UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

(Mark One)

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

For the fiscal year ended November 30, 2009

OR

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

For the transition period from ______ to ______

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** **(IRS Employer Identification No.)**
18 Loveton Circle, Sparks, Maryland **(Address of principal executive offices)**	**21152** **(Zip Code)**

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

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Name of Each Exchange on Which Registered
Common Stock, No Par Value	**New York Stock Exchange**
Common Stock Non-Voting, No Par Value	**New York Stock Exchange**

Securities registered pursuant to Section 12(g) of the Act: Not applicable.

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☒ No ☐

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☒

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 such 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 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 if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☒

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 the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. Check one:

Large accelerated filer	☒	Accelerated filer	☐
Non-accelerated filer	☐ (Do not check if a smaller reporting company)	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 ☒

State the aggregate market value of the voting and non-voting common equity held by non-affiliates computed by reference to the price at which the common equity was last sold, or the average bid and asked prices of such common equity, as of the last business day of the registrant's most recently completed second fiscal quarter.

The aggregate market value of the voting Common Stock held by non-affiliates at May 31, 2009: $224,351,586

The aggregate market value of the Non-Voting Common Stock held by non-affiliates at May 31, 2009: $3,597,996,913

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

Class	Number of Shares Outstanding	Date
Common Stock	12,400,370	December 31, 2009
Common Stock Non-Voting	119,732,307	December 31, 2009

DOCUMENTS INCORPORATED BY REFERENCE

Document	Part of 10-K into Which Incorporated
Annual Report to Stockholders for Fiscal Year Ended November 30, 2009 (the "Annual Report to Stockholders for 2009")	Part I, Part II
Proxy Statement for McCormick's March 31, 2010 Annual Meeting of Shareholders (the "2010 Proxy Statement")	Part III

PART I

As used herein, references to "McCormick," "we," "us" and "our" are to McCormick & Company, Incorporated and its consolidated subsidiaries or, as the context may require, McCormick & Company, Incorporated only.

Item 1. Business

McCormick is a global leader in the manufacture, marketing and distribution of spices, herbs, seasonings, specialty foods and flavors to the entire food industry. Our major sales, distribution and production facilities are located in North America and Europe. Additional facilities are based in Mexico, Central America, Australia, China, Singapore, Thailand and South Africa. McCormick & Company, Incorporated was formed in 1915 under Maryland law as the successor to a business established in 1889.

We operate in two business segments, consumer and industrial. The consumer segment sells spices, herbs, extracts, seasoning blends, sauces, marinades, and specialty foods to the consumer food market under a variety of brands worldwide, including "McCormick®," "Lawry's®," "Zatarain's®," "Old Bay®," "Thai Kitchen®," "Simply Asia®," "Ducros®," "Schwartz®," "Vahine®," "Silvo®," "Club House®," and "Billy Bee®." The industrial segment sells seasoning blends, natural spices and herbs, wet flavors, coating systems, and compound flavors to multinational food manufacturers and foodservice customers both directly and indirectly through distributors.

Please refer to pages 19 through 21, of our Annual Report to Stockholders for 2009 for descriptions of our consumer and industrial businesses, and pages 6 through 13 of our Annual Report to Stockholders for 2009 for a discussion of growth initiatives for the business. These pages of our Annual Report to Stockholders for 2009, as well as all other page references to our Annual Report to Stockholders for 2009 contained in this Form 10-K, are incorporated herein by reference.

For financial information about our business segments, please refer to pages 22 through 27, "Management's Discussion and Analysis – Results of Operations" of our Annual Report to Stockholders for 2009, and Note 16, "Business Segments and Geographic Areas" of the Notes to Consolidated Financial Statements on pages 61 and 62 of the Annual Report to Stockholders for 2009.

For a discussion of our recent acquisition activity, please refer to page 30 "Management's Discussion and Analysis – Acquisitions" of our Annual Report to Stockholders for 2009, and Note 2, "Acquisitions" of the Notes to Consolidated Financial Statements on page 47 of the Annual Report to Stockholders for 2009.

Raw Materials

The most significant raw materials used by us in our business are dairy products, pepper, wheat, onion, capsicums, soybean oil, and garlic. Pepper and other spices and herbs are generally sourced from countries other than the United States. Other raw materials, like cheese and onion, are primarily sourced from within the United States. We are not aware of any government restrictions or other factors that would have a material adverse effect on the availability of these raw materials. Because the raw materials are agricultural products, they are subject to fluctuations in market price and availability caused by weather, growing and harvesting conditions, market conditions, and other factors beyond our control. 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.

Customers

McCormick's products are sold directly to customers and also through brokers, wholesalers, and distributors. In the consumer segment, products are resold to consumers through a variety of retail outlets, including grocery, mass merchandise, warehouse clubs, discount, and drug stores under a variety of brands. In the industrial segment, products are used by food and beverage manufacturers as ingredients for their finished goods and by food service customers as ingredients for menu items to enhance the flavor of their foods. Customers for the industrial segment include food manufacturers and the food service industry supplied both directly and indirectly through distributors.

We have a large number of customers for our products. In fiscal years 2007 and 2008, sales to one of our customers, PepsiCo, Inc., accounted for approximately 10% of consolidated net sales. In fiscal year 2009, sales to two of our customers, PepsiCo, Inc. and Wal-Mart Stores, Inc., each accounted for approximately 11% of consolidated net sales. Sales to our five largest customers represented approximately 30% of consolidated net sales for the 2009 fiscal year.

The dollar amount of backlog orders for our business is not material to an understanding of our business, taken as a whole. No material portion of our business is subject to renegotiation of profits or termination of contracts or subcontracts at the election of the U.S. government.

Trademarks, Licenses and Patents

McCormick owns a number of trademark registrations. Although in the aggregate these trademarks may be material to our business, the loss of any one of those trademarks, with the exception of our "McCormick," "Lawry's," "Zatarain's," "Club House," "Ducros," "Schwartz," and "Vahine," trademarks, would not have a material adverse effect on our business. The "McCormick" trademark is extensively used by us in connection with the sale of our food products in the U.S. and certain non-U.S. markets. The terms of the trademark registrations are as prescribed by law and the registrations will be renewed for as long as we deem them to be useful.

We have entered into a number of license agreements authorizing the use of our trademarks by affiliated and non-affiliated entities. The loss of these license agreements would not have a material adverse effect on our business. The term of the license agreements is generally three to five years or until such time as either party terminates the agreement. Those agreements with specific terms are renewable upon agreement of the parties.

We also own various patents, none of which individually are viewed as material to our business.

Seasonality

Due to seasonal factors inherent in McCormick's business, our sales, income, and cash from operations generally are lower in the first two quarters of the fiscal year, increase in the third quarter and are significantly higher in the fourth quarter due to the holiday season. This seasonality reflects customer and consumer buying patterns, primarily in the consumer segment.

Working Capital

In order to meet increased demand for our consumer products during our fourth quarter, McCormick usually builds its inventories during the third quarter of the fiscal year. We generally finance working capital items (inventory and receivables) through short-term borrowings, which include the use of lines of credit and the issuance of commercial paper. For a description of our liquidity and capital resources, see Note 6 "Financing Arrangements" of the Notes to Consolidated Financial Statements on pages 48 and 49 of our Annual Report to Stockholders for 2009, and the "Liquidity and Financial Condition" section of "Management's Discussion and Analysis" on pages 27 through 30 of our Annual Report to Stockholders for 2009.

Competition

McCormick competes in a geographic market that is international and highly competitive. Our strategies for competing in each of our segments include a focus on price and value, product quality and innovation, and superior service. Additionally, in the consumer segment, we focus on brand recognition and loyalty, effective advertising, promotional programs, and the identification and satisfaction of consumer preferences. For further discussion, see pages 19 through 21 of our Annual Report to Stockholders for 2009.

Research and Development

Many of McCormick's products are prepared from confidential formulas developed by our research laboratories and product development teams, as well as from, in some cases, customer proprietary formulas. Expenditures for research and development were $48.9 million in 2009, $51.0 million in 2008, and $49.3 million in 2007. The amount spent on customer-sponsored research activities is not material to us.

Environmental Regulations

The cost of compliance with federal, state, and local provisions related to protection of the environment has had no material effect on McCormick's business. There were no material capital expenditures for environmental control facilities in fiscal year 2009 and there are no material expenditures planned for such purposes in fiscal year 2010.

Employees

McCormick had approximately 7,500 full time employees worldwide as of December 31, 2009. We believe our relationship with employees to be good. We have no collective bargaining contracts in the United States. At our foreign subsidiaries, approximately 1,300 employees are covered by collective bargaining agreements or similar arrangements.

Financial Information about Geographic Locations

For information on the net sales and long-lived assets of McCormick by geographic area, see Note 16, "Business Segments and Geographic Areas" of the Notes to Consolidated Financial Statements on pages 61 and 62 of our Annual Report to Stockholders for 2009.

Foreign Operations

McCormick is subject in varying degrees to certain risks typically associated with a global business, such as local economic and market conditions, restrictions on investments, royalties and dividends, and exchange rate fluctuations. Approximately 38% of sales in fiscal year 2009 were from non-U.S. operations. For information on how McCormick manages these risks, see the "Market Risk Sensitivity" section of "Management's Discussion and Analysis" on pages 31 through 33 of our Annual Report to Stockholders for 2009.

Forward-Looking Information

For a discussion of forward-looking information, see the "Forward-Looking Information" section of "Management's Discussion and Analysis" on page 36 of our Annual Report to Stockholders for 2009.

Available Information

Our principal corporate internet website address is: www.mccormickcorporation.com. We make available free of charge through our website our annual report on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (the "Exchange Act") as soon as reasonably practicable after such documents are electronically filed with, or furnished to, the United States Securities and Exchange Commission (the "SEC"). The SEC maintains an Internet web site at www.sec.gov that contains reports, proxy and information statements, and other information regarding McCormick. Our website also includes our Corporate Governance Guidelines, Business Ethics Policy and charters of the Audit Committee, Compensation Committee, and Nominating/Corporate Governance Committee of our Board of Directors.

Item 1A. Risk Factors

The following are certain risk factors that could affect our business, financial condition, and results of operations. These risk factors should be considered in connection with evaluating the forward-looking statements contained in this Annual Report on Form 10-K because these factors could cause the actual results and conditions to differ materially from those projected in forward-looking statements. Before you buy our Common Stock or Common Stock Non-Voting, you should know that making such an investment involves some risks, including the risks described below. The risks that have been highlighted here are not the only ones that we face. If any of the risks actually occur, our business, financial condition, or results of operations could be negatively affected. In that case, the trading price of our securities could decline, and you may lose all or part of your investment.

Damage to Our Reputation or Brand Name, Loss of Brand Relevance or Increase in Private Label Use by Customers or Consumers Could Negatively Impact Us.

Our reputation for manufacturing high-quality products is widely recognized. In order to safeguard that reputation, we have adopted rigorous quality assurance and quality control procedures which are designed to ensure conformity to specification and compliance with law. We also continually make efforts to maintain and improve relationships with our customers and consumers and to increase awareness and relevance of our brand through effective marketing and other measures. A serious breach of our quality assurance or quality control procedures, deterioration of our quality image, impairment of our customer or consumer relationships, or failure to adequately protect the relevance of our brand, which may lead to customers or consumers purchasing other brands or private label brands that may or may not be manufactured by us, could have a material negative impact on our financial condition and results of operations. From time to time, our customers evaluate their mix of branded and private label product offerings. If a significant portion of our branded business was switched to private label, it could have a significant impact on our consumer business.

The Consolidation of Customers May Put Pressures on Our Operating Margins and Profitability.

Our customers, such as supermarkets, warehouse clubs, and food distributors, have consolidated in recent years and consolidation is expected to continue throughout the U.S., the European Union, and other major markets. Such consolidation could present a challenge to margin growth and profitability in that it has produced large, sophisticated customers with increased buying power who are more capable of operating with reduced inventories, resisting price increases, demanding lower pricing, increased promotional programs and specifically tailored products, and shifting shelf space currently used for our products to private label products. These factors and others could have an adverse impact on our future sales growth and profitability.

Issues Regarding Procurement of Raw Materials May Negatively Impact Us.

Our purchases of raw materials are subject to fluctuations in market price and availability caused by weather, growing and harvesting conditions, market conditions, governmental actions and other factors beyond our control. The most significant raw materials used by us in our business are dairy products, pepper, wheat, onion, capsicums, soybean oil, and garlic. While future price movements of raw material costs are uncertain, we seek to mitigate the market price risk in a number of ways, including strategic raw material purchases, purchases of raw material for future delivery, and customer price adjustments. We have not used derivatives to manage the volatility related to this risk. Any actions taken in response to market price fluctuations may not effectively limit or eliminate our exposure to changes in raw material prices. Therefore, we cannot provide assurance that future raw material price fluctuations will not have a negative impact on our business, financial condition or operating results.

In addition, we may have very little opportunity to mitigate the availability risk of certain raw materials due to the effect of weather on crop yield, political unrest in the producing countries, changes in governmental agricultural programs, and other factors beyond our control. Therefore, we cannot provide assurance that future raw material availability will not have a negative impact on our business, financial condition, or operating results.

Further, political, socio-economic, and cultural conditions, as well as disruptions caused by terrorist activities, in developing countries create risks for food safety. Although we have adopted rigorous quality assurance and quality control procedures which are designed to ensure the safety of our imported products, we cannot provide assurance that such events will not have a negative impact on our business, financial condition or operating results.

Our Profitability May Suffer as a Result of Competition in Our Markets.

The food industry is intensely competitive. Competition in our product categories is based on price, product innovation, product quality, brand recognition and loyalty, effectiveness of marketing and promotional activity, and the ability to identify and satisfy consumer preferences. From time to time, we may need to reduce the prices for some of our products to respond to competitive and customer pressures. Such pressures also may impair our ability to take appropriate remedial action to address commodity and other cost increases.

Our Operations may be Impaired as a Result of Disasters, Business Interruptions or Similar Events.

A natural disaster such as an earthquake, fire, flood, or severe storm, or a catastrophic event such as a terrorist attack, an epidemic affecting our operating activities, major facilities, or employees' and customers' health, or a computer system failure, could cause an interruption or delay in our business and loss of inventory and/or data or render us unable to accept and fulfill customer orders in a timely manner, or at all. In addition, some of our inventory and production facilities are located in areas that are susceptible to harsh weather; a major storm, heavy snowfall or other similar event could prevent us from delivering products in a timely manner.

We cannot provide assurance that our disaster recovery plan will address all of the issues we may encounter in the event of a disaster or other unanticipated issue, and our business interruption insurance may not adequately compensate us for losses that may occur from any of the foregoing. In the event that an earthquake, natural disaster, terrorist attack, or other catastrophic event were to destroy any part of our facilities or interrupt our operations for any extended period of time, or if harsh weather or health conditions prevent us from delivering products in a timely manner, our business, financial condition, and operating results could be seriously harmed.

We May Not Be Able to Successfully Consummate Proposed Acquisitions or Divestitures or Integrate Acquired Businesses.

From time to time, we may acquire other businesses and, based on an evaluation of our business portfolio, divest existing businesses. These potential acquisitions and divestitures may present financial, managerial, and operational challenges, including diversion of management attention from existing businesses, difficulty with integrating or separating personnel and financial and other systems, increased expenses, assumption of unknown liabilities and indemnities and potential disputes with the buyers or sellers. In addition, we may be required to incur asset impairment charges (including charges related to goodwill and other intangible assets) in connection with acquired businesses which may reduce our profitability. If we are unable to consummate such transactions, or successfully integrate and grow acquisitions and achieve contemplated revenue synergies and cost savings, our financial results could be adversely affected.

Our Foreign Operations are Subject to Additional Risks.

We operate our business and market our products internationally. In fiscal year 2009, 38% of our sales were generated in foreign countries. Our foreign operations are subject to additional risks, including fluctuations in currency values, foreign currency exchange controls, discriminatory fiscal policies, compliance with U.S. and foreign laws, enforcement of remedies in foreign jurisdictions, and other economic or political uncertainties. Additionally, international sales are subject to risks related to imposition of tariffs, quotas, trade barriers and other similar restrictions. All of these risks could result in increased costs or decreased revenues, either of which could adversely affect our profitability.

Fluctuations in Foreign Currency Markets May Negatively Impact Us.

We are exposed to fluctuations in foreign currency in the following main areas: cash flows related to raw material purchases; the translation of foreign currency earnings to U.S. dollars; the value of foreign currency investments in subsidiaries and unconsolidated affiliates and cash flows related to repatriation of these investments. Primary exposures include the British pound sterling versus the Euro, and the U.S. dollar versus the Euro, British pound sterling, Canadian dollar, Australian dollar, Mexican peso, Chinese renminbi, and Thai baht. We routinely enter into foreign currency exchange contracts to facilitate managing certain of these foreign currency risks. However, these contracts may not effectively limit or eliminate our exposure to a decline in operating results due to foreign currency exchange changes. Therefore, we cannot provide assurance that future exchange rate fluctuations will not have a negative impact on our business, financial position, or operating results.

Increases in Interest Rates May Negatively Impact Us.

We had total outstanding short-term borrowings of approximately $101.2 million at an average interest rate of approximately 0.4% on November 30, 2009. Our policy is to manage our interest rate risk by entering into both fixed and variable rate debt arrangements. We also use interest rate swaps to minimize worldwide financing cost and to achieve a desired mix of fixed and variable rate debt. We utilize derivative financial instruments to enhance our ability to manage risk, including interest rate exposures that 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. Our use of derivative financial instruments is monitored through regular communication with senior management and the utilization of written guidelines. However, our use of these instruments may not effectively limit or eliminate our exposure to changes in interest rates. Therefore, we cannot provide assurance that future interest rate increases will not have a material negative impact on our business, financial position, or operating results.

The Deterioration of Credit and Capital Markets May Adversely Affect our Access to Sources of Funding.

We rely on our revolving credit facilities, or borrowings backed by these facilities, to fund a portion of our seasonal working capital needs and other general corporate purposes. If any of the banks in the syndicates backing these facilities were unable to perform on its commitments, our liquidity could be impacted, which could adversely affect funding of seasonal working capital requirements. The Company engages 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, management periodically reviews 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, management believes the likelihood of one of our banks not performing on its commitment is remote.

In addition, global capital markets have experienced volatility that has tightened access to capital markets and other sources of funding. In the event we need to access the capital markets or other sources of financing, there can be no assurance that we will be able to obtain financing on acceptable terms or within an acceptable time, if at all. Our inability to obtain financing on terms and within a time acceptable to us could have an adverse impact on our operations, financial condition, and liquidity.

We Face Risks Associated With Certain Pension Assets and Obligations.

We hold investments in equity and debt securities in our qualified defined benefit pension plans and in a rabbi trust for our U.S. non-qualified pension plan. Deterioration in the value of plan assets resulting from a general financial downturn or otherwise, could cause (or increase) an underfunded status of our defined benefit pension plans, thereby increasing our obligation to make contributions to the plans. An obligation to make contributions to pension plans could reduce the cash available for working capital and other corporate uses, and may have an adverse impact on our operations, financial condition and liquidity.

The Global Financial Downturn Exposes Us to Credit Risks from Customers and Counterparties.

Consolidations in some of the industries in which our customers operate have created larger customers, some of which are highly leveraged. In addition, competition has increased with the growth in alternative channels through our customer base. These factors have caused some customers to be less profitable and increased our exposure to credit risk. Current credit markets are volatile, and some of our customers and counterparties are highly leveraged. A significant adverse change in the financial and/or credit position of a customer or counterparty could require us to assume greater credit risk relating to that customer or counterparty and could limit our ability to collect receivables. This could have an adverse impact on our financial condition and liquidity.

Item 1B. Unresolved Staff Comments

None.

Item 2. Properties

Our principal executive offices and primary research facilities are owned and are located in suburban Baltimore, Maryland.

The following is a list of our principal manufacturing properties, all of which are owned except for the facilities in Commerce, California and Melbourne, Australia, and a portion of the facility in Littleborough, England, which are leased:

United States:

Hunt Valley, Maryland – consumer and industrial (3 principal plants)
Gretna, Louisiana – consumer
South Bend, Indiana – industrial
Atlanta, Georgia – industrial
Commerce, California – consumer
Irving, Texas – industrial

Canada:

London, Ontario – consumer and industrial

Mexico:

Cuautitlan de Romero Rubio – industrial

United Kingdom:

Haddenham, England – consumer and industrial
Littleborough, England – consumer and industrial

France:

Carpentras – consumer
Monteux – consumer

Australia:

Melbourne – consumer and industrial

China:

Guangzhou – consumer and industrial
Shanghai – consumer and industrial

In addition to distribution facilities and warehouse space available at our manufacturing facilities, we lease regional distribution facilities in Belcamp, Maryland; Salinas, California; Irving, Texas; Mississauga and London, Ontario Canada; and Genvilliers, France and own distribution facilities in Monteux, France. We also own, lease, or contract other properties used for manufacturing consumer and industrial products and for sales, warehousing, distribution, and administrative functions.

We believe our plants are well maintained and suitable for their intended use. We further believe that these plants generally have adequate capacity and can accommodate seasonal demands, changing product mixes, and additional growth.

Item 3. Legal Proceedings

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

Item 4. Submission of Matters to a Vote of Security Holders

No matter was submitted to a vote of security holders during the fourth quarter of our fiscal year 2009.

PART II

Item 5. Market for Registrant’s Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

We have disclosed in Note 18, “Selected Quarterly Data (Unaudited)” of the Notes to Consolidated Financial Statements on page 63 of our Annual Report to Stockholders for 2009, the information relating to the market price and dividends paid on our classes of common stock. The market price of our common stock at the close of business on December 31, 2009 was $36.57 per share for the Common Stock and $36.62 per share for the Common Stock Non-Voting.

Our Common Stock and Common Stock Non-Voting are listed and traded on the New York Stock Exchange (“NYSE”). The approximate number of holders of our Common Stock based on record ownership as of December 31, 2009 was as follows:

Title of Class	Approximate Number of Record Holders
Common Stock, no par value	2,200
Common Stock Non-Voting, no par value	10,400

McCormick did not purchase Common Stock or Common Stock Non-Voting during the fourth quarter of 2009.

Item 6. Selected Financial Data

This information is set forth on the line items titled “Net sales,” “Operating income,” “Earnings per share – Diluted,” “Common dividends declared,” “Long-term debt” and “Total assets” in the “Historical Financial Summary” on page 64 of our Annual Report to Stockholders for 2009, which line items are incorporated by reference. See also Note 1 “Summary of Significant Accounting Policies” on pages 44 through 47 of our Annual Report to Stockholders for 2009.

Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations

This information is set forth in “Management’s Discussion and Analysis” on pages 19 through 36 of our Annual Report to Stockholders for 2009.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk

This information is set forth in the “Market Risk Sensitivity” section of “Management’s Discussion and Analysis” on pages 31 through 33 of our Annual Report to Stockholders for 2009, and in Note 7 “Financial Instruments” on pages 49 through 52 of our Annual Report to Stockholders for 2009.

Item 8. Financial Statements and Supplementary Data

The financial statements and supplementary data are included on pages 40 through 64 of our Annual Report to Stockholders for 2009. The report of Ernst & Young LLP, Independent Registered Public Accounting Firm, on such financial statements is included on pages 38 and 39 of our Annual Report to Stockholders for 2009. The supplemental schedule for 2007, 2008 and 2009 is included on page 20 of this Annual Report on Form 10-K. The report of Ernst & Young LLP, Independent Registered Public Accounting Firm, on such supplemental schedule is included on page 19 of this Annual Report on Form 10-K.

The unaudited quarterly data is included in Note 18, "Selected Quarterly Data (Unaudited)" of the Notes to Consolidated Financial Statements on page 63 of our Annual Report to Stockholders for 2009.

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

None.

Item 9A. Controls and Procedures

Disclosure Controls and Procedures

Our management, with the participation of our Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of our disclosure controls and procedures, as defined in Rule 13a-15(e) of the Securities Exchange Act of 1934, as of the end of the period covered by this report. Based on that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that, as of the end of the period covered by this report, our disclosure controls and procedures were effective.

Internal Control over Financial Reporting

Management's report on our internal control over financial reporting and the report of our Independent Registered Public Accounting Firm on internal control over financial reporting are included on pages 38 and 39 of our Annual Report to Stockholders for 2009. No change occurred in our "internal control over financial reporting" (as defined in Rule 13a-15(f)) during our last fiscal quarter which has materially affected or is reasonably likely to materially affect, our internal control over financial reporting.

Item 9B. Other Information

On January 26, 2010, the Board of Directors approved amendments to our By-Laws. The amendments, among other things, amend the advance notice provisions of the By-Laws to require stockholders who intend to submit a director nomination or other business before a meeting of stockholders to include, in addition to other information concerning any such director nominee or stockholder,

- Certain details about all ownership interests in our securities by the stockholder and any beneficial owner on whose behalf the nomination or proposal is made, including any derivative or short positions, profit or other economic interests, options, hedging transactions or borrowed or loaned shares,
- An agreement for any director nominee to abide by applicable confidentiality, governance, conflicts, stock ownership and trading policies of ours, and
- A representation to update that information as of the record date of the meeting no later than 10 days after the record date.

The remaining amendments to the By-Laws are primarily clerical in nature and designed to update our By-Laws and conform with standard practices. These additional amendments, among other things,

- Provide that the chairman of a meeting of stockholders, or the Board of Directors, may appoint one or more inspectors to act at any meeting.
- Provide that, in addition to being the Chairman of the Board of Directors, the President of the Company may also be the Chief Executive Officer.
- Provide that any officer appointed by another officer may be removed by such appointing officer. Prior to the amendment an officer could not remove a subordinate officer with the approval of the Board of Directors.
- Provide for easier means for replacement of mutilated, lost or destroyed stock certificates by permitting the Board of Directors to delegate such power to the officers or agents of the Company.
- Update the indemnification provision to remove outdated language and clarify that repeal or modification of the provisions shall not adversely affect the rights of persons entitled to indemnification at the time of the amendment.

This description is qualified in its entirety by reference to the text of the amended and restated Bylaws filed as an Exhibit to this Report, which are incorporated herein by reference.

PART III

Item 10. Directors, Executive Officers and Corporate Governance

Information responsive to this item is set forth in the sections titled “Corporate Governance,” “Election of Directors” and “Section 16(a) Beneficial Ownership Reporting Compliance” in our 2010 Proxy Statement, incorporated by reference herein, to be filed within 120 days after the end of our fiscal year.

In addition to the executive officers described in the 2010 Proxy Statement incorporated by reference in this Item 10 of this Report, the following individuals are also executive officers of McCormick: Paul C. Beard, W. Geoffrey Carpenter, Kenneth A. Kelly, Jr., and Cecile K. Perich.

Mr. Beard is 55 years old and, during the last five years, has held the following positions with McCormick: March 2008 to present – Senior Vice President, Finance & Treasurer; March 2002 to March 2008 – Vice President, Finance & Treasurer.

Mr. Carpenter is 57 years old and, during the last five years, has held the following positions with McCormick: December 2008 to present – Vice President, General Counsel, & Secretary; April 1996 to November 2008 – Associate General Counsel & Assistant Secretary.

Mr. Kelly is 55 years old and, during the last five years, has held the following positions with McCormick: March 2008 to present – Senior Vice President & Controller; February 2000 to March 2008 – Vice President & Controller.

Ms. Perich is 58 years old and, during the last five years, has held the following positions with McCormick: February 2007 to present – Vice President – Human Relations; January 1997 to February 2007 – Vice President – Human Relations, U.S. Industrial Group.

We have adopted a code of ethics that applies to all employees, including our principal executive officer, principal financial officer, principal accounting officer, and our Board of Directors. A copy of the code of ethics is available on our internet website at www.mccormickcorporation.com. We will satisfy the disclosure requirement under Item 5.05 of Form 8-K regarding any material amendment to our code of ethics, and any waiver from a provision of our code of ethics that applies to our principal executive officer, principal financial officer, principal accounting officer, or persons performing similar functions, by posting such information on our website at the internet website address set forth above.

Item 11. Executive Compensation

Information responsive to this item is incorporated herein by reference to the sections titled “Compensation of Directors,” “Compensation Discussion and Analysis,” “Compensation Committee Report,” “Summary Compensation Table,” “Grants of Plan-Based Awards,” “Narrative to the Summary Compensation Table,” “Outstanding Equity Awards at Fiscal Year-End,” “Option Exercises and Stock Vested in Last Fiscal Year,” “Pension Benefits,” “Non-

Qualified Deferred Compensation," "Potential Payments Upon Termination or Change in Control," "Compensation Committee Interlocks and Insider Participation" and "Equity Compensation Plan Information" in the 2010 Proxy Statement.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

Information responsive to this item is incorporated herein by reference to the sections titled "Principal Stockholders," "Election of Directors" and "Equity Compensation Plan Information" in the 2010 Proxy Statement.

Item 13. Certain Relationships and Related Transactions, and Director Independence

Information responsive to this Item is incorporated herein by reference to the section entitled "Corporate Governance" in the 2010 Proxy Statement.

Item 14. Principal Accountant Fees and Services

Information responsive to this item is incorporated herein by reference to the section titled "Report of Audit Committee and Fees of Independent Registered Public Accounting Firm" in the 2010 Proxy Statement.

PART IV

Item 15. Exhibits, Financial Statement Schedules

(a) The following documents are filed as a part of this Report:

1. The consolidated financial statements for McCormick & Company, Incorporated and subsidiaries which are listed in the Table of Contents appearing on page 20 of this Report.

2. The financial statement schedule required by Item 8 of this Form 10-K which is listed in the Table of Contents appearing on page 20 of this Report.

3. The exhibits that are filed as a part of this Form 10-K and required by Item 601 of Regulation S-K and Item 15(c) of this Form 10-K are listed on the accompanying Exhibit Index at pages 21 through 24 of this Report.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, McCormick has duly caused this report on Form 10-K to be signed on its behalf by the undersigned, thereunto duly authorized.

McCORMICK & COMPANY, INCORPORATED

By:	/s/ ALAN D. WILSON **Alan D. Wilson**	Chairman, President & Chief Executive Officer	January 28, 2010

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of McCormick and in the capacities and on the dates indicated.

