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, 2008

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 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, 2008: $295,899,533

The aggregate market value of the Non-Voting Common Stock held by non-affiliates at May 31, 2008: $4,350,496,610

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	12,345,213	December 31, 2008
Common Stock Non-Voting	117,763,031	December 31, 2008

DOCUMENTS INCORPORATED BY REFERENCE

Document	Part of 10-K into Which Incorporated
Annual Report to Stockholders for Fiscal Year Ended November 30, 2008 (the "Annual Report to Stockholders for 2008")	Part I, Part II
Proxy Statement for McCormick's March 25, 2009 Annual Meeting of Shareholders (the "2009 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 diversified specialty food company and a global leader in the manufacture, marketing and distribution of flavor products (including spices, herbs, extracts, seasonings and flavorings) and other specialty food products to the entire food industry. Our major sales, distribution and production facilities are located in North America and Europe. Additional facilities are located in 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®,” “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 food manufacturers and the food service industry both directly and indirectly through distributors.

Please refer to pages 16 through 18, of our Annual Report to Stockholders for 2008 for descriptions of our consumer and industrial businesses, and pages 5, 6, 7, and 8 of our Annual Report to Stockholders for 2008 for a discussion of growth initiatives for the business. These pages of our Annual Report to Stockholders for 2008, as well as all other page references to our Annual Report to Stockholders for 2008 contained in this Form 10-K, are incorporated herein by reference.

For financial information about our business segments, please refer to pages 19 through 24, “Management’s Discussion and Analysis – Results of Operations” of our Annual Report to Stockholders for 2008, 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 2008.

For a discussion of our recent acquisition activity, please refer to pages 27 through 29, “Management’s Discussion and Analysis - Acquisitions” of our Annual Report to Stockholders for 2008, and Note 2, “Acquisitions” of the Notes to Consolidated Financial Statements on pages 47 through 48 of the Annual Report to Stockholders for 2008.

Raw Materials

The most significant raw materials used by us in our business are cheese, pepper, soybean oil, wheat, capsicums, onion, 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. Sales to our five largest customers represented approximately 30% of consolidated net sales for the 2008 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 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 7 "Financing Arrangements" of the Notes to Consolidated Financial Statements on pages 51 and 52 of our Annual Report to Stockholders for 2008, and the "Liquidity and Financial Condition" section of "Management's Discussion and Analysis" on pages 24 through 27 of our Annual Report to Stockholders for 2008.

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 16 through 18 of our Annual Report to Stockholders for 2008.

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 $51.0 million in 2008, $49.3 million in 2007, and $45.0 million in 2006. 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 2008 and there are no material expenditures planned for such purposes in fiscal year 2009.

Employees

McCormick had approximately 7,500 full time employees worldwide as of December 31, 2008. We believe our relationship with employees to be good. We have no collective bargaining contracts in the United States. At our foreign subsidiaries, approximately 1,560 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 2008, and the “Market Risk Sensitivity” section of “Management’s Discussion and Analysis” on pages 32 through 34 of our Annual Report to Stockholders for 2008.

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 42% of sales in fiscal year 2008 were from non-U.S. operations.

Forward-Looking Information

For a discussion of forward-looking information, see the “Forward-Looking Information” section of “Management’s Discussion and Analysis” on page 37 of our Annual Report to Stockholders for 2008.

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. These documents are also available in print to any stockholder upon request.

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 Non-Voting Common Stock, 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 or Loss of Brand Relevance due to Increased Private Label Use by 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.

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 cheese, pepper, soybean oil, wheat, capsicums, onion, and garlic. While future 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 its profitability. For example, as reported on the Form 8-K filed by us on November 25, 2008, we recorded a non-cash impairment charge representing a reduction in the value of our Silvo brand, which was acquired by us in 2004. 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 Failure to Successfully Integrate the Recently Purchased Assets of the Lawry's Business into Our Existing Operations Could Adversely Affect Our Financial Results.

