

- (2) any sale, lease, exchange or other transfer (in one transaction or a series of transactions contemplated or arranged by any party as a single plan) of all or substantially all of the assets of the Company;
- (3) any person (as such term is used in Sections 13(d) and 14(d)(2) of the Securities Exchange Act of 1934, as amended) becoming the beneficial owner (as defined in Section 4, "Common Stock," subsection (b)(2)(C) of the Charter), directly or indirectly, of securities of the Company representing more than 13% (the "Specified Percentage") of the voting power of all the outstanding securities of the Company having the right to vote in an election of the Board (after giving effect, to the extent applicable, to the operation of Section 4, "Common Stock," subsection (b) of the Charter) (including, without limitation, any securities of the Company that any such person has the right to acquire pursuant to any agreement, or upon exercise of conversion rights, warrants or options, or otherwise, which shall be deemed beneficially owned by such person), provided, however, that in the event that the vote limitation with respect to Substantial Stockholders set forth in Section 4, "Common Stock," subsection (b) of the Charter becomes inoperative by virtue of the operation of Section 4, "Common Stock," subsection (b)(12) of the Charter, or otherwise, the "Specified Percentage" shall be increased, without requirement for further action, to 35%; or
- (4) individuals, who constitute the entire Board elected by the Company's stockholders at its most recent annual meeting of stockholders and any new directors who have been appointed to the Board by a vote of at least a majority of the directors then in office, having ceased for any reason to constitute a majority of the members of the Board.

Notwithstanding the definition of Change in Control Event set forth in this Section 2.1(h), if a Change in Control Event occurs and such event does not constitute a "change in ownership," "change in effective control," or "change in the ownership of a substantial portion of the assets" of the Company within the meaning of Section 409A of the Code, such event shall not constitute a Benefit Distribution Date and shall not be treated as a triggering event for any payments otherwise scheduled to be made following a Change in Control Event.

- (i) **Claimant.** The person or persons described in Article 9 who apply for benefits or amounts that may be payable under the Plan.
- (j) **Code.** The Internal Revenue Code of 1986, as amended.
- (k) **Committee.** Either of the Committees designated in Article 7, as applicable.
- (l) **Company.** McCormick & Company, Incorporated, and any successors and assigns.

- (m) **Deferral Contribution.** The aggregate amount of Base Annual Salary or Bonus deferred by a Participant during a given Plan Year in accordance with the terms of the Plan and credited to the Participant's Deferral Contribution Account.
- (n) **Deferral Contribution Account.** A Participant's aggregate Deferral Contributions, as adjusted to reflect any appreciation (or depreciation) due to Investment Adjustments and prior distributions and withdrawals.
- (o) **Disabled/Disability.** "Totally and Permanently Disabled" within the meaning of the Company's long-term disability plan, provided that no Disability shall be treated as a triggering event for the payment of benefits under the Plan unless such Disability constitutes a "disability" within the meaning of Treas. Reg. § 1.409A-3(i)(4), and no Disability shall be the basis upon which a deferral election is suspended in accordance with Section 4.3 unless such Disability constitutes a "disability" within the meaning of Treas. Reg. § 1.409A-3(j)(4)(xii).
- (p) **Discretionary Contribution.** The aggregate amounts, if any, credited by the Employer to the Participant's Discretionary Contribution Account during a given Plan Year in accordance with the terms of the Plan and credited to a Participant's Discretionary Contribution Account.
- (q) **Discretionary Contribution Account.** A Participant's aggregate Discretionary Contributions, as adjusted to reflect any appreciation (or depreciation) due to Investment Adjustments and prior distributions and withdrawals.
- (r) **Election Form.** The document required by the Committee to be submitted by a Participant, on a timely basis, which specifies (1) the amount of Base Annual Salary and/or Bonus the Participant elects to defer from a given Plan Year and (2) the portion (if any) of Deferral Contributions that shall be distributable upon an Interim Distribution Date rather than the Benefit Distribution Date.
- (s) **Elective Deductions.** Those deductions from a Participant's Base Annual Salary or Bonus for amounts voluntarily deferred or contributed by the Participant pursuant to any qualified or non-qualified deferred compensation plan, including, without limitation, amounts deferred pursuant to Code Sections 125, 402(e)(3) and 402(h), to the extent that all such amounts would have been payable to the Participant in cash had there been no such deferral or contribution.
- (t) **Employer.** The Company and/or any of its subsidiaries (now in existence or hereafter formed or acquired) that have been selected by the Management Committee to participate in the Plan.
- (u) **ERISA.** The Employee Retirement Income Security Act of 1974, as amended.
- (v) **Financial Emergency.** An unanticipated emergency or severe financial hardship to the Participant resulting from a sudden and unexpected illness or accident of the Participant

or a dependent of the Participant, a loss of the Participant's property due to casualty, or such other extraordinary and unforeseeable circumstances arising as a result of events beyond the control of the Participant. The circumstances that constitute an unforeseeable emergency will be determined by the Committee and shall depend upon the facts of each case, provided that a Financial Emergency shall not be deemed to exist to the extent that such hardship is or may be relieved:

- (1) through reimbursement or compensation by insurance or otherwise,
- (2) by liquidation of the Participant's assets, to the extent the liquidation of such assets would not itself cause severe financial hardship, or
- (3) by cessation of Deferral Contributions under the Plan, provided that this clause (3) shall not apply for purposes of Section 4.3(a).

By way of example, the need to send a Participant's child to college or the desire to purchase a home shall not be considered a Financial Emergency. As a further example, a Financial Emergency that may be relieved by cessation of Deferral Contributions shall be considered to be a Financial Emergency until such time as it is or could be relieved by cessation of Deferral Contributions or by other means.

- (w) **Hypothetical Investment.** An investment fund or benchmark made available to Participants by the Committee for purposes of valuing amounts credited under the Plan. The Committee shall have the discretion to offer a Hypothetical Investment that is intended to track the returns of the Common Stock of the Company ("Stock").
- (x) **Interim Distribution Date.** The first day of any calendar year, selected by the Participant, upon which the designated portion of Deferral (as well as any appreciation or depreciation of such amounts due to Investment Adjustments) attributable to a given Plan Year shall be distributed. A Participant shall be permitted to have only one Interim Distribution Date with respect to the Deferral Contributions for any Plan Year, but shall be permitted to have separate Interim Distribution Dates with respect to Deferral Contributions for different Plan Years.
- (y) **Investment Adjustment(s).** Any appreciation credited to (as income or gains) or depreciation deducted from (as expenses or losses) a Participant's Deferral Contribution Account and/or Discretionary Contribution Account, in accordance with such Participant's selection of Hypothetical Investments.
- (z) **Participant.** Any employee or member of the Board who (1) is selected to participate in the Plan in accordance with Section 3.1, and (2) elects to participate in the Plan in accordance with Section 3.2.
- (aa) **Plan.** The McCormick & Company, Incorporated, 2005 Deferred Compensation Plan.

- (bb) **Plan Year.** A 12-month period commencing January 1 and ending December 31 of the same calendar year. Accordingly, Plan quarters shall commence on January 1, April 1, July 1 and October 1 of each year.
- (cc) **Separation from Service.** A termination of a Participant's employment relationship with the Employers that constitutes a "separation from service" within the meaning of Section 409A of the Code.
- (dd) **Trust.** The McCormick & Company, Incorporated Deferred Compensation Plan Trust or such other trust as may be established by a member of the Affiliated Group to fund benefits under this Plan. The Plan, notwithstanding the creation of the Trust, is intended to be unfunded for purposes of the Code and Title I of ERISA.
- (ee) **Vested Account Balance.** As of any given measurement date called for under the Plan, the sum of the following: (1) the balance of the Participant's Deferral Contribution Account and (2) the vested portion of the balance of the Participant's Discretionary Contribution Account, as such accounts have been adjusted to reflect all applicable Investment Adjustments and all prior withdrawals and distributions.

Section 2.2. Construction.

For purposes of the Plan, unless the contrary is clearly indicated by the context,

- (a) the use of the masculine gender shall also include within it meaning the feminine and vice versa,
- (b) the use of the singular shall also include within its meaning the plural and vice versa,
- (c) the word "include" shall mean to include without limitation, and
- (d) the captions of the articles, sections or paragraphs of this Plan are for convenience only and shall not control or affect the meaning or construction of any of its provisions.

Article 3. Eligibility, Selection and Enrollment

Section 3.1. Eligibility, Selection by Committee.

Those employees of an Employer who are in Grade 15 or above who are (1) determined to be in a select group of management or highly compensated employees, (2) specifically chosen by the applicable Employer to participate in the Plan, and (3) approved for such participation by the Committee shall be eligible to participate in the Plan. Non-employee members of the Board are also eligible to participate in the Plan.

Section 3.2. Commencement of Participation.

- (a) An employee who has satisfied the requirements of Section 3.1 and met all enrollment requirements established by the Committee shall commence participation in the Plan as of the date established by the Committee.
- (b) If a Participant fails to meet all such requirements within the specified time period with respect to any Plan Year, the Participant shall not be eligible to make any Deferral Contributions during that Plan Year.

Article 4. Contributions and Accounts

Section 4.1. Deferral Contributions.

(a) Amounts Eligible for Deferral. Subject to Section 4.1(b) and (c):

- (1) **Base Annual Salary.** A Participant may designate a whole percentage (or, if permitted by the Committee, a fixed dollar amount) to be deducted from his Base Annual Salary. Such amount shall be deducted from each regularly scheduled payment of Base Annual Salary.
- (2) **Bonus.** A Participant may designate a fixed dollar amount, a whole percentage, or a percentage above a fixed dollar amount to be deducted from his Bonus. If a fixed dollar amount is designated by the Participant to be deducted from any Bonus payment and such fixed dollar amount exceeds the Bonus actually payable to the Participant, the entire amount of such Bonus shall be deducted.
- (3) **Directors' Fees.** A Participant may designate a whole percentage (or, if permitted by the Committee, a fixed dollar amount) to be deducted from his directors' fees. Such amount shall be deducted from each regularly scheduled payment of directors' fees.

(b) Minimum Deferral.

For any Plan Year, no deferral election shall be valid unless it is at least equal to the following minimum percentages:

Type of Compensation	Minimum Deferral Percentage
Base Annual Salary	10%
Bonus	10%
Directors' Fees	10%

If an Election Form is submitted which would yield less than the stated minimum amounts, the amount deferred shall be zero.

(c) Maximum Deferral.

For any Plan Year, no deferral election shall be valid to the extent that it exceeds the following maximum percentages:

Type of Compensation	Maximum Deferral Percentage
Base Annual Salary	80%
Bonus	80%
Directors' Fees	100%

If an Election Form is submitted which would yield more than the stated maximum amounts, the amount deferred shall be the maximum amount as set forth above.

(d) Time of Crediting Deferral Contributions.

Deferral Contributions shall be deemed to be made to the Plan by the Participant on the date the Participant would have received such compensation had it not been deferred pursuant to the Plan.

Section 4.2. Elections to Defer.

- (a) Subject to the requirements of this Article 4, a Participant may elect to defer the receipt of Base Annual Salary and/or Bonus during any Plan Year.
- (b) The Participant's intent to defer shall be evidenced by an annual Election Form, completed and submitted (either electronically or in writing) to the Committee or its designee in accordance with such procedures and time frames as may be established by the Committee.
- (c) Amounts deferred by a Participant with respect to a given Plan Year shall be referred to collectively as Deferral Contributions and shall be credited to a Deferral Contribution Account established in the name of the Participant. The Deferral Contribution Account shall be utilized solely as a device for the measurement of amounts to be paid to the Participant under the Plan. The Deferral Contribution Account shall not be, constitute or be treated as an escrow, trust fund, or any other type of funded account for Code or ERISA purposes, and amounts credited to any such account shall not be considered "plan assets" for ERISA purposes. The Deferral Contribution Account merely provides a record of the bookkeeping entries relating to the benefits that the Employer intends to provide Participant and shall thus reflect a mere unsecured promise to pay such amounts in the future.
- (d) The Election Form must be submitted by the end of the immediately preceding Plan Year in order to be deemed timely for the following Plan Year with respect to deferrals of Base Annual Salary, except that a newly eligible Participant shall be permitted to submit an Election Form within 30 days of first becoming eligible to participate in the Plan within the meaning of Treas. Reg. § 1.409A-2(a)(7).
- (e) The Election Form must be submitted by the end of the Plan Year preceding the Plan Year for which the Bonus is earned in order to be deemed timely for the following Plan Year

with respect to deferrals of Bonus, except that (1) a newly eligible Participant shall be permitted to submit an Election Form within 30 days of first becoming eligible to participate in the Plan within the meaning of Treas. Reg. § 1.409A-2(a)(7), and (2) the Committee shall be permitted to treat as timely an Election Form that is submitted at least six months before the end of the applicable performance cycle with respect to deferrals of Bonus that constitute “performance-based compensation” within the meaning of Section 409A of the Code and the elections otherwise comply with the requirements of Treas. Reg. § 1.409A-2(a)(8).