Principal Executive Officer:

By:	/s/ ALAN D. WILSON **Alan D. Wilson**	Chairman, President & Chief Executive Officer	January 28, 2010

Principal Financial Officer:

By:	/s/ GORDON M. STETZ, JR. **Gordon M. Stetz, Jr.**	Executive Vice President & Chief Financial Officer	January 28, 2010

Principal Accounting Officer:

By:	/s/ KENNETH A. KELLY, JR. **Kenneth A. Kelly, Jr.**	Senior Vice President & Controller	January 28, 2010

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons, being a majority of the Board of Directors of McCormick & Company, Incorporated, on the date indicated:

THE BOARD OF DIRECTORS:	DATE:
/s/ JOHN P. BILBREY **John P. Bilbrey**	January 28, 2010
/s/ JAMES T. BRADY **James T. Brady**	January 28, 2010
/s/ J. MICHAEL FITZPATRICK **J. Michael Fitzpatrick**	January 28, 2010
/s/ Freeman A. Hrabowski, III **Freeman A. Hrabowski, III**	January 28, 2010
/s/ MICHAEL D. MANGAN **Michael D. Mangan**	January 28, 2010
/s/ JOSEPH W. MCGRATH **Joseph W. McGrath**	January 28, 2010
Margaret M. V. Preston	January 28, 2010
/s/ GEORGE A. ROCHE **George A. Roche**	January 28, 2010
/s/ WILLIAM E. STEVENS **William E. Stevens**	January 28, 2010
/s/ ALAN D. WILSON **Alan D. Wilson**	January 28, 2010

TABLE OF CONTENTS AND RELATED INFORMATION

Included in our 2009 Annual Report to Stockholders, the following consolidated financial statements are incorporated by reference in Item 8*:

Included in Part IV of this Annual Report:

Schedules other than those listed above are omitted because of the absence of the conditions under which they are required or because the information called for is included in the consolidated financial statements or notes thereto.

*** Pursuant to Rule 12b-23 issued by the Commission under the Securities Exchange Act of 1934, as amended, a copy of the 2009 Annual Report to Stockholders of McCormick for its fiscal year ended November 30, 2009 is being furnished with this Annual Report on Form 10-K.**

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Board of Directors and Shareholders of
McCormick & Company, Incorporated

We have audited the consolidated financial statements of McCormick & Company, Incorporated as of November 30, 2009 and 2008, and for each of the three years in the period ended November 30, 2009, and have issued our report thereon dated January 28, 2010 (incorporate by reference into this Annual Report (Form 10-K)). Our audits also included the financial statement schedule listed in Item 15(a) of this Annual Report (Form 10-K). This schedule is the responsibility of the Company's management. Our responsibility is to express an opinion based on our audits.

In our opinion, the financial statement schedule referred to above, when considered in relation to the basic financial statements taken as a whole, present fairly in all material respects the information set forth therein.

/s/ Ernst & Young LLP

Baltimore, Maryland
January 28, 2010

Supplemental Financial Schedule II Consolidated

McCORMICK & COMPANY, INCORPORATED

VALUATION AND QUALIFYING ACCOUNTS
(IN MILLIONS)

Column A	Column B	Column C Additions		Column D	Column E
Description	Balance at Beginning of Period	Charged to Costs and Expenses	Charged to Other Accounts	Deductions	Balance at End of Period
Deducted from asset accounts:					
Year ended November 30, 2009:					
Allowance for doubtful receivables	$ 4.6	$ 8.2	$ .5	$ (8.8)	$ 4.5
Valuation allowance on net deferred tax Assets	7.5	7.9	5.1	—	20.5
	$ 12.1	$ 16.1	$ 5.6	$ (8.8)	$ 25.0
Deducted from asset accounts:					
Year ended November 30, 2008:					
Allowance for doubtful receivables	$ 5.7	$ 1.3	$ (.8)	$ (1.6)	$ 4.6
Valuation allowance on net deferred tax Assets	6.2	1.8	(0.2)	(0.3)	7.5
	$ 11.9	$ 3.1	$ (1.0)	$ (1.9)	$ 12.1
Deducted from asset accounts:					
Year ended November 30, 2007:					
Allowance for doubtful receivables	$ 5.9	$ .4	$ .4	$ (1.0)	$ 5.7
Valuation allowance on net deferred tax Assets	6.3	1.6	(1.7)	—	6.2
	$ 12.2	$ 2.0	$ (1.3)	$ (1.0)	$ 11.9

Notes: None

EXHIBIT INDEX

Filed as Exhibit 10(xi) is the Asset Purchase Agreement ("APA") between McCormick and Conopco, Inc., pursuant to which McCormick purchased the assets of the Lawry's business from Conopco, Inc. The APA has been filed to provide investors and security holders with information regarding its terms. It is not intended to provide any other factual information about McCormick or Conopco, Inc. The APA contains representations and warranties the parties thereto made to and solely for the benefit of each other, and such representations and warranties may be subject to standards of materiality applicable to the contracting parties that differ from those applicable to investors. The assertions embodied in those representations and warranties are qualified by information in confidential disclosure schedules that McCormick delivered in connection with the execution of the APA. Accordingly, investors and security holders should not rely on the representations and warranties as characterizations of the actual state of facts. Moreover, information concerning the subject matter of the representations and warranties may change after the date of the APA, which subsequent information may or may not be fully reflected in McCormick's disclosures.

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	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.
		Articles of Amendment to Charter of McCormick & Company, Incorporated dated April 1, 1992	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.
		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 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 January 26, 2010	Attached

(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 5, 2000 between McCormick and SunTrust Bank, incorporated by reference from Exhibit 4(iii) 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. 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).

(iv) 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. 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).

(v) Form of 5.20% Notes due 2015, incorporated by reference from Exhibit 4.2 of McCormick's Form 8-K dated December 1, 2005, File No. 0-748, as filed with the Securities and Exchange Commission on December 6, 2005.

(vi) Form of 5.80% Notes due 2011, incorporated by reference from Exhibit 4.2 of McCormick's Form 8-K dated July 10, 2006, File No. 0-748, as filed with the Securities and Exchange Commission on July 13, 2006.

(vii) 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.

(viii) Form of 5.25% Notes due 2013 (issued pursuant to an Indenture between McCormick and The Bank of New York Mellon, formerly known as The Bank of New York, as trustee, a copy of which was filed with the Securities and Exchange Commission as Exhibit 4.1 to McCormick's Form 8-K on December 10, 2007, File No. 0-748), incorporated by reference from Exhibit 4.1 of McCormick's Form 8-K dated September 3, 2008, File No. 1-14920, as filed with the Securities and Exchange Commission on September 4, 2008.

(10) Material contracts

(i) McCormick's supplemental pension plan for certain senior and executive officers, amended and restated with an effective date of January 1, 2005, adopted by the Compensation Committee of the Board of Directors on November 28, 2008, a copy of which is attached to this Annual Report on 10-K to correct a typographical error.*

(ii) 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.*

(iii) The 1997 Stock Option Plan, in which officers and certain other management employees participate, is set forth in Exhibit B of McCormick's definitive Proxy Statement dated February 19, 1997, File No. 0-748, as filed with the Securities and Exchange Commission on February 18, 1997, and incorporated by reference herein.*

(iv) 2004 Long-Term Incentive Plan, in which officers and certain other management employees participate, is set forth in Exhibit A 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.*

(v) 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.*

(vi) 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.*

(vii) 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.*

(viii) 2005 Deferred Compensation Plan, amended and restated with an effective date of January 1, 2005, in which directors, officers and certain other management employees participate, which agreement is incorporated by reference from Exhibit 4.1 of McCormick's Form S-8, Registration No. 333-155775, as filed with the Securities and Exchange Commission on November 28, 2008.*

(ix) The 2009 Employee Stock Purchase Plan, in which employees participate, is set forth in Exhibit A of McCormick's definitive Proxy Statement dated February 12, 2009, File No. 1-14920, as filed with the Securities and Exchange Commission on February 12, 2009, and incorporated by reference herein.*

(x) 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.*

(xi) Asset Purchase Agreement, dated November 13, 2007, between McCormick and Conopco, Inc., which agreement is incorporated by reference from Exhibit 2.1 of McCormick's Form 8-K dated November 13, 2007, File No. 1-14920, as filed with the Securities and Exchange Commission on November 16, 2007.

(xii) Consulting Agreement, dated January 1, 2007, among McCormick, CKB Consulting LLC and Robert J. Lawless, which agreement is incorporated by reference from Exhibit 10(xiii) of McCormick's Form 10-K for the fiscal year ended November 30, 2007, File No. 1-14920, as filed with the Securities and Exchange Commission on January 28, 2008, as amended on January 8, 2009 and January 1, 2010, a copy of which is attached to this Annual Report on 10-K.*

(13)	Annual Report to Stockholders for 2009	Attached
(21)	Subsidiaries of McCormick	Attached
(23)	Consents of experts and counsel	Attached
(31)	Rule 13a-14(a)/15d-14(a) Certifications	Attached
(32)	Section 1350 Certifications	Attached

* Management contract or compensatory plan or arrangement.

EXHIBIT 3(ii)

BY-LAWS
OF
McCORMICK & COMPANY, INCORPORATED
AMENDED AND RESTATED AS OF
JANUARY 26, 2010

ARTICLE I.

1. Principal Office. The principal office shall be at 18 Loveton Circle, Sparks, Maryland 21152-6000.

The Corporation may also have offices at such other places as the Board of Directors may from time to time appoint, or the business of the Corporation may require.

2. Seal. The seal of the Corporation shall be in circular form with the words:

McCormick & Company, Incorporated
Maryland 1915

encircling a large Mc.

ARTICLE II.

Stockholders' Meetings.

3. Place of Meeting. All meetings of the stockholders shall be held at the time and place determined by the Board of Directors of the Corporation.

4. Annual Meeting. An annual meeting for the election of directors and for the transaction of such other business as may be properly brought before the meeting shall be held on the last Wednesday in March of every year beginning with the year 2009.

5. Notice of Annual Meetings; Waiver of Notice.

(a) Not less than ten nor more than 90 days before each stockholders' meeting, the Secretary shall give written notice of the meeting to each stockholder entitled to vote at the meeting and each other stockholder entitled to notice of the meeting. The notice shall state the time and place of the meeting and, if the meeting is a special meeting or notice of the purpose is required by statute, the purpose of the meeting. Notice is given to a stockholder when it is personally delivered to him or her, left at his or her residence or usual place of business, or mailed to him or her at his or her address as it appears on the records of the Corporation.

(b) Notwithstanding the foregoing provisions, each person who is entitled to notice waives notice if he or she before or after the meeting signs a waiver of the notice which is filed with the records of stockholders' meetings, or is present at the meeting in person or by proxy.

6. Quorum; Voting; Adjournments.

(a) Unless statute or the Charter provides otherwise, at a meeting of stockholders the presence in person or by proxy of stockholders entitled to cast a majority of all the votes entitled to be cast at the meeting constitutes a quorum, and a majority of all the votes cast at a meeting at which a quorum is present is sufficient to approve any matter which properly comes before the meeting, except as provided in the next sentence.

(b) Except as provided in Section 21 of these By-Laws or as otherwise required by law or the Charter, each director shall be elected by the vote of a majority of the votes cast with respect to the director at any meeting for the election of Directors at which a quorum is present, provided that if the number of nominees exceeds the number of directors to be elected, the directors shall be elected by the vote of a plurality at the meeting at which a quorum is present. For purposes of this Section 6(b), a majority of the votes cast means that the number of shares voted “for” a director must exceed the number of shares voted “against” that director.

(c) Whether or not a quorum is present, a meeting of stockholders convened on the date for which it was called may be adjourned from time to time without further notice by the chair of the meeting or by a majority vote of the stockholders present in person or by proxy to a date not more than one-hundred and twenty (120) days after the original record date. Any business which might have been transacted at the meeting as originally notified may be deferred and transacted at any such adjourned meeting at which a quorum shall be present.

7. General Right to Vote; Proxies.

(a) Except where the Charter limits or denies voting rights or provides for a greater or lesser number of votes per share, each outstanding share of stock, regardless of class, is entitled to one vote on each matter submitted to a vote at a meeting of stockholders. In all elections for directors, each share of stock may be voted for as many individuals as there are directors to be elected and for whose election the share is entitled to be voted.

(b) A stockholder may vote the stock the stockholder owns of record either in person or by proxy. A stockholder may sign a writing authorizing another person to act as proxy. Signing may be accomplished by the stockholder or the stockholder’s authorized agent signing the writing or causing the stockholder’s signature to be affixed to the writing by any reasonable means, including facsimile signature. A stockholder may authorize another person to act as proxy by transmitting, or authorizing the transmission of, a facsimile, telegram, cablegram, datagram, or other means of electronic transmission, to the person authorized to act as proxy or to a proxy solicitation firm, proxy support service organization, or other person authorized by the person who will act as proxy to receive the transmission.

(c) Unless a proxy provides otherwise, it is not valid more than 11 months after its date. A proxy is revocable by a stockholder at any time without condition or qualification unless the proxy states that it is irrevocable and the proxy is coupled with an interest. A proxy may be made irrevocable for so long as it is coupled with an interest. The interest with which a proxy may be coupled includes an interest in the stock to be voted under the proxy or another general interest in the Corporation or its assets or liabilities.

8. List of Stockholders. A complete record of stockholders entitled to vote at the ensuing election, arranged in alphabetical order, with the residence of each and the number of voting shares held by each shall be maintained in the offices of the Corporation.

9. Special Meetings.

(a) At any time in the interval between annual meetings, a special meeting of the stockholders may be called by the Chairman of the Board or the President or by a majority of the Board of Directors by vote at a meeting or in writing (addressed to the Secretary of the Corporation) with or without a meeting.

(b) Special meetings of the stockholders shall be called by the Secretary at the request of stockholders only as may be required by law and only if requested by stockholders entitled to cast a majority of all the votes entitled to be cast at the meeting. A request for a special meeting shall state the purpose of the meeting and the matters proposed to be acted on at it. The Secretary shall inform the stockholders who make the request of the reasonably estimated costs of preparing and mailing a notice of the meeting and, on payment of these costs to the Corporation, notify each stockholder entitled to notice of the meeting. Unless requested by stockholders entitled to cast a majority of all the votes entitled to be cast at the meeting, a special meeting need not be called to consider any matter which is substantially the same as a matter voted on at any special meeting of stockholders held in the preceding 12 months.

(c) Business transacted at all special meetings shall be confined to the objects stated in the call.

10. Conduct of Business and Voting.

(a) At all meetings of stockholders, unless the voting is conducted by inspectors, the proxies and ballots shall be received, and all questions touching the qualifications of voters and the validity of proxies, the acceptance or rejection of votes and procedures for the conduct of business not otherwise specified by these By-Laws, the Charter or law, shall be decided or determined by the chair of the meeting.

(b) If demanded by stockholders, present in person or by proxy, entitled to cast 25% in number of votes entitled to be cast, or if ordered by the chair of the meeting, the vote upon any election or question before the meeting shall be taken by ballot and, upon like demand or order, the voting shall be conducted by two inspectors, in which event the proxies and ballots shall be received, and all questions touching the qualification of voters and the validity of proxies and the acceptance or rejection of votes shall be decided, by such inspectors. Unless so demanded or ordered, no vote need be by ballot and voting need not be conducted by inspectors.

(c) One or more inspectors may be appointed to act at any meeting by the chairman of the meeting or by the Board of Directors. No candidate for election as a director at a meeting shall serve as an inspector thereat.

11. Director Nominations and Other Stockholder Proposals.

(a) Nominations of persons for election to the Board of Directors of the Corporation and the proposal of business to be considered by the stockholders may be made at an annual meeting of stockholders (i) pursuant to the Corporation's notice of meeting, (ii) by or at the direction of the Board of Directors or (iii) by any stockholder of the Corporation who (A) was a stockholder of record both at the time of giving of notice provided for in this Section 11 and at the time of the meeting, (B) is entitled to vote at the meeting and (C) complies with the provisions of this Section 11.

(b) For any stockholder proposal to be presented in connection with an annual meeting of stockholders of the Corporation, including any nomination of a director to be elected to the Board of Directors of the Corporation, the stockholders must have given timely notice thereof in writing to the Secretary of the Corporation. To be timely, a stockholder's notice shall be delivered to the Secretary at the principal executive offices of the Corporation not less than 60 days nor more than 90 days prior to the first anniversary of the preceding year's annual meeting; provided, however, that in the event that the date of the annual meeting is advanced by more than 30 days or delayed by more than 60 days from such anniversary date, notice by the stockholder to be timely must be so delivered not earlier than the 90th day prior to such annual meeting and not later than the close of business on the later of the 60th day prior to such annual meeting or the tenth day following the day on which public announcement of the date of such meeting is first made.

(c) Such stockholder's notice shall set forth:

(1) as to each person whom the stockholder proposes to nominate for election or reelection as a director (i) all information relating to such director nominee that is required to be disclosed in solicitations of proxies for election of directors, or is otherwise required, in each case pursuant to Regulation 14A under the Securities Exchange Act of 1934, as amended (the "Exchange Act") (including such director nominee's written consent to being named in the proxy statement as a nominee and to serving as a Director if elected); (ii) all information about such director nominee that is set forth in a questionnaire provided by the Corporation regarding such person's background and qualifications; (iii) a representation on behalf of such stockholder and such director nominee that the director nominee has no agreements with any third party relating to voting or compensation; (v) the agreement of such director nominee to abide by applicable confidentiality, governance, conflicts, stock ownership and trading policies of the Corporation; and (vi) the class and number of shares of capital stock of the Corporation that are beneficially owned by such person.

(2) as to any other business that the stockholder proposes to bring before the meeting, a brief description of the business desired to be brought before the meeting, the reasons for conducting such business at the meeting and any material interest in such business of such stockholder and of the beneficial owner, if any, on whose behalf the proposal is made;

(3) as to the stockholder giving the notice and the beneficial owner, if any, on whose behalf the nomination or proposal is made, and (if applicable) the director nominee (i) the name and address of such stockholder, as they appear on the Corporation's books, and of such beneficial owner, and (if applicable) director nominee, (ii) the class and number of shares of stock of the Corporation which are owned beneficially and of record by such stockholder and such beneficial owner, and (if applicable) such director nominee, (iii) a description of any agreement, arrangement, or understanding that has been entered into as of the date of the stockholder's notice by, or on behalf of, such stockholder or such beneficial owner, and (if applicable) such director nominee, on whose behalf the proposal is made, or any of their respective affiliates or associates the effect or intent of which is to mitigate loss to, manage risk or benefit of share price changes for, or increase or decrease the voting power of such stockholder or such beneficial owner, and (if applicable) such director nominee or their respective affiliates and associates with respect to shares of capital stock of the Corporation, including but not limited to any derivative or short positions, profit interests, options, hedging transactions, and borrowed or loaned shares, and (iv) a representation that the stockholder will update or supplement the foregoing information as of the record date for the meeting not later than 10 days after the record date for the meeting; and

(4) the announcement of a postponement of an annual meeting after notice of the meeting has been given or an adjournment of an annual meeting shall not commence a new time period for the giving of a stockholder's notice as described in this Section 11(c).

(d) Only such business shall be conducted at a special meeting of stockholders as shall have been brought before the meeting pursuant to the Corporation's notice of meeting. Nominations of persons for election to the Board of Directors may be made at a special meeting of stockholders at which directors are to be elected (i) pursuant to the Corporation's notice of meeting, (ii) by or at the direction of the Board of Directors or (iii) provided that the special meeting has been called in accordance with Section 9 for the purpose of electing directors, by any stockholder of the Corporation who (A) is a stockholder of record both at the time of giving of notice provided for in this Section 11(d) and at the time of the meeting, (B) is entitled to vote at the meeting and (C) complies with the provisions of this Section 11. In the event the Corporation calls a special meeting of stockholders for the purpose of electing one (1) or more persons to the Board of Directors, any such stockholder may nominate a person or persons (as the case may be) for election as a director as specified in the Corporation's notice of meeting, if the stockholder's notice containing all of the information required by Section 11(c), shall have been delivered to the Secretary of the

Corporation not earlier than the 90th day prior to such special meeting and not later than the close of business on the later of the 60th day prior to such special meeting or the tenth day following the day on which public announcement of the date of such meeting is first made. The announcement of a postponement of a special meeting after notice of the meeting has been given or an adjournment of a special meeting shall not commence a new time period for the giving of a stockholder's notice as described in this Section 11(d).

(e) For purposes of this Section 11, the term "public announcement" shall mean disclosure (i) in a press release reported by the Dow Jones New Service, Associated Press, Business Wire, PR Newswire or other widely circulated news or wire service or (ii) in a document publicly filed by the Corporation with the Securities and Exchange Commission pursuant to Sections 13, 14 or 15(d) of the Exchange Act.

(f) Notwithstanding the foregoing provisions of this Section 11, a stockholder also shall comply with any applicable requirements of state law and of the Exchange Act and the rules and regulations thereunder with respect to the matters set forth in this Section 11. Nothing in this Section 11 shall be deemed to affect any rights of stockholders to request inclusion of proposals in, nor the right of the Corporation to omit a proposal from, the Corporation's proxy statement pursuant to Rule 14a-8 (or any successor provision) under the Exchange Act.

ARTICLE III.

Directors – Management of Corporation Vested in Directors.

12. Management Vested in Directors.

(a) The business and affairs of this Corporation shall be managed under the direction of its Board of Directors. Except as provided in Section 21 of these By-Laws, directors shall be elected at the Annual Meeting of Stockholders, and each director shall be elected to serve until his successor shall be elected and shall qualify, or until his death, resignation or removal.

(b) If a nominee who is already serving as a director is not elected in accordance with these By-Laws, the director shall offer to tender his or her resignation to the Chairman of the Board following certification of the shareholder vote. The Nominating/Corporate Governance Committee shall promptly consider the resignation and recommend to the Board whether to accept the tendered resignation or reject it. The Board shall take action with respect to the Committee's recommendation and publicly disclose its decision and the rationale behind it no later than 90 days following the certification of the election results. The director who tenders his or her resignation will not participate in the Board's decision.

(c) A director who is an employee of the Corporation shall cease to be a director concurrent with his termination, resignation or retirement from active employment; provided however, that the Chairman of the Board of Directors may continue to serve until the next Annual Meeting of Stockholders following his retirement from active employment. Non-employee directors shall be ineligible for election or re-election to the Board of Directors after reaching age 70.

(d) The Board of Directors shall keep minutes of its meetings and a full account of its transactions.

(e) The number of directors may, by a vote of a majority of the entire Board of Directors, be increased or decreased to such number (not less than six, nor, unless this Section has been amended by the Board, more than 20) as the Board of Directors may deem proper or expedient, but such action shall not affect the tenure of any director.

13. Chairman and Vice Chairman of the Board of Directors. The Board shall from time to time designate one of its members as Chairman of the Board of Directors and may designate another of its members as Vice Chairman of the Board of Directors. It shall be the duty of the Chairman of the Board of Directors to preside at all meetings of the Board and of stockholders, and of the Vice Chairman, if any, to preside at such meetings in the absence of the Chairman.

14. Residual Power in Directors. In addition to the powers and authorities by these By-Laws expressly conferred upon them, the Board may exercise all such powers of the Corporation and do all such lawful acts as are not by statute, or by the certificate of incorporation, or by these By-Laws directed or required to be exercised or done by the stockholders.

15. Compensation of Directors. The Board of Directors shall by resolution determine what, if any, fees shall be paid to the directors for their services as members of the Board. Expenses of attendance, if any, may be allowed for attendance at each or any regular or special meeting of the Board.

16. Annual Meeting of the Board of Directors. After each meeting of stockholders at which the Board of Directors shall have been elected, the Board of Directors shall meet for the purpose of organization, and the transaction of other business at such time and place as may be designated by the stockholders at said meeting or, in the absence of such designation, shall meet as soon as practicable at such place as may be designated by the Board of Directors. No notice of such meeting shall be necessary to the newly elected directors in order legally to constitute a meeting, provided a majority of the whole Board shall be present.

17. Regular Meetings. Regular meetings of the Board may be held without notice at such time and place as shall from time to time be determined by the Board.

18. Special Meetings. Special Meetings of the Board may be called by the Chairman of the Board, the President, or the Secretary by notice served personally upon each director, or mailed, telegraphed or telephoned to his address as shown upon the books of the Corporation. Special meetings shall be called by the Chairman of the Board, the President or Secretary in like manner and with like notice on the written request of a majority of the directors.

19. Quorum. At all meetings of the Board, a majority of the directors shall be necessary and sufficient to constitute a quorum for the transaction of business, and the act of a majority of the directors present at any meeting at which there is a quorum shall be the act of the Board of Directors, except as may be otherwise specifically provided by statute or by the certificate of incorporation or by these By-Laws.

20. Removal of Directors. At any meeting of stockholders called for the purpose, any director may, by the vote of a majority of all the shares of stock outstanding and entitled to vote, be removed from office, with or without cause, and another may be appointed in place of the person so removed, which other shall serve for the remainder of the term.

21. Vacancies on Board of Directors. If any member shall die or resign, or if the stockholders shall remove any director without appointing another in his place, a majority of the remaining directors (although such majority is less than a quorum) may elect a successor to hold office for the unexpired portion of the term of the director whose place shall have become vacant and until his successor shall have been duly chosen and qualified. Vacancies in the Board of Directors created by an increase in the number of directors may be filled by the vote of a majority of the entire Board, as constituted prior to such increase, and directors so elected by the Board to fill such vacancies shall hold office until the next succeeding annual meeting of the stockholders and thereafter until their successors shall be elected and qualified.

22. Committees.

(a) The Board of Directors, by resolution, is authorized to appoint an Executive Committee from among its members and grant to such committee any and all powers and duties authorized by the applicable provisions of the Annotated Code of Maryland, including specifically the authority for members of the Executive Committee present at a meeting whether or not a quorum is present, to appoint a member of the Board of Directors to act in the place of an absent member of the Executive Committee.

(b) The Board of Directors, by resolution, may provide for such other standing or special committees from among the directors or employees of the Corporation, as the Board deems desirable, necessary or expedient, and may discontinue the same at the Board's pleasure. Each such committee shall have such power and perform such duties not inconsistent with law or these By-Laws, as may be assigned to it by the Board of Directors.

23. Compensation of Committees. Compensation of committee members may be such as may be allowed by the Board of Directors.

ARTICLE IV.

Officers

24. Executive Officers. The Officers of this Corporation shall be a Chairman of the Board of Directors, a President, one or more Executive Vice Presidents, one or more Vice Presidents, a Secretary, a Treasurer and other such officers as the Board of Directors may deem necessary or expedient for the proper conduct of the business of the Corporation. The officers of the Corporation shall be elected annually by the Board of Directors at its first meeting following the annual meeting of stockholders. Each such officer shall hold office for a term of one year and thereafter until his successor is elected and qualified, or until his death, resignation, or removal.

25. Chairman of the Board of Directors. The Chairman of the Board of Directors shall have general direction over the policies and affairs of the Corporation. He shall, when present, preside at all meetings of stockholders and the Board of Directors. Except where by law the signature of the President is required, the Chairman shall possess the same power as the President to sign all certificates, contracts, and other instruments of the Corporation which may be authorized by the Board of Directors. During the absence or disability of the President, he shall exercise all the powers and discharge all the duties of the President. The Chairman of the Board or the President may be the Chief Executive Officer of the Corporation.

26. President. The President shall have general and active management of the business operations of the Corporation. The President may also be the Chairman of the Board of Directors and the Chief Executive Officer of the Corporation. He shall keep the Board of Directors informed concerning all matters within his knowledge which the interests of the Corporation may require to be brought to their notice. He shall have prepared annually a full and true statement of the affairs of the Corporation which shall be submitted to the stockholders at the Annual Meeting and he shall have additional powers, obligations, and duties as may be assigned to him by the Board of Directors. The President or an Executive Vice President may be the Chief Operating Officer of the Corporation.

27. Executive Vice Presidents and Vice Presidents. The Executive Vice Presidents and Vice Presidents shall have all such powers and duties as may be assigned to them by the President or the Board of Directors. In the absence of the President and the Chairman of the Board, an Executive Vice President or Vice President may be designated to perform the duties and functions of the President.

28. Secretary. The Secretary shall keep a full and accurate record of all meetings of the stockholders and directors, and shall have the custody of all books and papers belonging to the Corporation which are located in its principal office. He shall give, or cause to be given, notice of all meetings of the stockholders and of the Board of Directors, and all other notices required by law or by these By-Laws. He shall be the custodian of the corporate seal or seals; he shall see that the corporate seal is affixed to all documents, the execution of which on behalf of the Corporation under its seal is duly authorized, and when so affixed may attest the same; and in general, he shall perform all duties ordinarily incident to the office of a Secretary of a Corporation, and such other duties as from time to time may be assigned to him by the Board of Directors.

29. Treasurer. The Treasurer shall have charge of and be responsible for all funds, securities, receipts and disbursements of the Corporation, and shall deposit, or cause to be deposited, in the name of the Corporation all monies or other valuable effects in such banks, trust companies, or other depositories as shall, from time to time, be selected by the Board of Directors; he shall render to the President and to the Board of Directors whenever requested, an account of the financial condition of the Corporation; and in general, shall perform all the duties ordinarily incident to the office of a Treasurer of a corporation, and such other duties as may be assigned to him by the Board of Directors or by the President.

30. Subordinate Officers. The Board of Directors may elect such subordinate officers as it may deem desirable. Each such officer shall hold office for such period, and shall have such authority and perform such duties, as the Board of Directors may prescribe. The Board of Directors may, from time to time, authorize any officer to appoint subordinate officers and to prescribe the powers and duties thereof.

31. Duties of Subordinate Officers. In addition to any other duties prescribed by the Board of Directors, a subordinate officer, if directed by the Board of Directors, shall perform all or any part of the duties herein granted any officer.

32. Compensation. The Board of Directors shall have power to fix the compensation of all officers and employees of the Corporation. It may authorize any officer upon whom the power of appointing subordinate officers may have been conferred to fix the compensation of such subordinate officers, or may appoint a committee to fix the salaries of all officers and may appoint an individual to fix the salaries of employees.

33. Officers Holding More Than One Office. Two or more offices (except that of President and Vice President) may be held by the same person, but no officer shall execute, acknowledge or verify any instrument in more than one capacity.

34. Removal. The Board of Directors shall have power at any regular or special meeting to remove any officer with or without cause, and such action shall be conclusive on the officer so removed. Any officer appointed by another officer may be removed, with or without cause, by such appointing officer.

35. Vacancies. The Board of Directors at any regular or special meeting shall have power to fill a vacancy occurring in any office for the unexpired portion of the term.

ARTICLE V.

Power to Sign Papers and Instruments of Corporation

36. The Board of Directors, from time to time, shall have full power and authority to appoint such officer or officers, agent or agents, as it shall deem necessary, proper, or expedient, to sign all deeds, mortgages, bonds, indentures, contracts, checks, drafts, notes, obligations, orders for the payment of money, and other instruments, papers, or documents which may be necessary, proper or expedient in order to carry on the business of the Corporation.

ARTICLE VI.