On July 31, 2008, we completed our previously announced purchase from Conopco, Inc., an indirect subsidiary of Unilever N.V., of specified assets used in connection with the manufacture, marketing, distribution, and sale of food products under the "Lawry's" and "Adolph's®" brands. As previously announced, the terms of the order from the Federal Trade Commission for the acquisition required the sale of our Season-All business, and in accordance with these terms, on July 31, 2008, we completed the sale of our Season-All business to Morton International Inc. There may be risks or costs resulting from the Lawry's acquisition that are not presently known to us. Various factors may be necessary for us to achieve our objectives with respect to the acquisition and/or avoid increases in the costs associated with the acquisition, including continued customer acceptance of the Lawry's and Adolph's product lines, the successful integration of the Lawry's business into our business, and the completion of transition services agreements with Conopco, Inc., for the Lawry's business, and with Morton International Inc., for the Season-All business.

Our Foreign Operations are Subject to Additional Risks.

We operate our business and market our products internationally. In fiscal year 2008, 42% 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 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 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 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.

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.

Increases in Interest Rates May Negatively Impact Us.

We had total outstanding short-term borrowings of approximately $303.1 million at an average interest rate of approximately 2.1% on November 30, 2008. 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. 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 Obligations.

We hold investments in equity and debt securities in our qualified defined benefit pension plans. A deterioration in the value of plan assets, driven by a decrease in the value of plan assets resulting from general financial downturn or otherwise, could cause (or increase) an underfunded status of our primary defined benefit pension plan, thereby increasing our obligation to make contributions to the plan. For example, from November 2007 to November 2008, our primary U.S. defined benefit pension plan moved from an overfunded to underfunded status driven by decreased plan asset values resulting from the global financial turndown. 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 highly 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:

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

The Netherlands:

Papendrecht – 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, 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 2008.

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 2008, 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, 2008 was $31.77 per share for the Common Stock and $31.86 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, 2008 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

The following table summarizes McCormick's purchases of Common Stock ("CS") and Common Stock Non-Voting ("CSNV") during the fourth quarter of 2008:

ISSUER PURCHASES OF EQUITY SECURITIES

Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs
September 1, 2008 to September 30, 2008	CS – 4,000	$ 38.325	CS – 4,000	$ 39.9 million
	CSNV – 0	$ 0	CSNV – 0	
October 1, 2008 to October 31, 2008	CS – 22,000	$ 33.60	CS – 22,000	$ 39.2 million
	CSNV – 0	$ 0	CSNV – 0	
November 1, 2008 to November 30, 2008	CS – 1,824	$ 29.24	CS – 1,824	$ 39.1 million
	CSNV – 1,369	$ 29.24	CSNV –1,369	
Total	CS – 27,824	$ 33.993	CS – 27,824	$ 39.1 million
	CSNV – 1,369	$ 29.24	CSNV – 1,369	

Note: In June 2005, the Board of Directors approved an additional $400 million share repurchase authorization. As of November 30, 2008, approximately $39.1 million remained of the $400 million authorization. This amount is expected to be sufficient for 2009 share repurchases.

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 2008, which line items are incorporated by reference. See also Note 1 "Summary of Significant Accounting Policies" on pages 45 through 47 of our Annual Report to Stockholders for 2008.

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 16 through 37 of our Annual Report to Stockholders for 2008.

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 32 through 34 of our Annual Report to Stockholders for 2008, and in Note 8 “Financial Instruments” on pages 52 through 54 of our Annual Report to Stockholders for 2008.

Item 8. Financial Statements and Supplementary Data

The financial statements and supplementary data are included on pages 41 through 63 of our Annual Report to Stockholders for 2008. The report of Ernst & Young LLP, Independent Registered Public Accounting Firm, on such financial statements is included on pages 39 and 40 of our Annual Report to Stockholders for 2008. The supplemental schedule for 2006, 2007 and 2008 is included on page 21 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 2008.

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 Rules 13a-15(e) and 15d-15(e) of the Exchange Act, 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 our disclosure controls and procedures were effective in providing reasonable assurance that the information required to be disclosed in this report has been recorded, processed, summarized, and reported as of the end of the period covered by this report.