- (f) An Election Form shall be effective only with respect to (1) Base Annual Salary earned in the Plan Year to which the Election Form applies and (2) Bonuses earned for the Plan Year for which the Election Form applies (not Bonuses paid in the Plan Year for which the Election Form applies).
- (g) If a Participant fails to submit an Election Form with respect to Base Salary for a Plan Year or fails to submit such form on a timely basis, the Participant shall not make Deferral Contributions with respect to Base Salary during the Plan Year. If a Participant fails to submit an Election Form with respect to Bonus for a Plan Year or fails to submit such form on a timely basis, the Participant shall not make Deferral Contributions with respect to the Participant’s Bonus earned during the Plan Year.

Section 4.3. Suspension of Deferrals.

- (a) Financial Emergencies. If a Participant experiences a Financial Emergency, the Participant may petition the Committee to suspend any deferrals required to be made by the Participant pursuant to his current Election Form. The Committee shall determine whether to approve the Participant’s petition. If the petition for a suspension is approved, suspension shall commence upon the date of approval and shall continue until the end of the Plan Year during which the Financial Emergency occurs. The Participant’s eligibility for Discretionary Contributions may also be similarly suspended.
- (b) Disability. If a Participant is deemed to have suffered a Disability, any current Election Form of the Participant shall automatically be suspended and no further deferrals shall be required to be made by the Participant pursuant to his current Election Form as of the date on which the Participant incurs the Disability.
- (c) If a Participant’s Deferral Contributions are suspended pursuant to Section 4.3(a) or (b), the Committee may also suspend the Participant’s eligibility for Discretionary Contributions.

Section 4.4. Discretionary Contributions.

- (a) A Participant may be credited with Discretionary Contributions for any Plan Year in which such amounts are declared by the applicable Employer with respect to the Participant. Such Discretionary Contributions shall be credited to a Discretionary Contribution Account in the name of the Participant.

- (b) The applicable Employer shall have sole discretion to determine with respect to each Plan Year and each Participant (1) whether any Discretionary Contribution was declared with respect to the Participant, (2) the amount of such Discretionary Contribution, (3) the date as of which such Discretionary Contribution shall be credited to a Participant's Discretionary Contribution Account, and (4) any other condition (such as vesting) that applies with respect to such Discretionary Contribution.
- (c) The Discretionary Contribution Account shall be utilized solely as a device for the measurement of amounts to be paid to the Participant under the Plan. The Discretionary Contribution Account shall not be, constitute or be treated as an escrow, trust fund, or any other type of funded account for Code or ERISA purposes, and amounts credited to such an account shall not be considered "plan assets" for ERISA purposes. The Discretionary Contribution Account merely provides a record of the bookkeeping entries relating to the benefits that the Employer intends to provide Participant and shall thus reflect a mere unsecured promise to pay such amounts in the future.

Section 4.5. Selection of Hypothetical Investments.

- (a) The Committee shall provide each Participant with a list of Hypothetical Investments available under the Plan. From time to time, the Committee may revise the Hypothetical Investments available within the Plan.
- (b) The Participant shall, via his Investment Allocation Form(s) and his Investment Re-Allocation Form(s), select one or more Hypothetical Investments among which his various contributions shall be allocated.
 - (1) **Investment Allocation Form.** The document that (A) shall apply with respect to those Deferral Contributions and Discretionary Contributions made to the Plan after the effective date of the Investment Allocation Form but before the effective date of a timely filed subsequent Investment Allocation Form and (B) shall determine the manner in which such Deferral Contributions and/or Discretionary Contributions shall be initially allocated by the Participant among the various Hypothetical Investments within the Plan. A new Investment Allocation Form may be submitted by the Participant in written or electronic format, at such times and according to such procedures as the Committee shall establish.
 - (2) **Investment Re-allocation Form.** The document required by the Committee that shall re-direct the manner in which earlier Deferral Contributions and/or Discretionary Contributions, as well as any appreciation (or depreciation) to-date, are invested within the Hypothetical Investments (except Stock) available in the Plan. An Investment Re-Allocation Form may be submitted by the Participant in written or electronic format, at such times and according to such procedures as the Committee shall establish.
- (c) All Hypothetical Investment selections must be denominated in whole percentages unless the Committee determines that lower increments (or whole dollar amounts) are

acceptable. A Participant may make changes in his selected Hypothetical Investments (except Stock) on a daily basis via submission of a new Investment Allocation Form or submission of a new Investment Re-Allocation Form. Before March 1, 2009 (or such other date as the Committee may establish for this purpose), once a Participant allocates a portion of the Participant's accounts to hypothetical shares of Stock, the Participant may not decrease the number of hypothetical shares of Stock held in the Participant's accounts. Effective March 1, 2009 (or such other date as the Committee may establish for this purpose), a Participant shall be permitted to increase or decrease an allocation with respect to Stock to the same extent, and subject to the same restrictions, as participants in The McCormick 401(k) Retirement Plan can modify their investments in Company stock in that plan.

- (d) Any Participant who does not have on file a valid selection of Hypothetical Investments for his entire account shall be deemed to have elected to invest any portion for which there is no valid selection in the Hypothetical Investment that the Committee selects for this purpose.

Section 4.6. Adjustment of Participant Accounts.

- (a) While a Participant's accounts do not represent the Participant's ownership of, or any ownership interest in, any particular assets, the Participant's accounts shall be adjusted in accordance with the Hypothetical Investment(s) chosen by the Participant on his Investment Allocation Form or Investment Re-Allocation Form, subject to the conditions and procedures set forth herein or established by the Committee.
- (b) Any cash earnings generated under a Hypothetical Investment (such as hypothetical interest and cash dividends) shall, in the Committee's sole discretion, either be deemed to be reinvested in that Hypothetical Investment or reinvested in one or more other Hypothetical Investment(s) designated by the Committee.
- (c) All notional acquisitions and dispositions of Hypothetical Investments that occur within a Participant's accounts, pursuant to the terms of the Plan, shall be deemed to occur at such times as the Committee shall determine to be administratively feasible and the Participant's accounts shall be adjusted accordingly. Accordingly, if a distribution or re-allocation must occur pursuant to the terms of the Plan and all or some portion of the Account Balance must be valued in connection such distribution or re-allocation (to reflect Investment Adjustments), the Committee may, unless otherwise provided for in the Plan, select a date or dates that shall be used for valuation purposes.
- (d) Notwithstanding anything in the Plan to the contrary, any Investment Adjustments made to any Participants' accounts following a Change in Control shall be made in a manner no less favorable to Participants than the practices and procedures employed under the Plan, or as otherwise in effect, as of the date of the Change in Control.

Section 4.7. Withholding of Taxes.

- (a) Annual Withholding from Compensation. For any Plan Year in which Deferral Contributions are credited under the Plan, the Employer shall withhold the Participant's share of FICA and other employment taxes from the portion of the Participant's Base Annual Salary and/or Bonus not deferred. If deemed appropriate by the Committee, the Committee may reduce the amount deferred pursuant to the Participant's Election Form where necessary to facilitate compliance with applicable withholding requirements.
- (b) Withholding from Benefit Distributions. The Participant's Employer (or the trustee of the Trust, as applicable), shall withhold from any payments made to a Participant under this Plan all federal, state and local income, employment and other taxes required to be withheld in connection with such payments, in amounts and in a manner to be determined in the sole discretion of the Employer (or the trustee of the Trust, as applicable).

Section 4.8. Vesting.

The Participant shall at all times be one hundred percent (100%) vested in all Deferral Contributions, adjusted to reflect any appreciation (or depreciation) specifically attributable to such contributions due to Investment Adjustments.

Article 5. Payments from the Plan

Section 5.1. Default Time and Forms of Payment.

Except as provided in Section 5.2 or Section 5.3, a Participant's Account Balance shall be paid in a lump sum on the date that is six months after the Participant's Separation from Service.

Section 5.2. Election of Alternate Time or Form of Payment.

- (a) *In General.* Except as provided in Section 5.3, if the Participant has a valid election on file with the Company as to the time and form of his benefit payment under the Plan, his benefit shall be paid at the time and in the form designated in his election.
- (b) *Initial Election.*
- (1) The Participant may elect a different time and/or form of payment for his benefit under the Plan from among the different alternatives available under the Plan as provided in Section 5.4.
 - (2) When the Participant submits his Election Form(s) in accordance with the requirements of Section 4.2 for a Plan Year, he shall specify the time and form of payment that shall apply with respect to the deferrals of Base Salary or Bonus for that Plan Year that are to be deferred pursuant to the Election Form submitted. The Participant may elect a different time and/or form of payment with respect to the deferral of Base Salary and Bonus for the same Plan Year, and with respect to the deferral of Base Salary and Bonus for different Plan Years.
- (c) *Changes to Election.* A Participant may file an election to change the timing of his benefit payments or the form of benefit payments at the time and in the manner designated by the Committee, subject to the following conditions:
- (1) the election to change the time or form of payment shall not take effect until twelve (12) months after the election is made;
 - (2) the election to change the time or form of payment must be filed at least 12 months prior to the date on which payments to the Participant are otherwise scheduled to commence; and
 - (3) the first payment with respect to which such election to change the form of payment is made must be deferred for a period of 5 years from the date such payment would otherwise have been made.

For purposes of this Section 5.2(c), a series of installment payments shall be treated as a single payment.

- (d) *Special Election in 2008.* Notwithstanding the requirements of Section 5.2(c), Participants may make elections on or before December 31, 2008 as to the time and/or

form (or forms) of payment of such amounts, provided that such elections shall apply only to amounts that would not otherwise be payable in 2008 and may not cause an amount to be paid in 2008 that would not otherwise be payable in 2008.

Section 5.3. Cash Out of Small Benefits.

Notwithstanding any elections to the contrary, if a Participant's Account Balance on the date of his Separation from Service is less than the limit set forth in Section 402(g) of the Code (\$15,500 in 2008), the benefit shall be paid in a lump sum on the date that is six months after the Participant's Separation from Service.

Section 5.4. Forms of Payment.

Benefits under the Plan may be payable in the form of annual installments over 5, 10, 15 or 20 years, a lump sum, or any other form of payment permitted by the Committee. If benefits are paid in the form of installments, the amount of each payment shall equal the unpaid portion of the Participant's Vested Account Balance that is subject to the election to be paid in installments at the time the payment is made multiplied by a fraction, the numerator of which is one and the denominator of which is the total number of installment payments remaining to be made.

Section 5.5. Time of Benefit Payments.

Except as provided in subsection (d) below, a Participant's Account Balance (or portion thereof) that is not distributed in accordance with Section 5.1 or Section 5.3 shall be distributed upon the earliest of the payment events listed as Section 5.5(a)-(c) below, as elected by the Participant in accordance with Section 5.2, and payments shall be made at the time indicated for each payment event as follows:

- (a) Separation from Service. If a Participant has elected to be paid in connection with the Participant's Separation from Service with respect to any Deferral Contribution, payment of such Deferral Contribution and any appreciation or depreciation of such amount due to Investment Adjustments shall commence on the date of the Participant's Separation from Service, except that any payments that are scheduled to be made on or within the first six months after Separation from Service shall be paid in one lump sum on the date that is six months after the Participant's Separation from Service.
- (b) Disability. Any portion of a Participant's Account Balance that has not begun to be paid as of the date that the Participant is determined to be Disabled shall commence (in the case of installments) or be paid (in the case of a lump sum) within thirty (30) days after the Participant is determined to be Disabled.
- (c) Interim Distribution Date. If the Participant has elected an Interim Distribution Date with respect to any Deferral Contribution, payment of such Deferral Contribution and any appreciation or depreciation of such amount due to Investment Adjustments shall commence within thirty (30) days after the earlier of (1) such Interim Distribution Date or (2) the Participant's Separation from Service (subject to the six-month delay described in

subsection (a) above). Notwithstanding the prior sentence, in no event shall a Participant be permitted to select an Interim Distribution Date that is less than four (4) years from the date the election is made.

- (d) Change in Control Event. Any portion of a Participant's Account Balance that has not been paid as of the date of a Change in Control Event shall be paid in a single lump sum within ten (10) days after such Change in Control Event.

Notwithstanding the foregoing, the Committee may permit a Participant to elect to be paid on the "earlier of" or the "later of" any of the permissible payment dates set forth in this Section 5.5.

Section 5.6. Withdrawal in the Event of a Financial Emergency.

A Participant who believes he has experienced a Financial Emergency may request in writing a withdrawal of a portion of his accounts (except Stock) necessary to satisfy the emergency. The Committee shall determine (a) whether a Financial Emergency has occurred, (b) the amount reasonably necessary to satisfy the Financial Emergency (which may include amounts necessary to pay any federal, state, local, or foreign income taxes or penalties reasonably anticipated to result from the distribution), and (c) the accounts from which the withdrawal shall be made. If the Committee approves the petition for a withdrawal, the distribution shall be made within thirty (30) days of the date of approval by the Committee.