Other Management Boards

37. The Board of Directors may provide for such other management boards as they deem proper, necessary, and desirable for efficient management of the Corporation's business, and may discontinue or change the same at the Board's pleasure. Each such management board shall have such power and perform such duties not inconsistent with law or these By-Laws, as may be assigned to it by the Board of Directors. Each such management board shall be governed by their own By-Laws, not inconsistent with law or these By-Laws.

38. Compensation of the other management boards, or members thereof, may be such as allowed by the Board of Directors or by a duly authorized individual or committee so authorized by the Board.

ARTICLE VII.

39. Fiscal Year. The fiscal year of the Corporation shall commence on whatever date is determined as most practical by the Board of Directors, and shall end twelve months thereafter.

ARTICLE VIII.

40. Dividends. Dividends upon the capital stock of the Corporation, subject to the provisions of the Charter, if any, may be declared by the Board of Directors at any regular or special meeting, pursuant to law. Dividends may be paid in cash, in property, or in shares of the capital stock. Before payment of any dividend, there may be set aside out of any funds of the Corporation available for dividends such sum or sums as the Directors from time to time, in their absolute discretion, think proper as a reserve fund to meet contingencies, or for equalizing dividends; or for repairing or maintaining any property of the Corporation; or for such other purposes as the Directors shall think conducive to the interests of the Corporation.

ARTICLE IX.

Stock

41. Certificates/Book Entry Registration. Shares of the capital stock of the Corporation may be evidenced by electronic book entry, or by certificate. Upon request of a stockholder, the Corporation shall issue a numbered certificate to the stockholder which describes the number and class of shares owned by the stockholder. Said certificate shall be signed and sealed by such officers and in such manner as may be authorized and directed by the Board of Directors.

42. Transfer of Shares. Shares of stock shall be transferable on the books of the Corporation only by the holder thereof in person, or by his duly authorized attorney, and, in the case of stock evidenced by a certificate, by endorsement and surrender of the certificate.

43. Closing Books of the Corporation Against Transfer of Stock; Record Dates.

(a) The Board of Directors may fix a time not exceeding twenty (20) days preceding the date of any meeting of stockholders, any dividend payment date, or any date for the allotment of rights, during which the books of the Corporation shall be closed against the transfer of stock.

(b) In lieu of providing for the closing of the books against transfer of stock as aforesaid, the Board of Directors may fix in advance a time not exceeding ninety (90) days preceding any dividend date, or any date for the allotment of rights, as record date for the determination of the stockholders entitled to receive such dividend or rights, as the case may be, and, in that event, only stockholders of record on such date shall be entitled to receive such dividend or rights, as the case may be.

(c) The Board of Directors may fix in advance a time not exceeding ninety (90) days preceding any meeting of stockholders as record date for the determination of stockholders entitled to vote at a stockholders' meeting to be called by the Board of Directors.

44. Mutilated, Lost or Destroyed Certificates. The holder of any mutilated certificate shall immediately notify the Corporation, and the Board of Directors may, in its discretion, authorize the issuance of a new certificate or certificates, or uncertificated shares, in place thereof upon such terms and conditions deemed advisable by the Board of Directors; provided, that the Board of Directors may delegate such power to any officer or officers or agents of the Corporation. Any person claiming a certificate of stock to be lost or destroyed shall make an affidavit or affirmation of that fact.

45. Registered Stockholders. The Corporation shall be entitled to treat the holder of record of any share or shares as the holder in fact thereof, and accordingly shall not be bound to recognize any equitable, or other claim, or interest, in such shares on the part of any other person, whether or not it shall have express or other notice thereof, save as expressly provided by the laws of Maryland.

ARTICLE X.

Sundry Provisions.

46. Notices. Whenever under the provisions of these By-Laws notice is required to be given to any director, officer or stockholder, it shall not be construed to require personal notice, but such notice may be given in writing, by mail, by depositing the same in the post office or letterbox in a postage paid sealed wrapper, addressed to such director, officer of stockholder at such address as appears on the books of the Corporation, or in default of other address, to such director, officer, or stockholder at the General Post Office in Sparks, Maryland, and such notice shall be deemed to be given at the time when the same shall be thus mailed. Any director, officer or stockholder may waive any notice required to be given under these By-Laws.

47. Stock of Other Corporations. Shares of stock in other corporations owned or held by the Corporation may be voted by the Corporation by such officer, agent or proxy as the Board of Directors may from time to time appoint and, in the absence of such appointment, may be voted by the President or Vice President, or by proxy or proxies appointed by the President or a Vice President. Any and all proxies, waivers, consents and other instruments may be executed and any and all other action may be taken by the Corporation as owner or holder of shares of stock in other corporation by such officer, agent or proxy as the Board of Directors may appoint, or, in the absence of such appointment, by the President or a Vice President.

48. Indemnification.

(a) The Corporation shall indemnify (i) its directors to the full extent provided by the General Laws of the State of Maryland now or hereafter in force, including the advance of expenses provided by such laws; (ii) its officers to the same extent it shall indemnify its directors; and (iii) its officers who are not directors to such further extent as shall be authorized by the Board of Directors and be consistent with law. The foregoing shall not limit the authority of the Corporation to indemnify other employees and agents consistent with law.

(b) This by-law shall not limit any rights of any person with respect to facts and circumstances occurring or proceedings arising prior to the effective date to the extent such rights are consistent with law applicable to the time in question. Repeal or modification of this Section 48(b) or the relevant law shall not affect adversely any rights or obligations then existing with respect to any facts then or theretofore existing or any action, suit or proceeding theretofore or thereafter brought or threatened based in whole or in part upon any such facts.

49. Amendments.

(a) Except as hereinafter provided, these By-Laws, or any of them, or any additional or amended By-Laws, may be altered or repealed and any By-Laws may be adopted at any regular meeting of the Board of Directors without notice, or at any special meeting, the notice of which shall set forth the terms of the proposed amendments, by the vote of a majority of the entire Board.

(b) This Section 49 of the By-Laws relating to amendments be amended only at a regular meeting of stockholders without notice, or at a special meeting of stockholders, the notice of which shall set forth the terms of the proposed amendment, in either case by the vote of a majority of the votes entitled to be cast in the aggregate by all stockholders present in person or by proxy at such meeting.

EXHIBIT 10(i)

THE McCORMICK

SUPPLEMENTAL EXECUTIVE RETIREMENT PLAN

Amended and Restated Effective January 1, 2005

TABLE OF CONTENTS

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.

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) **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(g), 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 6 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 5, 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 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) 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) Reduction in the Employee's total compensation (including salary, bonus, deferred compensation, stock options, profit sharing and 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.

(6) For purposes of subparagraphs (1), (2) or (3) of this Section 2.1(l), an isolated, insubstantial and inadvertent action shall be excluded unless the Company fails to remedy such action promptly after receipt of notice thereof given by the Employee.

(m) **Disabled/Disability.** "Totally and Permanently Disabled" within the meaning of the Company's long-term disability plan, provided that such disability shall not constitute a Benefit Trigger unless it 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) **Plan.** The McCormick Supplemental Executive Retirement Plan, as amended and restated as of January 1, 2005.

(r) **Pension Plan.** The McCormick Pension Plan.

(s) **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.

(t) **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.

(a) An Employee shall only be eligible for coverage under this Plan if such Employee has reached age 50 and is a senior executive in a management position selected to participate in the Plan by the Committee, except that participation for purposes of Section 3.6 is not limited to senior executives selected by the Committee.

(b) In selecting an Employee for coverage under the Plan, the Committee shall specify whether the amount of the Employee's benefit under the Plan shall be determined under the "Senior Executive Program" as provided in Section 3.3, the "Executive Program" as provided in Section 3.4, the "Foreign Service Senior Executive Program" as provided in Section 3.5, "Management Program" as provided in Section 3.6 of the Plan, or a "Special Program" as provided in Section 3.7 of the Plan (each such benefit, a "Program"), and such selection shall be evidenced by one of the individual contracts referenced in Section 7.3. For the avoidance of doubt, no Employee shall be eligible for a benefit under more than one Program with respect to the same period of service.

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 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 the Company's Mid-Term Incentive Plan.

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 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 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 the Benefit Commencement Date, determined as follows:

(A) The adjusted retirement age will be the Employee's actual attained age on the Benefit Commencement Date 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) If the Employee is Disabled at the time that he experiences a Separation from Service, the Employee will continue to accrue credited service during the period of time that he is Disabled until his Benefit Commencement Date.

(C) 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 immediately preceding the date of his Separation from Service (or date of the Change in Control Event, if applicable) had remained in effect until his adjusted retirement age.

(D) 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 his Separation from Service (or the Change in Control Event, if applicable); if the Employee is on Disability at the time of his Separation from Service, the annual bonuses considered shall be the five highest annual bonuses earned by the Employee in any five of the ten calendar years immediately before the Disability.

(2) The benefit 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.

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

For an Employee who has been selected by the Committee 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), times the multiplier described in subparagraph (3), minus the amount described in subparagraph (2):

(1) The Employee's benefit 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 the Benefit Commencement Date, determined as follows:

(A) The adjusted retirement age will be the Employee's actual attained age on the Benefit Commencement Date 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) If the Employee is Disabled at the time that he experiences a Separation from Service, the Employee will continue to accrue credited service during the period of time that he is Disabled until his Benefit Commencement Date.

(C) 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 immediately preceding the date of his Separation from Service (or date of the Change in Control Event, if applicable) had remained in effect until his adjusted retirement age.

(2) The benefit 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.

(3) If the Employee was in compensation tier D at the time of his Separation from Service (or date of the Change in Control Event, if applicable), the multiplier shall be 1.4; if the Employee was in compensation tier C at the time of his Separation from Service (or date of the Change in Control Event, if applicable), 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 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 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 Separation from Service (or the Change in Control Event, if applicable); if the Employee is on Disability at the time of his Separation from Service, the annual bonuses considered shall be the five highest annual bonuses earned by the Employee in any five of the ten calendar years immediately before the Disability.

(2) The benefit 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.

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

For an Employee who has been selected by the Committee 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), times the multiplier described in subparagraph (3), minus the amount described in subparagraph (2):

(1) The Employee's benefit 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 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 tier D at the time of his Separation from Service (or date of the Change in Control Event, if applicable), the multiplier shall be 1.4; if the Employee was in compensation tier C at the time of his Separation from Service (or date of the Change in Control Event, if applicable), 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 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 the date of his Separation from Service (or the Change in Control Event, if applicable) 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 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 the Benefit Commencement Date, determined as follows:

(A) The adjusted retirement age will be the Employee's actual attained age on the Benefit Commencement Date 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) If the Employee is Disabled at the time that he experiences a Separation from Service, the Employee will continue to accrue credited service during the period of time that he is Disabled until his Benefit Commencement Date.

(C) 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 immediately preceding the date of his Separation from Service (or date of the Change in Control Event, if applicable) had remained in effect until his adjusted retirement age.

(D) 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 his Separation from Service (or the Change in Control Event, if applicable); if the Employee is on Disability at the time of his Separation from Service, the annual bonuses considered shall be the five highest annual bonuses earned by the Employee in any five of the ten calendar years immediately before the Disability.

(2) The benefit 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.

(3) The benefit that the Employee 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 under the Management Program set forth in this Section 3.6 or for an Employee who has been designated as eligible to participate in the Plan by the Committee but not otherwise selected by the Committee 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 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 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; or

(c) 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 4.2 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 ($15,500 in 2008), 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 joint and 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 4.2, 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 30-day Treasury Bill rate 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 4.2, 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 the form of benefit that he would have received under Section 4.1(b). 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. 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 5.2. 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 an Employee, the Company or a member of the Affiliated Group.

Section 5.3. 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 the Company.

Section 5.4. 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 5.5. Indemnity of Committee.

The Company and each member of the Affiliated Group 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 5.6. Employer Information.

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

Section 5.7. 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 6. Claims Procedures

Section 6.1. Presentation of Claim.

Any Employee or beneficiary of a deceased Employee (such Employee 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 6.2. 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 6.3. 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) 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 6.3 shall not be permitted to bring an action under ERISA to enforce his rights under the Plan.

Section 6.4. 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 6.5. Section 409A of the Code.

If an Employee or beneficiary believes he or she is entitled to benefits but has not received them, the Employee 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 Employee 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 Employee or beneficiary takes further enforcement measures within 180 days after such latest date.

Article 7. Amendment and Termination

Section 7.1. Amendment.

The Company may, at any time, amend or modify the Plan in whole or in part; provided that (a) no amendment or modification shall decrease or restrict the value of an Employee's benefit in existence at the time the amendment or modification is made, calculated as if the Employee 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 Employee or beneficiary or diminish any other rights or protections any Employee or beneficiary would have had, but for such amendment or modification, unless such affected Employee or beneficiary consents in writing to such amendment.

Section 7.2. Termination

While the Company intends to maintain this Plan for as long as necessary, the Company reserves the right to terminate it at any time for whatever reason it may deem appropriate, subject to the requirements of Section 7.1 that apply with respect to any amendment to terminate the Plan. In the event of the termination of the Plan (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 Employee 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 heath 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. If a Change in Control Event occurs that results in the payment of benefits to Employees, then the Plan shall terminate automatically immediately following the payment of such benefits, and no further benefits shall accrue under the Plan following such Change in Control Event.

Section 7.3. 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.

Section 7.4. 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 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 7.1 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 8. Trust

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. 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.

Section 9.2. Unsecured General Creditor.

Employees 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 a member of the Affiliated Group 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 the assets of the Company and each member of the Affiliated Group, shall be, and shall remain, the general, unpledged unrestricted assets of the Company or member of the Affiliated Group. 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 9.3. Employer's Liability.

An employer's liability for the payment of benefits shall be defined only by the Plan and the contract entered into between the employer and an Employee. An employer shall have no obligation to an Employee under the Plan except as expressly provided in the Plan and his contract.

Section 9.4. Nonassignability.

Neither an Employee 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 by a "qualified domestic relations order" (as defined in Section 414(p)(1)(B) of the Code) that can be construed and executed in a manner consistent with the requirements of Section 409A of the Code, 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 an Employee or any other person, or be transferable by operation of law in the event of an Employee's or any other person's bankruptcy or insolvency.

Section 9.5. Not a Contract of Employment.

The terms and conditions of this Plan and the contract evidencing Plan benefits shall not be deemed to constitute a contract of employment between any member of the Affiliated Group and the Employee. 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 contract under the Plan shall be deemed to give an Employee 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 Employee at any time.

Section 9.6. Furnishing Information.

Each Employee 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 9.7. 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 9.8. 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 an Employee under this Plan shall be sufficient if in writing and hand-delivered, or sent by mail, to the last known address of the Employee.

Section 9.9. Successors.

The provisions of this Plan shall bind and inure to the benefit of the Employee's employer and its successors and assigns, the Employee, the Employee's beneficiaries and their successors and assigns.

Section 9.10. 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 9.11. 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 9.12. Distribution in the Event of Taxation.

The Committee may distribute all or a portion of the Employee's benefit to the extent necessary to pay any FICA or income taxes which may be owed by the Employee on his benefit under the Plan and to the extent permitted by Section 409A of the Code.

Section 9.13. Insurance.

The Company and members of the Affiliated Group, 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 Employee, in such amounts and in such forms as the Company 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 Employee 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 9.14. 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 of the Code or (b) transfer any liability for a failure to comply with Section 409A of the Code from an Employee, an Employee's spouse, beneficiary, estate or other individual to the Company or a member of the Affiliated Group.

Section 9.15. Other Benefits and Agreements.

The benefits provided for an Employee and Employee's beneficiary under the Plan are in addition to any other benefits available to such Employee under any other plan or program for employees of the Employee'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.

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.

* * * * *

IN WITNESS WHEREOF, this Plan document has been executed on behalf of the Company as of , 2008.

ATTEST:		McCORMICK & COMPANY, INCORPORATED		
		By:		
W. Geoffrey Carpenter Vice President General Counsel & Secretary	Date		Cecile K. Perich Vice President Human Relations	Date

EXHIBIT 10(xii)

MCCORMICK& COMPANY, INC. 18 LOVETON CIRCLE, SPARKS, MD 21152-6000 USA/TEL (410) 771-7301 FAX (410) 771-7462

ALAN D. WILSON
CHAIRMAN, PRESIDENT & CEO

December 30, 2009

Mr. Robert J. Lawless
CKB Consulting LLC
23641 Waterside Drive
Bonita Springs, Florida 34134

Dear Bob,

As we have discussed, I would like to extend the term of the Consulting Agreement dated as of January 1, 2007 between McCormick and CKB Consulting LLC (the "Agreement") for another year.

During the renewal term, which will begin on January 1, 2010 and end on December 31, 2010, all of the terms and conditions of the Agreement will remain in effect, except for the payment of a consulting fee, which you have again generously offered to waive for 2010. We will, of course, continue to reimburse you for all reasonable expenses for travel, food and lodging.

I am very pleased that you have agreed to continue to serve as my advisor for an additional year. I look forward to continuing our relationship.

If the terms of this letter acceptable to you, please sign below in the space provided and return it to me.

Sincerely yours,

/s/ Alan D. Wilson
Alan D. Wilson

Accepted and approved as of the 30th day of December, 2009.

CKB CONSULTING LLC

By: /s/ Robert J. Lawless
Robert J. Lawless

/s/ Robert J. Lawless
Robert J. Lawless

EXHIBIT 13

CONTENTS

Our culinary experts worked with leading chefs to develop McCormick's 2010 Flavor Forecast®. On our annual report cover, we feature a pairing of coconut milk with pumpkin pie spice to create a meal inspired by Thai cuisine. As you read through the report, enjoy the aroma of pumpkin pie spice which is an enticing blend of cinnamon, ginger, nutmeg and allspice. In addition to their wonderful scent, both cinnamon and ginger are featured in our group of 7 Super Spices because of their high level of antioxidants.

At McCormick, a passion for flavor is shared by employees around the world. This passion has been the foundation of our success throughout the Company's rich 120 year-old history. It enabled us to deliver a year of solid growth and financial results for 2009 in the midst of a challenging economic environment.

a passion for flavor is shared by employees around the world. This passion has been the foundation of our success throughout the Company's rich 120 year-old h

We successfully integrated Lawry's®, the largest acquisition in McCormick's history. We reignited sales growth for this business and enhanced the Company's overall profit margins.

SAVED $42 MILLION

Across our global operations, we achieved $42 million of cost savings, exceeding our goal by 40%.

Earnings per share of $2.27 is up nearly 50% since 2005.

20

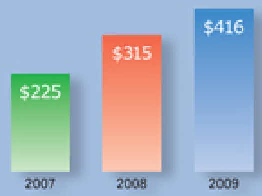
With more meals being prepared at home, we stepped-up our marketing activity with increased advertising and coupons. We have increased total marketing support for our leading brands by 35% in the past three years.

y integrated Lawry's®, the largest acquisition in McCormick's history. We reignited sales growth for this business and enhanced the Company's overall profit marg

HIGHLIGHTS

09

Our largest production facility in the U.K. was named "Sustainable Manufacturer of the Year" by a leading manufacturing publication in recognition of a recent 48% rise in recycling, 14% reduction in electricity usage and 13% reduction in water usage.



For a second consecutive year, we reduced our cash conversion cycle by 5 days which helped boost our cash flow from operations to a record $416 million.

Financial results for the year ended November 30 (millions except per share data)

	2009	2008	% change
Net sales	$3,192.1	$3,176.6	.5%
Gross profit	1,327.2	1,288.2	3.0%
Gross profit margin	41.6%	40.6%	
Operating income	466.9	376.5	24.0%
Operating income margin	14.6%	11.9%	
Net income	299.8	255.8	17.2%
Earnings per share – diluted	2.27	1.94	17.0%
Average shares outstanding – diluted	132.3	131.8	
Dividends paid	$ 125.4	$ 113.5	10.5%
Dividends paid per share	.96	.88	9.1%

FELLOW SHAREHOLDERS,

Alan D. Wilson

Chairman, President & Chief Executive Officer

While global economic conditions challenged all companies, 2009 was another year of excellent financial performance and strong operational achievement at McCormick. For example:

- While net sales rose slightly, the increase in local currency was 5%.
- Led by our Comprehensive Continuous Improvement (CCI) program, we exceeded our expense reduction goal by 40%, delivering $42 million of cost savings.
- We reported earnings per share of $2.27, near the top end of our $2.24 to $2.28 goal for 2009. On a comparable basis, this was an increase of 10%.
- Following a five-day reduction in 2008, we achieved our goal to reduce our cash conversion cycle another five days in 2009, helping to boost cash flow from operations to a record $416 million.

Furthermore, with the significant cash generated by our business, we lowered the debt related to our acquisition of Lawry's in 2008 and maintained our solid balance sheet. We also used cash to pay dividends to our shareholders, increasing these payments by 10% in 2009.

Restructuring actions, a favorable business mix and CCI – our ongoing initiative to reduce costs throughout our operations – combined to push our gross profit margin to 41.6%, compared with 40.6% in 2008. The integration of the Lawry's business with few additional costs was also an important driver of this margin improvement.

With higher margins we are fueling our investments to drive growth. In 2009 we invested in our leading brands with $20 million of incremental marketing support behind Lawry's, holiday advertising and new product launches. Lawry's, new products, expanded distribution and higher marketing support led to a 7% increase in consumer business sales when measured in local currency. Including the impact of unfavorable currency exchange rates, we achieved higher profits for both our consumer and industrial segments. Excluding the impact of restructuring charges and unusual items, we increased operating income by 16% for our consumer business and 8% for our industrial business.

While our joint venture in Mexico had a successful year with sales in local currency up 19%, the profit contribution from this business was hampered by an unfavorable currency impact. Overcoming a decline in income from unconsolidated operations, as well as a higher tax rate, we grew 2009 earnings per share 10% on a comparable basis with 2008.

At the core of this extraordinary performance is the one ingredient that I believe separates McCormick from other companies – what I refer to as McCormick's "passion for flavor," which lives within our employees around the globe. This passion inspires our product innovation and fuels our drive to grow sales and improve margins year after year through strategic investments in our business.

A passion for flavor

More than just an annual report title, McCormick's passion for flavor is a foundation of our business – a business that emphasizes the importance of eating well.

Certainly, taste plays a key role in eating well. In fact, in a recent U.S. survey, taste continues to rank first in what we choose to eat, ahead of quality, health and convenience. To that end, each year our culinary experts convene a council of leading chefs from around the world to define the latest trends and publish our eagerly anticipated "*Flavor Forecast.*"

Equally important to eating well, in our estimation, are the concepts of health/wellness and convenience. Thus our passion for flavor takes us toward products that resonate with consumers who demand more than great taste. For example, in the U.S. we recently relaunched our dry seasoning mixes with most of them reformulated to remove MSG, transfat and artificial flavors. This smart solution, coupled with the trend of more consumers eating at home, led to a 6% increase in units sold during the year. Likewise, we have introduced reduced-sodium versions of some of our most popular products to help consumers address health concerns such as salt content.

Similarly, we are helping consumers in France who bake at home by extending our popular Vahiné® dessert brand into new specialty cake mixes. Product innovation is also vital to our industrial customers. Led by new products developed for leading, multinational quick service restaurants, 13% of industrial sales in 2009 were from products launched in the past three years.

This passion for flavor, coupled with an acute sense of market needs and preferences, has created an enviable position in the marketplace for our brands. In our largest geographic markets, our share of the spice and seasoning category is significantly higher than that of our nearest competitor.

We are supporting our brands with record levels of marketing, up 35% in the past three years. The effectiveness of our spending has also increased. For example, in 2009 our sales lift from both print and television in the U.S. and Europe exceeded the average of other consumer product companies. To reinforce the added value of our branded products with consumers, we increased our coupon and promotion activity, and in print ads featured ways to make an inexpensive meal with our products. Likewise, we extended our communication around the science validating health benefits of culinary spices and herbs to consumers in Europe and the Asia/Pacific region.

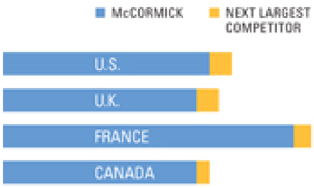
We are elevating our relationship within the food service industry from spice and extract expert to flavor partner. Having introduced Schwartz for Chefs® in the U.K., we recently launched a McCormick for Chefs™ campaign in the U.S., which encompasses recipe ideas, chef-friendly packaging and a back-of-house shelving system.

Our passion for flavor continues to grow globally as we expand our

To reinforce the value of our branded products, we increased our coupon and promotion activity in France and other major markets.

We relaunched our dry seasoning mixes to help consumers, who are increasingly preparing meals at home, eat well.

In 2009, we funded construction of two new health clinics in Indonesia to support the local spice farmers.



The category share of McCormick's spice and seasoning brands in our top four geographic markets far exceeds that of the next largest branded competitor.

geographic footprint in developing markets like China. In just the past two years, we doubled the number of major Chinese cities where consumers can purchase our products.

Our passion for flavor sets the direction for our acquisition strategy, which remains a key growth initiative. It has now been more than a year since we acquired Lawry's, and the profit from this business has exceeded our expectations. It is our largest acquisition to date and we have been pleased with the results accomplished by our integration team. Going forward, we will continue to build our portfolio of great brands with acquisitions both in developed and emerging markets.

Leveraging our business around the globe

In addition to driving future sales growth, our employees have become more adept at managing costs, margins and cash.

Two years ago, we set objectives and measured our performance with what we call "McCormick Profit." Under this approach, which complements our CCI efforts, each business is rewarded for both increasing profit and managing working capital. Our higher margins and a shorter cash conversion cycle demonstrate our effectiveness in successfully managing through a difficult environment.

We are committed to operating our business in a sustainable manner. Since 2005 our global operations have reduced greenhouse gases by 24%, water usage by 19% and electricity usage by 14%. Our impact on the places where we operate extends to regions where independent farmers grow spices and herbs. During 2009, we funded construction of two new health clinics in Indonesia which withstood devastating earthquakes and helped treat many who were injured.

Our employees are the heart of our business, and we operate with a strong set of values. Our Multiple Management philosophy, established in 1932, encourages the participation and inclusion of all employees. In this spirit, we are implementing McCormick's High-Performance System, which encourages teamwork and has led to better training, lower turnover and greater efficiency. We have a strong culture of respect for one another that extends to our suppliers, our customers and our communities.

Growing forward

Two key growth characteristics distinguish McCormick and bode well for the Company's ability to compete successfully in the global marketplace.

First and foremost, we are a global leader in the profitable and growing spice and seasonings retail product category. Within that category, we have the broadest line of products – from economy-priced store brands to premium gourmet items. As a result, we enjoy strong category share in our major geographic markets.

Second, on the industrial side of our business, we provide a broad range of flavor solutions to the leading and most recognizable multinational restaurant businesses and many of the large multinational packaged food manufacturers. All of these customers rely on us for safe, consistent and innovative products.

These characteristics, coupled with a disciplined approach to managing our financial resources, have allowed the Company to achieve a double-digit increase in earnings per share in each of the past four years when measured on a comparable basis. This is particularly remarkable in light of unprecedented spikes in raw material costs in 2007, a severe economic downturn in the global economy in 2008 and currency market headwinds over the past 12 months.

Shareholder return is further enhanced by our strong dividend track record. In November 2009, your Board of Directors approved the Company's 24th consecutive year of dividend increase, and we have paid dividends every year since 1925.

Underlying this performance is our strategy for growth: continuous margin improvement, further investment in the business and steadily increasing sales and profit. This strategy has served us well during these extreme economic conditions. We fully expect it to continue to deliver solid financial results as we move forward.

Acknowledgments

Following his retirement as President and CEO in early 2008, Bob Lawless retired from the Board of Directors in 2009 after 11 years as Chairman. During his tenure, Bob strengthened the Board's governance by transitioning to primarily independent directors. He was instrumental in setting our strategy, inspiring performance and achieving results. I would like to personally thank him for his leadership and service. Also during 2009, Cile Perich, our Vice President – Human Relations, joined the Company's Management Committee.

Led by your Board members, McCormick's leadership team has the right experience and high motivation to manage through challenges and remain focused on the profitable growth of our business. Throughout this report you will see just a few of our 7,500 employees throughout our worldwide operations who have the talent and energy that are behind our success. I thank McCormick employees everywhere for their hard work and accomplishments. Together we are driving sales, managing costs and increasing cash and profit.

We appreciate your interest and support and hope that, as a McCormick shareholder, you share our confidence in our continued growth and success.

Alan D. Wilson

Alan D. Wilson
Chairman, President & CEO

McCormick's Management Committee celebrated 10 years on the New York Stock Exchange during 2009: *(l-r)* Mark Timbie, Chuck Langmead, Cile Perich, Alan Wilson, Gordon Stetz, Lawrence Kurzius

Vision:

McCormick will be the leading global supplier of value-added flavor solutions. Building on strong brands and innovative products, we will be the recognized leader in providing superior quality, value and service to customers and consumers around the world.

A TASTE FOR INNOVATION

Our worldwide team of 400 researchers and product developers use our proprietary CreateIT® process to accelerate our new-product development cycle.

With imagination and a bit of fun, our product development team in France (pictured below) helped extend our popular Vahiné brand of dessert items to a line of mixes to prepare delicious items like flans and cakes.

While consumers today increasingly want convenience, healthy solutions and good value, taste remains the ultimate factor when choosing food. As a result, bold flavors, authentic ethnic cuisine and unique combinations, along with traditional favorites, are top of mind when ordering out or dining in.

In either case, McCormick is at the heart of the flavor solution with tasteful innovations and ideas around the world. We maintain our industry leadership by consulting with culinary experts in various global markets to identify emerging trends in food and food preparation. Around the world, our team of 400 researchers and product developers translates this unique insight into new products for consumers and customers using our proprietary CreateIT process, which brings together flavor developers, culinary chefs, sensory experts and consumers to validate and accelerate our new-product development cycle.

In addition to continually creating new flavor solutions, we make sure our existing product line remains properly aligned with market needs. For example, to address consumers' changing dietary needs, we relaunched our dry seasoning mixes in the U.S., reformulating many of these products to remove MSG, transfat and artificial flavors, and to feature our natural spices and herbs. As part of this relaunch, we updated packaging designs and improved in-store displays. This marketplace insight, coupled with focused marketing, led to a 6% unit increase in sales of these products. In addition, we introduced new versions of our Zatarain's® items featuring the taste of New Orleans, as well as Simply Asia® seasoning mixes, to help consumers re-create dishes they enjoy when dining out.

In France, Vahiné is a well-known brand with a reputation for quality ingredients and expertise in helping consumers prepare great desserts. We recently extended our product range with eight new varieties of cake mixes. These premium products deliver the superior flavor of French pâtisserie shops with easy, at-home preparation. Also in Europe, we introduced a line of Ducros® Selections for frequent users of herbs and spices, and additional blends of our Schwartz Flavourful™ recipe mixes in the U.K., which contain unique blends of slow-roasted whole spices and herbs.