Internal Control over Financial Reporting

Management's report on our internal controls over financial reporting and the report of our Independent Registered Public Accounting Firm on internal controls over financial reporting are included on pages 39 and 40 of our Annual Report to Stockholders for 2008. No change occurred in our internal controls over financial reporting (as defined in Exchange Act Rule 13a-15(f)) during the last fiscal quarter which was identified in connection with the evaluation required by Exchange Act Rule 13a-15(a) as materially affecting, or reasonably likely to materially affect, our internal control over financial reporting.

Certifications

The certifications of our Chief Executive Officer and Chief Financial Officer required by Sections 302 and 906 of the Sarbanes-Oxley Act of 2002 are filed as Exhibits 31 and 32 to this Annual Report on Form 10-K. Additionally, as required by Section 303A.12(a) of the NYSE Listed Company Manual, our Chief Executive Officer filed a certification with the NYSE on April 16, 2008 reporting that he was not aware of any violation by McCormick of the NYSE's Corporate Governance listing standards.

Item 9B. Other Information

None.

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 2009 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 2009 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., Charles T. Langmead, and Cecile K. Perich.

Mr. Beard is 54 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 56 years old and, during the last five years, has held the following positions with McCormick: December 1, 2008 to present – Vice President, General Counsel, & Secretary; 1996 to November 30, 2008 – Associate General Counsel & Assistant Secretary.

Mr. Kelly is 54 years old and, during the last five years, has held the following position with McCormick: March 2008 to present – Senior Vice President & Controller; February 2000 to March 2008 – Vice President & Controller.

Mr. Langmead is 51 years old and, during the last five years, has held the following positions with McCormick: September 2005 to present – President, U.S. Industrial Group; February 2002 to September 2005 – Vice President & General Manager, Food Service & Global Restaurant Divisions.

Ms. Perich is 57 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 and is available in print to any shareholder upon request. We intend to satisfy the disclosure requirement under Item 5.05 of Form 8-K regarding an amendment to, or a 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 2009 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 2009 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 2009 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 2009 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 22 through 25 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	President & Chief Executive Officer	January 28, 2009

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	President & Chief Executive Officer	January 28, 2009

Principal Financial Officer:

By: /s/ Gordon M. Stetz, Jr. Gordon M. Stetz, Jr.	Executive Vice President & Chief Financial Officer	January 28, 2009

Principal Accounting Officer:

By: /s/ Kenneth A. Kelly, Jr. Kenneth A. Kelly, Jr.	Senior Vice President & Controller	January 28, 2009

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, 2009
/s/ James T. Brady James T. Brady	January 28, 2009
/s/ J. Michael Fitzpatrick J. Michael Fitzpatrick	January 28, 2009
/s/ Freeman A. Hrabowski, III Freeman A. Hrabowski, III	January 28, 2009
/s/ Robert J. Lawless Robert J. Lawless	January 28, 2009
/s/ Michael D. Mangan Michael D. Mangan	January 28, 2009
Joseph W. McGrath	
Margaret M. V. Preston	
/s/ George A. Roche George A. Roche	January 28, 2009
/s/ William E. Stevens William E. Stevens	January 28, 2009
/s/ Alan D. Wilson Alan D. Wilson	January 28, 2009

TABLE OF CONTENTS AND RELATED INFORMATION

Included in our 2008 Annual Report to Stockholders, the following consolidated financial statements are incorporated by reference in Item 8*:

Consolidated Income Statement for the years ended November 30, 2008, 2007 & 2006

Consolidated Balance Sheet, November 30, 2008 & 2007

Consolidated Cash Flow Statement for the years ended November 30, 2008, 2007 & 2006

Consolidated Statement of Shareholders' Equity for the years ended November 30, 2008, 2007 & 2006

Notes to Consolidated Financial Statements

Report of Independent Registered Public Accounting Firm

Included in Part IV of this Annual Report:

Supplemental Financial Schedule:
II - Valuation and Qualifying Accounts

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 2008 Annual Report to Stockholders of McCormick for its fiscal year ended November 30, 2008 is being furnished with this Annual Report on Form 10-K.**