Article 6. Death Benefits

Section 6.1. Payments in the Event of Death.

- (a) Death Benefit. If the Participant dies before the payment date designated in Article 5, the Participant's Beneficiary shall receive the pre-retirement death benefit described below and no other benefits shall be payable under the Plan.
- (b) Payment of Pre-Retirement Death Benefit. The pre-retirement death benefit shall be a lump-sum payment equal to the Participant's Vested Account Balance and shall be made no later than sixty (60) days after the occurrence of the Participant's death.

Section 6.2. Beneficiary.

Each Participant shall have the right, at any time, to designate a Beneficiary or Beneficiaries to receive, in the event of the Participant's death, those benefits payable under the Plan. The Beneficiary(is) designated under this Plan may be the same as or different from the Beneficiary designation made under any other plan of the Employer.

Section 6.3. Beneficiary Designation; Change; Spousal Consent.

A Participant shall designate his Beneficiary by completing and signing a Beneficiary Designation Form, and returning it to the Committee or its designated agent. A Participant shall have the right to change his Beneficiary by completing, signing and submitting to the Committee a revised Beneficiary Designation Form in accordance with the Committee's rules and procedures, as in effect from time to time. If the Participant names someone other than his spouse as a Beneficiary, a spousal consent, in the form designated by the Committee, must be signed by that Participant's spouse and returned to the Committee. Upon acknowledgement by the Committee of a revised Beneficiary Designation Form, all Beneficiary designations previously filed shall be deemed canceled. The Committee shall rely on the last Beneficiary Designation Form both (a) filed by the Participant and (b) acknowledged by the Committee, prior to the Participant's death.

Section 6.4. Acknowledgment.

No designation or change in designation of a Beneficiary shall be effective until received, accepted and acknowledged in writing by the Committee or its designated agent. Any such acknowledgement not received by the Participant before his death shall not be valid.

Section 6.5. No Beneficiary Designation.

If a Participant fails to designate a Beneficiary as provided above or, if all designated Beneficiaries predecease the Participant or die prior to complete distribution of the Participant's benefits, then the Participant's designated Beneficiary shall be deemed to be his surviving spouse. If the Participant has no surviving spouse, the benefits remaining under the Plan shall be payable to the estate of the Participant.

Section 6.6. Doubt as to Beneficiary.

If the Committee has any doubt as to the proper Beneficiary to receive payments pursuant to this Plan, the Committee shall have the right to cause the Participant's Employer (or, if applicable, the trustee of the Trust) to withhold such payments until this matter is resolved to the Committee's satisfaction.

Section 6.7. Discharge of Obligations.

The payment of benefits under the Plan to a Beneficiary shall fully and completely discharge all Employers and the Committee from all further obligations under this Plan with respect to the Participant, and the Participant's Participation Agreement shall terminate upon such full payment of benefits.

Article 7. Administration of the Plan

Section 7.1. Designation of Committee.

This Plan shall be administered by the Compensation Committee of the Board of Directors or the Management Committee of the Company, as the case may be. The Compensation Committee reviews and approves the participation and benefits for the Company's "executive officers," as defined in the rules promulgated under the Securities Exchange Act of 1934, as amended, and any other employees that it designates. The Management Committee reviews and approves the participation and benefits for all other executives. Members of the Management Committee may participate in this Plan.

Section 7.2. Authority of Committee.

The Committee shall have the discretion and authority to (a) make, amend, interpret, and enforce all appropriate rules and regulations for the administration of this Plan and (b) decide or resolve any and all questions including interpretations of this Plan and facts that are relevant to the administration of the Plan, as may arise in connection with the Plan. Any individual serving on the Committee who is a Participant shall not vote or act on any matter relating solely to himself or herself. When making a determination or calculation, the Committee shall be entitled to rely on information furnished by Participant or an Employer.

Section 7.3. Agents.

In the administration of this Plan, the Committee may, from time to time, employ or designate agents and delegate to them such administrative duties as it sees fit (including acting through a duly appointed representative) and may from time to time consult with counsel who may be counsel to any Employer.

Section 7.4. Binding Effect of Decisions.

The decision or action of the Committee with respect to any question arising out of or in connection with the administration, interpretation and application of the Plan and the rules and regulations promulgated by the Committee hereunder shall be final and conclusive and binding upon all persons having any interest in the Plan.

Section 7.5. Indemnity of Committee.

All Employers shall indemnify and hold harmless the members of the Committee, and any employee to whom duties of the Committee may be delegated, against any and all claims, losses, damages, expenses or liabilities arising from any action or failure to act with respect to this Plan, except in case of willful misconduct by the Committee or any of its members or any such employee.

Section 7.6. Employer Information.

To enable the Committee to perform its functions, each Employer shall supply full and timely information to the Committee on all matters relating to the compensation of its Participants, the date and circumstances of the Disability, death or Separation from Service of its Participants, and such other pertinent information as the Committee may reasonably require.

Section 7.7. Finality of Decisions.

Any actions taken hereunder, including any valuation of the amount, or designation of a recipient, or any payment to be made hereunder, shall be binding and conclusive on all persons for all purposes.

Article 8. Amendment and Termination

Section 8.1. Amendment.

The Company may, at any time, amend or modify the Plan in whole or in part with respect to any or all Employers; provided that (a) no amendment or modification shall decrease or restrict the value of a Participant's Vested Account Balance in existence at the time the amendment or modification is made, calculated as if the Participant had experienced a Separation from Service as of the effective date of the amendment or modification, and (b) after a Change in Control, no amendment or modification shall adversely affect the vesting, calculation or payment of benefits hereunder to any Participant or Beneficiary or diminish any other rights or protections any Participant or Beneficiary would have had, but for such amendment or modification, unless such affected Participant or Beneficiary consents in writing to such amendment.

Section 8.2. Termination.

Although the Employers anticipate that they will continue the Plan for an indefinite period of time, there is no guarantee that any Employer will continue the Plan or will not terminate the

Plan at any time in the future. Accordingly, each Employer reserves the right to discontinue its sponsorship of the Plan and to terminate the Plan, at any time, with respect to its participating employees by action of its board of directors. Upon the termination of the Plan with respect to any Employer (and any other plan required to be aggregated with this Plan pursuant to Section 409A of the Code), the Company may, in its discretion, elect to distribute to each Participant the full amount of his benefit under the Plan in a lump sum no earlier than the 13th month and no later than the 24th month after the termination of the Plan, provided that the termination of the Plan is not proximate to a downturn in the Company's financial health and the Company does not adopt any new arrangement that would have been aggregated with the Plan under Section 409A within three years following the date of the Plan's termination.

Section 8.3. Effect of Payment.

The full payment of the applicable benefit under the provisions of the Plan shall completely discharge all obligations to a Participant and his Beneficiaries under this Plan and each of the Participant's Participation Agreement shall terminate.

Section 8.4. Section 409A of the Code.

If the Company determines that any provision of the Plan is or might be inconsistent with the restrictions imposed by Section 409A of the Code, such provision shall be deemed to be amended to the extent that the Company determines is necessary to bring it into compliance with Section 409A of the Code. Any such deemed amendment shall be effective as of the earliest date such amendment is necessary under Section 409A of the Code. No amendment or termination pursuant to Section 8.1 of the Plan shall be effective to the extent that it would result in a violation of any requirement under Section 409A of the Code.

Article 9. Claims Procedures

Section 9.1. Presentation of Claim.

Any Participant or Beneficiary of a deceased Participant (such Participant or Beneficiary being referred to below as a "Claimant") may deliver to the Committee a written claim for a determination with respect to the amounts distributable to such Claimant from the Plan. If such a claim relates to the contents of a notice received by the Claimant, the claim must be made within thirty (30) days after such notice was received by the Claimant. The claim must state with particularity the determination desired by the Claimant. All other claims must be made within one hundred eighty (180) days of the date on which the event that caused the claim to arise occurred. The claim must state with particularity the determination desired by the Claimant.

Section 9.2. Notification of Decision.

The Committee shall consider a Claimant's claim and shall notify the Claimant in writing or by electronic means:

- (a) that the Claimant's requested determination has been made, and that the claim has been allowed in full; or
- (b) that the Committee has reached a conclusion contrary, in whole or in part, to the Claimant's requested determination, and in that event, such notice shall set forth in a manner calculated to be understood by the Claimant:
 - (1) the specific reason(s) for the denial of the claim, or any part of it;
 - (2) specific reference(s) to pertinent provisions of the Plan upon which such denial was based;
 - (3) a description of any additional material or information necessary for the Claimant to perfect the claim, and an explanation of why such material or information is necessary; and
 - (4) an explanation of the review procedures and the time limits applicable to such procedures, including a statement of the Claimant's right to bring a civil action under Section 502(a) of ERISA following an adverse benefit determination on review.

Any such notice shall be provided within 90 days after receipt of the claim by the Plan, unless special circumstances require an extension of time for processing the claim for up to a maximum of an additional 90 days. The Claimant will receive written notification if any such extension is necessary.

Section 9.3. Review of a Denied Claim.

Within sixty (60) days after receiving a notice from the Committee that a claim has been denied, in whole or in part, a Claimant (or the Claimant's duly authorized representative) may file with the Committee a written request for a review of the denial of the claim. Thereafter, but not later than thirty (30) days after the review procedure began, the Claimant (or the Claimant's duly authorized representative):

- (a) may review and request copies of pertinent documents, records, and other information relevant to the claim for benefits;
- (b) may submit written comments, documents, records, and other information relating to the claim for benefits (regardless of whether such comments, documents, records, or other information was submitted or considered in connection with the initial claim); and/or
- (c) may request a hearing, which the Committee may grant.

No claim shall be reviewed if the Claimant (or the Claimant's duly authorized representative) fail to file the written request for review in a timely manner.

A Claimant who fails to request a review (and fails to have a duly authorized representative seek review on his behalf) in accordance with this Section 9.3 shall not be permitted to bring an action under ERISA to enforce his rights under the Plan.

Section 9.4. Decision on Review.

The Committee shall render its decision on review promptly, and not later than sixty (60) days after the filing of a written request for review of the denial, unless a hearing is held or other special circumstances require additional time, in which case the Committee's decision must be rendered within one hundred twenty (120) days after such date. The Claimant will receive written notification if any extension beyond the original sixty (60) days is necessary. Such decision must be written in a manner calculated to be understood by the Claimant, and it must contain:

- (a) specific reasons for the decision;
- (b) specific reference(s) to the pertinent Plan provisions upon which the decision was based;
- (c) a statement that the Claimant is entitled to receive, upon request and free of charge, reasonable access to, and copies of, all documents, records, and other information relevant to the claim for benefits; and
- (d) a statement of the Claimant's right to bring an action under Section 502(a) of ERISA.

Section 9.5. Section 409A of the Code.

If a Participant or Beneficiary believes he or she is entitled to benefits but has not received them, the Participant or Beneficiary must accept any payment made under the Plan and make prompt and reasonable, good faith efforts to collect the remaining portion of the payment, as determined under Section 1.409A-3(g) of the Treasury Regulations. For this purpose (and as determined under such regulation), efforts to collect the payment will be presumed not to be prompt, reasonable, good faith efforts, unless the Participant or Beneficiary provides notice to the Committee within 90 days of the latest date upon which the payment could have been timely made in accordance with the terms of the Plan and the regulations under Section 409A of the Code, and unless, if not paid, the Participant or Beneficiary takes further enforcement measures within 180 days after such latest date.

Article 10. Trust

Section 10.1. Establishment of the Trust.

The Company may utilize one or more Trusts to which the Employers may transfer such assets as the Employers determine in their sole discretion to assist in meeting their obligations under the Plan. Any Trust shall conform to the restrictions under Section 409A of the Code relating to the funding of nonqualified deferred compensation plans. Benefits under the Plan may also be paid out of the general assets of the Company or an Employer.

Nothing contained in this Plan and no action taken pursuant to the provisions of this Plan shall create or be construed to create a trust of any kind, or a fiduciary relationship between the Company and the Participant or any other person.

Section 10.2. Interrelationship of the Plan and the Trust.

The provisions of the Plan shall govern the rights of a Participant to receive distributions pursuant to the Plan. The provisions of the Trust shall govern the rights of the Employers, Participants and the creditors of the Employers to the assets transferred to the Trust.

Section 10.3. Distributions From the Trust.

Each Employer's obligations under the Plan may be satisfied with Trust assets distributed pursuant to the terms of the Trust, and any such distribution shall reduce the Employer's obligations under this Agreement.

Article 11. Miscellaneous

Section 11.1. Status of Plan.

The Plan is intended to be a plan that is not qualified within the meaning of Section 401(a) of the Code and that “is unfunded and is maintained by an employer primarily for the purpose of providing deferred compensation for a select group of management or highly compensated employees” within the meaning of ERISA. The Plan shall be administered and interpreted to the extent possible in a manner consistent with that intent. All Participant accounts and all credits and other adjustments to such Participant accounts shall be bookkeeping entries only and shall be utilized solely as a device for the measurement and determination of amounts to be paid under the Plan. No Participant accounts, credits or other adjustments under the Plan shall be interpreted as an indication that any benefits under the Plan are in any way funded.