Our product range in China includes not only spices and seasonings but condiments such as sauces and jams. New McCormick honey jams in this market contain honey as a natural sweetener and are being used as a spread or in tea. In Australia, where we have the number-one market share in gelatin with our Aeroplane® "jelly" brand, we have now developed Create a Jelly™ – a gelatin prepared using any favorite beverage.

Looking ahead, we are particularly excited about two new product lines that performed well in 2009 test markets. Perfect Pinch® makes it easy to explore new flavors and create inspired meals. With 18 varieties, we have consolidated and simplified three different lines of seasoning blends. For consumers who prefer to measure their ingredients and follow a recipe, we developed Recipe Inspirations®. With six varieties such as garlic and lime fajitas and rosemary roasted chicken and potatoes, Recipe Inspirations are a twist on the familiar and introduce consumers to a spice or herb they may not have used before.

This tasteful innovation also takes place on the industrial side of our business, where food service customers and other food manufacturers turn to McCormick's innovation team for rapid innovation that is on-trend and on-target with consumers. In fact, in each of the past five years, anywhere from 13% to 18% of annual sales have come from products introduced in the preceding three years. This further validates our CreateIT methodology, which allows us to gain market share through new product "win rates" of 35% for U.S. foodservice customers and 70% for U.S. food manufacturers. These rates are also high in international markets. In 2009, we worked with large, multinational quick service restaurants to develop and provide flavors for a number of new menu items.

Tasteful innovation has been – and will always be – a major component of our growth strategy.

Recipe Inspirations feature premeasured spices and a collectible recipe card that make it easy to create flavorful meals at home. Our marketing experts and sales team are launching these innovative products in 2010.

With new Create-a-Jelly, consumers in Australia can flavor gelatin with their favorite beverage. We grew sales of Aeroplane products 14% in 2009.

13%–18%

Every year since 2005, between 13% and 18% of our industrial business sales have come from new products launched in the preceding three years.

Our global ads feature low-cost ways to add taste to potatoes and other daily staples, information about the high antioxidant level of spices and herbs, and how to "master the flame, master the flavor" when grilling.

McCormick's products are typically less than 10% of the cost of the meal but 90% of the flavor.

Consumers around the world know us by many names – McCormick in the U.S., Australia, China and Latin America; Schwartz in the U.K.; Club House® in Canada; and Ducros in France. In addition to our broad lines of spices and seasonings, popular brands like Vahiné, Grill Mates®, Zatarain's and Aeroplane have their own loyal following.

While the names may vary, the connection with consumers is consistent everywhere. Helping to reinforce that bond are our aggressive brand marketing efforts. Just as we don't leave product innovation to chance, so too are we diligent in measuring the effectiveness of our promotion and advertising programs to ensure we remain properly aligned with market expectations and opportunities.

In 2009, a large portion of our U.S. marketing spend had returns that exceeded industry averages. We are achieving a lift in sales from engaging ads that are cost efficient and expertly placed using audience targeting. For example, we grew North American sales of Grill Mates in the U.S. and La Grille in Canada by 20%, thanks in large part to a comprehensive marketing campaign.

In recent years our ads have emphasized convenience, freshness and authentic flavors. In the current economic environment, much of our messaging has been centered on the value of our brands. Of the total cost of a meal, our seasonings, sauces and marinades represent only pennies per serving. Or, to put it another way, McCormick is often less than 10% of the cost of the meal but 90% of the flavor. To deliver this value message, we increased our coupon activity and stepped up our promotions in 2009. A number of our print ads featured ways to prepare a low-cost meal with our products.

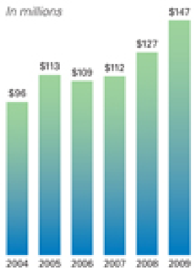
Similarly, we remain acutely aware of the in-store display and merchandising of our products and have made great improvements in recent years with the introduction of gravity-feed shelving for our core spice and seasoning products. In addition, secondary displays of our products are important particularly during holiday periods.

We are also taking advantage of opportunities on the Internet, which has become an increasingly important avenue to engage consumers globally. We are finding ways to drive traffic to our websites via creative online advertising and then retaining these consumers with fresh, relevant content. Our online advertising in the U.S. delivered more than 200 million visits to our sites last year and one of our recipes was viewed online every five seconds. This validates for us both the importance of the initiative and our effectiveness in leveraging the opportunity. Hit rates for our relaunched U.K. Schwartz website were up 100% toward the end of 2009.

Since 2004 we have increased our marketing spending by more than 50%. We have achieved a great return on this investment behind our brands and see further opportunities to connect with consumers in markets around the world.

Impressive store displays get consumer attention and incremental sales. In Australia, our selling team helped double sales of slow cooker seasonings in 2009 with high-impact product merchandising.

Our websites around the world engage consumers with information that includes low-cost recipes, as well as 30-minute meal ideas, information about product shelf-life and a "Flavor Forum" network.



We have increased marketing support behind our brands more than 50% since 2004.

Much of our business today was generated by the acquisition of leading brands around the world.

A fresh marketing campaign featured Lawry's new reduced sodium product.

Expansion into new markets has led to a broad global footprint and the product portfolio we have today. Club House in Canada, Schwartz in the U.K. and Ducros in France are all number one brands added through acquisition. Across all of our brands we supply products to nearly 100 countries around the world.

The acquisition of leading brands continues to be an integral part of our growth strategy. For the past five years, we have had average annual sales growth of 5%, and acquisitions have accounted for one-third of this increase. In our developed markets we are seeking iconic brands like Lawry's seasonings and marinades or Billy Bee® honey products. Products with a distinct flavor profile such as Simply Asia and Zatarain's offer compelling growth opportunities. We have a particular interest in emerging markets such as China and India as we identify acquisition candidates.

Our integration effectiveness increases with each successive acquisition. After completing the transaction in July 2008, our teams worked to fold in the Lawry's business with few incremental costs, exceeding our projected earnings accretion for the first 12 months. We have reignited sales growth for the Lawry's brand. Early in 2009, we introduced a new reduced-sodium version of the iconic Lawry's seasoned salt and two new marinades. This was followed by a fresh marketing campaign, the launch of additional marinade varieties and an appealing new bottle design. Lawry's has been our largest acquisition to date and one of our most successful.

For our U.S. foodservice customers, we recently launched our "McCormick for Chefs" campaign. This initiative moves us from a spice and herb expert to a flavor partner. As a key part of this master brand campaign, we are introducing the exciting flavors of Lawry's, Zatarain's and Thai Kitchen® products to restaurant chefs.

Beyond acquisitions, we have gained new distribution of our leading brands in North America and Europe with value-priced retailers in 2008 and 2009. In China, we have developed a strong foothold for the McCormick brand since its introduction in 1990. The opportunity for further expansion is significant. In just the past two years we doubled the number of major cities where consumers can purchase our products. Through our selling network we are gaining placement in both modern grocery stores and traditional street markets.

Over the past five years, sales growth for our industrial business in Asia has also been strong, as we support the expansion of multinational restaurants and food manufacturers. Production capacity of our plant in Thailand was recently doubled to accommodate this growth. We also added a condiment plant in South Africa due to increased demand.

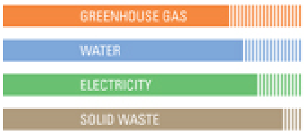
Acquisitions will continue to be an important avenue for growth at McCormick. Along with new distribution, acquisitions will continue to expand our business into new regions and new product categories that bring flavor to consumers.

The introduction of acquired brands such as Lawry's is part of our "McCormick for Chefs" campaign.

McCORMICK FOR CHEFS
It's What You Put Into It.

Over the past five years, sales growth for our industrial business in Asia has been strong, as we support the expansion of multinational restaurants and food manufacturers.

We view sustainability as an integral part of our business and essential to our success.



Since 2005 our global operations have reduced greenhouse gases by 24%, water usage by 19%, electricity usage by 14% and solid waste by 6%.

A new recycling unit in our Atlanta, Georgia manufacturing facility recycles excess product for use in animal feed, contributing to our 43% solid waste reduction in this facility.

Building on a cultural foundation of concern for others, we are committed to making a positive difference in the global communities where we live and work.

McCormick has a long history of sourcing pure, natural spices and herbs, and our attention to sustainability starts at the farms. Our global sourcing team travels the world to monitor growing activity and weather conditions on the farms with the goal of providing fully mature healthy crops. We have worked effectively with farmers to improve crop production, drying and storage methods. Our ongoing objective year to year is to buy the highest quality spices and herbs, yielding the best flavor.

As these raw materials arrive at our facilities for processing, we are committed to minimizing our own impact on the environment. Since 2005 our global operations have reduced greenhouse gases by 24%, water usage by 19%, electricity usage by 14% and solid waste by 6%.

Our focus on sustainability has resulted in many other accomplishments as well. Our manufacturing facility in Atlanta, for example, has reduced its solid waste by 43% since 2005. In our largest plant in the U.K., we recently achieved a 48% rise in recycling and reduced electricity usage by 14% and water usage by 13%. In recognition of these achievements, outstanding employee engagement in sustainability efforts and ISO 14001 certification, this facility was awarded "Sustainable Manufacturer of the Year" for 2009 by a leading U.K. manufacturers' publication. Sustainability extends to our packaging as well. In 2009, we eliminated 350,000 pounds of corrugated shipping materials for our foodservice products in the U.S.

We are also focused on the impact of our products on consumers. In 2007, we founded the McCormick Science Institute to advance the health benefits of culinary spices and herbs. In the Americas, Europe and the Asia/Pacific region, our "Super Spices" advertising and website began educating consumers about the high levels of natural antioxidants in many of our products. We offer reduced-sodium versions of a number of our most popular U.S. items, including Zatarain's Jambalaya rice mix, Grill Mates Montreal Steak seasoning and our latest addition, Lawry's seasoned salt, as well as many favorites in international markets.

Our efforts extend from the health of our products to the health of the communities in which we operate. This begins at the growing regions around the world where McCormick has provided support. In 2009, we funded construction of two health clinics in Indonesia and provided donations during the devastating earthquakes in this region. Our corporate giving goes beyond health initiatives to education, environment and habitat, health and welfare, civic and culture, and diversity.

Concern for one another is one of our shared values, and our employees are generous in sharing with their communities. In the U.S. many employees work an additional eight hours each year and donate their earnings – which are matched by the Company – to local charities. Employees in other locations donate their time and energy to raise funds for their local community. The Company also recognizes leaders in community service with annual awards.

For 120 years, McCormick's people have valued an enduring culture that still thrives today. Our Multiple Management philosophy is the foundation of this culture and is based on the inclusion of all employees, encouraging their participation in every aspect of our business. We are emphasizing these values with the McCormick High Performance System, which motivates our employees and leads to better training, lower turnover and greater efficiency.

Our Multiple Management Board in Mexico donated to an organization that provides support for girls ages six to 13 who suffer from poverty and abuse.

Our talented and motivated employees are the key ingredient of our success. We recognize this and continue to invest in development and a work environment where our talents can be applied and rewarded. In 2009, we added further resources behind our diversity and inclusion efforts, as well as employee communications, while continuing to monitor our progress with employee surveys. With the formation of two regional Multiple Management Boards, we are strengthening our leadership development initiatives around the world.

At McCormick, we care about our impact on the environment, our consumers, the communities in which we operate and the well-being and advancement of our employees. We view sustainability as an integral part of our business and essential to our success. It is truly our nature.

DIVERSITY IS THE SPICE OF LIFE
GLOBAL DIVERSITY & INCLUSION

OUR SHARED VALUES

The people of McCormick are our "key ingredient."

Ethical behavior
Teamwork
High performance
Innovation
Concern for one another
= **S**uccess

McCormick's continuing businesses have reported sales growth for more than 50 years. Since 1999, sales have grown at a compound annual growth rate of 6%. During this same 10-year period, earnings per share, adjusted for a stock split, have grown at a 12% compound annual growth rate. For each of the past three years we have grown earnings per share at a double-digit pace. We are proud to have accomplished this level of increase during a period of volatility in both input costs and currency rates, as well as a difficult global economy.

While our strong brands, leading market position and motivated employees are important elements of this success, equally important is our effective and sustainable growth strategy – improve margins, invest in the business and grow sales and profit.

We are improving margins with a more favorable business mix and with aggressive cost reductions. In 2009 we completed a broad restructuring plan that has resulted in annual savings of $61 million. Increased productivity allowed us to reduce the number of major manufacturing facilities by 26% and increase sales per facility by 66% since the program began in 2005.

Ongoing cost savings are being realized in each region and function

At our largest manufacturing plant based in Maryland, this new high-capacity blending station does the work of six smaller blenders and was instrumental in the successful integration of the Lawry's business.

under our Comprehensive Continuous Improvement effort. Our achievements in CCI are reflected in all aspects of our business, but most notably in our supply chain. Our 2009 CCI results include supply chain initiatives focused on supplier collaboration, manufacturing continuous improvement, packaging optimization and raw material origin and formulation conversions. In 2009, cost savings reached $42 million, ahead of our initial goal of $30 million. At our facility in Dallas, a "washout" that used to take 12 hours has been reduced to six hours. Productivity on product samples at our Technical Innovation Center has increased 46%. These and other cost reductions allow us to increase our brand marketing, develop new products and fund other initiatives. It is our fuel for growth.

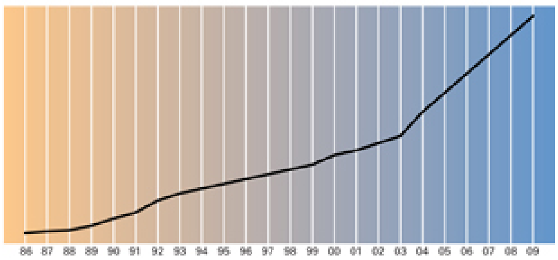
We set objectives not only to increase profit, but to reduce working capital. This modified measurement, called McCormick Profit, has been in place for two years. In both years we reduced our cash conversion cycle by five days, and in 2009 we generated $416 million of cash from operations. We are currently using cash to pay down debt from the Lawry's acquisition, and through the end of 2009 have reduced our debt by $252 million. We have maintained a strong balance sheet and investment-grade credit rating despite the difficult economy.

Cash is also funding dividends. McCormick shareholders have been paid a dividend every year since 1925. Your Board has increased the dividend on a per-share basis for 24 consecutive years. We recognize our dividends as one more way to build value for our shareholders.

Progress with CCI led to $42 million of cost savings in 2009.

We removed five days from our cash conversion cycle in 2008, followed by another five day reduction in 2009.

In November 2009 the Board of Directors declared our 24th consecutive dividend increase.



BOARD OF DIRECTORS

John P. Bilbrey 53
Senior Vice President of
the Hershey Company and
President – Hershey
North America
Hershey, Pennslyvania
Director since 2005
Nominating / Corporate Governance Committee

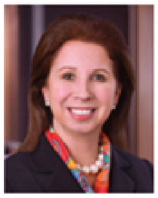
James T. Brady 69
Managing Director, Mid-Atlantic
Ballantrae International, Ltd.
Ijamsville, Maryland
Director since 1998
*Audit Committee**

J. Michael Fitzpatrick 63
Chairman &
Chief Executive Officer
Citadel Plastics Holdings, Inc.
Radnor, Pennsylvania
Director since 2001
Audit Committee

Freeman A. Hrabowski, III 59
President
University of Maryland
Baltimore County
Baltimore, Maryland
Director since 1997
*Nominating / Corporate Governance Committee**

Michael D. Mangan 53
President, Worldwide Power
Tools & Accessories
The Black & Decker Corporation
Towson, Maryland
Director since 2007
Audit Committee

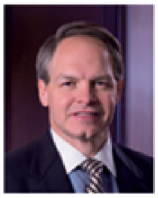
Joseph W. McGrath 57
President & Chief Executive
Officer (retired)
Unisys Corporation
Philadelphia, Pennsylvania
Director since 2007
Compensation Committee



Margaret M.V. Preston 52
Managing Director,
Market Executive
U.S. Trust Bank of America
Private Wealth Management
Greenwich, Connecticut
Director since 2003
Nominating / Corporate Governance Committee

George A. Roche 68
Chairman of the Board &
President (retired)
T. Rowe Price Group, Inc.
Baltimore, Maryland
Director since 2007
Compensation Committee

William E. Stevens 67
Chairman
BBI Group
St. Louis, Missouri
Director since 1988
*Compensation Committee**



Alan D. Wilson 52
Chairman, President &
Chief Executive Officer
McCormick & Company, Inc.
Director since 2007

**Denotes committee chairman*

EXECUTIVE OFFICERS

Alan D. Wilson
Chairman, President &
Chief Executive Officer

Paul C. Beard
Senior Vice President –
Finance & Treasurer

W. Geoffrey Carpenter
Vice President –
General Counsel & Secretary

Kenneth A. Kelly, Jr.
Senior Vice President &
Controller

Lawrence E. Kurzius
President –
McCormick International

Charles T. Langmead
President –
U.S. Industrial Group

Cecile K. Perich
Vice President –
Human Relations

Gordon M. Stetz
Executive Vice President &
Chief Financial Officer

Mark T. Timbie
President – North American
Consumer Foods

MANAGEMENT'S DISCUSSION AND ANALYSIS

The purpose of Management's Discussion and Analysis (MD&A) is to provide an understanding of McCormick's business, financial results and financial condition. The MD&A is organized in the following sections:

The information in the charts and tables in the MD&A are for the years ended November 30. All dollars are in millions, except per share data. We analyze and measure the profitability of our two business segments excluding the impact of our restructuring activities for all years presented, as well as the impact of the impairment charge that was recorded in the fourth quarter of 2008 and affected our consumer business. As such, operating income and operating income margin results for our two business segments exclude these items. All other results include the impact of these charges.

Business Overview

Executive Summary

McCormick is a global leader in the manufacture, marketing and distribution of spices, herbs, seasonings, specialty foods and flavors to the entire food industry. Customers range from retail outlets and food manufacturers to foodservice businesses. The Company was founded in 1889 and built on a culture of Multiple Management which engages employees in problem-solving, high performance and professional development.

We have approximately 7,500 full-time employees in facilities located around the world. Our major sales, distribution and production facilities are located in North America and Europe. Additional facilities are based in Mexico, Central America, Australia, China, Singapore, Thailand and South Africa. In 2009, 38% of sales were outside the United States.

Listed below are significant highlights of the discussion and analysis that follows:

- Net sales were $3.2 billion in 2009. Higher volume and product mix increased sales 2% due to the Lawry's business acquired in mid-2008. This increase, along with higher prices to offset increased input costs, was offset by the unfavorable impact of foreign currency exchange rates.
- Earnings per share were $2.27 in 2009 compared to $1.94 in 2008.
- We concluded our restructuring program that began late in 2005, achieving a total of $61 million in annual cost savings, which exceeded our initial target by 22%. Cost savings from our restructuring program, as well as our Comprehensive Continuous Improvement (CCI) program, reached $42 million in 2009.
- Cash from operations reached a record $416 million even after a $53 million increase in our pension plan contributions. We used part of this cash to pay down $252 million of the debt related to the Lawry's acquisition and also spent $125 million on dividend payments.
- In November 2009, our Board of Directors approved our 24th consecutive annual dividend increase and the annualized quarterly dividend as we began our 2010 fiscal year was $1.04 per share.

Business Segments

We operate in two business segments, consumer and industrial. Consistent with market conditions in each segment, our consumer business has a higher overall profit margin than our industrial business. In 2009, excluding restructuring charges, the consumer business contributed 60% of sales and 82% of operating income and the industrial business contributed 40% of sales and 18% of operating income.

Across both segments, we have the customer base and product breadth to participate in all types of eating occasions, whether it is cooking at home, dining out, purchasing a quick service meal or enjoying a snack. We offer consumers a range of products from premium to value-priced.

Consumer Business

From locations around the world, our consumer brands reach nearly 100 countries. Our leading brands in the Americas are McCormick, Lawry's and Club House. We also market authentic ethnic brands such as Zatarain's, El Guapo®, Thai Kitchen and Simply Asia, and specialty items such as Billy Bee honey products and seafood complements under the Golden Dipt® and Old Bay® labels. In Europe, the Middle East and Africa (EMEA) we sell the Ducros, Schwartz, McCormick and Silvo® brands of spices, herbs and seasonings and an extensive line of Vahiné brand dessert items. In the Asia/Pacific region our primary brand is McCormick, and we also own the Aeroplane brand which is the leader in gelatins in Australia.

Our customers span a variety of retail outlets that include grocery, mass merchandise, warehouse clubs, discount and drug stores, 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.

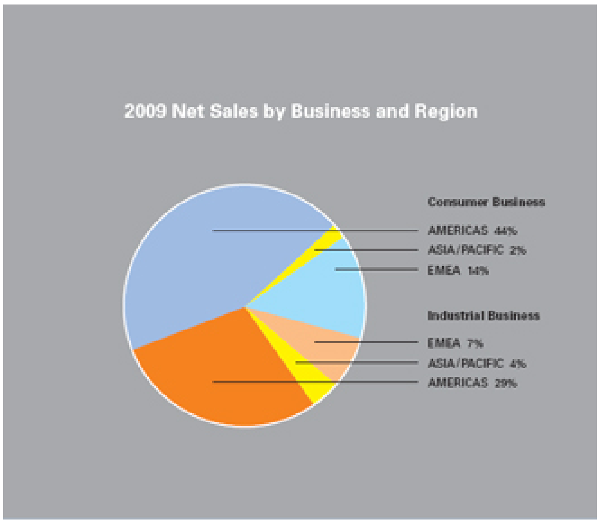
The largest portion of our consumer business is spices, herbs and seasonings. For these products, we are the category leader in our primary markets with a 40 to 70% share of sales. There are a number of competitors in the spices, herbs and seasoning category. More than 250 other brands are sold in the U.S. with additional brands in international markets. Some are owned by large food manufacturers, while others are supplied by small privately owned companies. Our leadership position allows us to more efficiently innovate, merchandise and market our brands.

Industrial Business

In our industrial business we provide a wide range of products to multinational food manufacturers and foodservice customers. The foodservice customers are supplied both directly and indirectly through distributors. Among food manufacturers and foodservice customers, many of our relationships have been established for decades. We focus our resources on our strategic partners that offer a greater growth potential. Our range of products remains one of the broadest in the industry and includes seasoning blends, natural spices and herbs, wet flavors, coating systems and compound flavors. In addition to a broad range of flavor solutions, our customers benefit from our expertise in sensory testing, culinary research, food safety, flavor application and other areas.

Our industrial business has a number of competitors. Some tend to specialize in a particular range of products and have a limited geographic reach. Other competitors include larger publicly held flavor companies that are more global in nature, but which also tend to specialize in a limited range of flavor solutions.

We have been working to increase the profitability of the industrial business through productivity improvements, continued customer and product rationalization and a shift in our sales mix to more higher-margin, value-added products.



Strategic Focus

Our strategy – to improve margins, invest in our business and increase sales and profits – has been driving our success for more than 10 years and is our plan for growth in the future.

In 2009, gross profit margin rose to 41.6% from 40.6% in the prior year. Our acquisition of consumer brands has led to a more favorable business mix in recent years, and our latest portfolio addition with Lawry's, moved our margins even higher. New product introductions also have the potential to improve margins, particularly in our industrial business where our development efforts are focused on more value-added items. A third path to higher margins is the incremental cost savings from CCI which spans all functions of our global business.

Product innovation is one of the leading investments to grow our business. New products launched in the past three years accounted for 8% of net sales in 2009. Since 2004, we have increased research and development expense nearly 25%. We are also investing in greater marketing support to drive sales of our leading brands, with an increase of 53% in the past five years. Another growth initiative is brand revitalization which encompasses marketing support as well as better merchandising, packaging and other improvements.

We are also growing our business with investments in acquisitions. Acquisitions have added 2% to average annual sales growth in the past five years. Through acquisitions we seek to add leading brands to extend our reach into new geographic regions where we currently have little or no distribution, with a particular interest in emerging markets. In our developed markets, we are adding brands that have a niche position and meet a growing consumer trend. Due in part to our acquisition strategy, we intend to grow our consumer business at a faster pace than our industrial business.

Long-term we expect to achieve mid-single digit sales growth with one-third from category growth and distribution gains, one-third from product innovation and one-third from acquisitions. Pricing and foreign currency exchange rates also impact sales. In 2009, pricing actions were beneficial to sales growth, while the impact of currency rates was unfavorable.

Our business generates strong cash flow. Actions to grow net income and improve working capital are designed to lead to higher levels of cash generation. Cash is our fuel for incremental product development, marketing support, strategic acquisitions and capital projects. Although currently curtailed while we pay down debt from the Lawry's acquisition, we have a share repurchase program designed to lower shares outstanding. We are building total shareholder return with consistent dividend payments. We have paid dividends every year since 1925.

RESULTS OF OPERATIONS – 2009 COMPARED TO 2008

	2009	2008
Net sales	$3,192.1	$3,176.6
Percent growth	.5%	

Sales for the fiscal year rose slightly from 2008. Pricing actions taken to offset higher costs added 3.8% to sales, while unfavorable foreign exchange rates reduced sales 5.0% for the year. Favorable volume and product mix, combined, added 1.7% to sales. This impact includes the acquisition of Lawry's (less the reduction in sales from the disposition of Season-All), which increased sales by 3.1% . The Lawry's acquisition and disposal of Season-All took place in July 2008.

	2009	2008
Gross profit	$1,327.2	$1,288.2
Gross profit margin	41.6%	40.6%

In 2009, gross profit increased 3.0% and gross profit margin rose 100 basis points. The increase in gross profit margin was due equally to a more favorable mix of business and cost savings initiatives.

In 2009 sales in our consumer segment, which carries a higher gross profit margin, grew 3.3% while sales in our industrial segment declined 3.4% .The increase in consumer sales was driven by the Lawry's acquisition.

Our Comprehensive Continuous Improvement program (CCI) also boosted margins. Total savings in 2009 were $37 million, of which $31 million improved gross profit.

Improvements due to business mix and cost reductions were partially offset by cost increases.

	2009	2008
Selling, general & administrative expense (SG&A)	$846.6	$870.6
Percent of net sales	26.6%	27.4%

Selling, general and administrative expenses in total dollars and as a percentage of net sales declined in 2009 compared to 2008. The underlying decrease in SG&A reflects our efforts to manage expenses, improve productivity and integrate the Lawry's business with minimal incremental operating expenses. More specifically, lower expense levels were due to decreases in distribution costs, certain benefit expenses and other cost savings, partially offset by higher marketing support costs.

Lower distribution costs were driven by CCI initiatives and leveraging our existing distribution channels with the new Lawry's business. Retirement plan expenses were lower due to changes in actuarial assumptions and higher income on marketable securities.

During 2009 we increased marketing support costs $19.5 million or 15%. A large portion of the increase funded a new marketing campaign for Lawry's. Other products featured with incremental marketing support included our revitalized dry seasoning mixes, Grill Mates, new Vahiné cake mixes, and in China, honey jams.

	2009	2008
Impairment charge	–	$29.0

In 2008 we recorded a non-cash impairment charge to lower the value of our Silvo brand intangible asset in The Netherlands. More details of the impairment charge are discussed later in MD&A.

The following is a summary of restructuring activities:

	2009	2008
Pre-tax restructuring charges:		
Recorded in cost of goods sold	$ 2.5	$ 4.5
Other restructuring charges	13.7	12.1
Reduction in operating income	16.2	16.6
Income tax effect	(5.3)	(5.1)
Reduction in net income	$10.9	$11.5
Reduction in earnings per share – diluted	$ .08	$ .09

Pre-tax restructuring charges for both 2009 and 2008 related to actions under our restructuring program to consolidate our global manufacturing, rationalize our distribution facilities, improve our go-to-market strategy and eliminate administrative redundancies. More details of the restructuring charges are discussed later in MD&A and in note 11 of the financial statements.

	2009	2008
Interest expense	$52.8	$56.7
Other income, net	2.4	18.0

The decrease in interest expense was due to lower interest rates, offsetting an increase in total average debt outstanding in 2009 when compared to 2008. The decrease in other income was due to the $12.9 million pre-tax gain recorded in 2008 on the sale of our Season-All business, sold in connection with the acquisition of Lawry's (see note 2 of the financial statements) and reduced interest income.

	2009	2008
Income from consolidated operations before income taxes	$416.5	$337.8
Income taxes	133.0	100.6
Effective tax rate	31.9%	29.8%

The increase in the effective tax rate was due to our current mix of income by taxing jurisdictions. Income taxes in 2009 and 2008 included $3.6 million and $2.9 million, respectively, of net discrete tax benefits. These tax benefits related to the settlement of tax audits and adjustments to prior tax provisions once actual tax returns were prepared and filed.

	2009	2008
Income from unconsolidated operations	$16.3	$18.6

Income from unconsolidated operations decreased $2.3 million in 2009 compared to 2008. This decrease was primarily driven by our joint venture in Mexico, as well as some smaller joint ventures. Our joint venture in Mexico had a strong performance with sales in local currency up 19%. However, income from this business was unfavorably impacted by the stronger U.S. dollar during most of 2009 and to a lesser degree, higher soybean oil costs. Soybean oil is the primary ingredient in mayonnaise, which is the leading product for this joint venture.

The following table outlines the major components of the change in diluted earnings per share from 2008 to 2009:

2008 Earnings per share – diluted	$1.94
Increased operating income exclusive of restructuring and impairment charges	.33
Impairment charge recorded in 2008	.15
Lower restructuring charges	.01
Lower interest expense	.02
Decrease in other income	(.08)
Increase in tax rate	(.07)
Lower income from unconsolidated operations	(.02)
Effect of higher shares outstanding	(.01)
2009 Earnings per share – diluted	$2.27

CONSUMER BUSINESS

	2009	2008
Net sales	$1,911.2	$1,850.8
Percent growth	3.3%	
Operating income, excluding restructuring and impairment charges	397.9	343.3
Operating income margin, excluding restructuring and impairment charges	20.8%	18.5%

Higher volume and product mix added 3.6% to sales, including the net impact of the Lawry's acquisition, which accounted for 4.6% . Pricing actions taken to offset higher costs added another 3.5% to sales, while unfavorable foreign exchange rates reduced consumer sales by 3.8% in 2009 compared to 2008.

In the Americas, consumer business sales increased 9.1%, including a 1.3% decrease due to unfavorable foreign exchange rates. Higher volume and product mix added 6.4% to sales, which included a 6.7% increase from the net impact of the Lawry's acquisition. Sales volume increases included grilling products and dry seasoning mixes, while sales volumes of gourmet items declined. During 2009 a number of retailers reduced their inventory levels which impacted our sales growth. Higher pricing taken early in the year added 4.0% to consumer sales in the Americas.