Supplemental Financial Schedule II Consolidated

McCORMICK & COMPANY, INCORPORATED

VALUATION AND QUALIFYING ACCOUNTS
(IN MILLIONS)

Column A Description	Column B Balance Beginning of Year	Column C Additions Costs and Expenses	Column D Deductions	Column E Balance End Of Year
Year ended November 30, 2008 Allowance for doubtful receivables	$ 5.7	$ 1.3	$ 2.4	$ 4.6
Year ended November 30, 2007 Allowance for doubtful receivables	$ 5.9	$ .4	$ .6	$ 5.7
Year ended November 30, 2006 Allowance for doubtful receivables	$ 5.4	$ 1.5	$ 1.0	$ 5.9

Notes: None

EXHIBIT INDEX

		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)	Bylaws	
		By-Laws of McCormick & Company, Incorporated Restated and Amended on June 24, 2008	Incorporated by reference from Exhibit 3(i) of McCormick's Form 8-K dated June 24, 2008, as filed with the Securities and Exchange Commission on June 26, 2008.

(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 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, 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, 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, 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, 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, as filed with the Securities and Exchange Commission on December 10, 2007.

(viii) Form of 5.25% Notes due 2013, incorporated by reference from Exhibit 4.1 of McCormick's Form 8-K dated September 3, 2008, as filed with the Securities and Exchange Commission on September 4, 2008.

(10) Material contracts

(i) McCormick's supplemental pension plan for certain senior officers, amended and restated with an effective date of January 1, 2005, adopted by the Compensation Committee of the Board of Directors on November 25, 2008, a copy of which is attached to this Annual Report on 10-K.*

(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, 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, as filed with the Securities and Exchange Commission on February 18, 1997, and incorporated by reference herein.*

(iv) The 2002 McCormick Mid-Term Incentive Plan, which is provided to a limited number of senior executives, is set forth on pages 23 through 31 of McCormick's definitive Proxy Statement dated February 15, 2002, as filed with the Commission on February 15, 2002, and incorporated by reference herein.*

(v) 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, as filed with the Securities and Exchange Commission on February 17, 2004, and incorporated by reference herein.*

(vi) 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 as filed with the Securities and Exchange Commission on February 17, 2004, and incorporated by reference herein.*

(vii) 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 as filed with the Securities and Exchange Commission on February 17, 2004, and incorporated by reference herein.*

(viii) 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 as filed with the Securities and Exchange Commission on October 14, 2003, and incorporated by reference herein.*

(ix) 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 is incorporated by reference from Exhibit 4.1 of McCormick's Form 8-K filed with the Securities and Exchange Commission on November 28, 2008.*

(x) The 2007 Employee Stock Purchase Plan, in which employees participate, is set forth in Exhibit A of McCormick's definitive Proxy Statement dated February 16, 2007, as filed with the Securities and Exchange Commission on February 16, 2007, and incorporated by reference herein.*

(xi) 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, as filed with the Securities and Exchange Commission on February 20, 2008, and incorporated by reference herein, as amended by Amendment No. 1 thereto, a copy of which Amendment is attached to this Annual Report on 10-K.*

(xii) 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, as filed with the Securities and Exchange Commission on November 13, 2007.

(xiii) 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, as filed with the Securities and Exchange Commission on January 28, 2008, as amended on January 8, 2009, a copy of which is attached to this Annual Report on 10-K.*

(13)	Annual Report to Stockholders for 2008	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 10(i)

THE McCORMICK

SUPPLEMENTAL EXECUTIVE RETIREMENT PLAN

Amended and Restated Effective January 1, 2005

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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) minus the amount described in subparagraph (2), times the multiplier described in subparagraph (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, 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) minus the amount described in subparagraph (2), times the multiplier described in subparagraph (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, 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 December 19, 2008.