Section 11.2. Unsecured General Creditor.

Participants and their Beneficiaries, heirs, successors and assigns shall have no legal or equitable rights, interests or claims in any property or assets of the Company or an Employer or in any property or assets held in a Trust maintained with respect to the Plan. For purposes of the payment of benefits under this Plan, any and all of an Employer’s assets, shall be, and shall remain, the general, unpledged unrestricted assets of the Employer. Any Employer’s obligation under the Plan shall be merely that of an unfunded and unsecured promise to pay money in the future. To the extent that any person acquires a right to receive payments from the Company under this Plan, such rights shall be no greater than the right of any unsecured general creditor of the Company.

Section 11.3. Employer’s Liability.

An Employer’s liability for the payment of benefits shall be defined only by the Plan and the Participation Agreement, as entered into between the Employer and a Participant. An Employer shall have no obligation to a Participant under the Plan except as expressly provided in the Plan and his Participation Agreement.

Section 11.4. Nonassignability.

Except to the extent required by an approved domestic relations order, neither a Participant nor any other person shall have any right to commute, sell, assign, transfer, pledge, anticipate, mortgage or otherwise encumber, transfer, hypothecate, alienate or convey in actual receipt, the amount, if any, payable hereunder, or any part thereof, which are, and all rights to which are expressly declared to be, unassignable and non-transferable. Except as required by law or an approved domestic relations order, no part of the amounts payable shall, prior to actual payment, be subject to seizure, attachment, garnishment or sequestration for the payment of any debts, judgments, alimony or separate maintenance owed by a Participant or any other person, be transferable by operation of law in the event of a Participant’s or any other person’s bankruptcy or insolvency.

Section 11.5. Not a Contract of Employment.

The terms and conditions of this Plan and the Participation Agreement shall not be deemed to constitute a contract of employment between any Employer and the Participant. Such employment is hereby acknowledged to be an “at will” employment relationship that can be terminated at any time for any reason, or no reason, with or without cause, and with or without notice, except as otherwise provided in a written employment agreement. Nothing in this Plan or any Participation Agreement shall be deemed to give a Participant the right to be retained in the service of any Employer as an employee or to interfere with the right of any Employer to discipline or discharge the Participant at any time.

Section 11.6. Furnishing Information.

Each Participant and Beneficiary shall cooperate with the Committee by furnishing any and all information requested by the Committee and take such other actions as may be requested in order to facilitate the administration of the Plan and the payments of benefits hereunder, including but not limited to taking such physical examinations as the Committee may deem necessary.

Section 11.7. Governing Law.

The provisions of this Plan shall be construed and interpreted according to ERISA and the internal laws of the State of Maryland without regard to its conflicts of laws principles, to the extent not preempted by ERISA.

Section 11.8. Required or Permitted Notices.

Any notice or filing required or permitted to be given to the Committee under this Plan shall be sufficient if in writing and hand-delivered, or sent by registered or certified mail, to the address below:

McCormick & Company, Incorporated
18 Loveton Circle
Sparks, Maryland 21152
Attn: Vice President – Human Relations

Such notice shall be deemed given as of the date of delivery or, if delivery is made by mail, as of the date shown on the postmark or the receipt for registration or certification.

Any notice or filing required or permitted to be given to a Participant under this Plan shall be sufficient if in writing and hand-delivered, or sent by mail, to the last known address of the Participant.

Section 11.9. Successors.

The provisions of this Plan shall bind and inure to the benefit of the Participant's Employer and its successors and assigns, the Participant, the Participant's Beneficiaries and their successors and assigns.

Section 11.10. Severability.

If any provision of the Plan shall be held unlawful or otherwise invalid or unenforceable in whole or in part, the unlawfulness, invalidity, or unenforceability shall not affect any other provision of the Plan, each of which shall remain in full force and effect.

Section 11.11. Payment on Behalf of Person Unable to Manage Affairs.

If the Committee shall find that any person to whom any amount is payable under this Plan is unable to care for his affairs because of illness or accident, or is a minor, any payment due (unless a prior claim therefor shall have been made by a duly appointed guardian, committee or other legal representative) may be paid to the spouse, a child, a parent, or a brother or sister, or to any person deemed by the Committee to have incurred expense for such person otherwise entitled to payment, in such manner and proportions as the Committee may determine. The Committee may require proof of minority, incompetence, incapacity or guardianship, as it may deem appropriate prior to distribution of the benefit. Any such payment shall be a complete discharge of the liabilities of the Company under this Plan.

Section 11.12. Distribution in the Event of Taxation.

- (a) If, for any reason, all or any portion of a Participant's benefit under this Plan becomes includable in the Participant's gross income for Federal income tax purposes prior to receipt of such benefit, the Participant may petition the Committee for a distribution of that portion of his benefit that has become taxable. Upon the grant of such a petition, which grant shall not be unreasonably withheld, the Participant's Employer shall immediately distribute to the Participant funds in an amount equal to the taxable portion of his benefit (which amount shall not exceed the Participant's unpaid Vested Account Balance under the Plan). If the petition is granted, the tax liability distribution shall be made within ninety (90) days of the date when the Participant's petition is granted. Such a distribution shall correspondingly reduce the benefits with respect to the Participant under this Plan.
- (b) In its discretion, the Committee may distribute all or a portion of the Participant's benefit prior to his Benefit Commencement Date to the extent necessary to pay any FICA or income taxes which may be owed by the Participant on his benefit under the Plan and to the extent permitted by Section 409A of the Code.

Section 11.13. Insurance.

The Employers, on their own behalf or on behalf of the trustee of the Trust, and, in their sole discretion, may apply for and procure insurance on the life of the Participant, in such amounts and in such forms as the Trust may choose. The Employers or the trustee of the Trust, as the case

may be, shall be the sole owner and beneficiary of any such insurance. The Participant shall have no interest whatsoever in any such policy or policies, and at the request of the Employers shall submit to medical examinations and supply such information and execute such documents as may be required by the insurance company or companies to whom the Employers have applied for insurance.

Section 11.14. Section 409A of the Code.

No provision in the Plan shall be interpreted or construed to (a) create any liability for the Company or an Employer related to a failure to comply with Section 409A or (b) transfer any liability for a failure to comply with Section 409A from a Participant, a Participant's spouse, beneficiary, estate or other individual to the Company or an Employer.

Section 11.15. Other Benefits and Agreements.

The benefits provided for a Participant and Participant's Beneficiary under the Plan are in addition to any other benefits available to such Participant under any other plan or program for employees of the Participant's Employer. The Plan shall supplement and shall not supersede, modify or amend any other such plan or programs except as may otherwise be expressly provided.

**MCCORMICK & COMPANY NON-QUALIFIED RETIREMENT SAVINGS PLAN
ADDENDUM B - TERMS OF THE
MCCORMICK & COMPANY, INCORPORATED
RESTORATION PLAN (“RESTORATION PLAN”)**

**ADDENDUM B TO THE
McCORMICK & COMPANY INCORPORATED
NON-QUALIFIED RETIREMENT SAVINGS PLAN**

McCORMICK & COMPANY, INCORPORATED
RESTORATION PLAN

Effective February 1, 2017

DC: 5164687-13
Restoration Plan

TABLE OF CONTENTS

		<u>Page</u>
Article 1.	General Provisions	1
Section 1.1.	Purpose.	1
Section 1.2.	Effective Date.	1
Article 2.	Definitions and Construction	1
Section 2.1.	Definitions.	1
Section 2.2.	Construction.	5
Article 3.	Eligibility and Participation	5
Section 3.1.	Commencement of Participation.	5
Section 3.2.	Re-Employment.	5
Section 3.3.	Change of Employment Category.	5
Article 4.	Credits	5
Section 4.1.	Employer Contribution Credits.	5
Section 4.2.	Vesting of Employer Contribution Credit Accounts.	6
Article 5.	Allocation of Funds	7
Section 5.1.	Selection of Hypothetical Investments.	7
Section 5.2.	Adjustment of Participant Accounts.	8
Section 5.3.	Expenses and Taxes.	9
Article 6.	Payments from The Plan	9
Section 6.1.	Default Time of Payment.	9
Section 6.2.	Disability.	9
Section 6.3.	Change in Control Event.	9
Section 6.4.	Forfeitures.	9
Article 7.	Death Benefits	9
Section 7.1.	Death Benefit.	10
Section 7.2.	Payment of Pre-Retirement Death Benefit.	10
Section 7.3.	Beneficiary.	10
Section 7.4.	Beneficiary Designation.	10
Section 7.5.	Acknowledgment.	10
Section 7.6.	No Beneficiary Designation.	10
Section 7.7.	Doubt as to Beneficiary.	11

Section 7.8.	Discharge of Obligations.	11
Article 8.	Administration of the Plan	11
Section 8.1.	In General.	11
Article 9.	Amendment and Termination	11
Section 9.1.	In General.	11
Article 10.	Claims Procedures	11
Section 10.1.	In General.	11
Article 11.	The Trust	11
Section 11.1.	Establishment of the Trust.	11
Section 11.2.	Automatic Funding of Trust.	12
Section 11.3.	Interrelationship of the Plan and the Trust.	12
Section 11.4.	Distributions from the Trust.	12
Article 12.	Miscellaneous	12
Section 12.1.	In General.	12

Article 1. General Provisions

Section 1.1. Purpose.

- (a) This Plan is designed to restore benefits that would have accrued under The McCormick 401(k) Retirement Plan but are restricted due to the limits on compensation imposed by Sections 415 and 401(a)(17) of the Code.
- (b) This Plan is intended to be an unfunded plan maintained primarily for the purpose of providing deferred compensation for a select group of management or highly compensated employees within the meaning of Title I of the Employee Retirement Income Security Act of 1974, as amended.
- (c) Effective January 31, 2017, the Plan has been frozen and merged into the McCormick & Company Incorporated Nonqualified Retirement Savings Plan. After that date, no Participant shall accrue any additional benefits under the Plan and no individual shall become a Participant in the Plan.

Section 1.2. Effective Date.

The Plan is effective February 1, 2017.

Article 2. Definitions and Construction

Section 2.1. Definitions.

For purposes of this Plan, unless otherwise clearly apparent from the context, the following phrases or terms shall have the meanings indicated:

- (a) **Account.** As of any given date called for under the Plan, a Participant's aggregate Employer Contribution Credits, as adjusted to reflect any appreciation (or depreciation) due to Investment Adjustments.
- (b) **Beneficiary.** One or more persons, trusts, estates or other entities, designated (or deemed designated) by the Participant in accordance with Article 7.
- (c) **Board.** The Board of Directors of the Company.
- (d) **Cause.** Any willful and continuous failure by the Participant to substantially perform his duties with the Employer (unless the failure to perform is due to the Participant's Disability) or any willful misconduct or gross negligence by the Participant which results in material economic harm to the Employer, or any conviction of the Participant of a felony. No act or failure to act shall be considered "willful" for purposes of this definition if the Participant reasonably believed in good faith that such act or failure to act was in, or not opposed to, the best interests of the Employer. In the event of a willful and continuous failure by the Participant to substantially perform his duties, the Employer shall notify the Participant in

writing of such failure to perform, and the Employee shall have a period of thirty (30) days after such notice to resume substantial performance of his duties.

(e) Change in Control Event. The occurrence of one or more of the following events:

- (1) the consolidation or merger of the Company with or into another entity where the Company is not the continuing or surviving corporation, or pursuant to which shares of the Company's capital stock are converted into cash, securities or other property, except for any consolidation or merger of the Company in which the holders (excluding any "Substantial Stockholders" as defined in Section 4, "Common Stock," subsection (b)(2)(H) of the Certificate of Incorporation of the Company as in effect as of the date hereof (the "Charter")) of the Company's (A) voting common stock, (B) non-voting common stock, and (C) other classes of voting stock, if any, immediately before the consolidation or merger shall, upon consummation of the consolidation or merger, own in excess of 50% of the voting stock of the surviving corporation;
- (2) any sale, lease, exchange or other transfer (in one transaction or a series of transactions contemplated or arranged by any party as a single plan) of all or substantially all of the assets of the Company;
- (3) any person (as such term is used in Sections 13(d) and 14(d)(2) of the Securities Exchange Act of 1934, as amended) becoming the beneficial owner (as defined in Section 4, "Common Stock," subsection (b)(2)(C) of the Charter), directly or indirectly, of securities of the Company representing more than 13% (the "Specified Percentage") of the voting power of all the outstanding securities of the Company having the right to vote in an election of the Board (after giving effect, to the extent applicable, to the operation of Section 4, "Common Stock," subsection (b) of the Charter) (including, without limitation, any securities of the Company that any such person has the right to acquire pursuant to any agreement, or upon exercise of conversion rights, warrants or options, or otherwise, which shall be deemed beneficially owned by such person), provided, however, that in the event that the vote limitation with respect to Substantial Stockholders set forth in Section 4, "Common Stock," subsection (b) of the Charter becomes inoperative by virtue of the operation of Section 4, "Common Stock," subsection (b)(12) of the Charter, or otherwise, the "Specified Percentage" shall be increased, without requirement for further action, to 35%; or
- (4) individuals, who constitute the entire Board elected by the Company's stockholders at its most recent annual meeting of stockholders and any new directors who have been appointed to the Board by a vote of at least a majority of the directors then in office, having ceased for any reason to constitute a majority of the members of the Board.