In EMEA, consumer sales decreased 11.3%, which includes 9.8% from unfavorable foreign exchange rates. Pricing actions added 2.5% to sales and unfavorable volume and product mix reduced sales by 4.0% .

The retail environment in the U.K. continues to be difficult and has caused weak sales of our Schwartz brand. Our business in France remains strong, particularly with our Vahiné dessert items, and has helped to offset some of the decline in the U.K.

Sales in the Asia/Pacific region decreased 0.4%, with 6.4% due to unfavorable foreign exchange rates. Sales volume and product mix grew by 6.1%, with China increasing at a double-digit pace and Australia growing at a low single-digit rate. Our growth in China is due to the launch of several new products and expanded distribution of our brands.

The increase in operating income excluding restructuring and impairment charges for the consumer business was driven by increased sales, improved margins from cost reductions and the integration of Lawry's with minimal incremental expense, offset in part by higher brand marketing support. From time to time, our customers evaluate their mix of branded and private label product offerings. If a significant portion of our branded business was switched to private label, it could have a significant impact on our consumer business.

INDUSTRIAL BUSINESS

	2009	2008
Net sales	$1,280.9	$1,325.8
Percent decrease	(3.4)%	
Operating income, excluding restructuring charges	85.2	78.8
Operating income margin, excluding restructuring charges	6.7%	5.9%

The industrial business sales decrease was driven largely by unfavorable foreign exchange rates, which reduced sales 6.7% . Pricing actions, which offset increased costs of certain commodities, added 4.4% to sales. Volume and product mix lowered sales 1.1% due to a slower pace of new product introductions by industrial customers. This reduction included the Lawry's acquisition, which added 1.0% to sales.

Sales in the Americas rose 0.2%, including a 3.3% decrease due to unfavorable foreign exchange rates. In this region, pricing actions increased sales by 4.1% . Lower volume and product mix reduced sales by 0.6% with less product innovation by our customers. The Americas volume and product mix impact included the Lawry's acquisition, which added 1.4% to sales.

In EMEA, a 14.8% sales decrease was the result of a 19.3% unfavorable foreign exchange rate impact and a 2.9% decline from lower volume and product mix. Sales to the foodservice channel were affected by the bankruptcy of a major customer in 2009. Partially offsetting these declines was higher pricing, which added 7.4%.

In the Asia/Pacific region, sales decreased 3.9% due to unfavorable foreign exchange rates. Pricing had minimal impact in this region and volume and product mix were flat. During 2009, we experienced a slowdown in demand from the restaurant customers that we serve in China.

Despite the decrease in industrial sales, operating income excluding restructuring activities increased which is evidence of the effectiveness of our CCI-driven savings program and progress toward a more favorable product mix. In general, the new products that we layered into our portfolio during 2009 were accretive to the overall margins. Operating income in 2009 included $7 million of costs related to a foodservice customer bankruptcy in the U.K.

RESULTS OF OPERATIONS – 2008 COMPARED TO 2007

	2008	2007
Net sales	$3,176.6	$2,916.2
Percent growth	8.9%	

Pricing actions to offset higher costs, acquisitions of leading brands, innovative new products and increased marketing support led to an increase in sales for 2008. Pricing added 5.1% to sales. Favorable volume and product mix of 2.3% came primarily from the impact of the acquisitions of Lawry's and Billy Bee (less the reduction in sales from the disposition of Season-All). Favorable foreign exchange rates added 1.5% for the year.

	2008	2007
Gross profit	$1,288.2	$1,191.8
Gross profit margin	40.6%	40.9%

In 2008, gross profit increased 8.1% . During 2008, we effectively offset volatile and increased material costs with pricing actions, productivity improvements and a higher-margin product mix.

Wheat, herbs and dairy products were among the raw materials that had significant increases in 2008. Pricing actions were taken to pass through these higher commodity costs to both consumer and industrial customers. Productivity improvements included our restructuring program and other supply chain cost reduction initiatives. Favorable product mix was primarily the result of stronger sales growth in our consumer business versus our industrial business, as the consumer business has a higher gross margin percentage.

Net sales grew at a slightly higher rate than gross profit which led to a slight decline in gross profit margin. Productivity improvements and favorable product mix had a positive effect. However, the impact of higher pricing that matched higher costs had an estimated unfavorable impact on gross profit margin of 1.7% in 2008.

Cost reductions in cost of goods sold, as well as selling, general and administrative expense, totaled $31 million.

	2008	2007
SG&A	$870.6	$806.9
Percent of net sales	27.4%	27.7%

Selling, general and administrative expenses were higher in 2008 than 2007 on a dollar basis but declined as a percentage of net sales. Our marketing support expenditures were 13% higher in 2008 than in 2007. As a percentage of net sales, selling, stock-based compensation and research and development expenses decreased, while distribution and administrative expenses were relatively unchanged. Efficiencies were obtained through our restructuring program, leveraging certain fixed expenses on our higher sales and other cost containment initiatives.

	2008	2007
Impairment charge	$29.0	–

In 2008 we recorded a non-cash impairment charge to lower the value of our Silvo brand intangible asset in The Netherlands. See discussion in note 4 of the financial statements for more information.

The following is a summary of restructuring activities:

	2008	2007
Pre-tax restructuring charges:		
Recorded in cost of goods sold	$ 4.5	$ 3.3
Other restructuring charges	12.1	30.7
Reduction in operating income	16.6	34.0
Income tax effect	(5.1)	(10.6)
Loss (gain) on sale of unconsolidated operations, net of tax	–	.8
Reduction in net income	$11.5	$24.2
Reduction in earnings per share – diluted	$ .09	$ .18

Pre-tax restructuring charges for both 2008 and 2007 related to actions under our restructuring program to consolidate our global manufacturing, rationalize our distribution facilities, improve our go-to-market strategy and eliminate administrative redundancies. More details of the restructuring charges are discussed later in MD&A and in note 11 of the financial statements.

	2008	2007
Interest expense	$56.7	$60.6
Other income, net	18.0	8.8

The decrease in interest expense was due to lower interest rates, offsetting an increase in total average debt outstanding in 2008 when compared to 2007. The increase in other income was due to the $12.9 million pre-tax gain recorded on the sale of our Season-All business, sold in connection with the acquisition of Lawry's (see note 2 of the financial statements).

	2008	2007
Income from consolidated operations before income taxes	$337.8	$302.4
Income taxes	100.6	92.2
Effective tax rate	29.8%	30.5%

The decrease in the effective tax rate was mainly due to an increase in discrete tax benefits in 2008. Income taxes in 2008 include $2.9 million of discrete tax benefits related to favorable state tax settlements and adjustments to prior tax provisions once actual tax returns were prepared and filed. Income taxes in 2007 included $1.9 million for discrete tax benefits, primarily the result of new tax legislation enacted in The Netherlands, the U.K. and the U.S.

	2008	2007
Income from unconsolidated operations	$18.6	$20.7

Income from unconsolidated operations decreased 10% in 2008 compared to 2007. This decrease was primarily driven by the higher cost of soybean oil during 2008, which is impacting our joint venture in Mexico. Soybean oil is the primary ingredient in mayonnaise, which is the leading product for this joint venture.

The following table outlines the major components of the change in diluted earnings per share from 2007 to 2008:

2007 Earnings per share – diluted	$1.73
Increased sales and operating income exclusive of restructuring and impairment charges	.18
Impairment charge recorded in 2008	(.15)
Lower restructuring charges	.09
Lower income from unconsolidated operations	(.02)
Lower interest expense	.02
Increase in other income	.05
Decrease in tax rate	.02
Effect of lower shares outstanding	.02
2008 Earnings per share – diluted	$1.94

CONSUMER BUSINESS

	2008	2007
Net sales	$1,850.8	$1,671.3
Percent growth	10.7%	
Operating income, excluding restructuring charges	343.3	313.9
Operating income margin, excluding restructuring charges	18.5%	18.8%

Higher volume and product mix added 5.3% to sales, including the net impact of the Lawry's and Billy Bee acquisitions which accounted for 3.7% . Pricing actions taken to offset higher costs added another 3.2% . Favorable foreign exchange rates added 2.2% to consumer sales in 2008 compared to 2007.

In the Americas, consumer business sales increased 12.7%, including 0.5% due to favorable foreign exchange rates. Higher volume and product mix added 8.6% to sales, including the net impact of the Lawry's and Billy Bee acquisitions which accounted for 4.8%, as well as the benefit of new products, new distribution and increased marketing support. Higher pricing added 3.6% to consumer sales in the Americas.

In EMEA, consumer sales rose 5.6%, which includes 5.6% from favorable foreign exchange rates and 2.5% from pricing actions. The remaining decrease of 2.5% was due to unfavorable volume and product mix. A more difficult economy in the second half of 2008 and a subsequent slow-down in consumer purchases affected both the category and our products. Sales volume and product mix was also affected by a reduction in trade inventory by retailers in France during this period.

Sales in the Asia/Pacific region increased 13.8%, with 8.1% due to favorable foreign exchange rates. Sales volume and product mix in China grew at a double-digit pace, offset by a slight decline in Australia. Success in Australia from new products such as slow cookers offset lower sales of Aeroplane jelly and the impact of several lower-margin items that were discontinued.

The increase in operating income excluding restructuring costs and impairment charges was driven by higher sales and improved productivity. While we were able to offset commodity cost increases with pricing actions, this reduced our margin percentage. This was partially offset by savings in SG&A expenses, despite our increased investments in marketing support costs to grow our brands.

INDUSTRIAL BUSINESS

	2008	2007
Net sales	$1,325.8	$1,244.9
Percent growth	6.5%	
Operating income, excluding restructuring charges	78.8	74.3
Operating income margin, excluding restructuring charges	5.9%	6.0%

The industrial sales increase was driven by higher pricing, which added 7.8% to sales, taken in response to increased costs of certain commodities. Favorable foreign exchange rates added 0.5% to sales and the net impact of acquisitions was a 1.0% increase. While we successfully introduced new products during 2008, volume and product mix declined 2.8% as a result of lower sales to restaurant customers in the Americas and Europe.

Sales in the Americas rose 5.7% with favorable foreign exchange rates adding 0.6% and the net impact of acquisitions adding 1.4% . In this region, pricing actions increased sales by 8.9% . Lower volumes and product mix reduced sales by 5.2% .

In EMEA, a 1.9% sales increase was the result of higher pricing, which added 7.2%, offset by a 3.1% unfavorable foreign exchange rate impact and a 2.2% decline from lower volumes and product mix. The impact of lower volume and product mix has had an unfavorable impact on our manufacturing efficiencies.

In the Asia/Pacific region, sales increased 23.5% with 8.8% from foreign exchange rates. Pricing had minimal impact in this region. Rapid expansion of industrial business, especially in China with quick service restaurant customers, contributed to a 14.3% favorable volume and product mix in this region.

Operating income excluding restructuring activities increased in dollar terms, but declined slightly in terms of margin. Pricing actions increased net sales and operating income dollars. While we were able to offset commodity cost increases with pricing actions, this reduced our margin percentage. This was mostly offset by cost savings resulting from our restructuring activities.

LIQUIDITY AND FINANCIAL CONDITION

	2009	2008	2007
Net cash provided by operating activities	$415.8	$314.6	$224.5
Net cash used in investing activities	(81.8)	(747.0)	(92.8)
Net cash (used in) provided by financing activities	(341.8)	433.4	(152.1)

We generate strong cash flow from operations which enables us to fund operating projects and investments that are designed to meet our growth objectives, make share repurchases when appropriate, increase our dividend and fund capital projects.

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

The reported values of our assets and liabilities held in our non-U.S. subsidiaries and affiliates have been significantly affected by fluctuations in foreign exchange rates between periods. At November 30, 2009, the exchange rates for the Euro, British pound sterling, Canadian dollar and Australian dollar were substantially higher versus the U.S. dollar compared to 2008. Exchange rate fluctuations resulted in increases to trade accounts receivable of $37 million, inventory of $25 million, goodwill of $107 million and other comprehensive income of $187 million since November 30, 2008.

Operating Cash Flow – When 2009 is compared to 2008, most of the increase in operating cash flow was driven by more effective management of working capital items, such as inventory and receivables, and a higher level of cash generated from improved net income. Also, payments for income taxes were less in 2009 as compared to those made in the prior year. These increases were partially offset by $52.2 million in contributions made to our major U.S. pension plan in 2009. We did not make any contribution to our major U.S. pension plan in 2008 as the plan was overfunded as of November 30, 2007. When 2008 is compared to 2007, most of the increase in operating cash flow was due to a higher level of collections on receivables and a higher level of cash generated from improved net income. In 2007 we made a $22 million contribution to our major U.S. pension plan versus no contribution in 2008.

Investing Cash Flow – The changes in cash used in investing activities from 2007 to 2009 were primarily due to fluctuations in cash used for acquisition of businesses in 2007 and 2008 with no acquisitions in 2009. We purchased Lawry's and Billy Bee in 2008 and Thai Kitchen in Europe in 2007. Also, included in 2008 were $14.0 million in net proceeds from the sale of our Season-All business and $18.1 million in proceeds from the disposal of various assets as a part of our restructuring plan. Capital expenditures were $82.4 million in 2009, $85.8 million in 2008 and $78.5 million in 2007. We expect 2010 capital expenditures to be in line with depreciation and amortization expense.

Financing Cash Flow – In 2009, we decreased our total borrowings by $252.2 million. This compares to increases in total borrowings of $509.1 million in 2008 and $65.5 million in 2007. In 2009, we repaid $50.4 million of long term debt as it became due and reduced short term borrowings by $201.8 million. In 2008, our increase in total borrowings, along with internally generated cash flow, were used to fund $693.3 million for the purchases of the Lawry's and Billy Bee businesses. In September 2008, we issued $250 million of 5.25% notes due 2013, with net cash proceeds received of $248.0 million. The net proceeds from this offering were used to pay down commercial paper which was issued for the purchase of the Lawry's business. In December 2007, we issued $250 million of 5.75% medium-term notes which are due in 2017. The net proceeds of $248.3 million were used to repay $150 million of debt maturing in 2008 with the remainder used to repay short-term debt.

The following table outlines the activity in our share repurchase programs:

	2009	2008	2007
Number of shares of common stock	–	.3	4.3
Dollar amount	–	$11.0	$157.0

There were no shares repurchased during 2009. The amount of share repurchases in 2008 was less than prior years due to the funding required for the Lawry's and Billy Bee acquisitions. As of November 30, 2009, $39 million remained under the $400 million share repurchase program approved by the Board of Directors in June 2005. The Common Stock issued in 2009, 2008 and 2007 relates to our stock compensation plans.

Our dividend history over the past three years is as follows:

	2009	2008	2007
Total dividends paid	$125.4	$113.5	$103.6
Dividends paid per share	.96	.88	.80
Percentage increase per share	9.1%	10.0%	11.1%

In November 2009, the Board of Directors approved a 8.3% increase in the quarterly dividend from $0.24 to $0.26 per share. During the past five years, dividends per share have risen at a compound annual rate of 10.2%.

	2009	2008	2007
Debt-to-total-capital ratio	42.6%	54.0%	40.0%

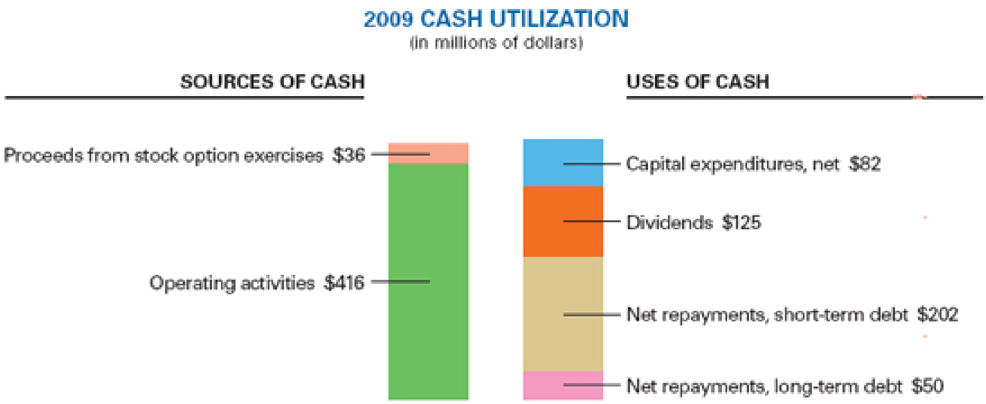
The decrease in our debt-to-total-capital ratio in 2009 (total capital includes debt and shareholders' equity) was the result of a significant decrease in our total debt, coupled with an increase in shareholders' equity. Our total debt decreased $248 million in 2009 as we are using excess cash flow to reduce the debt related to the Lawry's acquisition. Total shareholders' equity increased $279 million, including a net increase of $61 million in Accumulated Other Comprehensive Income due to foreign currency and pension valuation effects.

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 year-end, we temporarily use cash from our foreign subsidiaries to pay down short-term debt. During the year, the level of our short-term debt varies, and it is lower at the end of the year. The average short-term borrowings outstanding for the years ended November 30, 2009 and 2008 were $503.9 million and $367.9 million, respectively. The total average debt outstanding for the years ended November 30, 2009 and 2008 was $1,390.0 million and $1,125.2 million, respectively.

During 2008, we entered into three separate forward treasury lock agreements totaling $100 million to manage the interest rate risk associated with the issuance of $250 million of fixed rate medium-term notes in September 2008. We also issued $250 million of fixed rate medium-term notes in December 2007 with an associated $150 million of forward treasury lock agreements to manage the interest rate risk. See notes 6 and 7 of the financial statements for further details of these transactions.

Credit and Capital Markets – Credit market conditions were volatile during 2008 and 2009 but have recently improved. The following summarizes the more significant impacts on our business:

CREDIT FACILITIES – Cash flows from operating activities are our primary source of liquidity for funding growth, dividends, and capital expenditures. In the past, we have also used this cash to make share repurchases, however we are currently using operating cash flow to pay down debt incurred in the Lawry's acquisition before we consider resumption of our share repurchase program. 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. Our major revolving credit facilities have total committed capacity of $650 million, of which $50 million expired as of December 31, 2009, $100 million expires in July 2010 and $500 million expires in 2012. We generally use these facilities to support our issuance of commercial paper and as of November 30, 2009 we had used $100 million of these facilities for that purpose. 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 could reduce our ability to grow through funding of seasonal working capital. In addition to our committed revolving credit facilities, we have uncommitted credit facilities for $109 million as of November 30, 2009. We engage in regular communication with all of the banks participating in our revolving credit facilities. During these communications none of the banks has 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 and other aspects of the relationships. Based on these communications and our monitoring activities, we believe our banks will perform on their commitments. See also note 6 of the financial statements for more details on our financing arrangements. We believe that our internally generated funds and the existing sources of liquidity under our credit facilities are sufficient to fund ongoing operations.



PENSION ASSETS – We hold investments in equity and debt securities in both our qualified defined benefit pension plans and through a rabbi trust for our nonqualified defined benefit pension plan. Cash payments to pension plans, including unfunded plans, were $72.3 million in 2009, $19.2 million in 2008 and $41.6 million in 2007. It is expected that the 2010 total pension plan contributions will be approximately $45 million. 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 base our investment of plan assets, in part, on the duration of each plan's liabilities. Across all plans, approximately 62% of assets are invested in equities, 30% in fixed income investments and 8% in other investments. See also note 9 of the financial statements which details more on our pension funding.

CUSTOMERS AND COUNTERPARTIES - See the subsequent section of this MD&A under Market Risk Sensitivity – Credit Risk.

ACQUISITIONS

Acquisitions of new brands are part of our strategy to increase sales and profits and to improve margins.

In 2008, we purchased the assets of the Lawry's business for $603.5 million in cash, the assumption of certain liabilities relating to the purchased assets and transaction costs of $11.5 million. Lawry's manufactures and sells a variety of marinades and seasoning blends under the well-known "Lawry's" brand in North America. During 2009, we completed the final valuation of assets for Lawry's.

Also in 2008, we purchased Billy Bee for $76.4 million in cash. Billy Bee markets and sells under the "Billy Bee" brand in North America. During 2009, we completed the final valuation of assets for Billy Bee.

These businesses have been successfully integrated into our existing business platform and are now considered part of the many product lines that we market.

See note 2 of the financial statements for further details of these acquisitions.

IMPAIRMENT CHARGE

In 2008, we recorded a non-cash impairment charge of $29.0 million to reduce the value of our Silvo brand name in The Netherlands. Changing market conditions led to a reduction in retail distribution, which affected financial results and the brand value for the Silvo business. See note 4 of the financial statements for further details.

RESTRUCTURING ACTIVITIES

As part of our plan to improve margins, we announced in September 2005 significant actions to improve the effectiveness of our supply chain and reduce costs. This restructuring plan was approved by the Board of Directors in November 2005. As part of this plan, we consolidated our global manufacturing, rationalized our distribution facilities, improved our go-to-market strategy, eliminated administrative redundancies and rationalized our joint venture partnerships. As of November 30, 2009 this restructuring program was completed.

The restructuring plan reduced complexity and increased the organizational focus on growth opportunities in both the consumer and industrial businesses. We realized $61 million of annual cost savings by the end of 2009. This has improved margins, increased earnings per share and offset higher costs. We invested a portion of these savings in sales growth drivers such as marketing support for our brands. These savings are reflected in both cost of goods sold and selling, general and administrative expenses in the income statement.

In 2009, we recorded restructuring charges of $16.2 million. These charges were for the closure of our manufacturing plant in The Netherlands and the reduction of administrative personnel in Europe.

In 2008, we recorded restructuring charges of $16.6 million. These charges were primarily associated with the reduction of administrative personnel in Europe, the U.S. and Canada and the consolidation of production facilities in Europe and the reorganization of distribution networks in the U.S. and U.K.

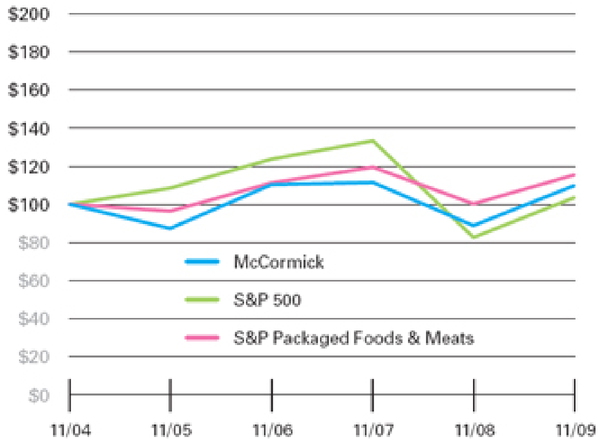
In 2007, we recorded restructuring charges of $34.0 million. These charges were related to the closure of manufacturing facilities in Salinas, California and Hunt Valley, Maryland, the consolidation of production facilities in Europe and the reduction of administrative personnel in the U.S. and Europe.

See note 11 of the financial statements for further details of these restructuring charges.

PERFORMANCE GRAPH – SHAREHOLDER RETURN

Set forth below is a line graph comparing the yearly change in McCormick's cumulative total shareholder return (stock price appreciation plus reinvestment of dividends) on McCormick's Non-Voting Common Stock with (1) the cumulative total return of the Standard & Poor's 500 Stock Price Index, assuming reinvestment of dividends, and (2) the cumulative total return of the Standard & Poor's Packaged Foods & Meats Index, assuming reinvestment of dividends.

COMPARISON OF 5-YEAR CUMULATIVE TOTAL RETURN
Among McCormick, the S&P 500 Stock Price Index and
the S&P Packaged Foods & Meats Index



The graph assumes that $100 was invested on November 30, 2004 in McCormick Non-Voting Common Stock, the Standard & Poor's 500 Stock Price Index and the Standard & Poor's Packaged Foods & Meats Index, and that all dividends were reinvested through November 30, 2009.

MARKET RISK SENSITIVITY

We utilize derivative financial instruments to enhance our ability to manage risk, including foreign exchange 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 instrument. The use of derivative financial instruments is monitored through regular communication with senior management and the utilization of written guidelines. The information presented below should be read in conjunction with notes 6 and 7 of the financial statements.

Foreign Exchange Risk – We are exposed to fluctuations in foreign currency in the following main areas: cash flows related to raw material purchases; the translation of foreign currency earnings to U.S. dollars; the value of foreign currency investments in subsidiaries and unconsolidated affiliates and cash flows related to repatriation of these investments. Primary exposures include the British pound sterling versus the Euro, and the U.S. dollar versus the Euro, British pound sterling, Canadian dollar, Australian dollar, Mexican peso, Chinese renminbi, Swiss franc and Thai baht. We routinely enter into foreign currency exchange contracts to manage certain of these foreign currency risks.

During 2009, the foreign currency translation component in other comprehensive income was principally related to the impact of exchange rate fluctuations on our net investments in France, the U.K., Canada and Australia. We did not hedge our net investments in subsidiaries and unconsolidated affiliates.

The following table summarizes the foreign currency exchange contracts held at November 30, 2009. All contracts are valued in U.S. dollars using year-end 2009 exchange rates and have been designated as hedges of foreign currency transactional exposures, firm commitments or anticipated transactions, all with a maturity period of less than one year.

FOREIGN CURRENCY EXCHANGE CONTRACTS AT NOVEMBER 30, 2009

Currency sold	Currency received	Notional value	Average contractual exchange rate (currency received/currency sold)	Fair value
Euro	US dollar	$15.4	$1.43	$ (.7)
British pound sterling	US dollar	12.4	1.65	.1
Canadian dollar	US dollar	23.5	.90	(1.2)
US dollar	Thai baht	4.7	33.4	–
US dollar	Euro	79.6	.67	.1
British pound sterling	Euro	19.2	1.18	1.3

We have a number of smaller contracts with an aggregate notional value of $4.9 million to purchase or sell various other currencies, such as the Australian dollar and the Singapore dollar as of November 30, 2009. The aggregate fair value of these contracts was $(0.4) million at November 30, 2009.

At November 30, 2008, we had foreign currency exchange contracts for the Euro, British pound sterling, Canadian dollar, Australian dollar and Thai baht with a notional value of $64.9 million, all of which matured in 2009. The aggregate fair value of these contracts was $7.1 million at November 30, 2008.

Contracts with durations which are less than 7 days and used for short-term cash flow funding are not included in the notes or table above.

Interest Rate Risk – Our policy is to manage interest rate risk by entering into both fixed and variable rate debt arrangements. We also use interest rate swaps to minimize worldwide financing costs and to achieve a desired mix of fixed and variable rate debt. The table that follows provides principal cash flows and related interest rates, excluding the effect of interest rate swaps and the amortization of any discounts or fees, by fiscal year of maturity at November 30, 2009 and 2008. For foreign currency-denominated debt, the information is presented in U.S. dollar equivalents. Variable interest rates are based on the weighted-average rates of the portfolio at the end of the year presented.

YEAR OF MATURITY AT NOVEMBER 30, 2009

	2010	2011	2012	2013	Thereafter	Total	Fair value
Debt							
Fixed rate	$ .4	$100.0	–	$250.0	$505.0	$855.4	$933.0
Average interest rate	0.00%	5.80%		5.25%	5.77%		
Variable rate	$115.7	.2	.3	1.3	$ 4.8	$122.3	$122.3
Average interest rate	0.49%	9.58%	9.58%	9.58%	9.58%		

YEAR OF MATURITY AT NOVEMBER 30, 2008

	2009	2010	2011	2012	Thereafter	Total	Fair value
Debt							
Fixed rate	$ 50.4	$ .4	$100.0	–	$755.0	$905.8	$889.5
Average interest rate	3.32%	0.00%	5.80%		5.60%		
Variable rate	$303.3	$14.0	–	–	$ 5.0	$322.3	$322.3
Average interest rate	2.09%	2.96%			14.52%		

The table above displays the debt by the terms of the original debt instrument without consideration of fair value, interest rate swaps and any loan discounts or origination fees. Interest rate swaps have the following effects. The fixed interest rate on $100 million of the 5.20% medium-term note due in 2015 is effectively converted to a variable rate by interest rate swaps through 2015. Net interest payments are based on 3 month LIBOR minus 0.05% during this period. We issued $250 million of 5.75% medium-term notes due in 2017 in December 2007. Forward treasury lock agreements of $150 million were settled upon the issuance of these medium-term notes and effectively fixed the interest rate on the full $250 million of notes at a weighted-average fixed rate of 6.25% . We issued $250 million of 5.25% medium-term notes due in 2013 in September 2008. Forward treasury lock agreements of $100 million were settled upon the issuance of these medium-term notes and effectively fixed the interest rate on the full $250 million of notes at a weighted-average fixed rate of 5.54% .

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 dairy products, pepper, wheat, onion, capsicums (red peppers and paprika), soybean oil and garlic. 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 have not used derivatives to manage the volatility related to this risk.

Credit Risk **–** The customers of our consumer business are predominantly food retailers and food wholesalers. Consolidations in these industries have created larger customers, some of which are highly leveraged. In addition, competition has increased with the growth in alternative channels including mass merchandisers, dollar stores, warehouse clubs and discount chains. 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 feel that the 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

The following table reflects a summary of our contractual obligations and commercial commitments as of November 30, 2009:

CONTRACTUAL CASH OBLIGATIONS DUE BY YEAR

	Total	Less than 1 year	1-3 years	3-5 years	More than 5 years
Short-term borrowings	$ 101.2	$101.2	–	–	–
Long-term debt	876.5	14.9	$100.5	$252.6	$508.5
Operating leases	76.5	21.1	28.4	16.0	11.0
Interest payments	307.0	46.0	86.0	67.0	108.0
Raw material purchase obligations (a)	237.8	237.8	–	–	–
Other purchase obligations (b)	18.8	18.3	.4	.1	–
Total contractual cash obligations	$1,617.8	$439.3	$215.3	$335.7	$627.5

(a) Raw material purchase obligations outstanding as of year-end may not be indicative of outstanding obligations throughout the year due to our response to varying raw material cycles.
(b) Other purchase obligations primarily consist of advertising media commitments.

In 2010, our pension and postretirement contributions are expected to be approximately $45 million. Pension and postretirement funding can vary significantly each year due to changes in legislation and our significant assumptions. As a result, we have not presented pension and postretirement funding in the table above.