ATTEST:		McCORMICK & COMPANY, INCORPORATED	
/s/ W. Geoffrey Carpenter	12-19-08	By: /s/ Cecile K. Perich	12-19-08
W. Geoffrey Carpenter Vice President General Counsel & Secretary	Date	Cecile K. Perich Vice President Human Relations	Date

Exhibit 10(xi)

AMENDMENT NO. 1 TO THE
McCORMICK & COMPANY, INCORPORATED
2007 OMNIBUS INCENTIVE PLAN

WHEREAS, McCormick & Company, Incorporated (the "Company") sponsors the 2007 Omnibus Incentive Plan, which was effective as of December 1, 2007 (the "Plan");

WHEREAS, pursuant to Article IX of the Plan, the Board of Directors may amend the Plan at any time, provided that any material amendment to the Plan must be approved by the Company's shareholders;

WHEREAS, certain awards under the Plan are subject to Section 409A of the Internal Revenue Code of 1986 (the "Code"), which was generally effective as of January 1, 2005;

WHEREAS, Section N of Article XI of the Plan provides that any award issued under the Plan that is subject to the substantive requirements of Section 409A is intended to comply with those requirements; and

WHEREAS, the Board wishes to amend the Plan to clarify that any award that is subject to Section 409A of the Code and that is payable in connection with a change in control of the Company continues to comply with Section 409A;

NOW, THEREFORE, the Plan is amended, effective December 1, 2007, to insert a new paragraph at the end of Section B of Article VII that provides in its entirety as follows:

> Notwithstanding the definition of "change in control" set forth in this Section B, if a change in control 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, the provisions of this Article VII shall continue to apply in their entirety to any Award under the Plan, except that any Award that is not exempt from, and is subject to, Section 409A of the Code, (a) shall vest and otherwise have all conditions and restrictions then outstanding be waived as provided in Section A of this Article VII, and (b) shall not be paid on account of such change in control but shall instead be paid in accordance with its terms.

IN WITNESS WHEREOF, this Amendment No. 1 to the Plan has been executed on behalf of the Company this 19th day of December, 2008.

McCORMICK & COMPANY, INCORPORATED

By: /s/ Cecile K. Perich
Cecile K. Perich
Vice President Human Relations

Exhibit 10(xiii)

January 2, 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, 2009 and end on December 31, 2009, all of the terms and conditions of the Agreement will remain in effect, except for the payment of a consulting fee, which you have generously offered to waive for 2009. We will, of course, continue to reimburse you for all reasonable expenses for travel, food and lodging.

I am very pleased that you have expressed an interest in continuing 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 the enclosed copy of this letter in the space provided and return the same to me.

Sincerely yours,

/s/ Alan D. Wilson
Alan D. Wilson

Accepted and approved this 8th
day of January, 2009.

CKB CONSULTING LLC

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

Exhibit 13

TAKING GREAT FLAVOR TO NEW HEIGHTS

McCormick & Company

2008 Annual Report

This year’s report is scented with the warm, distinctive aroma of cinnamon. This spice comes from the hand-harvested bark of a tropical tree grown in the highlands of Southeast Asia. Cinnamon, like many spices, contains a high level of antioxidants which is comparable to that of fruits such as blueberries and pomegranates. Learn more about the health benefits and wonderful recipe applications of cinnamon and the other antioxidant-rich members of the “7 Super Spices” at www.spicesforhealth.com

Exceeded **$3 billion** in sales, almost double 1998 sales.

Purchased Lawry's®, our largest acquisition yet.

Tripled dividends and earnings per share in last 10 years.

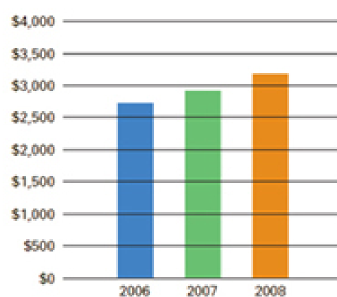
Increased **marketing support to $127 million**, up 51% from 2003.

Achieved **$56 million of cost savings** from restructuring program.