Notwithstanding the definition of Change in Control Event set forth in this Section 2.1 (e), if a Change in Control Event occurs and such event does not constitute a "change in ownership,"

“change in effective control,” or “change in the ownership of a substantial portion of the assets” of the Company within the meaning of Section 409A of the Code, Participants shall become fully vested in their Plan Account as provided in Section 4.2(b) but such event shall not be treated as entitling a Participant to a distribution based on a Change in Control Event.

- (f) **Code.** The Internal Revenue Code of 1986, as amended,
- (g) **Committee.** Either of the Committees designated in Article 8, as applicable.
- (h) **Company.** McCormick & Company, Incorporated and any successors or assigns.
- (i) **Constructive Discharge.** A Participant’s Separation from Service as a result of the occurrence of any of the events listed below; provided that, (A) the Participant gives the Employer the opportunity to “cure” the conditions constituting a Constructive Discharge by notifying the Employer within ninety (90) days of the initial existence of the conditions constituting a Constructive Discharge, and (B) the Employer fails to remedy the conditions within thirty (30) days of the Employee’s notification:
 - (1) Re-assignment of the Participant to a position which is at a substantially lower level in the organizational structure than his previous position, as defined by any one or a combination of the following factors: reporting relationship, compensation compared to others in the organization, and authority, duties and responsibilities;
 - (2) Substantial diminution in the Participant’s authority, duties or responsibilities, or the assignment of duties and responsibilities which are unsuitable for an individual having the position, experience and stature of the Participant;
 - (3) Substantial reduction in the Participant’s total compensation (including salary, bonus opportunity, deferred compensation, stock options, profit sharing and retirement programs and other benefits); provided, however, that a reduction that applies generally to all employees of the Employer, for example, a reduction or elimination of the employer matching contribution or profit sharing contribution under the Qualified Plan, shall not be a Constructive Discharge;
 - (4) Relocation of the Participant’s principal workplace to a location which is more than 50 miles from the Participant’s previous principal workplace; or
 - (5) Any failure by the Employer to require any successor (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business and/or assets or the Employer to assume expressly and agree to perform under the Plan in the same manner and to the same extent that the Employer would be required to perform thereunder with respect to the Participant if the transaction or event resulting in a successor had not taken place.
- (j) **Disabled/Disability.** “Totally and Permanently Disabled” within the meaning of the Company’s long-term disability plan, provided that no Disability shall be treated as a

triggering event for the payment of benefits under the Plan unless such Disability constitutes a “disability” within the meaning of Treas. Reg. § 1.409A-3(i)(4).

- (k) **Effective Date.** February 1, 2017.
- (l) **Eligible Employee.** A person hired on or after January 1, 2012 who is (i) determined to be in a select group of management or highly compensated employees, (ii) specifically chosen by the applicable Employer to participate in the Plan and (iii) approved for such participation by the Committee.
- (m) **Employer.** The Company and/or any of its subsidiaries (now in existence or hereafter formed or acquired) that have been selected by the Management Committee to participate in the Plan.
- (n) **Employer Contribution Credits** is defined in Section 4.1.
- (o) **ERISA.** The Employee Retirement Income Security Act of 1974, as amended.
- (p) **Hypothetical Investment.** An investment fund or benchmark made available to Participants by the Committee for purposes of valuing amounts credited under the Plan.
- (q) **Investment Adjustment(s).** Any appreciation credited to (as income or gains) or depreciation deducted from (as expenses or losses) a Participant’s Account, in accordance with such Participant’s selection of Hypothetical Investments.
- (r) **Participant.** Any Eligible Employee who becomes a Participant in accordance with the provisions of Article 3.
- (s) **Plan.** The McCormick & Company, Incorporated Restoration Plan, as amended from time to time.
- (t) **Plan Year.** A twelve (12) month period commencing December 1 and ending November 30 of the subsequent calendar year. The Plan shall have an initial short Plan Year commencing January 1, 2014 and ending November 30, 2014.
- (u) **Qualified Plan.** The McCormick 401(k) Retirement Plan.
- (v) **Separation From Service.** A termination of a Participant’s employment relationship with the Employers that constitutes a “separation from service” within the meaning of Section 409A of the Code.
- (w) **Trust.** A trust established by an Employer to fund benefits under the Plan. The Plan, notwithstanding the creation of a Trust, is intended to be unfunded for purposes of the Code and Title I of ERISA.

Section 2.2. Construction.

For purposes of the Plan, unless the contrary is clearly indicated by the context,

- (a) the use of the masculine gender shall also include within its meaning the feminine and vice versa.
- (b) the use of the singular shall also include within its meaning the plural and vice versa.
- (c) the word “include” shall mean to include without limitation, and
- (d) the captions of the articles, sections, or paragraphs of this Plan are for convenience only and shall not control or affect the meaning or construction of its provisions.

Article 3. Eligibility and Participation

Section 3.1. Commencement of Participation.

Any individual who is an Eligible Employee before the Effective Date shall remain a Participant on the Effective Date. No individual shall become a Participant on or after the Effective Date.

Section 3.2. Re-Employment.

If a Participant whose employment with the Employer is terminated on or after the Effective Date is subsequently reemployed with the Employer, he will not again become a Participant. Any unvested Account balance that was forfeited in accordance with Section 6.4 will not be reinstated following rehire.

Section 3.3. Change of Employment Category.

During any period in which a Participant remains in the employ of the Employer, but ceases to be an Eligible Employee, he shall not be eligible to receive contributions under the Plan. However, he will continue to vest in his Account in accordance with Section 4.2(a).

Article 4. Credits

Section 4.1. Employer Contribution Credits.

- (a) **Annual Employer Contribution Credits.** For each Plan Year ending before the Effective Date in which an individual is a Participant in the Plan and the Qualified Plan, an Employer Contribution Credit shall be made on behalf of the Participant equal to the amount described in subparagraph (1) minus the amount described in subparagraph (2).
 - (1) The Post-2011 Profit Sharing Contributions, if any, that would have been contributed under the Qualified Plan on behalf of the Participant for the applicable Plan Year, disregarding the limitations of Sections 415 and 401(a)(17) or the Code, as they may be implemented in the Qualified Plan.

- (2) The Post-2011 Profit Sharing Contributions, if any, actually contributed to the Qualified Plan on behalf of the Participant for the applicable Plan Year.

The calculation of the Employer Contribution Credit shall not be based on the contribution of any profit sharing contributions under the Qualified Plan (including any Discretionary Profit Sharing Contributions) other than Post-2011 Profit Sharing Contributions.

- (b) **Timing of Contribution Credit.** The Employer Contribution Credit for a Plan Year shall be credited to a Participant's Account as of a date determined by the Committee; such date shall be no later than the end of the calendar year following the end of such Plan Year. Any earnings and losses attributable to such Employer Contribution Credit shall begin to accrue on the date on which such Employer Contribution Credit is credited to a Participant's Account.
- (c) **Initial Plan Year.** Notwithstanding paragraph (a), above, in the case of the initial short Plan Year ending November 30, 2014, an Employer Contribution Credit shall be made on behalf of the Participant equal to the amount described in paragraph (a), above, for the Plan Year beginning December 1, 2012 and the Plan Year beginning December 1, 2013.
- (d) **Last Day Requirement.** A Participant must be employed on November 30 of the applicable Plan Year to receive an Employer Contribution Credit.
- (e) **Employer Contribution Credit Accounts.** There shall be established and maintained by the Employer a separate Account in the name of each Participant to which shall be credited or debited: (a) amounts equal to the Employer Contribution Credits made on behalf of the Participant, if any; and (b) any deemed earnings and losses allocated to such Account in accordance with Article 5. The Account shall not be, constitute or be treated as an escrow, trust fund, or any other type of funded account for Code or ERISA purposes, and amounts credited to such an account shall not be considered "plan assets" for ERISA purposes. The Account merely provides a record of the bookkeeping entries relating to the benefits that the Employer intends to provide Participants and shall thus reflect a mere unsecured promise to pay such amounts in the future.

Section 4.2. Vesting of Employer Contribution Credit Accounts.

- (a) **Vesting Schedule.** Subject to deemed vesting as provided in paragraph (b), below, and forfeiture as provided in Section 6.4, a Participant shall become vested in his Account in accordance with the schedule, below; provided he remains continuously in the employ of the Employer (regardless of whether he ceases to be eligible to receive Employer Contribution Credits under the Plan) from his initial entry into the Plan until attainment of the age specified below).

Attainment of Age	Vested Percentage
50	0%
51	10%
52	20%
53	30%
54	40%
55	50%
56	60%
57	70%
58	80%
59	90%
60	100%

(b) Deemed Vesting. The right of a Participant to a benefit under this Plan shall be deemed to vest and become nonforfeitable upon the earliest of:

- (1) the date of a Change in Control Event;
- (2) the date on which the Employee becomes Disabled; or
- (2) the date immediately preceding the date of such Employee's Separation from Service as a result of death, a Constructive Discharge, or discharge by the Employer without Cause.

Article 5. Allocation of Funds

Section 5.1. Selection of Hypothetical Investments.

(a) Hypothetical Investments. The Committee shall provide each Participant with a list of Hypothetical Investments available under the Plan. From time to time, the Committee may revise the Hypothetical Investments available within the Plan.

(b) Investment Forms. The Participant shall, via his Investment Allocation Form(s) and his Investment Re-Allocation Form(s), select one or more Hypothetical Investments among which his various contributions shall be allocated.

- (1) **Investment Allocation Form.** The document that (A) shall apply with respect to those Employer Contribution Credits (as well as any appreciation (or depreciation) on such amounts) made to the Plan after the effective date of the Investment Allocation Form but before the effective date of a timely filed subsequent Investment Allocation Form and (B) shall determine the manner in which such Employer Contribution Credits (as well as any appreciation (or depreciation) on such amounts) shall be initially allocated by the Participant among the various Hypothetical Investments within the Plan. A new Investment Allocation Form may be submitted by the Participant in written or electronic format, at such times and according to such procedures as the Committee shall establish.

- (2) **Investment Re-allocation Form.** The document required by the Committee that shall re-direct the manner in which earlier Employer Contribution Credits, as well as any appreciation (or depreciation) to-date, are invested within the Hypothetical Investments available in the Plan. An Investment Re-Allocation Form may be submitted by the Participant in written or electronic format, at such times and according to such procedures as the Committee shall establish.
- (c) **Investment Selections.** All Hypothetical Investment selections must be denominated in whole percentages unless the Committee determines that lower increments (or whole dollar amounts) are acceptable. A Participant may make changes in his selected Hypothetical Investments on a daily basis via submission of a new Investment Allocation Form or submission of a new Investment Re-Allocation Form.
- (d) **Default Investment.** Any Participant who does not have on file a valid selection of Hypothetical Investments for his Account shall be deemed to have elected to invest any portion for which there is no valid selection in the Hypothetical Investment that the Committee selects for this purpose.

Section 5.2. Adjustment of Participant Accounts.

- (a) **Adjustment.** While a Participant's Account does not represent the Participant's ownership of, or any ownership interest in, any particular assets, the Participant's Account shall be adjusted in accordance with the Hypothetical Investment(s) chosen by the Participant on his Investment Allocation Form or Investment Re-Allocation Form, subject to the conditions and procedures set forth herein or established by the Committee.
- (b) **Investment of Earnings.** Any cash earnings generated under a Hypothetical Investment (such as hypothetical interest and cash dividends) shall, in the Committee's sole discretion, either be deemed to be reinvested in that Hypothetical Investment or reinvested in one or more other Hypothetical Investment(s) designated by the Committee.
- (c) **Valuation.** All notional acquisitions and dispositions or Hypothetical Investments that occur within a Participant's Account, pursuant to the terms of the Plan, shall be deemed to occur at such times as the Committee shall determine to be administratively feasible and the Participant's Account shall be adjusted accordingly. Accordingly, if a distribution or re-allocation must occur pursuant to the terms of the Plan and all or some portion of the Account must be valued in connection with such distribution or reallocation (to reflect Investment Adjustments), the Committee may, unless otherwise provided for in the Plan, select a date or dates that shall be used for valuation purposes.
- (d) **Change in Control Event.** Notwithstanding anything in the Plan to the contrary, any Investment Adjustments made to any Participants' Accounts following a Change in Control Event shall be made in a manner no less favorable to Participants than the practices and procedures employed under the Plan, or as otherwise in effect, as of the date of the Change in Control Event.