COMMERCIAL COMMITMENTS EXPIRATION BY YEAR

	Total	Less than 1 year	1-3 years	3-5 years	More than 5 years
Guarantees	$ 1.8	$ 1.8	–	–	–
Standby and trade letters of credit	30.0	30.0	–	–	–
Lines of credit	758.5	258.5	$500.0	–	–
Total commercial commitments	$790.3	$290.3	$500.0	–	–

OFF-BALANCE SHEET ARRANGEMENTS

We had no off-balance sheet arrangements as of November 30, 2009 and 2008.

RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS

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

CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS

In preparing the financial statements, we are required to make estimates and assumptions that have an impact on the assets, liabilities, revenue and expense amounts reported. These estimates can also affect supplemental information disclosed by us, including information about contingencies, risk and financial condition. We believe, given current facts and circumstances, our estimates and assumptions are reasonable, adhere to U.S. GAAP and are consistently applied. Inherent in the nature of an estimate or assumption is the fact that actual results may differ from estimates, and estimates may vary as new facts and circumstances arise. In preparing the financial statements, we make routine estimates and judgments in determining the net realizable value of accounts receivable, inventory, fixed assets and prepaid allowances. We believe our most critical accounting estimates and assumptions are in the following areas:

Customer Contracts

In several of our major geographic markets, the consumer business sells our products by entering into annual or multi-year customer contracts. These contracts include provisions for items such as sales discounts, marketing allowances and performance incentives. These items are expensed based on certain estimated criteria such as sales volume of indirect customers, customers reaching anticipated volume thresholds and marketing spending. We routinely review these criteria and make adjustments as facts and circumstances change.

Goodwill and Intangible Asset Valuation

We review the carrying value of goodwill and non-amortizable intangible assets and conduct tests of impairment on an annual basis as described below. We also test for impairment if events or circumstances indicate that it is more likely than not that the fair value of a reporting unit is below its carrying amount and test non-amortizing intangible assets for impairment if events or changes in circumstances indicate that the asset might be impaired.

Determining the fair value of a reporting unit or an indefinite-lived purchased intangible asset is judgmental in nature and involves the use of significant estimates and assumptions. These estimates and assumptions include revenue growth rates and operating margins used to calculate projected future cash flows, risk-adjusted discount rates, assumed royalty rates, future economic and market conditions and determination of appropriate market comparables. We base our fair value estimates on assumptions we believe to be reasonable but that are inherently uncertain. Actual future results may differ from those estimates.

Goodwill Impairment

Our reporting units are the same as our business segments. We calculate fair value of a reporting unit by using a discounted cash flow model. Our discounted cash flow model calculates fair value by present valuing future expected cash flows of our reporting units using our internal cost of capital as the discount rate. We then compare this fair value to the carrying amount of the reporting unit, including intangible assets and goodwill. If the carrying amount of the reporting unit exceeds the calculated fair value, then we would determine the implied fair value of the reporting unit's goodwill. An impairment charge would be recognized to the extent the carrying amount of goodwill exceeds the implied fair value. As of November 30, 2009, we had $1,479.7 million of goodwill recorded in our balance sheet ($1,334.5 million in the consumer segment and

$145.2 million in the industrial segment). Our testing indicates that the current fair values of our reporting units are significantly in excess of carrying values and accordingly we believe that only significant changes in the cash flow assumptions would result in an impairment of goodwill.

Non-Amortizable Intangible Asset Impairment

Our non-amortizable intangible assets consist of brand names and trademarks. We calculate fair value by using a discounted cash flow model or relief-from-royalty method and then compare that to the carrying amount of the non-amortizable intangible asset. As of November 30, 2009, we had $202.4 million of brand name assets and trademarks recorded in our balance sheet and none of the balances exceed their estimated fair values. We intend to continue to support our brand names. Below is a table which outlines the book value of our major brand names and trademarks as of November 30, 2009:

Zatarain's	$106.4
Lawry's	48.0
Simply Asia /Thai Kitchen	18.4
Other	29.6
Total	$202.4

The majority of products marketed under our brand name intangible assets which have a value on the balance sheet are sold in the United States.

In accordance with accounting guidance, we performed the required impairment tests of goodwill and non-amortizable intangible assets and recorded an impairment charge of $29.0 million for the Silvo brand name in 2008. See note 4 of the financial statements for more details.

Income Taxes

We estimate income taxes and file tax returns in each of the taxing jurisdictions in which we operate and are required to file a tax return. At the end of each year, an estimate for income taxes is recorded in the financial statements. Tax returns are generally filed in the third or fourth quarter of the subsequent year. A reconciliation of the estimate to the final tax return is done at that time which will result in changes to the original estimate. Income tax expense for 2009 includes $2.4 million of adjustments from the reconciliation of prior year tax estimates to actual tax filings. We are subject to tax audits in each of the jurisdictions, which could result in changes to the taxes previously estimated. The amount of these changes could vary by jurisdiction and are recorded when they are probable and estimable. Management has recorded valuation allowances to reduce our deferred tax assets to the amount that is more likely than not to be realized. In doing so, management has considered future taxable income and tax planning strategies in assessing the need for a valuation allowance.

Pension and Postretirement Benefits

Pension and other postretirement plans' costs require the use of assumptions for discount rates, investment returns, projected salary increases, mortality rates and health care cost trend rates. The actuarial assumptions used in our pension and postretirement benefit reporting are reviewed annually and compared with external benchmarks to ensure that they appropriately account for our future pension and postretirement benefit obligations. While we believe that the assumptions used are appropriate, differences between assumed and actual experience may affect our operating results. A 1% change in the actuarial assumption for the discount rate would impact 2010 pension and postretirement benefit expense by approximately $11 million and $13 million for a 1% increase and a 1% decrease, respectively. A 1% change in the expected return on plan assets would impact 2010 pension expense by approximately $6 million for a 1% increase and 1% decrease. In addition, see the preceding sections of MD&A and note 9 of the financial statements for a discussion of these assumptions and the effects on the financial statements.

Stock-Based Compensation

We estimate the fair value of our stock-based compensation using fair value pricing models which require the use of significant assumptions for expected volatility of stock, life of options, dividend yield and risk-free interest rate. The significant assumptions used are disclosed in note 10 of the financial statements.

FORWARD-LOOKING INFORMATION

Certain statements contained in this report are "forward-looking statements" within the meaning of Section 21E of the Securities Exchange Act of 1934, including those related to: the expected results of operations of businesses acquired by us, the expected impact of the prices of raw materials on our results of operations and gross margins, the expected margin improvements, expected trends in net sales and earnings performance and other financial measures, annualized savings and other benefits from our restructuring activities, the expectations of pension funding, 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.

Forward-looking statements are based on management's current views and assumptions and involve risks and uncertainties that could significantly affect expected results. Results may be materially affected by external factors such as: damage to our reputation or brand name, business interruptions due to natural disasters or similar unexpected events, actions of competitors, customer relationships and financial condition, the ability to achieve expected cost savings and margin improvements, the successful acquisition and integration of new businesses, fluctuations in the cost and availability of raw and packaging materials, and global economic conditions generally which would include the availability of financing, interest and inflation rates as well as foreign currency fluctuations and other risks described in our Form 10-K for the fiscal year ended November 30, 2009.

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.

REPORT OF MANAGEMENT

We are responsible for the preparation and integrity of the consolidated financial statements appearing in our Annual Report. The consolidated financial statements were prepared in conformity with United States generally accepted accounting principles and include amounts based on our estimates and judgments. All other financial information in this report has been presented on a basis consistent with the information included in the financial statements.

We are also responsible for establishing and maintaining adequate internal control over financial reporting. We maintain a system of internal control that is designed to provide reasonable assurance as to the fair and reliable preparation and presentation of the consolidated financial statements, as well as to safeguard assets from unauthorized use or disposition.

Our control environment is the foundation for our system of internal control over financial reporting and is embodied in our Business Ethics Policy. It sets the tone of our organization and includes factors such as integrity and ethical values. Our internal control over financial reporting is supported by formal policies and procedures which are reviewed, modified and improved as changes occur in business conditions and operations.

The Audit Committee of the Board of Directors, which is composed solely of independent directors, meets periodically with members of management, the internal auditors and the independent auditors to review and discuss internal control over financial reporting and accounting and financial reporting matters. The independent auditors and internal auditors report to the Audit Committee and accordingly have full and free access to the Audit Committee at any time.

We conducted an evaluation of the effectiveness of our internal control over financial reporting based on the framework in *Internal Control – Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission. This evaluation included review of the documentation of controls, evaluation of the design effectiveness of controls, testing of the operating effectiveness of controls and a conclusion on this evaluation. Although there are inherent limitations in the effectiveness of any system of internal control over financial reporting, based on our evaluation, we have concluded with reasonable assurance that our internal control over financial reporting was effective as of November 30, 2009.

Our internal control over financial reporting as of November 30, 2009 has been audited by Ernst & Young LLP.

Alan D. Wilson *Chairman, President & Chief Executive Officer*

Gordon M. Stetz *Executive Vice President & Chief Financial Officer*

Kenneth A. Kelly, Jr. *Senior Vice President & Controller, Chief Accounting Officer*

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Internal Control Over Financial Reporting

The Board of Directors and Shareholders of McCormick & Company, Incorporated

We have audited McCormick & Company, Incorporated's internal control over financial reporting as of November 30, 2009, based on criteria established in *Internal Control – Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (the COSO criteria). McCormick & Company, Incorporated's management is responsible for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Report of Management. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed 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. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, McCormick & Company, Incorporated maintained, in all material respects, effective internal control over financial reporting as of November 30, 2009 based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets of McCormick & Company, Incorporated as of November 30, 2009 and 2008 and the related consolidated income statements, statements of shareholders' equity and cash flow statements for each of the three years in the period ended November 30, 2009, and our report dated January 28, 2010 expressed an unqualified opinion thereon.

Ernst & Young LLP

Baltimore, Maryland
January 28, 2010

Consolidated Financial Statements

The Board of Directors and Shareholders of
McCormick & Company, Incorporated

We have audited the accompanying consolidated balance sheets of McCormick & Company, Incorporated as of November 30, 2009 and 2008, and the related consolidated income statements, statements of shareholders' equity, and cash flow statements for each of the three years in the period ended November 30, 2009. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of McCormick & Company, Incorporated at November 30, 2009 and 2008, and the consolidated results of their operations and their cash flows for each of the three years in the period ended November 30, 2009, in conformity with U.S. generally accepted accounting principles.

As discussed in note 12 of the notes to consolidated financial statements, the Company changed its method of accounting for uncertainty in income taxes on December 1, 2007.

As discussed in note 9 of the notes to consolidated financial statements, the Company changed its method of accounting for defined benefit post retirement plans on November 30, 2007 and effective December 1, 2008 changed the measurement date for pension and postretirement plan assets and liabilities to coincide with its year end.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), McCormick & Company, Incorporated's internal control over financial reporting as of November 30, 2009, based on criteria established in *Internal Control – Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated January 28, 2010 expressed an unqualified opinion thereon.

Ernst & Young LLP

Baltimore, Maryland
January 28, 2010

CONSOLIDATED INCOME STATEMENT

for the year ended November 30 (millions except per share data)	2009	2008	2007
Net sales	$3,192.1	$3,176.6	$2,916.2
Cost of goods sold	1,864.9	1,888.4	1,724.4
Gross profit	1,327.2	1,288.2	1,191.8
Selling, general and administrative expense	846.6	870.6	806.9
Impairment charge	–	29.0	–
Restructuring charges	13.7	12.1	30.7
Operating income	466.9	376.5	354.2
Interest expense	52.8	56.7	60.6
Other income, net	2.4	18.0	8.8
Income from consolidated operations before income taxes	416.5	337.8	302.4
Income taxes	133.0	100.6	92.2
Net income from consolidated operations	283.5	237.2	210.2
Loss on sale of unconsolidated operations	–	–	(.8)
Income from unconsolidated operations	16.3	18.6	20.7
Net income	$ 299.8	$ 255.8	$ 230.1
Earnings per share – basic	$2.29	$1.98	$1.78
Earnings per share – diluted	$2.27	$1.94	$1.73

See Notes to Consolidated Financial Statements, pages 44-63.

CONSOLIDATED BALANCE SHEET

at November 30 (millions)	2009	2008
Assets		
Cash and cash equivalents	$ 39.5	$ 38.9
Trade accounts receivable, less allowances of $4.5 for 2009 and $4.6 for 2008	365.3	380.7
Inventories	445.9	439.0
Prepaid expenses and other current assets	119.8	109.7
Total current assets	970.5	968.3
Property, plant and equipment, net	489.8	461.1
Goodwill	1,479.7	1,230.2
Intangible assets, net	237.3	374.8
Prepaid allowances	26.6	32.9
Investments and other assets	183.9	153.0
Total assets	$3,387.8	$3,220.3

Liabilities		
Short-term borrowings	$ 101.2	$ 303.1
Current portion of long-term debt	14.9	50.9
Trade accounts payable	283.6	266.1
Other accrued liabilities	418.5	414.0
Total current liabilities	818.2	1,034.1
Long-term debt	875.0	885.2
Other long-term liabilities	360.0	245.7
Total liabilities	2,053.2	2,165.0
Shareholders' equity		
Common stock, no par value; authorized 320.0 shares; issued and outstanding: 2009 – 12.3 shares, 2008 – 12.3 shares	235.1	223.1
Common stock non-voting, no par value; authorized 320.0 shares; issued and outstanding: 2009 – 119.5 shares, 2008 – 117.8 shares	398.9	358.7
Retained earnings	591.5	425.4
Accumulated other comprehensive income	109.1	48.1
Total shareholders' equity	1,334.6	1,055.3
Total liabilities and shareholders' equity	$3,387.8	$3,220.3

See Notes to Consolidated Financial Statements, pages 44-63.

CONSOLIDATED CASH FLOW STATEMENT

for the year ended November 30 (millions)	2009	2008	2007
Operating activities			
Net income	$299.8	$255.8	$230.1
Adjustments to reconcile net income to			
net cash provided by operating activities:			
Depreciation and amortization	94.3	85.6	82.6
Stock-based compensation	12.7	18.2	21.4
Loss (gain) on sale of assets	.3	(22.9)	.5
Impairment charge	–	29.0	–
Loss on sale of unconsolidated operations	–	–	.8
Deferred income taxes	24.0	(8.8)	(12.0)
Income from unconsolidated operations	(16.3)	(18.6)	(20.7)
Changes in operating assets and liabilities:			
Trade accounts receivable	45.8	(7.7)	(36.9)
Inventories	17.7	(27.4)	(7.9)
Trade accounts payable	4.8	42.6	8.9
Other assets and liabilities	(78.2)	(44.6)	(61.8)
Dividends received from unconsolidated affiliates	10.9	13.4	19.5
Net cash provided by operating activities	415.8	314.6	224.5
Investing activities			
Acquisitions of businesses	–	(693.3)	(15.9)
Capital expenditures	(82.4)	(85.8)	(78.5)
Proceeds from sale of business	–	14.0	–
Proceeds from sale of property, plant and equipment	.6	18.1	1.6
Net cash used in investing activities	(81.8)	(747.0)	(92.8)
Financing activities			
Short-term borrowings, net	(201.8)	156.5	66.0
Long-term debt borrowings	–	503.0	–
Long-term debt repayments	(50.4)	(150.4)	(.5)
Proceeds from exercised stock options	35.8	48.8	43.0
Common stock acquired by purchase	–	(11.0)	(157.0)
Dividends paid	(125.4)	(113.5)	(103.6)
Net cash (used in) provided by financing activities	(341.8)	433.4	(152.1)
Effect of exchange rate changes on cash and cash equivalents	8.4	(8.0)	17.3
Increase (decrease) in cash and cash equivalents	.6	(7.0)	(3.1)
Cash and cash equivalents at beginning of year	38.9	45.9	49.0
Cash and cash equivalents at end of year	$ 39.5	$ 38.9	$ 45.9

See Notes to Consolidated Financial Statements, pages 44-63.

CONSOLIDATED STATEMENT OF SHAREHOLDERS' EQUITY

(millions)	Common Stock Shares	Common Stock Non-Voting Shares	Common Stock Amount	Retained Earnings	Accumulated Other Comprehensive Income	Total Shareholders' Equity
Balance, November 30, 2006	13.2	116.9	$444.3	$348.7	$140.3	$ 933.3
Comprehensive income:						
Net income				230.1		230.1
Currency translation adjustments					123.2	123.2
Change in derivative financial instruments, net of tax of $4.9					(8.5)	(8.5)
Minimum pension liability adjustment, net of tax of $30.3					54.6	54.6
Comprehensive income						399.4
Dividends				(105.6)		(105.6)
Adjustment for new pension accounting net of tax of $27.2					(49.3)	(49.3)
Stock-based compensation			21.4			21.4
Shares purchased and retired	(.6)	(3.9)	(18.7)	(149.4)		(168.1)
Shares issued, including tax benefit of $9.4	1.5	.7	54.0			54.0
Equal exchange	(1.3)	1.3				–
Balance, November 30, 2007	12.8	115.0	$501.0	$323.8	$260.3	$1,085.1
Comprehensive income:						
Net income				255.8		255.8
Currency translation adjustments					(240.4)	(240.4)
Change in derivative financial instruments, net of tax of $4.9					10.0	10.0
Unrealized components of pension plans, net of tax of $7.4					18.2	18.2
Comprehensive income						43.6
Dividends				(116.7)		(116.7)
Adjustment for new tax accounting				(12.8)		(12.8)
Stock-based compensation			18.2			18.2
Shares purchased and retired	(.7)	(.2)	(10.9)	(24.7)		(35.6)
Shares issued, including tax benefit of $14.4	2.4	.8	73.5			73.5
Equal exchange	(2.2)	2.2				–
Balance, November 30, 2008	12.3	117.8	$581.8	$425.4	$ 48.1	$1,055.3
Comprehensive income:						
Net income				**299.8**		**299.8**
Currency translation adjustments					**187.0**	**187.0**
Change in derivative financial instruments, net of tax of $1.8					**(4.6)**	**(4.6)**
Unrealized components of pension plans, net of tax of $55.8					**(121.4)**	**(121.4)**
Comprehensive income						**360.8**
Dividends				**(128.5)**		**(128.5)**
Adjustment for new pension accounting				**(1.5)**		**(1.5)**
Stock-based compensation			**12.7**			**12.7**
Shares retired	**(.1)**	**–**	**(3.1)**	**(3.7)**		**(6.8)**
Shares issued, including tax benefit of $7.2	**1.3**	**.5**	**42.6**			**42.6**
Equal exchange	**(1.2)**	**1.2**				**–**
Balance, November 30, 2009	**12.3**	**119.5**	**$634.0**	**$591.5**	**$109.1**	**$1,334.6**

See Notes to Consolidated Financial Statements, pages 44-63.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Consolidation

The financial statements include the accounts of our majority-owned or controlled subsidiaries and affiliates. Intercompany transactions have been eliminated. Investments in unconsolidated affiliates, over which we exercise significant influence, but not control, are accounted for by the equity method. Accordingly, our share of net income or loss of unconsolidated affiliates is included in net income.

Use of Estimates

Preparation of financial statements that follow accounting principles generally accepted in the U.S. requires us to make estimates and assumptions that affect the amounts reported in the financial statements and notes. Actual amounts could differ from these estimates.

Cash and Cash Equivalents

All highly liquid investments purchased with an original maturity of three months or less are classified as cash equivalents.

Inventories

Inventories are stated at the lower of cost or market. Cost is determined using standard or average costs which approximate the first-in, first-out costing method.

Property, Plant and Equipment

Property, plant and equipment is stated at historical cost and depreciated over its estimated useful life using the straight-line method for financial reporting and both accelerated and straight-line methods for tax reporting. The estimated useful lives range from 20 to 40 years for buildings and 3 to 12 years for machinery, equipment and computer software. Repairs and maintenance costs are expensed as incurred.

Capitalized Software Development Costs

We capitalize costs of software developed or obtained for internal use. Capitalized software development costs include only (1) direct costs paid to others for materials and services to develop or buy the software, (2) payroll and payroll-related costs for employees who work directly on the software development project and (3) interest costs while developing the software. Capitalization of these costs stops when the project is substantially complete and ready for use. Software is amortized using the straight-line method over a range of 3 to 8 years, but not exceeding the expected life of the product. We capitalized $20.1 million of software during the year ended November 30, 2009, $12.1 million during the year ended November 30, 2008 and $19.9 million during the year ended November 30, 2007.

Goodwill and Other Intangible Assets

We review the carrying value of goodwill and non-amortizable intangible assets and conduct tests of impairment on an annual basis as described below. We also test goodwill for impairment if events or circumstances indicate that it is more likely than not that the fair value of a reporting unit is below its carrying amount and test non-amortizing intangible assets for impairment if events or changes in circumstances indicate that the asset might be impaired. Separable intangible assets that have finite useful lives are amortized over those lives.

Determining the fair value of a reporting unit or an indefinite-lived purchased intangible asset is judgmental in nature and involves the use of significant estimates and assumptions. These estimates and assumptions include revenue growth rates and operating margins used to calculate projected future cash flows, risk-adjusted discount rates, assumed royalty rates, future economic and market conditions and determination of appropriate market comparables. We base our fair value estimates on assumptions we believe to be reasonable but that are unpredictable and inherently uncertain. Actual future results may differ from these estimates.

Goodwill Impairment

Our reporting units used to assess potential goodwill impairment are the same as our business segments. We calculate fair value of a reporting unit by using a discounted cash flow model and then compare that to the carrying amount of the reporting unit, including intangible assets and goodwill. If the carrying amount of the reporting unit exceeds the calculated fair value, then we would determine the implied fair value of the reporting unit’s goodwill. An impairment charge would be recognized to the extent the carrying amount of goodwill exceeds the implied fair value.

Non-Amortizable Intangible Asset Impairment

Our non-amortizable intangible assets consist of brand names and trademarks. We calculate fair value by using a discounted cash flow model or relief-from-royalty method and then compare that to the carrying amount of the non-amortizable intangible asset. If the carrying amount of the non-amortizable intangible asset exceeds its fair value, an impairment charge would be recorded to the extent the recorded non-amortizable intangible asset exceeds the fair value.

See note 4 for a discussion of the Silvo brand name impairment charge recorded in 2008.

Prepaid Allowances

Prepaid allowances arise when we prepay sales discounts and marketing allowances to certain customers on multi-year sales contracts. These costs are capitalized and amortized against net sales. The majority of our contracts are for a specific committed customer sales volume while others are for a specific time duration. Prepaid allowances on volume based contracts are amortized based on the actual volume of customer purchases, while prepaid allowances on time-based contracts are amortized on a straight-line basis over the life of the contract. The amounts reported in the balance sheet are stated at the lower of unamortized cost or our estimate of the net realizable value of these allowances.

Revenue Recognition

We recognize revenue when we have an agreement with the customer, the product has been delivered to the customer, the sales price is fixed and collectibility is reasonably assured. We reduce revenue for estimated product returns, allowances and price discounts based on historical experience and contractual terms.

Trade allowances, consisting primarily of customer pricing allowances, merchandising funds and consumer coupons, are offered through various programs to customers and consumers. Revenue is recorded net of trade allowances.

Trade accounts receivable are amounts billed and currently due from customers. We have an allowance for doubtful accounts to reduce our receivables to their net realizable value. We estimate the allowance for doubtful accounts based on our history of collections and the aging of our receivables.

Shipping and Handling

Shipping and handling costs on our products sold to customers are included in selling, general and administrative expense in the income statement. Shipping and handling expense was $73.2 million, $84.0 million and $81.9 million for 2009, 2008 and 2007, respectively.

Research and Development

Research and development costs are expensed as incurred and are included in selling, general and administrative expense in the income statement. Research and development expense was $48.9 million, $51.0 million and $49.3 million for 2009, 2008 and 2007, respectively.

Marketing Support

Total marketing support costs, which are included in selling, general and administrative expense in the income statement, were $146.5 million, $127.0 million and $112.3 million for 2009, 2008 and 2007, respectively. Marketing support costs include advertising, promotions and customer trade funds used for cooperative advertising. Promotion costs include consumer promotions, point of sale materials and sampling programs. Advertising costs include the development and production of ads and the communication of ads through print, television, radio and the Internet and in-store advertising expenses. These ads are expensed in the period in which they first run. Advertising expense was $63.8 million, $57.4 million and $54.7 million for 2009, 2008 and 2007, respectively.

Recently Issued Accounting Pronouncements

In May 2009, the Financial Accounting Standards Board (FASB) issued guidance regarding subsequent events (events or transactions occurring after the balance sheet date but before issuance of our financial statements). This new accounting pronouncement was effective for our third quarter of 2009, and we have evaluated subsequent events through January 28, 2010, the date these financial statements were issued.

In December 2008, the FASB issued guidance on providing disclosures about plan assets of an employer's defined benefit pension plan. This will be effective for our year ending November 30, 2010.

In March 2008, the FASB issued a standard to improve financial reporting by requiring disclosures about the location and amounts of derivative instruments in an entity's financial statements; how derivative instruments and related hedged items are accounted for under current standards; and how derivative instruments and related hedged items affect its financial position, financial performance and cash flows. We began making these new disclosures in the first quarter of 2009 (see note 7 for further details).

In December 2007, the FASB issued a standard that outlines the accounting and reporting for ownership interest in a subsidiary held by parties other than the parent company (generally referred to as minority interests). This new accounting pronouncement is effective for our first quarter of 2010 and we do not expect any material impact on our financial statements from adoption.

In December 2007, the FASB issued a standard on business combinations. This standard establishes principles and requirements for how an acquirer recognizes and measures the identifiable assets acquired, the liabilities assumed, any minority interest in the acquiree and the goodwill acquired. This standard also establishes disclosure requirements which will enable users to evaluate the nature and financial effects of the business combination. It is effective for our acquisitions made after November 30, 2009, and its implementation may have a material impact on our financial statements for businesses we acquire post-adoption.

In September 2006, the FASB issued a standard that requires us to (a) record an asset or a liability on our balance sheet for our pension plans' overfunded or underfunded status (b) record any changes in the funded status of our pension and postretirement plans in the year in which the changes occur (reported in comprehensive income) and (c) measure our pension and postretirement assets and liabilities at November 30 versus our previous measurement date of September 30. We complied with the requirement to record the funded status and provided additional disclosures with our financial statements for our year ended November 30, 2007. Effective with our first quarter of 2009 financial statements, we complied with the portion of the standard to eliminate the difference between our plans' measurement date and our November 30 fiscal year-end. The standard provides two approaches to transition to a fiscal year-end measurement date, both of which are to be applied prospectively. We elected to apply the transition option under which a 14-month measurement period (from September 30, 2008 through November 30, 2009) was used to determine our 2009 fiscal year pension expense. Because of the 14-month measurement period, we recorded a $2.3 million ($1.5 million, net of tax) decrease to retained earnings with a corresponding increase to other long-term liabilities effective December 1, 2008.

In September 2006, the FASB issued a standard that defines fair value and provides guidance for measuring fair value and the necessary disclosures. This standard does not require any new fair value measurements but rather applies to all other accounting pronouncements that require or permit fair value measurements. In line with the requirements, we adopted this standard for financial assets and liabilities in the first quarter of 2008 and we adopted it for non-financial assets and liabilities in the first quarter of 2009 (see note 8 for further details). Additional pronouncements have been issued by the FASB providing guidance and clarification on measuring fair value. There were no material effects upon adoption of this new accounting pronouncement on our financial statements.

On December 1, 2007, we adopted the FASB guidance on accounting for uncertainty in income taxes. This guidance sets a threshold for financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. For each tax position, we must determine whether it is more likely than not that the position will be sustained on audit based on the technical merits of the position, including resolution of any related appeals or litigation. A tax position that meets the more likely than not recognition threshold is then measured to determine the amount of benefit to recognize in the financial statements. See note 12 for further details.

Reclassifications

Other receivables of $34.0 million have been reclassified from Trade accounts receivable to Prepaid expenses and other current assets on our November 30, 2008 consolidated balance sheet to conform to the current year presentation. The effect of this reclassification is not material to our financial statements.

2. ACQUISITIONS

Acquisitions of new brands are part of our strategy to improve margins and increase sales and profits.

In July 2008, we completed the purchase of the assets of the Lawry's business. Lawry's manufactures and sells a variety of marinades and seasoning blends under the well-known "Lawry's" brand in North America. The acquisition included the rights to the brands as well as related inventory and a small number of dedicated production lines. It did not include any manufacturing facilities or employees. The distribution of Lawry's sales was approximately 90% to our consumer segment and 10% to our industrial segment.

The purchase price was $603.5 million in cash, the assumption of certain liabilities relating to the purchased assets and transaction costs of $11.5 million. We used cash on hand and borrowings under our commercial paper program to initially fund the purchase price. In September 2008 we issued $250 million in medium-term debt ($248 million in net proceeds) to repay a portion of our outstanding commercial paper issued to fund the Lawry's acquisition (see note 6). The transaction underwent a regulatory review and the Federal Trade Commission issued its final order. In compliance with that order, we sold our Season-All business to Morton International, Inc. in July 2008. With annual sales of approximately $18 million, the Season-All business was sold for $15 million in cash (with net cash proceeds of $14 million). This resulted in a pre-tax gain of $12.9 million which was recorded as part of Other income in our income statement for 2008.

During 2009, we completed the final valuation of assets for Lawry's which resulted in $9.4 million being allocated to tangible net assets, $62.4 million allocated to other intangibles assets and $543.2 million allocated to goodwill. The final valuation utilized valuation methods that pre-dominately use discounted cash flow models and reflects a $135.5 million transfer from brands and other intangible assets to goodwill from the preliminary valuation recorded in July 2008. The resulting change to amortization expense was not material. The value for brands and other intangible assets consists of $14.4 million which is amortizable and $48.0 million which is non-amortizable. The weighted average amortization period for the amortizable intangible assets is 23.8 years. For tax purposes, goodwill resulting from the acquisition is deductible.

In these financial statements we have not included pro-forma historical information, as if the results of Lawry's had been included from the beginning of the periods presented, since the use of forward-looking information would be necessary in order to meaningfully present the effects of the acquisition. Forward-looking information, rather than historical information, would be required as Lawry's was operated as a part of a larger business within Unilever N.V., and the expense structure and level of brand support would have been different under our ownership. Net sales for the years ended November 30, 2009 and November 30, 2008 from this acquisition were $98.7 million and $40.6 million, respectively.

In February 2008, we purchased Billy Bee Honey Products Ltd. (Billy Bee) for $76.4 million in cash, a business which operates in North America and is primarily included in our consumer segment from the date of acquisition. Billy Bee markets and sells under the "Billy Bee" brand. The annual sales of this business were approximately $35.0 million at the time of acquisition and include branded, private label and industrial products.