Section 5.3. Expenses and Taxes.

- (a) **Expenses.** Expenses, including fees of the trustee of the Trust, associated with the administration or operation of the Plan shall be paid by the Employer from its general assets unless the Employer elects to charge such expenses against the appropriate Participant's Account.
- (b) **Taxes Allocable to an Account.** Any taxes allocable to an Account (or portion thereof) maintained under the Plan which are payable prior to the distribution of the Account (or portion thereof), as determined by the Employer, shall be paid by the Employer unless the Employer elects to charge such taxes against the appropriate Participant's Account.
- (c) **Withholding from Benefit Distributions.** The Participant's Employer (or the trustee of the Trust, as applicable), shall withhold from any payments made to a Participant under this Plan all federal, state and local income, employment and other taxes required to be withheld in connection with such payments, in amounts and in a manner to be determined in the sole discretion of the Employer (or the trustee of the Trust, as applicable).

Article 6. Payments from The Plan

Section 6.1. Default Time of Payment.

Except as otherwise provided in this Article 6, a Participant shall receive a lump sum distribution of his vested Account on the date that is six months after the Participant's Separation from Service.

Section 6.2. Disability.

If a Participant becomes Disabled prior to his Separation from Service, any unvested portion of the Participant's Account shall vest and his Account shall be paid within thirty (30) days after the Participant is determined to be Disabled.

Section 6.3. Change in Control Event.

A Participant's Account shall be paid in a single lump sum within ten (10) days after a Change in Control Event.

Section 6.4. Forfeitures.

If a Participant incurs a Separation from Service other than at a time when he is fully vested, he will forfeit any then unvested Account balance. The aggregate of any forfeitures occurring in a Plan Year shall be returned to, or retained by, the Employer.

Article 7. Death Benefits

Section 7.1. Death Benefit.

If the Participant dies before the payment date in Article 6, the Participant's Beneficiary shall receive the pre-retirement death benefit described in this Article 7 and no other benefits shall be payable under the Plan.

Section 7.2. Payment of Pre-Retirement Death Benefit.

The pre-retirement death benefit shall be a lump-sum payment equal to the Participant's vested Account balance and shall be made no later than sixty (60) days after the occurrence of the Participant's death.

Section 7.3. Beneficiary.

Each Participant shall have the right, at any time, to designate a Beneficiary or Beneficiaries to receive, in the event of the Participant's death, those benefits payable under the Plan. The Beneficiary(ies) designated under this Plan may be the same as or different from the Beneficiary designation made under any other plan of the Employer.

Section 7.4. Beneficiary Designation.

A Participant shall designate his Beneficiary by completing and signing a Beneficiary Designation Form, and returning it to the Committee or its designated agent. A Participant shall have the right to change his Beneficiary by completing, signing and submitting to the Committee a revised Beneficiary Designation Form in accordance with the Committee's rules and procedures, as in effect from time to time. If the Participant names someone other than his spouse as a Beneficiary, a spousal consent, in the form designated by the Committee, must be signed by that Participant's spouse and returned to the Committee. Upon acknowledgement by the Committee of a revised Beneficiary Designation Form, all Beneficiary designations previously filed shall be deemed canceled. The Committee shall rely on the last Beneficiary Designation Form both (a) filed by the Participant and (b) acknowledged by the Committee, prior to the Participant's death.

Section 7.5. Acknowledgment.

No designation or change in designation of a Beneficiary shall be effective until received, accepted and acknowledged in writing or by electronic means by the Committee or its designated agent. Any such acknowledgement not received by the Participant before his death shall not be valid.

Section 7.6. No Beneficiary Designation.

If a Participant fails to designate a Beneficiary as provided above or, if all designated Beneficiaries predecease the Participant or die prior to complete distribution of the Participant's benefits, then the Participant's designated Beneficiary shall be deemed to be his surviving spouse. If the Participant has no surviving spouse, the benefits remaining under the Plan shall be payable to the estate of the Participant.

Section 7.7. Doubt as to Beneficiary.

If the Committee has any doubt as to the proper Beneficiary to receive payments pursuant to this Plan, the Committee shall have the right to cause the Participant's Employer (or, if applicable, the trustee of the Trust) to withhold such payments until this matter is resolved to the Committee's satisfaction.

Section 7.8. Discharge of Obligations.

The payment of benefits under the Plan to a Beneficiary shall fully and completely discharge all Employers and the Committee from all further obligations under this Plan with respect to the Participant.

Article 8. Administration of the Plan

Section 8.1. In General.

The provisions relating to the Administration of the Plan are found in Article 7 and other related provisions of the McCormick & Company Incorporated Nonqualified Retirement Savings Plan.

Article 9. Amendment and Termination

Section 9.1. In General.

The provisions relating to the Amendment and Termination of the Plan are found in Article 8 and other related provisions of the McCormick & Company Incorporated Nonqualified Retirement Savings Plan.

Article 10. Claims Procedures

Section 10.1. In General.

The provisions relating to Claims Procedures are found in Article 9 and other related provisions of the McCormick & Company Incorporated Nonqualified Retirement Savings Plan.

Article 11. The Trust

Section 11.1. Establishment of the Trust.

The Company may utilize one or more Trusts to which the Employers may transfer such assets as the Employers determine in their sole discretion to assist in meeting their obligations under the Plan. Any Trust shall conform to the restrictions under Section 409A of the Code relating to the funding of nonqualified deferred compensation plans. Benefits under the Plan may also be paid out of the general assets of the Company or an Employer.

Nothing contained in this Plan and no action taken pursuant to the provisions of this Plan shall create or be construed to create a trust of any kind, or a fiduciary relationship between the Company and the Participant or any other person.

Section 11.2. Automatic Funding of Trust.

Upon a Chang in Control Event, (a) if it has not done so already, the Company shall establish a Trust, and (b) the Employers shall contribute amounts to such Trust (or any preexisting Trust or Trusts) sufficient to fund all benefits due under the Plan.

Section 11.3. Interrelationship of the Plan and the Trust.

The provisions of the Plan shall govern the rights of a Participant to receive distributions pursuant to the Plan. The provisions of the Trust shall govern the rights of the Employers, Participants and the creditors of the Employers to the assets transferred to the Trust.

Section 11.4. Distributions from the Trust.

Each Employer's obligations under the Plan may be satisfied with Trust assets distributed pursuant to the terms of the Trust, and any such distribution shall reduce the Employer's obligations under the Plan.

Article 12. Miscellaneous

Section 12.1. In General.

The Miscellaneous provisions of the Plan are found in Article 11 and other related provisions of the McCormick & Company Incorporated Nonqualified Retirement Savings Plan.

**MCCORMICK & COMPANY NON-QUALIFIED RETIREMENT SAVINGS PLAN
ADDENDUM C - TERMS OF THE MCCORMICK
SUPPLEMENTAL EXECUTIVE RETIREMENT PLAN (“DB SERP”)**

**ADDENDUM C TO THE
McCORMICK & COMPANY INCORPORATED
NON-QUALIFIED RETIREMENT SAVINGS PLAN**

**THE McCORMICK
SUPPLEMENTAL EXECUTIVE RETIREMENT PLAN**

Amended and Restated Effective February 1, 2017

**ADDENDUM C TO THE
McCORMICK & COMPANY INCORPORATED
NON-QUALIFIED RETIREMENT SAVINGS PLAN**

TABLE OF CONTENTS

Article 1 . General Provisions	3
Section 1.1. Purpose.	3
Section 1.2. History of the Plan.	3
Section 1.3. Effective Date.	3
Article 2 . Definitions and Construction	3
Section 2.1. Definitions.	3
Section 2.2. Construction.	7
Article 3 . Eligibility, Benefit Amounts and Vesting	7
Section 3.1. Eligibility.	7
Section 3.2. Special Rules for Calculating Benefits.	7
Section 3.3. Senior Executive Program Benefit.	7
Section 3.4. Executive Program Benefit.	9
Section 3.5. Foreign Service Senior Executive Program Benefit.	10
Section 3.6. Management Program Benefit.	11
Section 3.7. Special Program Benefit.	11
Section 3.8. Vesting and Nonforfeitability of Benefits.	11
Article 4 . Payment of Plan Benefits	12
Section 4.1. Default Forms of Payment.	12
Section 4.2. Cash Out of Small Benefits.	12
Section 4.3. Alternate Forms of Payment.	12
Section 4.4. Time of Benefit Payments.	13
Section 4.5. Election of Alternate Time and Form of Payment.	13
Section 4.6. Beneficiary in the Event of Death.	14
Article 5 . Administration of the Plan	14
Section 5.1. In General.	14
Article 6 . Claims Procedures	15
Section 6.1. In General.	15
Article 7 . Amendment and Termination	15
Section 7.1. In General.	15
Section 7.2. Contractual Obligation.	15

Article 8 . Trust		15
Section 8.1.	Establishment of the Trust.	15
Section 8.2.	Automatic Funding of Trust.	16
Section 8.3.	Interrelationship of the Plan and the Trust.	16
Section 8.4.	Distributions From the Trust.	16
Article 9 . Miscellaneous		16
Section 9.1.	In General.	16
Article 10 . Grandfathered Benefits		16
Section 10.1.	Grandfathered Benefits.	16
APPENDIX A	The McCormick Supplemental Executive Retirement Plan, as amended and restated June 19, 2001	
EXHIBIT 1	Sample Participation Agreements	

**ADDENDUM C TO THE
McCORMICK & COMPANY INCORPORATED
NON-QUALIFIED RETIREMENT SAVINGS PLAN**

Article 1. General Provisions

Section 1.1. Purpose.

This Plan is designed to restore benefits that would have accrued under the Pension Plan but are restricted due to the limits on compensation imposed by Sections 415 and 401(a)(17) of the Code and to provide supplemental retirement benefits to senior executives in management positions selected by the Committee. Benefits provided under the Plan are structured to facilitate an orderly transition within the ranks of senior management and to provide for an equitable retirement benefit for such individuals consistent with competitive conditions in the marketplace.

Section 1.2. History of the Plan.

- (a) Effective June 19, 2001, the Company amended and restated the Plan. The terms of the Plan, as set forth in the 2001 restatement, continue to apply to Grandfathered Benefits, which are not subject to Section 409A of the Code, and are set forth in Appendix A of the current restatement.
- (b) On December 24, 2004, the Company adopted a resolution to amend the Plan to the extent necessary to comply with Section 409A of the Code. As part of this resolution, the Company undertook to administer the Plan in accordance with a reasonable interpretation of Section 409A of the Code. This resolution was effective January 1, 2005.
- (c) In accordance with the December 24, 2004, resolution and amendment, the Plan has been operated in good faith compliance with Section 409A of the Code and the applicable guidance since January 1, 2005.
- (d) Effective January 31, 2017, the Plan has been frozen and merged into the McCormick & Company Incorporated Nonqualified Retirement Savings Plan. After that date, no Participant shall accrue any additional benefits under the Plan and no individual shall become a Participant in the Plan. In addition, the calculation of a Participant's benefit under the McCormick Pension Plan used to offset the benefit under the Plan shall be frozen effective January 31, 2017.

Section 1.3. Effective Date.

The Plan, as amended and restated in this document, is effective February 1, 2017.

Article 2. Definitions and Construction

Section 2.1. Definitions.