During 2009, we completed the final valuation of assets for Billy Bee which resulted in $5.7 million being allocated to tangible net assets, $12.0 million allocated to other intangibles assets and $58.7 million allocated to goodwill. This valuation was not significantly different than the preliminary valuation recorded in February 2008. The value for brands and other intangible assets consists of $4.1 million which is amortizable and $7.9 million which is non-amortizable.

In July 2007, we purchased Thai Kitchen SA for $12.8 million in cash, a business which operates the Thai Kitchen brand in Europe. This acquisition complements our U.S. purchase of Simply Asia Foods in 2006. The annual sales at the time of the acquisition were approximately $7 million.

3. GOODWILL AND INTANGIBLE ASSETS

The following table displays intangible assets as of November 30, 2009 and 2008:

	2009		2008	
(millions)	Gross carrying amount	Accumulated amortization	Gross carrying amount	Accumulated amortization
Amortizable intangible assets	$ 49.3	$14.4	$ 111.1	$11.6
Non-amortizable intangible assets:				
Goodwill	1,479.7	–	1,230.2	–
Brand names	192.4	–	268.1	–
Trademarks	10.0	–	7.2	–
	1,682.1	–	1,505.5	–
Total goodwill and intangible assets	$1,731.4	$14.4	$1,616.6	$11.6

Intangible asset amortization expense was $1.3 million, $5.9 million and $3.2 million for 2009, 2008 and 2007, respectively. At November 30, 2009, amortizable intangible assets had an average remaining life of approximately 15 years.

The changes in the carrying amount of goodwill by segment for the years ended November 30, 2009 and 2008 are as follows:

	2009		2008	
(millions)	Consumer	Industrial	Consumer	Industrial
Beginning of year	$1,110.0	$120.2	$ 822.5	$ 57.0
Purchase price allocation	122.5	19.9	–	–
Goodwill acquired	–	–	384.8	78.8
Foreign currency fluctuations	102.0	5.1	(97.3)	(15.6)
End of year	$1,334.5	$145.2	$1,110.0	$120.2

4. IMPAIRMENT CHARGE

During our annual impairment testing in the fourth quarter of 2008, we calculated the fair value of the Silvo brand in The Netherlands using the relief-from-royalty method and determined that it was lower than its carrying value. Consequently, we recorded a non-cash impairment charge of $29.0 million in our consumer business segment.

5. INVESTMENTS IN AFFILIATES

Summarized annual and year-end information from the financial statements of unconsolidated affiliates representing 100% of the businesses follows:

(millions)	2009	2008	2007
Net sales	$480.6	$483.8	$415.7
Gross profit	163.8	167.0	168.6
Net income	34.6	36.7	44.2
Current assets	$190.7	$178.7	$170.3
Noncurrent assets	54.1	54.1	54.0
Current liabilities	96.3	105.3	101.4
Noncurrent liabilities	9.6	9.3	9.9

Our share of undistributed earnings of unconsolidated affiliates was $59.3 million at November 30, 2009. Royalty income from unconsolidated affiliates was $12.8 million, $13.3 million and $11.4 million for 2009, 2008 and 2007, respectively.

Our principal investment in unconsolidated affiliates is a 50% interest in McCormick de Mexico, S.A. de C.V.

6. FINANCING ARRANGEMENTS

Our outstanding debt is as follows:

(millions)	2009	2008
Short-term borrowings		
Commercial paper	$100.0	$252.0
Other	1.2	51.1
	$101.2	$303.1
Weighted-average interest rate of short-term borrowings at year-end	.4%	2.1%
Long-term debt		
3.35% medium-term notes repaid 2009	–	$ 50.0
5.80% medium-term notes due 2011	$100.0	100.0
5.25% medium-term notes due 2013 (1)	250.0	250.0
5.20% medium-term notes due 2015 (2)	200.0	200.0
5.75% medium-term notes due 2017 (3)	250.0	250.0
7.63%-8.12% medium-term notes due 2024	55.0	55.0
Other	21.6	20.0
Unamortized discounts and fair value adjustments	13.3	11.1
	889.9	936.1
Less current portion	14.9	50.9
	$875.0	$885.2

(1) Interest rate swaps, settled upon the issuance of the medium-term notes, effectively fixed the interest rate on the $250 million notes at a weighted average fixed rate of 5.54%.

(2) The fixed interest rate on $100 million of the 5.20% medium-term notes due in 2015 is effectively converted to a variable rate by interest rate swaps through 2015. Net interest payments are based on 3 month LIBOR minus 0.05% during this period (our effective rate as of November 30, 2009 was 0.25%).

(3) Interest rate swaps, settled upon the issuance of the medium-term notes, effectively fixed the interest rate on the $250 million notes at a weighted average fixed rate of 6.25%.

Maturities of long-term debt during the years subsequent to November 30, 2010 are as follows (in millions):

2011 – $100.2
2012 – $.3
2013 – $251.3
2014 – $1.3
Thereafter – $508.5

In September 2008, we issued $250 million of 5.25% notes due 2013, with net cash proceeds received of $248.0 million. Interest is payable semiannually in arrears in March and September of each year. Of these notes, $100 million were subject to an interest rate hedge as further discussed in note 7. The net proceeds from this offering were used to pay down commercial paper which was issued for the purchase of the Lawry's business (see note 2).

In December 2007, we issued $250 million of 5.75% medium-term notes which are due in 2017, with net cash proceeds received of $248.3 million. These notes were also subject to an interest rate hedge as further discussed in note 7. The net proceeds were used to repay $150 million of debt which matured in 2008 with the remainder used to repay short-term debt.

We have available credit facilities with domestic and foreign banks for various purposes. Some of these lines are committed lines and others are uncommitted lines and could be withdrawn at various times. We have two major committed lines. In July 2007, we entered into a $500 million, five-year revolving credit agreement with various banks for general business purposes. Our current pricing under this credit agreement, on a fully drawn basis, is LIBOR plus 0.25%. Our second major facility is for $150 million as of November 30, 2009, but will be reduced to $100 million on December 31, 2009. This revolving credit facility is also with a syndicate of banks and expires in July 2010. Our current pricing under this facility, on a fully drawn basis, is based on LIBOR plus a credit default index. The index's lower limit is 1% and is capped at 2.5%. These two facilities support our commercial paper program and have $650 million of capacity at November 30, 2009, of which $100 million was used to support issued commercial paper. In addition to these two lines, we have several uncommitted lines which have a total unused capacity at November 30, 2009 of $109 million. These lines by their nature can be withdrawn based on the lenders' discretion. Committed credit facilities require a fee and annual commitment fees at November 30, 2009 and 2008 were $0.4 million and $0.3 million, respectively.

Rental expense under operating leases was $26.8 million in 2009, $27.5 million in 2008 and $27.0 million in 2007. Future annual fixed rental payments for the years ending November 30 are as follows (in millions):

2010 – $21.1
2011 – $16.6
2012 – $11.8
2013 – $ 8.6
2014 – $ 7.4
Thereafter – $11.0

At November 30, 2009, we had guarantees outstanding of $1.8 million with terms of one year or less. At November 30, 2009 and 2008, we had outstanding letters of credit of $30.0 million and $25.3 million, respectively. These letters of credit typically act as a guarantee of payment to certain third parties in accordance with specified terms and conditions. The unused portion of our letter of credit facility was $3.5 million at November 30, 2009.

7. FINANCIAL INSTRUMENTS

We use derivative financial instruments to enhance our ability to manage risk, including foreign currency and interest rate exposures, which exists 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 instrument and all derivatives are designated as hedges. The use of derivative financial instruments is monitored through regular communication with senior management and the use of written guidelines.

Foreign Currency

We are potentially exposed to foreign currency fluctuations affecting net investments, transactions and earnings denominated in foreign currencies. We selectively hedge the potential effect of these foreign currency fluctuations by entering into foreign currency exchange contracts with highly-rated financial institutions.

Contracts which are designated as hedges of anticipated purchases denominated in a foreign currency (generally purchases of raw materials in U.S. dollars by operating units outside the U.S.) are considered cash flow hedges. The gains and losses on these contracts are deferred in other comprehensive income until the hedged item is recognized in cost of goods sold, at which time the net amount deferred in other comprehensive income is also recognized in cost of goods sold. Gains and losses from hedges of assets, liabilities or firm commitments are recognized through income, offsetting the change in fair value of the hedged item.

At November 30, 2009, we had foreign currency exchange contracts maturing within one year to purchase or sell $307.8 million of foreign currencies versus $64.9 million at November 30, 2008. All of these contracts were designated as hedges of anticipated purchases denominated in a foreign currency to be completed within one year or hedges of foreign currency denominated assets or liabilities. Hedge ineffectiveness was not material.

Interest Rates

We finance a portion of our operations with both fixed and variable rate debt instruments, primarily commercial paper, notes and bank loans. We utilize interest rate swap agreements to minimize worldwide financing costs and to achieve a desired mix of variable and fixed rate debt.

We entered into three separate forward treasury lock agreements totaling $100 million in July and August of 2008. These forward treasury lock agreements were executed to manage the interest rate risk associated with the forecasted issuance of $250 million of fixed rate medium-term notes issued in September 2008. We cash settled these treasury lock agreements, which were designated as cash flow hedges, for a loss of $1.5 million simultaneous with the issuance of the notes and effectively fixed the interest rate on the $250 million notes at a weighted average fixed rate of 5.54%. The loss on these agreements was deferred in other comprehensive income and is being amortized over the five-year life of the medium-term notes as a component of interest expense. Hedge ineffectiveness of these agreements was not material.

In August 2007, we entered into $150 million of forward treasury lock agreements to manage the interest rate risk associated with the forecasted issuance of $250 million of fixed rate medium-term notes issued in December 2007. We cash settled these treasury lock agreements for a loss of $10.5 million simultaneous with the issuance of the medium-term notes and effectively fixed the interest rate on the $250 million notes at a weighted-average fixed rate of 6.25%. We had designated these forward treasury lock agreements as cash flow hedges. The loss on these agreements was deferred in other comprehensive income and is being amortized over the 10-year life of the medium-term notes as a component of interest expense. Hedge ineffectiveness of these agreements was not material.

In March 2006, we entered into interest rate swap contracts for a total notional amount of $100 million to receive interest at 5.20% and pay a variable rate of interest based on three-month LIBOR minus .05%. We designated these swaps, which expire in December 2015, as fair value hedges of the changes in fair value of $100 million of the $200 million 5.20% medium-term notes due 2015 that we issued in December 2005. Any unrealized gain or loss on these swaps will be offset by a corresponding increase or decrease in value of the hedged debt. No hedge ineffectiveness is recognized as the interest rate swaps qualify for “shortcut” treatment as defined under U.S. GAAP.

The following table discloses the derivative instruments on our balance sheet as of November 30, 2009, which are all recorded at fair value:

(millions)	**Asset Derivatives**			**Liability Derivatives**		
Derivatives	Balance sheet location	Notional amount	Fair value	Balance sheet location	Notional amount	Fair value
Interest rate contracts	Other current assets	$100.0	$17.0			
Foreign exchange forward contracts	Other current assets	36.3	1.4	Other accrued liabilities	$271.5	$3.5
Total		$136.3	$18.4		$271.5	$3.5

The following tables disclose the impact of derivative instruments on other comprehensive income (OCI), accumulated other comprehensive income (AOCI) and our income statement for the year ended November 30, 2009:

Fair value hedges *(millions)*		
Derivative	Income statement location	Income (expense)
Interest rate contracts	Interest expense	$4.1

Cash flow hedges *(millions)*			
Derivative	Gain (loss) recognized in OCI	Income statement location	Gain (loss) reclassified from AOCI
Terminated interest rate contracts	–	Interest expense	$(1.4)
Foreign exchange contracts	$(3.0)	Cost of goods sold	5.3
Total	$(3.0)		$3.9

The amount of gain or loss recognized in income on the ineffective portion of derivative instruments is not material. As of November 30, 2009, the maximum time frame for our foreign exchange contracts was 12 months. The net amount of other comprehensive income expected to be reclassified into income in the next 12 months was $2.1 million as a decrease to earnings.

Fair Value of Financial Instruments

The carrying amount and fair value of financial instruments at November 30, 2009 and 2008 were as follows:

(millions)	2009 Carrying amount	2009 Fair value	2008 Carrying amount	2008 Fair value
Long-term investments	$ 54.5	$ 54.5	$ 40.3	$ 40.3
Long-term debt	889.9	954.1	936.1	908.6
Derivatives related to:				
Interest rates	17.0	17.0	15.6	15.6
Foreign currency assets	1.4	1.4	7.4	7.4
Foreign currency liabilities	3.5	3.5	.3	.3

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.

Investments in affiliates are not readily marketable, and it is not practicable to estimate their fair value. Long-term investments are comprised of fixed income and equity securities held on behalf of employees in certain employee benefit plans and are stated at fair value on the balance sheet. The cost of these investments was $55.6 million and $51.7 million at November 30, 2009 and 2008, respectively.

Concentrations of Credit Risk

We are potentially exposed to concentrations of credit risk with trade accounts receivable, prepaid allowances and financial instruments. Because we have a large and diverse customer base with no single customer accounting for a significant percentage of trade accounts receivable and prepaid allowances, there was no material concentration of credit risk in these accounts at November 30, 2009. Current credit markets are highly volatile and some of our customers and counterparties are highly leveraged. We continue to closely monitor the credit worthiness of our customers and counterparties. We feel that the allowance for doubtful accounts properly recognized trade receivables at realizable value. We consider nonperformance credit risk for other financial instruments to be insignificant.

8. 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 assets and liabilities subject to fair value measurements on a recurring basis at November 30, 2009 are as follows:

		Fair value measurements using fair value hierarchy		
(millions)	Fair value	Level 1	Level 2	Level 3
Assets				
Cash and cash equivalents	$ 39.5	$39.5	–	–
Long-term investments	54.5	13.6	$ 40.9	–
Interest rate derivatives	17.0	–	17.0	–
Foreign currency derivatives	1.4	–	1.4	–
Total	$112.4	$53.1	$ 59.3	–
Liabilities				
Long-term debt	$954.1	–	$954.1	–
Foreign currency derivatives	3.5	–	3.5	–
Total	$957.6	–	$957.6	–

The fair values of long-term investments are based on quoted market prices from various stock and bond exchanges. The long-term debt fair values are based on quotes for like instruments with similar credit ratings and terms. The fair values for interest rate and foreign currency derivatives are based on quotations from various banks for similar instruments using models with market based inputs.

9. EMPLOYEE BENEFIT AND RETIREMENT PLANS

We sponsor defined benefit pension plans in the U.S. and certain foreign locations. In addition, we sponsor 401(k) retirement plans in the U.S. and contribute to government-sponsored retirement plans in locations outside the U.S. We also currently provide postretirement medical and life insurance benefits to certain U.S. employees.

We adopted new accounting for pension plans in 2008 and 2009 (see note 1 for further details).

Included in accumulated other comprehensive income at November 30, 2009 was $265.0 million ($177.6 million net of tax) related to net unrecognized actuarial losses and unrecognized prior service credit that have not yet been recognized in net periodic pension or postretirement benefit cost. We expect to recognize $9.1 million ($6.2 million net of tax) of actuarial losses, net of prior service credit in net periodic pension and postretirement benefit expense during 2010.

Defined Benefit Pension Plans

The significant assumptions used to determine benefit obligations are as follows:

	United States		International	
	2009	2008	2009	2008
Discount rate – funded plan	6.3%	8.3%	5.9%	7.1%
Discount rate – unfunded plan	6.0%	8.4%	–	–
Salary scale	3.8%	4.0%	3.0-3.8%	3.5-4.7%
Expected return on plan assets	8.3%	8.3%	7.2%	7.1%

The expected long-term rate of return on assets assumption is based on weighted-average expected returns for each asset class. Expected returns reflect a combination of historical performance analysis and forward-looking views of the financial markets, and include input from actuaries, investment service firms and investment managers.

Our pension expense was as follows:

	United States			International		
(millions)	2009	2008	2007	2009	2008	2007
Service cost	$ 8.4	$10.6	$11.8	$ 4.7	$ 5.0	$ 7.8
Interest costs	27.9	26.1	24.5	10.3	9.9	11.3
Expected return on plan assets	(28.0)	(26.4)	(24.7)	(11.7)	(10.5)	(10.8)
Amortization of prior service costs	–	–	.1	.3	.3	.1
Curtailment loss	–	–	–	(.2)	–	–
Recognized net actuarial loss	1.0	4.8	10.0	–	1.5	3.3
Special termination benefits	–	–	–	.2	.1	.1
	$ 9.3	$15.1	$21.7	$ 3.6	$ 6.3	$11.8

The benefit obligation, fair value of plan assets and a reconciliation of the pension plans' funded status as of the measurement date follows:

	United States		International	
(millions)	2009	2008	2009	2008
Change in benefit obligation:				
Benefit obligation at beginning of year	$ 342.6	$391.6	$146.4	$217.8
Adjustments due to new measurement date:				
Service and interest cost	6.1	–	2.3	–
Benefit payments, employee contributions and expenses	(3.4)	–	–	–
Service cost	8.4	10.6	4.7	5.0
Interest costs	27.9	26.1	10.3	9.9
Employee contributions	–	–	1.8	1.7
Plan changes and other	–	–	.3	3.9
Actuarial loss (gain)	116.8	(65.9)	27.1	(36.8)
Benefits paid	(19.9)	(19.8)	(7.1)	(5.7)
Expenses paid	–	–	(1.8)	(.9)
Foreign currency impact	–	–	19.3	(48.5)
Benefit obligation at end of year	$ 478.5	$342.6	$203.3	$146.4
Change in fair value of plan assets:				
Fair value of plan assets at beginning of year	$ 281.3	$359.0	$138.6	$183.6
Adjustments due to new measurement date:				
Service and interest cost	4.3	–	1.8	–
Benefit payments, employee contributions and expenses	(3.3)	–	(1.4)	–
Actual return on plan assets	16.1	(61.5)	12.4	(16.0)
Employer contributions	57.0	3.6	15.3	15.6
Employee contributions	–	–	1.6	1.7
Benefits paid	(19.9)	(19.8)	(6.4)	(5.7)
Expenses paid	–	–	(.9)	(.9)
Net transfers in	–	–	–	1.3
Foreign currency impact	–	–	17.1	(41.0)
Fair value of plan assets at end of year	$ 335.5	$281.3	$178.1	$138.6
Funded status	$(143.0)	$(61.3)	$(25.2)	$ (7.8)
Employer contributions	–	–	–	2.4
Net amount recognized	$(143.0)	$(61.3)	$(25.2)	$ (5.4)
Pension plans in which accumulated benefit obligation exceeded plan assets				
Accumulated benefit obligation	$ 425.4	$ 40.4	$140.3	$ 17.2
Fair value of plan assets	335.5	–	119.3	11.9

Included in the United States in the preceding table is a benefit obligation of $57.9 million and $41.8 million for 2009 and 2008, respectively, related to a nonqualified defined benefit plan pursuant to which we will pay supplemental pension benefits to certain key employees upon retirement based upon employees' years of service and compensation. The accrued liability related to this plan was $54.6 million and $40.4 million as of November 30, 2009 and 2008, respectively. The assets related to this plan are held in a rabbi trust and accordingly have not been included in the preceding table. These assets were $40.9 million and $30.2 million as of November 30, 2009 and 2008, respectively.

Amounts recorded in the balance sheet consist of the following:

	United States		International	
(millions)	2009	2008	2009	2008
Prepaid pension cost	–	–	$ 3.4	$ 4.0
Accrued pension liability	$(143.0)	$(61.3)	(28.6)	(9.4)
Deferred income taxes	75.2	27.4	10.6	8.6
Accumulated other comprehensive income	125.8	46.1	47.2	17.6

The accumulated benefit obligation is the present value of pension benefits (whether vested or unvested) attributed to employee service rendered before the measurement date and based on employee service and compensation prior to that date. The accumulated benefit obligation differs from the projected benefit obligation in that it includes no assumption about future compensation levels. The accumulated benefit obligation for the U.S. pension plans was $425.4 million and $307.7 million as of November 30, 2009 and 2008, respectively. The accumulated benefit obligation for the international pension plans was $190.8 million and $133.7 million as of November 30, 2009 and 2008, respectively.

Our actual and target weighted-average asset allocations of U.S. pension plan assets as of November 30, 2009 and September 30, 2008, by asset category, were as follows:

Asset Category	2009	2008	Target
Equity securities	64.9%	62.1%	70%
Debt securities	24.3%	28.1%	20%
Other	10.8%	9.8%	10%
Total	100.0%	100.0%	100%

The average actual and target allocations of the international pension plans' assets as of November 30, 2009 and September 30, 2008, by asset category, were as follows:

Asset Category	2009	2008	Target
Equity securities	55.4%	52.5%	56%
Debt securities	41.5%	46.1%	44%
Other	3.1%	1.4%	–
Total	100.0%	100.0%	100%

The investment objectives of the pension benefit plans are to secure the benefit obligations to participants at a reasonable cost to us. The goal is to optimize the long-term return on plan assets at a moderate level of risk, by balancing higher-returning assets such as equity securities, with less volatile assets, such as fixed income securities. The assets are managed by professional investment firms and performance is evaluated quarterly against specific benchmarks.

Equity securities in the U.S. plan included McCormick stock with a fair value of $15.7 million (0.4 million shares and 4.7% of total U.S. pension plan assets) and $13.1 million (0.4 million shares and 5.9% of total U.S. pension plan assets) at November 30, 2009 and 2008, respectively. Dividends paid on these shares were $0.4 million in 2009 and in 2008.

Pension benefit payments in our major plans are made from assets of the pension plans. It is anticipated that future benefit payments for the U.S. plans for the next 10 fiscal years will be as follows:

(millions)	United States expected payments
2010	$ 19.3
2011	20.4
2012	21.8
2013	24.2
2014	25.9
2015-2019	159.5

It is anticipated that future benefit payments for the international plans for the next 10 fiscal years will be as follows:

(millions)	International expected payments
2010	$ 7.3
2011	7.9
2012	8.3
2013	8.7
2014	9.3
2015 -2019	56.4

In 2010, we expect to contribute approximately $30 million to our U.S. pension plans and approximately $15 million to our international pension plans.

401(k) Retirement Plans

For the U.S. McCormick 401(k) Retirement Plan, we match 100% of a participant's contribution up to the first 3% of the participant's salary, and 50% of the next 2% of the participant's salary. Certain of our smaller U.S. subsidiaries sponsor separate 401(k) retirement plans. Our contributions charged to expense under all 401(k) retirement plans were $6.1 million, $5.7 million and $5.7 million in 2009, 2008 and 2007, respectively.

At the participant's election, 401(k) retirement plans held 2.8 million shares of McCormick stock, with a fair value of $100.8 million, at November 30, 2009. Dividends paid on these shares in 2009 were $2.8 million.

Postretirement Benefits Other Than Pensions

We currently provide postretirement medical and life insurance benefits to certain U.S. employees who were covered under the active employees' plan and retire after age 55 with at least 5 years of service. Employees hired after December 31, 2008 are not eligible for a company subsidy. They are eligible for coverage on an access only basis. The subsidy provided under these plans is based primarily on age at date of retirement. These benefits are not pre-funded but paid as incurred.

Our other postretirement benefit expense follows:

(millions)	2009	2008	2007
Service cost	$ 3.1	$ 3.5	$ 3.5
Interest costs	6.7	6.4	5.7
Amortization of prior service cost	(3.6)	(1.3)	(1.1)
Amortization of (gains)/losses	(.3)	.9	.8
Settlement/curtailment	(.3)	–	–
Postretirement benefit expense	$ 5.6	$ 9.5	$ 8.9

Rollforwards of the benefit obligation, fair value of plan assets and a reconciliation of the plans' funded status at November 30, the measurement date, follow:

(millions)	2009	2008
Change in benefit obligation		
Benefit obligation at beginning of year	$ 82.2	$102.6
Service cost	3.2	3.5
Interest costs	6.7	6.4
Employee contributions	3.0	2.9
Medicare prescription subsidy	.5	.6
Plan amendments	(8.0)	(6.4)
Other plan assumptions	1.0	–
Trend rate assumption change	2.2	–
Discount rate change	23.2	–
Actuarial (gain) loss	(2.2)	(17.3)
Benefits paid	(9.6)	(10.1)
Benefit obligation at end of year	$ 102.2	$ 82.2
Change in fair value of plan assets		
Fair value of plan assets at beginning of year	–	–
Employer contributions	$ 6.1	$ 6.6
Employee contributions	3.0	2.9
Medicare prescription subsidy	.5	.6
Benefits paid	(9.6)	(10.1)
Fair value of plan assets at end of year	–	–
Other postretirement benefit liability	$(102.2)	$ (82.2)

Estimated future benefit payments (net of employee contributions) for the next 10 fiscal years are as follows:

(millions)	Retiree medical	Retiree life insurance	Total
2010	$ 7.2	$1.1	$ 8.3
2011	7.6	1.1	8.7
2012	7.8	1.2	9.0
2013	8.1	1.2	9.3
2014	8.3	1.3	9.6
2015 - 2019	43.2	6.6	49.8

The assumed discount rate was 5.2% and 8.6% for 2009 and 2008, respectively.

For 2010, the assumed annual rate of increase in the cost of covered health care benefits is 9.0% (9.0% last year). It is assumed to decrease gradually to 5.0% in the year 2017 (5.0% by 2014 last year) and remain at that level thereafter. Changing the assumed health care cost trend would have the following effect:

(millions)	1-Percentage-point increase	1-Percentage-point decrease
Effect on total of service and interest cost components in 2009	$.4	$(.3)
Effect on benefit obligation as of November 30, 2009	.8	(.8)

10. STOCK-BASED COMPENSATION

We calculate and record compensation expense on the fair value of grants of various stock-based compensation programs over the vesting period of the awards. Awards are calculated at their fair value at date of grant. The resulting compensation expense is recorded in the income statement ratably over the shorter of the period until vesting or the employee's retirement eligibility date. For employees eligible for retirement on the date of grant, compensation expense is recorded immediately.

For all grants, the amount of compensation expense to be recorded is adjusted for an estimated forfeiture rate which is based on historical data.

Total stock-based compensation expense for 2009, 2008 and 2007 was $12.7 million, $18.2 million and $21.4 million, respectively. Total unrecognized stock-based compensation expense at November 30, 2009 was $8.7 million and the weighted-average period over which this will be recognized is 1.4 years.

We have two types of stock-based compensation awards; restricted stock units (RSUs) and stock options. Below, we have summarized the key terms and methods of valuation for our stock-based compensation awards.

RSUs

RSUs are valued at the market price of the underlying stock on the date of grant. Substantially all of the RSUs vest over a two-year term and are expensed ratably over that period, subject to the retirement eligibility rules discussed above.

A summary of our RSU activity for the years ended November 30 follows:

(shares in thousands)	2009		2008		2007	
	Shares	Weighted-average price	Shares	Weighted-average price	Shares	Weighted-average price
Beginning of year	370	$36.78	373	$36.47	280	$32.88
Granted	223	$29.89	279	$36.21	257	$38.28
Vested	(237)	$36.27	(277)	$35.77	(157)	$33.08
Forfeited	(3)	$32.67	(5)	$37.04	(7)	$35.17
Outstanding – end of year	353	$32.40	370	$36.78	373	$36.47

Stock Options

Stock options are granted with an exercise price equal to the market price of the stock at the date of grant. Substantially all of the options granted vest ratably over a four-year period and are exercisable over a ten-year period. Upon exercise of the option, shares would be issued from the authorized and unissued shares of the company.

The fair value of the options are estimated using a lattice option pricing model which uses the assumptions in the table below. We believe the lattice model provides a better estimated fair value of our options as it uses a range of possible outcomes over an option term and can be adjusted for changes in certain assumptions over time. Expected volatilities are based on the historical performance of our stock. We also use historical data to estimate the timing and amount of option exercises and forfeitures within the valuation model. The expected term of the options is an output of the option pricing model and estimates the period of time that options are expected to remain unexercised. The risk-free interest rate is based on the U.S. Treasury yield curve in effect at the time of grant.

The per share weighted-average fair value for all options granted was $5.04, $7.20 and $6.83 in 2009, 2008 and 2007, respectively. These fair values were computed using the following range of assumptions for our various stock compensation plans for the years ended November 30:

	2009	2008	2007
Risk-free interest rates	.2-2.7%	1.4-3.6%	4.5-5.1%
Dividend yield	3.2%	2.3%	2.0-2.1%
Expected volatility	24.9%	18.7-24.7%	13.4-24.9%
Expected lives	6.2 years	6.1 years	1.9-5.3 years

Under our stock option plans, we may issue shares on a net basis at the request of the option holder. This occurs by netting the option cost in shares from the shares exercised.

A summary of our stock option activity for the years ended November 30 follows:

(shares in millions)	2009		2008		2007	
	Shares	Weighted-average exercise price	Shares	Weighted-average exercise price	Shares	Weighted-average exercise price
Beginning of year	11.9	$28.33	14.2	$26.38	15.8	$25.31
Granted	1.2	$29.89	.6	$37.58	.8	$38.20
Exercised	(1.7)	$20.89	(2.8)	$20.50	(2.1)	$21.60
Forfeited	(.2)	$35.71	(.1)	$34.23	(.3)	$35.19
End of year	11.3	$29.45	11.9	$28.33	14.2	$26.38
Exercisable – end of year	9.5	$28.97	10.6	$27.23	11.6	$24.30

As of November 30, 2009, the intrinsic value (the difference between the exercise price and the market price) for the options outstanding was $78.0 million and for options exercisable was $70.7 million. The total intrinsic value of all options exercised during the years ended November 30, 2009, 2008 and 2007 was $21.9 million, $53.3 million and $33.2 million, respectively. A summary of our stock options outstanding and exercisable at November 30, 2009 follows:

(shares in millions)	Options outstanding			Options exercisable		
Range of exercise price	Shares	Weighted-average remaining life (yrs)	Weighted-average exercise price	Shares	Weighted-average remaining life (yrs)	Weighted-average exercise price
$12.00-$19.00	.9	.9	$16.47	.9	.9	$16.47
$19.01-$26.00	2.9	2.6	$21.89	2.9	2.6	$21.89
$26.01-$33.00	4.3	5.6	$30.59	3.0	4.0	$30.83
$33.01-$40.00	3.2	5.2	$38.12	2.7	4.5	$38.18
	11.3	4.3	$29.45	9.5	3.4	$28.97

11. RESTRUCTURING ACTIVITIES

In November 2005, the Board of Directors approved a restructuring plan to consolidate our global manufacturing, rationalize our distribution facilities, improve our go-to-market strategy, eliminate administrative redundancies and rationalize our joint venture partnerships. From 2005 through 2009, we have recorded total pre-tax charges of $128.7 million for this program. Of these charges, we recorded $99.2 million of severance and other personnel costs and $49.4 million for other exit costs. Asset write-offs were $13.8 million, exclusive of the $33.7 million pre-tax gain on the redemption of our Signature Brands, L.L.C. joint venture (Signature) recorded in 2006. The cash related portion of these charges were $91.3 million through November 30, 2009, including the $14.4 million cash received from the Salinas sale in 2008 and $9.2 million cash received on redemption of our Signature investment in 2006. Another $12.2 million is expected to be paid in 2010.