For purposes of this Plan, unless otherwise clearly apparent from the context, the following phrases or terms shall have the meanings indicated:

- (a) **Affiliated Group.** The Company and all subsidiary corporations which are participating employers under the Pension Plan.
- (b) **Article.** An Article of the Plan.
- (c) **Benefit Commencement Date.** The date on which an Employee's benefit under the Plan commences as determined under Section 4.4.
- (d) **Benefit Trigger.** The earliest to occur of (1) a Change in Control Event, (2) the Employee's Disability, or (3) the Employee's Separation from Service.
- (e) **Board.** The Board of Directors of the Company.
- (f) **Cause.** Any willful and continuous failure by the Employee to substantially perform his duties with the Company (unless the failure to perform is due to the Employee's Disability) or any willful misconduct or gross negligence by the Employee which results in material economic harm to the Company, or any conviction of the Employee of a felony. No act or failure to act shall be considered "willful" for purposes of this definition if the Employee reasonably believed in good faith that such act or failure to act was in, or not opposed to, the best interests of the Company. In the event of a willful and continuous failure by the Employee to substantially perform his duties, the Company shall notify the Employee in writing of such failure to perform, and the Employee shall have a period of thirty (30) days after such notice to resume substantial performance of his duties.
- (g) **Change in Control Event.** The occurrence of one or more of the following events:
 - (1) the consolidation or merger of the Company with or into another entity where the Company is not the continuing or surviving corporation, or pursuant to which shares of the Company's capital stock are converted into cash, securities or other property, except for any consolidation or merger of the Company in which the holders (excluding any "Substantial Stockholders" as defined in Section 4, "Common Stock," subsection (b)(2)(H) of the Certificate of Incorporation of the Company as in effect as of the date hereof (the "Charter")) of the Company's (A) voting common stock, (B) non-voting common stock, and (C) other classes of voting stock, if any, immediately before the consolidation or merger shall, upon consummation of the consolidation or merger, own in excess of 50% of the voting stock of the surviving corporation;
 - (2) any sale, lease, exchange or other transfer (in one transaction or a series of transactions contemplated or arranged by any party as a single plan) of all or substantially all of the assets of the Company;
 - (3) any person (as such term is used in Sections 13(d) and 14(d)(2) of the Securities Exchange Act of 1934, as amended) becoming the beneficial owner (as defined in Section 4, "Common Stock," subsection (b)(2)(C) of the Charter), directly or

indirectly, of securities of the Company representing more than 13% (the “Specified Percentage”) of the voting power of all the outstanding securities of the Company having the right to vote in an election of the Board (after giving effect, to the extent applicable, to the operation of Section 4, “Common Stock,” subsection (b) of the Charter) (including, without limitation, any securities of the Company that any such person has the right to acquire pursuant to any agreement, or upon exercise of conversion rights, warrants or options, or otherwise, which shall be deemed beneficially owned by such person), provided, however, that in the event that the vote limitation with respect to Substantial Stockholders set forth in Section 4, “Common Stock,” subsection (b) of the Charter becomes inoperative by virtue of the operation of Section 4, “Common Stock,” subsection (b)(12) of the Charter, or otherwise, the “Specified Percentage” shall be increased, without requirement for further action, to 35%; or

- (4) individuals, who constitute the entire Board elected by the Company’s stockholders at its most recent annual meeting of stockholders and any new directors who have been appointed to the Board by a vote of at least a majority of the directors then in office, having ceased for any reason to constitute a majority of the members of the Board.

Notwithstanding the definition of Change in Control Event set forth in this Section 2.1(h), if a Change in Control Event occurs and such event does not constitute a “change in ownership,” “change in effective control,” or “change in the ownership of a substantial portion of the assets” of the Company within the meaning of Section 409A of the Code, Employees shall vest in their Plan benefits as provided in Section 3.8, but such event shall not be treated as a Benefit Trigger.

- (h) **Claimant.** The person or persons described in Article 9 who apply for benefits or amounts that may be payable under the Plan.
- (i) **Code.** The Internal Revenue Code of 1986, as amended.
- (j) **Committee.** Either of the Committees designated in Article 7, as applicable.
- (k) **Company.** McCormick & Company, Incorporated, and any successors or assigns.
- (l) **Constructive Discharge.** An Employee’s Separation from Service as a result of, and within a period of thirty (30) days after the occurrence of, any of the following events:
 - (1) Re-assignment of the Employee to a position which is at a substantially lower level in the organizational structure than his previous position, as defined by any one or a combination of the following factors: reporting relationship, compensation compared to others in the organization, and authority, duties and responsibilities;

- (2) Substantial diminution in the Employee's authority, duties or responsibilities, or the assignment of duties and responsibilities which are unsuitable for an individual having the position, experience and stature of the Employee;
 - (3) Substantial reduction in the Employee's total compensation (including salary, bonus opportunity, deferred compensation, stock options, retirement programs and other benefits);
 - (4) Relocation of the Employee's principal workplace to a location which is more than 50 miles from the Employee's previous principal workplace; or
 - (5) Any failure by the Company to require any successor (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business and/or assets of the Company to assume expressly and agree to perform under the Plan in the same manner and to the same extent that the Company would be required to perform thereunder with respect to the Employee if the transaction or event resulting in a successor had not taken place.
- (m) **Disabled/Disability.** "Totally and Permanently Disabled" within the meaning of the Company's long-term disability plan, provided that such disability constitutes a "disability" within the meaning of Treas. Reg. § 1.409A-3(i)(4).
 - (n) **Employee.** A participant in the Pension Plan who is employed by one or more members of the Affiliated Group.
 - (o) **ERISA.** The Employee Retirement Income Security Act of 1974, as amended.
 - (p) **Grandfathered Benefits.** An Employee's benefit under the Plan, to the extent that such benefit was earned and vested (within the meaning of Section 409A of the Code) before January 1, 2005.
 - (q) **Participation Agreement.** A contract between an Employee and the Company, as described in Section 7.2.
 - (r) **Plan.** The McCormick Supplemental Executive Retirement Plan, as amended and restated as of February 1, 2017.
 - (s) **Pension Plan.** The McCormick Pension Plan.
 - (t) **Separation from Service.** A termination of an Employee's employment relationship with the Affiliated Group that constitutes a "separation from service" within the meaning of Section 409A of the Code.
 - (u) **Trust.** The McCormick Supplemental Executive Retirement Trust or such other trust as may be established by a member of the Affiliated Group to fund benefits under this Plan. The Plan, notwithstanding the creation of the Trust, is intended to be unfunded for purposes of the Code and Title I of ERISA.

Section 2.2. Construction.

For purposes of the Plan, unless the contrary is clearly indicated by the context,

- (a) the use of the masculine gender shall also include within it meaning the feminine and vice versa,
- (b) the use of the singular shall also include within its meaning the plural and vice versa, and
- (c) the word “include” shall mean to include without limitation.

Article 3. Eligibility, Benefit Amounts and Vesting

Section 3.1. Eligibility.

No individual shall become eligible to participate in the Plan on or after February 1, 2017.

Section 3.2. Special Rules for Calculating Benefits.

- (a) For purposes of calculating an Employee’s benefit under this Article 3, the fact that the Employee would not be able to commence payment under the Pension Plan (or a pension or retirement plan provided by a subsidiary or affiliate of the Company located outside the United States which formerly employed the Employee) on the Benefit Commencement Date because he would not yet have reached a certain age on the Benefit Commencement Date shall be disregarded. In such circumstances, the value of the benefit under the Pension Plan (or applicable non-U.S. plan) on the Benefit Commencement Date shall be the actuarial equivalent of the benefit earned as of January 31, 2017, under such plan calculated as if it were payable on the Benefit Commencement Date using actuarial assumptions (including early retirement factors) as determined by the Committee.
- (b) For purposes of calculating an Employee’s benefit under Sections 3.3, 3.4, or 3.5, the term “annual bonus” shall not include any payment made to an Employee pursuant to a cash-based long-term incentive award.

Section 3.3. Senior Executive Program Benefit.

- (a) Employees Who Participated in Pension Plan Before December 1, 2001.

For an Employee who has been selected by the Committee before February 1, 2017, to receive benefits under the Senior Executive Program set forth in this Section 3.3 and who participated in the Pension Plan at any time before December 1, 2001, the benefit shall be equal to the amount described in subparagraph (1) minus the amount described in subparagraph (2):

- (1) The Employee's benefit earned as of January 31, 2017, that would have been payable under the Pension Plan on the Benefit Commencement Date, in the single life annuity form of payment, disregarding the limitations of Sections 415 and 401(a)(17) of the Code as they may be implemented in the Pension Plan, calculated as if he had attained an adjusted retirement age on January 31, 2017, determined as follows:
 - (A) The adjusted retirement age will be the Employee's actual attained age on January 31, 2017, increased by one month for each month of service after age 55 during which the Employee participated in the Plan. However, the adjusted retirement age cannot be greater than 65.
 - (B) In the benefit calculation, credited service and average monthly earnings will be determined to the adjusted retirement age, assuming that the Employee's rate of pay in effect on January 31, 2017, had remained in effect until his adjusted retirement age.
 - (C) Average monthly earnings shall include 90% of 1/12th of the average of the five highest annual bonuses earned by the Employee in any five of the ten calendar years immediately prior to January 31, 2017.
- (2) The benefit that the Employee earned as of January 31, 2017, and is actually eligible to receive under the Pension Plan on the Benefit Commencement Date under the single life annuity form of payment.

(b) Employees Who Did Not Participate in Pension Plan Before December 1, 2001.

For an Employee who has been selected by the Committee before February 1, 2017, to receive benefits under the Senior Executive Program set forth in this Section 3.3 and who did not participate in the Pension Plan at any time before December 1, 2001, the benefit shall be equal to the amount described in subparagraph (1) minus the amount described in subparagraph (2), times the multiplier described in subparagraph (3):

- (1) The Employee's benefit that would have been earned as of January 31, 2017, and payable under the Pension Plan on the Benefit Commencement Date, in the single life annuity form of payment, disregarding the limitations of Sections 415 and 401(a)(17) of the Code as they may be implemented in the Pension Plan, calculated as if he had attained an adjusted retirement age on January 31, 2017, determined as follows:
 - (A) The adjusted retirement age will be the Employee's actual attained age on January 31, 2017, increased by one month for each month of service after age 55 during which the Employee participated in the Plan. However, the adjusted retirement age cannot be greater than 65.

- (B) In the benefit calculation, credited service and average monthly earnings will be determined to the adjusted retirement age, assuming that the Employee's full calendar year compensation in effect immediately preceding January 31, 2017, had remained in effect until his adjusted retirement age.
- (2) The benefit that the Employee earned as of January 31, 2017, and is actually eligible to receive under the Pension Plan on the Benefit Commencement Date under the single life annuity form of payment.
- (3) If the Employee was in compensation grade 69 or below on January 31, 2017, the multiplier shall be 1.4; if the Employee was in compensation grade 70 or above on January 31, 2017, the multiplier shall be 1.5; provided, however, that the Committee may increase the multiplier with respect to any Employee.

Section 3.4. Executive Program Benefit.

- (a) Employees Who Participated in Pension Plan Before December 1, 2001.

For an Employee who has been selected by the Committee before February 1, 2017, to receive benefits under the Executive Program set forth in this Section 3.4 and who participated in the Pension Plan at any time before December 1, 2001, the benefit shall be equal to the amount described in subparagraph (1) minus the amount described in subparagraph (2):

- (1) The Employee's benefit that would have been earned as of January 31, 2017, and payable under the Pension Plan on the Benefit Commencement Date, in the single life annuity form of payment, disregarding the limitations of Sections 415 and 401(a)(17) of the Code as they may be implemented in the Pension Plan, calculated as if average monthly earnings had included 90% of 1/12th of the average of the five highest annual bonuses earned by the Employee in any five of the ten calendar years immediately prior to his Benefit Trigger.
- (2) The benefit that the Employee earned as of January 31, 2017, and is actually eligible to receive under the Pension Plan on the Benefit Commencement Date under the single life annuity form of payment.

- (b) Employees Who Did Not Participate in Pension Plan Before December 1, 2001.

For an Employee who has been selected by the Committee before February 1, 2017, to receive benefits under the Executive Program set forth in this Section 3.4 and who did not participate in the Pension Plan at any time before December 1, 2001, the benefit shall be equal to the amount described in subparagraph (1) minus the amount described in subparagraph (2), times the multiplier described in subparagraph (3):

- (1) The Employee's benefit earned as of January 31, 2017, that would have been payable under the Pension Plan on the Benefit Commencement Date in the single life annuity form of payment, disregarding the limitations of Sections 415 and 401(a)(17) of the Code as they may be implemented in the Pension Plan.
- (2) The benefit that the Employee earned as of January 31, 2017, and is actually eligible to receive under the Pension Plan on the Benefit Commencement Date under the single life annuity form of payment.
- (3) If the Employee was in compensation grade 69 or below on January 31, 2017, the multiplier shall be 1.4; if the Employee was in compensation grade 70 or above on January 31, 2017, the multiplier shall be 1.5.

Section 3.5. Foreign Service Senior Executive Program Benefit.

For an Employee who has been selected by the Committee before February 1, 2017, to receive benefits under the Foreign Service Senior Executive Program set forth in this Section 3.5 and who participated in the Pension Plan at any time before December 1, 2001, and so long as such Employee (i) on January 31, 2017, is working in the United States for a member of the Affiliated Group, and (ii) has worked in the United States for at least three years at a member of the Affiliated Group, the benefit shall be equal to the amount described in subparagraph (1) minus the amounts described in subparagraphs (2) and (3):

- (1) The Employee's benefit earned as of January 31, 2017, that would have been payable under the Pension Plan on the Benefit Commencement Date in the single life annuity form of payment, including in such calculation all periods of service by the Employee with any subsidiary or affiliate of the Company located outside the United States, and disregarding the limitations of Sections 415 and 401(a)(17) of the Code as they may be implemented in the Pension Plan, calculated as if he had attained an adjusted retirement age on January 31, 2017, determined as follows:
 - (A) The adjusted retirement age will be the Employee's actual attained age on January 31, 2017, increased by one month for each month of service after age 55 during which the Employee participated in the Plan. However, the adjusted retirement age cannot be greater than 65.
 - (B) In the benefit calculation, credited service and average monthly earnings will be determined to the adjusted retirement age, assuming that the Employee's rate of pay in effect on January 31, 2017, had remained in effect until his adjusted retirement age.
 - (C) Average monthly earnings shall include 90% of 1/12th of the average of the five highest annual bonuses earned by the Employee in any five of the ten calendar years immediately prior to January 31, 2017.

- (2) The benefit that the Employee earned as of January 31, 2017, and is actually eligible to receive under the Pension Plan on the Benefit Commencement Date under the single life annuity form of payment.
- (3) The benefit that the Employee earned as of January 31, 2017, and is actually eligible to receive on the Benefit Commencement Date under any pension or retirement plan provided by a subsidiary or affiliate of the Company located outside the United States which formerly employed the Employee.

Section 3.6. Management Program Benefit.

For an Employee who has met the eligibility criteria to receive benefits set forth in Section 3.1 but has not been selected by the Committee before February 1, 2017, to receive a benefit under any specific Program under the Plan, the benefit shall be equal to the amount described in subparagraph (a) minus the amount described in subparagraph (b):

- (a) The benefit earned as of January 31, 2017, that would have been payable under the Pension Plan on the Benefit Commencement Date in the single life annuity form of payment, disregarding the limitations of Sections 415 and 401(a) (17) of the Code as they may be implemented in the Pension Plan.
- (b) The benefit earned as of January 31, 2017, that the Employee is actually eligible to receive under the Pension Plan on the Benefit Commencement Date under the single life annuity form of payment.

Section 3.7. Special Program Benefit.

For an Employee who has been selected by the Committee to receive benefits under the Special Program set forth in this Section 3.7, the benefit shall be equal to the amount described in his employment agreement approved by the Committee and designated a “Special Program Benefit” therein.

Section 3.8. Vesting and Nonforfeitability of Benefits.

The right of an Employee or any other person to a benefit under this Plan shall be deemed to vest and become nonforfeitable upon the earliest of:

- (a) the date on which the Employee reaches age 55;
- (b) the date of a Change in Control Event;
- (c) the date on which the Employee becomes Disabled; or
- (d) the date immediately preceding the date of such Employee’s Separation from Service as a result of death, a Constructive Discharge or a discharge by the Company without Cause.

Article 4. Payment of Plan Benefits

Section 4.1. Default Forms of Payment.

Except as provided in Section 5.3 or Section 4.5:

- (a) If the Employee's Benefit Trigger is his Disability or his Separation from Service and he is married on the Benefit Commencement Date, his benefit shall be paid in the form of a fifty (50) percent joint and survivor annuity with his spouse as the survivor annuitant.
- (b) If the Employee's Benefit Trigger is his Disability or his Separation from Service and he is unmarried on the Benefit Commencement Date, his benefit shall be paid in the form of a single life annuity.
- (c) If the Employee's Benefit Trigger is a Change in Control Event, his benefit shall be paid in a lump sum.

Section 4.2. Cash Out of Small Benefits.

If an Employee's benefit on his Benefit Commencement Date would be the actuarial equivalent of a lump sum payment of less than the limit set forth in Section 402(g) of the Code for the applicable year (\$18,000 in 2017), the benefit shall be paid in a lump sum.

Section 4.3. Alternate Forms of Payment.

- (a) Benefits under the Plan paid due to a Separation from Service or Disability may be payable in the following actuarially equivalent forms (to the extent available under the Pension Plan):
 - (1) a single life annuity;
 - (2) a 50%, 66 and 2/3%, 75% or 100% joint and survivor annuity;
 - (3) an annuity described in Section 4.3(a)(1) or (2) with guaranteed payments for the first 5, 10, or 15 years;
 - (4) any other form of payment permitted by the Committee that would be treated as an actuarially equivalent life annuity within the meaning of Treas. Reg. § 1.409A-2(b)(2)(ii)(B); and,
 - (5) to the extent required by Section 5.3, a lump sum.
- (b) Each form of payment under the Plan shall be the actuarial equivalent of Employee's benefit calculated as a single life annuity beginning on his Benefit Commencement Date. Actuarial equivalence shall be determined under this Plan by using the actuarial assumptions that are used for that purpose under the Pension Plan as in effect when such actuarial equivalence under this Plan is being determined. Any actuarially equivalent

benefits calculated under this Section shall be based on the Employee's actual attained age at the time of the calculation.

Section 4.4. Time of Benefit Payments.

- (a) Except to the extent that a different time of payment is elected pursuant to Section 4.5, if the Employee's Benefit Trigger is his Separation from Service, the Employee's Benefit Commencement Date shall be determined as follows and the following rules shall apply:
- (1) Except as provided in Section 4.4(a)(2), the Employee's Benefit Commencement Date shall be the first of the month following the later of his Separation from Service or the date on which he attains age 55.
 - (2) No payment shall be made during the six-month period immediately following the Employee's Separation from Service (other than in the case of the Employee's death).
 - (3) Any payments otherwise due during the six-month period immediately following the Employee's Separation from Service shall be paid on the first business day that occurs six months following the Employee's Separation from Service (or, if earlier, the date of the Employee's death). During this six-month period, the amounts otherwise payable to the Employee shall accrue interest at the yield on the 30-year Treasury Bond in effect for November of the year before the year in which the Employee experiences a Separation from Service.
- (b) If an Employee's Benefit Trigger is a Change in Control Event, the Employee's Benefit Commencement Date shall be the date of the Change in Control Event.
- (c) Except to the extent that a different time of payment is elected pursuant to Section 4.5, if an Employee's Benefit Trigger is his Disability, the Employee's Benefit Commencement Date shall be the first of the month following the later of the date of his Disability or the date on which he attains age 55.

Section 4.5. Election of Alternate Time and Form of Payment.

- (a) *In General.* Except as provided in Section 5.3, before his Benefit Commencement Date, an Employee may elect to receive his benefit following a Separation from Service or Disability in any form permitted under Section 4.3(a) that is treated as an actuarially equivalent life annuity (within the meaning of Treas. Reg. § 1.409A-2(b)(2)(ii)(B)) with respect to benefit that he would have received under the single life annuity form of payment. An Employee shall not be permitted to change his form of benefit after his Benefit Commencement Date.
- (b) *Changes to Form of Payment.* An Employee may file an election to change his time of payment upon a Separation from Service or Disability to an alternate time of payment permitted by the Committee or to change his form of payment upon a Separation from

Service or Disability to a form of payment permitted under Section 4.3(a) that is not treated as an actuarially equivalent life annuity (within the meaning of Treas. Reg. § 1.409A-2(b)(2)(ii)(B)) with respect to the form of benefit that he would have received under Section 4.1(a) or Section 4.1(b), provided that such change is made at the time and in the manner designated by the Committee, and subject to the following conditions:

- (1) the election to change the time or form of payment shall not take effect until twelve (12) months after the election is made;
- (2) the election to change the time or form of payment must be filed at least 12 months prior to the date on which payments to the Employee are otherwise scheduled to commence; and
- (3) the first payment with respect to which such election to change the time or form of payment is made must be deferred for a period of 5 years from the date such payment would otherwise have been made.

An Employee may file separate elections to change the time or form of payment for payments upon a Separation from Service and Disability. For purposes of this Section 4.5(b), a series of installment payments over a period of five years or less shall be treated as a single payment, and an election between actuarially equivalent life annuities shall be permitted at any time permitted under Section 409A of the Code.

Section 4.6. Beneficiary in the Event of Death.

Upon the death of an Employee eligible for coverage under the Plan before the Employee's Benefit Commencement Date, the surviving spouse of such Employee, if any, shall be paid a benefit equal to 50% of the benefit the Employee would have been entitled to under the Plan had he experienced a Separation from Service on the day immediately preceding his death. If the Employee dies before age 55, the surviving spouse's benefit shall commence payment on the first day of the month following the date on which the Employee would have reached age 55, and the surviving spouse's benefit shall be calculated as if the Employee had reached age 55, but based on the Employee's actual compensation and years of service as of his date of death. If death occurs after the Employee has begun to receive payment of his benefit under the Plan, the beneficiary shall receive any benefit to which he is entitled under the form in which the benefit was being paid. If the Employee is unmarried and has not yet commenced his or her benefit at the time of the Employee's death, the Employee's beneficiaries, heirs, or estate shall not be entitled to a benefit under the Plan.

Article 5. Administration of the Plan

Section 5.1. In General.

The provisions relating to the Administration of the Plan are found in Article 7 and other related provisions of the McCormick & Company Incorporated Nonqualified Retirement Savings Plan.

Article 6. Claims Procedures

Section 6.1. In General.

The provisions relating to Claims Procedures are found in Article 9 and other related provisions of the McCormick & Company Incorporated Nonqualified Retirement Savings Plan.

Article 7. Amendment and Termination

Section 7.1. In General.

The provisions relating to the Amendment and Termination of the Plan are found in Article 8 and other related provisions of the McCormick & Company Incorporated Nonqualified Retirement Savings Plan.

Section 7.2. Contractual Obligation.

Notwithstanding Section 7.1, the Company intends to assume a contractual commitment to pay the benefits described under this Plan and such commitment shall be evidenced by individual contracts entered into between the Company and each covered Employee for whom benefits accrue under the Plan. The contracts shall be substantially in the form attached as Exhibit 1 to the Plan.

Article 8. Trust

The provisions relating to the Trust are found in Article 10 and other related provisions of the McCormick & Company Incorporated Nonqualified Retirement Savings Plan.

Section 8.1. Establishment of the Trust.

The Company may utilize one or more Trusts to which the Affiliated Group may transfer such assets as the members of the Affiliated Group determine in their sole discretion to assist in meeting their obligations under the Plan. Any Trust shall conform to the restrictions under Section 409A of the Code relating to the funding of nonqualified deferred compensation plans. Benefits under the Plan may also be paid out of the general assets of the Company or a member of the Affiliated Group.

Nothing contained in this Plan and no action taken pursuant to the provisions of this Plan shall create or be construed to create a trust of any kind, or a fiduciary relationship between the Company and the Employee or any other person.

Section 8.2. Automatic Funding of Trust.

Upon a Change in Control, (a) if it has not done so already, the Company shall establish a Trust, and (b) the members of the Affiliated Group shall contribute amounts to such Trust (or any pre-existing Trust or Trusts) sufficient to fund all benefits due under the Plan.

Section 8.3. Interrelationship of the Plan and the Trust.

The provisions of the Plan and the Participation Agreement shall govern the rights of an Employee to receive distributions pursuant to the Plan. The provisions of the Trust shall govern the rights of the members of the Affiliated Group, Employees and the creditors of the Company and members of the Affiliated Group to the assets transferred to the Trust.

Section 8.4. Distributions From the Trust.

The obligations of each member of the Affiliated Group under the Plan may be satisfied with Trust assets distributed pursuant to the terms of the Trust, and any such distribution shall reduce such employer's obligations under the Plan.

Article 9. Miscellaneous

Section 9.1. In General.

The Miscellaneous provisions of the Plan are found in Article 11 and other related provisions of the McCormick & Company Incorporated Nonqualified Retirement Savings Plan.

Article 10. Grandfathered Benefits

Section 10.1. Grandfathered Benefits.

The terms of the Plan in effect on December 31, 2004 are attached as Appendix A. Appendix A applies to an Employee's Grandfathered Benefits. To the extent that an Employee's benefit under the Plan was earned and vested after December 31, 2004, it is subject to the provisions of the Plan as amended and restated effective January 1, 2005 and any subsequent amendments and restatements of the Plan. The purpose of Appendix A is to preserve the terms of the Plan that govern an Employee's Grandfathered Benefits, and to prevent any Grandfathered Benefits from becoming subject to Section 409A of the Code. No amendment to the Plan, including this Appendix A, which would constitute a "material modification" for purposes of Section 409A,

shall be effective unless the amending instrument specifically provides that it is intended to materially modify the terms of this Appendix A and to cause the Grandfathered Benefits to become subject to Section 409A of the Code.

EXHIBIT 31.1

CERTIFICATION PURSUANT TO RULE 13a-14(a)/15d-14(a)

I, Lawrence E. Kurzius, certify that:

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

Date: March 28, 2017

/s/ Lawrence E. Kurzius

Lawrence E. Kurzius

Chairman, President & Chief Executive Officer

EXHIBIT 31.2

CERTIFICATION PURSUANT TO RULE 13a-14(a)/15d-14(a)

I, Michael R. Smith certify that:

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

Date: March 28, 2017

/s/ Michael R. Smith

Michael R. Smith

Executive Vice President & Chief Financial Officer

EXHIBIT 32.1
CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of McCormick & Company, Incorporated (the "Company") on Form 10-Q for the period ending February 28, 2017, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Lawrence E. Kurzius, Chairman, President & Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. section 1350, as adopted pursuant to section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Lawrence E. Kurzius

Lawrence E. Kurzius

Chairman, President & Chief Executive Officer

Date: March 28, 2017

EXHIBIT 32.2
CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of McCormick & Company, Incorporated (the "Company") on Form 10-Q for the period ending February 28, 2017, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Michael R. Smith, Executive Vice President & Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. section 1350, as adopted pursuant to section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Michael R. Smith

Michael R. Smith

Executive Vice President & Chief Financial Officer

Date: March 28, 2017