The actions taken pursuant to the restructuring plan have eliminated approximately 1,300 positions as of November 30, 2009. As of November 30, 2009 this restructuring program was completed.

The following is a summary of restructuring activities:

(millions)	2009	2008	2007
Pre-tax restructuring charges			
Other restructuring charges	$13.7	$12.1	$30.7
Recorded in cost of goods sold	2.5	4.5	3.3
Reduction in operating income	16.2	16.6	34.0
Income tax effect	(5.3)	(5.1)	(10.6)
Loss (gain) on sale of unconsolidated operations, net of tax	–	–	.8
Reduction in net income	$10.9	$11.5	$24.2

In 2009, we recorded $8.2 million of severance costs, primarily associated with the reduction of administrative personnel in Europe and to the planned closure of a manufacturing facility in The Netherlands. In addition, we recorded $2.5 million of other exit costs and $5.5 million for asset write-downs related to The Netherlands plant closure. The asset write-downs were for accelerated depreciation and inventory write-offs.

In 2008, we recorded $13.0 million of severance costs, primarily associated with the reduction of administrative personnel in Europe, the U.S. and Canada. In addition, we recorded $9.1 million of other exit costs related to the consolidation of production facilities in Europe and the reorganization of distribution networks in the U.S. and U.K. These restructuring charges were offset by a $5.5 million credit related to the disposal of assets. This credit was primarily the result of a gain on the disposal of our Salinas, California manufacturing facility, which was consolidated with other manufacturing facilities in 2007.

In 2007, we recorded $14.9 million of severance costs, primarily associated with the reduction of administrative personnel in the U.S. and Europe. In addition, we recorded $16.7 million of other exit costs resulting from the closure of manufacturing facilities in Salinas, California and Hunt Valley, Maryland and the consolidation of production facilities in Europe. The remaining $2.4 million of asset write-downs is comprised of inventory write-offs as a result of the closure of the manufacturing facilities in Salinas, California and Hunt Valley, Maryland and accelerated depreciation of assets, mostly offset by the asset gain from the sale of our manufacturing facility in Paisley, Scotland.

The business segment components of the restructuring charges recorded in 2009, 2008 and 2007 are as follows :

(millions)	2009	2008	2007
Consumer	$12.3	$ 9.7	$23.8
Industrial	3.9	6.9	10.2
Total restructuring charges	$16.2	$16.6	$34.0

The restructuring charges recorded in the consumer business include severance costs and special early retirement benefits associated with our voluntary separation program in several functions in the U.S., Europe and Canada; consolidation of certain manufacturing facilities in Europe; the reorganization of distribution networks in the U.S. and the U.K.; and closure of manufacturing facilities in Salinas, California (offset by the asset gain); Sydney, Australia; Kerava, Finland and The Netherlands.

The restructuring charges recorded in the industrial business include severance costs and special early retirement benefits associated with our voluntary separation program in several functions in the U.S. and Europe; closures of manufacturing facilities in Hunt Valley, Maryland, and Paisley, Scotland (offset by the asset gain) including other exit and inventory write-off costs and accelerated depreciation of assets.

During 2009, 2008 and 2007, we spent $9.0 million, $0.8 million and $42.2 million, respectively, in cash on the restructuring plan.

The major components of the restructuring charges and the remaining accrual balance relating to the restructuring plan as of November 30, 2007, 2008 and 2009 follow:

(millions)	Severance and personnel costs	Asset write-downs	Other exit costs	Total
Balance at Nov. 30, 2006	$20.3	–	$ 3.1	$23.4
2007				
Restructuring charges	$14.9	$ 2.4	$16.7	$34.0
Amounts utilized	(28.1)	(2.4)	(19.4)	(49.9)
	$ 7.1	–	$ .4	$ 7.5
2008				
Restructuring charges	$13.0	$(5.5)	$ 9.1	$16.6
Amounts utilized	(12.3)	5.5	(6.8)	(13.6)
	$ 7.8	–	$ 2.7	$10.5
2009				
Restructuring charges	**$ 8.2**	**$ 5.5**	**$ 2.5**	**$16.2**
Amounts utilized	**(5.6)**	**(5.5)**	**(3.4)**	**(14.5)**
	$10.4	**–**	**$ 1.8**	**$12.2**

12. INCOME TAXES

The provision for income taxes consists of the following:

(millions)	2009	2008	2007
Income taxes			
Current			
Federal	$ 83.4	$ 85.7	$ 80.6
State	10.9	7.7	9.3
International	14.7	16.0	14.3
	109.0	109.4	104.2
Deferred			
Federal	24.5	5.3	(11.8)
State	2.7	.2	(1.4)
International	(3.2)	(14.3)	1.2
	24.0	(8.8)	(12.0)
Total income taxes	$133.0	$ 100.6	$ 92.2

The components of income from consolidated operations before income taxes follow:

(millions)	2009	2008	2007
Pretax income			
United States	$338.3	$ 256.8	$212.4
International	78.2	81.0	90.0
	$416.5	$ 337.8	$302.4

A reconciliation of the U.S. federal statutory rate with the effective tax rate follows:

	2009	2008	2007
Federal statutory tax rate	35.0%	35.0%	35.0%
State income taxes, net of federal benefits	2.1	1.5	1.7
Tax effect of international operations	(3.0)	(7.4)	(4.2)
Tax credits	(.3)	(.3)	(.8)
U.S. manufacturing deduction	(.8)	(1.6)	(.9)
Retirement plans	(.8)	1.7	(.4)
Other, net	(.3)	.9	.1
Effective tax rate	31.9%	29.8%	30.5%

Deferred tax assets and liabilities are comprised of the following:

(millions)	2009	2008
Deferred tax assets		
Employee benefit liabilities	$131.1	$ 89.1
Other accrued liabilities	25.9	16.6
Inventory	9.3	6.4
Net operating and capital loss carryforwards	22.9	11.8
Other	12.8	14.0
Valuation allowance	(20.5)	(7.5)
	181.5	130.4
Deferred tax liabilities		
Depreciation	43.9	44.9
Intangible assets	98.3	77.6
Other	6.2	8.1
	148.4	130.6
Net deferred tax asset (liability)	$ 33.1	$ (.2)

At November 30, 2009, our non-U.S. subsidiaries have tax loss carryforwards of $121.1 million, of which $9.8 million are from the excess tax benefits related to stock based compensation deductions which will increase equity once the benefit is realized through a reduction of income taxes payable. Of these carryforwards, $48.1 million expire through 2015, $27.7 million from 2016 through 2024 and $45.3 million may be carried forward indefinitely.

At November 30, 2009, our non-U.S. subsidiaries have capital loss carryforwards of $6.2 million. All of these carry-forwards may be carried forward indefinitely.

A valuation allowance has been provided to record deferred tax assets at their net realizable value. The $13.0 million net increase in the valuation allowance was mainly due to an additional valuation allowance related to losses generated in 2009 which may not be realized in future periods.

U.S. income taxes are not provided for unremitted earnings of international subsidiaries and affiliates where our intention is to reinvest these earnings permanently. Unremitted earnings of such entities were $581.8 million at November 30, 2009.

On December 1, 2007, we adopted the new accounting for uncertainty in income taxes. Upon adoption, we recorded the cumulative effect of this change in accounting principle of $12.8 million as a reduction to the opening balance of retained earnings.

The total amount of unrecognized tax benefits as of November 30, 2009 and November 30, 2008 were $31.2 million and $28.6 million, respectively. This includes $30.9 million and $28.4 million, respectively, of tax benefits that, if recognized, would affect the effective tax rate.

The following table summarizes the activity related to our gross unrecognized tax benefits for the years ended November 30, 2009 and 2008:

(millions)	2009	2008
Balance at beginning of year	$28.6	$26.5
Additions for current year tax positions	3.7	4.5
Additions for prior year tax positions	1.7	4.8
Reductions for prior year tax positions	(3.6)	(2.0)
Settlements	–	(1.7)
Statute expirations	–	(2.4)
Foreign currency translation	.8	(1.1)
Balance at November 30,	$31.2	$28.6

We record interest and penalties on income taxes in income tax expense. We recognized interest and penalty expense of $0.7 million and $1.3 million for the years ended November 30, 2009 and 2008, respectively. As of November 30, 2009, we had accrued $3.9 million of interest and penalties related to unrecognized tax benefits.

We file income tax returns in the U.S. federal jurisdiction and various state and non-U.S. jurisdictions. The open years subject to tax audits varies depending on the tax jurisdictions. In major jurisdictions, we are no longer subject to income tax audits by taxing authorities for years before 2002. In the U.S., the Internal Revenue Service has audited our tax returns through 2005.

It is reasonably possible that the amount of the liability for unrecognized tax benefits could change significantly during the next 12 months as a result of the resolution of previously filed tax returns in various jurisdictions. An estimate of the possible change cannot be determined at this time.

13. EARNINGS PER SHARE

The reconciliation of shares outstanding used in the calculation of basic and diluted earnings per share for the years ended November 30, 2009, 2008 and 2007 follows:

(millions)	2009	2008	2007
Average shares outstanding – basic	130.8	129.0	129.3
Effect of dilutive securities:			
Stock options and ESPP	1.5	2.8	3.4
Average shares outstanding – diluted	132.3	131.8	132.7

The following table sets forth the stock options and RSUs for the years ended November 30, 2009, 2008 and 2007 which were not considered in our earnings per share calculation since they were antidilutive.

(millions)	2009	2008	2007
Antidilutive securities	4.4	3.4	2.9

14. CAPITAL STOCK

Holders of Common Stock have full voting rights except that (1) the voting rights of persons who are deemed to own beneficially 10% or more of the outstanding shares of Common Stock are limited to 10% of the votes entitled to be cast by all holders of shares of Common Stock regardless of how many shares in excess of 10% are held by such person; (2) we have the right to redeem any or all shares of stock owned by such person unless such person acquires more than 90% of the outstanding shares of each class of our common stock; and (3) at such time as such person controls more than 50% of the vote entitled to be cast by the holders of outstanding shares of Common Stock, automatically, on a share-for-share basis, all shares of Common Stock Non-Voting will convert into shares of Common Stock.

Holders of Common Stock Non-Voting will vote as a separate class on all matters on which they are entitled to vote. Holders of Common Stock Non-Voting are entitled to vote on reverse mergers and statutory share exchanges where our capital stock is converted into other securities or property, dissolution of the Company and the sale of substantially all of our assets, as well as forward mergers and consolidation of the Company.

15. COMMITMENTS AND CONTINGENCIES

During the normal course of our business, we are occasionally involved with various claims and litigation. Reserves are established in connection with such matters when a loss is probable and the amount of such loss can be reasonably estimated. At November 30, 2009 and 2008, no material reserves were recorded. No reserves are established for losses which are only reasonably possible. The determination of probability and the estimation of the actual amount of any such loss is inherently unpredictable, and it is therefore possible that the eventual outcome of such claims and litigation could exceed the estimated reserves, if any. However, we do not believe that any such excess will have a material adverse effect on our financial statements.

16. BUSINESS SEGMENTS AND GEOGRAPHIC AREAS

Business Segments

We operate in two business segments: consumer and industrial. The consumer and industrial segments manufacture, market and distribute spices, herbs, seasonings, specialty foods and flavors throughout the world. The 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, Old Bay, Golden Dipt, El Guapo, Ducros, Schwartz, Vahiné, Silvo, Club House, Billy Bee and Aeroplane. The industrial segment sells to other 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. It is impractical to segregate and identify profits for each of these individual product lines.

We measure segment performance based on operating income excluding restructuring charges from our restructuring programs as this activity is managed separately from the business segment. In 2008 we also measured our segments excluding the non-cash impairment charge to reduce the value of the Silvo brand. 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. Asset-related information has been disclosed in the aggregate.

We have a large number of customers for our products. Sales to one of our industrial business customers, PepsiCo, Inc., accounted for 11% of consolidated sales in 2009 and 10% of consolidated sales in 2008 and 2007. In 2009, sales to Wal-Mart Stores, Inc., a consumer business customer, accounted for 11% of consolidated sales.

Accounting policies for measuring segment operating income and assets are consistent with those described in note 1, “Summary of Significant Accounting Policies.” 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. Corporate assets include cash, deferred taxes, certain investments and fixed assets.

A reconciliation of operating income excluding impairment and restructuring charges (which we use to measure segment profitability) to operating income is as follows:

(millions)	Total
2009	
Operating income, excluding restructuring charges	**$483.1**
Less: Restructuring charges	**16.2**
Operating income	**$466.9**
2008	
Operating income, excluding impairment and restructuring charges	$422.1
Less: Impairment charge	29.0
Less: Restructuring charges	16.6
Operating income	$376.5
2007	
Operating income, excluding restructuring charges	$388.2
Less: Restructuring charges	34.0
Operating income	$354.2

Geographic Areas

We have net sales and long-lived assets in the following geographic areas:

(millions)	United States	Europe	Other countries	Total
2009				
Net sales	**$1,981.5**	**$671.0**	**$539.6**	**$3,192.1**
Long-lived assets	**1,230.0**	**778.3**	**198.5**	**2,206.8**
2008				
Net sales	$1,846.5	$767.4	$562.7	$3,176.6
Long-lived assets	1,225.0	676.8	164.3	2,066.1
2007				
Net sales	$1,717.8	$736.5	$461.9	$2,916.2
Long-lived assets	633.1	829.0	112.5	1,574.6

Long-lived assets include property, plant and equipment, goodwill and intangible assets, net of accumulated depreciation and amortization.

BUSINESS SEGMENT RESULTS

(millions)	Consumer	Industrial	Total segments	Corporate & other	Total
2009					
Net sales	**$1,911.2**	**$1,280.9**	**$3,192.1**	**–**	**$3,192.1**
Operating income excluding restructuring charges	**397.9**	**85.2**	**483.1**	**–**	**483.1**
Income from unconsolidated operations	**12.1**	**4.2**	**16.3**	**–**	**16.3**
Goodwill	**1,334.5**	**145.2**	**1,479.7**	**–**	**1,479.7**
Assets	**–**	**–**	**3,207.4**	**$180.4**	**3,387.8**
Capital expenditures	**–**	**–**	**64.4**	**18.0**	**82.4**
Depreciation and amortization	**–**	**–**	**77.8**	**16.5**	**94.3**
2008					
Net sales	$1,850.8	$1,325.8	$3,176.6	–	$3,176.6
Operating income excluding impairment and restructuring charges	343.3	78.8	422.1	–	422.1
Income from unconsolidated operations	13.4	5.2	18.6	–	18.6
Goodwill	1,110.0	120.2	1,230.2	–	1,230.2
Assets	–	–	3,091.6	$128.7	3,220.3
Capital expenditures	–	–	77.1	8.7	85.8
Depreciation and amortization	–	–	66.2	19.4	85.6
2007					
Net sales	$1,671.3	$1,244.9	$2,916.2	–	$2,916.2
Operating income excluding restructuring charges	313.9	74.3	388.2	–	388.2
Income from unconsolidated operations	16.8	3.9	20.7	–	20.7
Goodwill	822.5	57.0	879.5	–	879.5
Assets	–	–	2,643.2	$144.3	2,787.5
Capital expenditures	–	–	63.8	14.7	78.5
Depreciation and amortization	–	–	65.6	17.0	82.6

17. SUPPLEMENTAL FINANCIAL STATEMENT DATA

Supplemental income statement, balance sheet and cash flow information follows:

(millions)	2009	2008
Inventories		
Finished products	$237.6	$230.7
Raw materials and work-in-process	208.3	208.3
	$445.9	$439.0
Prepaid expenses	$ 11.5	$ 10.1
Other current assets	108.3	99.6
	$119.8	$109.7
Property, plant and equipment		
Land and improvements	$ 29.7	$ 26.2
Buildings	290.1	263.8
Machinery and equipment	542.4	465.2
Software	231.6	213.8
Construction in progress	34.6	41.3
Accumulated depreciation	(638.6)	(549.2)
	$489.8	$461.1
Investments and other assets		
Investments in affiliates	$ 68.4	$ 58.3
Long-term investments	54.5	40.3
Other assets	61.0	54.4
	$183.9	$153.0
Other accrued liabilities		
Payroll and employee benefits	$122.1	$119.8
Sales allowances	126.0	140.9
Other	170.4	153.3
	$418.5	$414.0
Other long-term liabilities		
Pension	$171.9	$ 69.1
Postretirement benefits	93.9	74.8
Deferred taxes	32.8	47.7
Income taxes payable	34.9	31.4
Other	26.5	22.7
	$360.0	$245.7

(millions)	2009	2008	2007
Depreciation	$ 80.8	$ 67.6	$ 69.7
Interest paid	54.3	51.6	60.6
Income taxes paid	107.1	102.7	112.1
Interest capitalized	0.2	0.9	–

(millions)	2009	2008
Accumulated other comprehensive income, net of tax where applicable		
Foreign currency translation adjustment	$293.3	$106.2
Unrealized gain (loss) on foreign currency exchange contracts	(.5)	3.5
Unamortized value of settled interest rate swaps	(6.1)	(5.5)
Pension and other postretirement costs	(177.6)	(56.1)
	$109.1	$ 48.1

Dividends paid per share were $0.96 in 2009, $0.88 in 2008 and $0.80 in 2007.

18. SELECTED QUARTERLY DATA (UNAUDITED)

(millions except per share data)	First	Second	Third	Fourth
2009				
Net sales	**$718.5**	**$757.3**	**$791.7**	**$924.5**
Gross profit	**284.2**	**302.2**	**319.0**	**421.7**
Operating income	**89.8**	**82.5**	**116.6**	**178.0**
Net income	**57.7**	**50.7**	**75.1**	**116.4**
Basic earnings per share	**.44**	**.39**	**.57**	**.89**
Diluted earnings per share	**.44**	**.38**	**.57**	**.87**
Dividends paid per share – Common Stock and Common Stock Non-Voting	**.24**	**.24**	**.24**	**.24**
Market price – Common Stock				
High	**33.05**	**33.17**	**33.35**	**36.46**
Low	**28.57**	**28.32**	**30.64**	**32.40**
Market price – Common Stock Non-Voting				
High	**33.23**	**33.44**	**33.32**	**36.45**
Low	**28.82**	**28.53**	**30.49**	**32.42**
2008				
Net sales	$724.0	$764.1	$781.6	$906.9
Gross profit	285.8	297.9	308.4	396.1
Operating income	77.4	80.5	92.9	125.7
Net income	51.4	53.3	68.6	82.5
Basic earnings per share	.40	.41	.53	.63
Diluted earnings per share	.39	.41	.52	.62
Dividends paid per share – Common Stock and Common Stock Non-Voting	.22	.22	.22	.22
Market price – Common Stock				
High	38.93	38.30	41.80	41.35
Low	33.10	34.35	35.41	28.86
Market price – Common Stock Non-Voting				
High	38.99	38.08	41.97	41.57
Low	33.55	34.53	35.49	28.79

HISTORICAL FINANCIAL SUMMARY

(millions except per share and ratio data)	2009	2008	2007	2006	2005
For the Year					
Net sales	$3,192.1	$3,176.6	$2,916.2	$2,716.4	$2,592.0
Percent increase	.5%	8.9%	7.4%	4.8%	2.6%
Operating income	466.9	376.5	354.2	269.6	343.5
Income from unconsolidated operations	16.3	18.6	20.7	17.1	15.9
Net income	299.8	255.8	230.1	202.2	214.9
Per Common Share					
Earnings per share – diluted	$ 2.27	$ 1.94	$ 1.73	$ 1.50	$ 1.56
Earnings per share – basic	2.29	1.98	1.78	1.53	1.60
Common dividends declared	.98	.90	.82	.74	.66
Market Non-Voting closing price – end of year	35.68	29.77	38.21	38.72	31.22
Book value per share	10.12	8.11	8.51	7.17	6.03
At Year-End					
Total assets	$3,387.8	$3,220.3	$2,787.5	$2,568.0	$2,272.7
Current debt	116.1	354.0	149.6	81.4	106.1
Long-term debt	875.0	885.2	573.5	569.6	463.9
Shareholders' equity	1,334.6	1,055.3	1,085.1	933.3	799.9
Total capital	2,325.7	2,294.5	1,808.3	1,584.3	1,369.9
Other Financial Measures					
Percentage of net sales					
Gross profit	41.6%	40.6%	40.9%	41.0%	40.0%
Operating income	14.6%	11.9%	12.1%	9.9%	13.3%
Capital expenditures	$ 82.4	$ 85.8	$ 78.5	$ 84.8	$ 66.8
Depreciation and amortization	94.3	85.6	82.6	84.3	74.6
Common share repurchases	–	11.0	157.0	155.9	185.6
Debt-to-total-capital	42.6%	54.0%	40.0%	41.1%	41.6%
Average shares outstanding					
Basic	130.8	129.0	129.3	131.8	134.5
Diluted	132.3	131.8	132.7	135.0	138.1

The historical financial summary includes the impact of certain items that affect the comparability of financial results year to year. From 2005 to 2009, restructuring charges were recorded and are included in the table below. Also, in 2008 an impairment charge of $29.0 million was recorded to reduce the value of the Silvo brand. Related to the acquisition of Lawry's in 2008, we recorded a gain. The net impact of these items is reflected in the following table:

(millions except per share data)	2009	2008	2007	2006	2005
Operating income	$(16.2)	$(45.6)	$(34.0)	$(84.1)	$(11.2)
Net income	(10.9)	(26.2)	(24.2)	(30.3)	(7.5)
Earnings per share	(.08)	(.20)	(.18)	(.22)	(.05)

In 2006, we began to record stock-based compensation expense and prior years' results have not been adjusted. Stock-based compensation reduced operating income by $12.7 million, net income by $8.7 million and earnings per share by $0.07 in 2009. Stock-based compensation reduced operating income by $17.9 million, net income by $12.4 million and earnings per share by $0.10 in 2008. Stock-based compensation reduced operating income by $21.2 million, net income by $14.7 million and earnings per share by $0.11 in 2007. Stock-based compensation reduced operating income by $22.0 million, net income by $15.1 million and earnings per share by $0.11 in 2006.

Total capital includes debt and shareholders' equity.

An eleven-year financial summary is available at ir.mccormick.com, as well as a report on EVA (Economic Value Added) and return on invested capital.

World Headquarters
McCormick & Company, Incorporated
18 Loveton Circle
Sparks, MD 21152-6000
U.S.A.
(410) 771-7301
www.mccormickcorporation.com

Stock Information
New York Stock Exchange
Symbol: MKC

Anticipated Dividend Dates – 2010

Record Date	Payment Date
4/12/10	4/26/10
7/6/10	7/20/10
10/11/10	10/25/10
12/31/10	1/14/11

McCormick has paid dividends every year since 1925.

Independent Registered Public Accounting Firm
Ernst & Young LLP
621 East Pratt Street
Baltimore, MD 21202

Investor Inquiries
Our investor website, ir.mccormick.com, has our annual reports, Securities & Exchange Commission (SEC) filings, press releases, webcasts, corporate governance principles and other information.

To obtain **without cost** a copy of the annual report filed with the SEC on Form 10-K or for general questions about McCormick or the information in our annual or quarterly reports, contact Investor Relations at the world headquarters address, investor website or telephone:

Report ordering:
Proxy materials: (800) 579-1639
Other materials: (800) 424-5855, (410) 771-7537 or ir.mccormick.com

Investor and securities analysts' inquiries:
(410) 771-7244

Registered Shareholder Inquiries
For questions on your account, statements, dividend payments, reinvestment and direct deposit, and for address changes, lost certificates, stock transfers, ownership changes or other administrative matters, contact our transfer agent.

Transfer Agent and Registrar
Wells Fargo Bank, N.A.
Shareowner Services
161 North Concord Exchange Street
South St. Paul, MN 55075-1139
(877) 778-6784, or (651) 450-4064
www.wellsfargo.com/shareownerservices

You may access your account information via the Internet at www.shareowneronline.com

Investor Services Plan (Dividend Reinvestment and Direct Purchase Plan)
We offer an Investor Services Plan which provides shareholders of record the opportunity to automatically reinvest dividends, make optional cash purchases of stock, place stock certificates into safekeeping and sell shares through the Plan. Individuals who are not current shareholders may purchase their initial shares directly through the Plan. All transactions are subject to the limitations set forth in the Plan prospectus, which may be obtained by contacting Wells Fargo Shareowner Services at:
(877) 778-6784 or (651) 450-4064
www.wellsfargo.com/shareownerservices

Annual Meeting
The annual meeting of shareholders will be held at 10 a.m., Wednesday, March 31, 2010, at Marriott's Hunt Valley Inn, 245 Shawan Road (Exit 20A off I-83 north of Baltimore), Hunt Valley, Maryland 21031.

Online Receipt of Annual Report and Proxy Statement
If you would like to access next year's proxy statement and annual report via the Internet, you may enroll on the website below:
enroll.icsdelivery.com/mkc

Trademarks
Use of ® or ™ in this annual report indicates trademarks owned or used by McCormick & Company, Incorporated and its subsidiaries and affiliates.

McCormick's *3-Step Cooking with Flavor* delivers delicious and nutritious dishes packed with flavor made in just three trouble-free steps! The more than 100 taste bud-pleasing, family-friendly recipes each include two or three simple, creative flavor variations. Get your copy by visiting www.mccormick.com or bookstores nationwide.

Retail price is $25.95 U.S./$28.90 Canada.

Adler Design Group designed this year's report.

Mixed Sources
Product group from well-managed forests, controlled sources and recycled wood or fiber
www.fsc.org Cert no. SW-COC-002370
© 1996 Forest Stewardship Council
FSC

McCORMICK & COMPANY, INCORPORATED / 18 LOVETON CIRCLE / SPARKS, MARYLAND 21152-6000 U.S.A. / 410-771-7301 / WWW.MCCORMICKCORPORATION.COM

EXHIBIT 21

Subsidiaries of McCormick

The following is a listing of Subsidiaries of McCormick including the name under which they do business and their jurisdictions of incorporation. Certain subsidiaries are not listed since, considered in the aggregate as a single subsidiary, they would not constitute a significant subsidiary as of December 31, 2009.

Company Name	Jurisdiction of Incorporation
Billy Bee Honey Products Ltd.	Province of Nova Scotia, Canada
La Cie McCormick Canada Co.	Province of Nova Scotia, Canada
McCormick (Guangzhou) Food Company Limited	People’s Republic of China
McCormick (U.K.) Ltd.	Scotland
McCormick Cyprus Limited	Cyprus
McCormick de Centro America, S.A. de C.V.	El Salvador
McCormick Europe, Ltd.	England
McCormick Foods Australia Pty. Ltd.	Australia
McCormick France Holdings S.A.S.	France
McCormick France, S.A.S.	France
McCormick Global Ingredients Limited	Cayman
McCormick Holding Company Inc.	Delaware
McCormick Ingredients Southeast Asia Private Limited	Republic of Singapore
McCormick International Holdings Ltd.	England
McCormick Pesa, S.A. de C.V.	Mexico
McCormick South Africa Pty Limited	South Africa
McCormick Switzerland GmbH	Switzerland
Mojave Foods Corporation	Maryland
Shanghai McCormick Foods Company Limited	People’s Republic of China
Simply Asia Foods, Inc.	Delaware
Zatarain’s Brands, Inc.	Delaware

EXHIBIT 23

Consent of Independent Registered Public Accounting Firm

We consent to the incorporation by reference in this Annual Report (Form 10-K) of McCormick & Company, Incorporated of our reports dated January 28, 2010, with respect to the consolidated financial statements of McCormick & Company, Incorporated and the effectiveness of internal control over financial reporting of McCormick & Company, Incorporated, included in the 2009 Annual Report to Shareholders of McCormick & Company, Incorporated.

We consent to the incorporation by reference in the following Registration Statements of McCormick & Company, Incorporated and in the related Prospectuses (if applicable):

Form	Registration Number	Date Filed
S-8	333-158573	4/14/09
S-3ASR	333-155776	11/28/08
S-8	333-155775	11/28/08
S-8	333-150043	4/2/08
S-3ASR	333-147809	12/4/07
S-8	333-142020	4/11/07
S-8	333-123808	4/4/05
S-8 POS	333-104084	3/23/05
S-3	333-122366	1/28/05
S-8	333-114094	3/31/04
S-8	333-104084	3/28/03
S-3/A	333-46490	1/23/01
S-8	333-93231	12/21/99
S-8	333-74963	3/24/99
S-3	333-47611	3/9/98
S-8	333-23727	3/21/97
S-3	33-66614	7/27/93
S-3	33-40920	5/29/91
S-8	33-33724	3/2/90
S-3	33-32712	12/21/89
S-3	33-24660	3/16/89
S-3	33-24659	9/15/88
S-8	33-24658	9/15/88

of our reports dated January 28, 2010, with respect to the consolidated financial statements of McCormick & Company, Incorporated, and the effectiveness of internal control over financial reporting of McCormick & Company, Incorporated, incorporated herein by reference, and our report dated January 28, 2010, with respect to the financial statement schedule of McCormick & Company, Incorporated included in this Annual Report (Form 10-K) of McCormick & Company, Incorporated for the year ended November 30, 2009.

/s/ Ernst & Young LLP

Baltimore, Maryland
January 28, 2010

EXHIBIT 31.1

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

I, Alan D. Wilson, certify that:

1. I have reviewed this report on Form 10-K 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: January 28, 2010

/s/ Alan D. Wilson

Alan D. Wilson

Chairman, President & Chief Executive Officer

EXHIBIT 31.2

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

I, Gordon M. Stetz, Jr. certify that:

1. I have reviewed this report on Form 10-K 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: January 28, 2010

/s/ Gordon M. Stetz, Jr.
Gordon M. Stetz, Jr.
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 Annual Report of McCormick & Company, Incorporated (the "Company") on Form 10-K for the period ending November 30, 2009, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Alan D. Wilson, 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/ Alan D. Wilson
Alan D. Wilson
Chairman, President & Chief Executive Officer

Date: January 28, 2010

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 Annual Report of McCormick & Company, Incorporated (the "Company") on Form 10-K for the period ending November 30, 2009, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Gordon M. Stetz, Jr., 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/ Gordon M. Stetz, Jr.
Gordon M. Stetz, Jr.
Executive Vice President & Chief Financial Officer

Date: January 28, 2010