Financial Highlights

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

	2008	2007	% change
Net sales	$3,176.6	$2,916.2	8.9%
Gross profit	1,288.2	1,191.8	8.1%
Gross profit margin	40.6%	40.9%	
Operating income	376.5	354.2	6.3%
Operating income margin	11.9%	12.1%	
Net income	255.8	230.1	11.2%
Earnings per share – diluted	1.94	1.73	12.1%
Average shares outstanding – diluted	131.8	132.7	(0.7%)
Dividends paid	$ 113.5	$ 103.6	9.6%
Dividends paid per share	.88	.80	10.0%



Our 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.

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Alan D. Wilson
President & Chief Executive Officer

Fellow Shareholders...

In one of the most challenging environments we have faced, McCormick reached a number of new heights in 2008. We exceeded $3 billion in sales for the first time and seamlessly assimilated our largest acquisition ever. We reached $56 million in annual cost savings from our restructuring program and increased our marketing support 13%. We are confident that our proven growth strategies, leading market positions, great people and strong leadership will continue to serve us well as a global industry leader and as an investment.

I am extremely proud of how McCormick employees around the world responded and steadfastly focused on the four operational priorities we set early in the year – *performance*, *growth*, *cash and people*. Because of their commitment and creativity, we made great progress in each of these areas.

We achieved solid ***performance*** *throughout the organization.*

We grew net sales 9% to $3.2 billion, well beyond our initial goal of 4 to 6% growth. Acquisitions, favorable pricing, currency exchange rates, new products and marketing programs drove this higher performance.

Consumer business sales rose 11%, due in part to increased marketing efforts to support our brands and help launch new products, as well as our success in adding new distribution with growing customers. Sales in the U.S. and Asia/Pacific region were particularly strong. Operating income for this segment rose 9%, excluding restructuring and impairment charges.

Equally impressive was the 7% sales increase our industrial business achieved despite weakness among restaurant customers. We successfully offset higher costs with pricing actions, and grew operating income 6% in 2008, excluding restructuring charges.

Solar panels on our spice mill and adjacent distribution facility in Maryland will cut electricity costs for those facilities by about 30% in the first year and reduce greenhouse gas emissions by approximately 1,000 metric tons.

In our Dallas facility, employees took actions that reduced water usage by 40%, lowered line changeover times by 25% and improved shift scheduling. In Europe, two of our largest manufacturing facilities achieved ISO 14001 certification. Since 2004, our largest U.K. facility has reduced energy usage 33% and its greenhouse gas emissions by 30%.

Earnings per share were $1.94 in 2008 compared with $1.73 in 2007. Included in 2008 earnings per share are restructuring charges and a net gain that related to our Lawry's acquisition which included the sale of our Season-All® business. We also recorded a non-cash impairment charge to reduce the value of our Silvo® brand due to a reduction in distribution in The Netherlands. Excluding these items and the 2007 restructuring charges, earnings per share rose 11%, which was above our initial 2008 goal of 8 to 10%.

With another $11 million of cost savings, our restructuring program has delivered $56 million in annual savings, versus our $50 million goal. In 2008, our team in Europe consolidated production facilities in France and streamlined our merchandising system in the U.K. and distributor networks in several smaller markets. Supply chain initiatives across the Company delivered an additional $20 million in savings in 2008.

Supply chain initiatives go hand-in-hand with our sustainability efforts. We made great progress in lowering electricity use during 2008, and have set goals to reduce electricity use 15% and solid waste 10% from 2005 to 2010.

We extended a freshness campaign from the United States to the United Kingdom, encouraging consumers to check the age of their products.

Old Bay® seasoning, an East Coast favorite, used outdoor advertising to build consumer awareness in target markets.

We recently launched a dedicated Grill Mates® website, www.grillmates.com, as part of our efforts to grow household penetration rates above the current level of 8%.

*We are driving **growth** through strong global brands, innovative new products and acquisitions.*

Our portfolio of brands enjoys strong consumer loyalty around the world, and we work diligently to earn that loyalty every day by focusing on solving our consumers' culinary needs in practical and flavorful ways.

To build upon the power of our brands, we expanded our proven marketing efforts – including print ads and sampling programs – by 13% in 2008.

In the U.S., for example, we applied additional marketing support behind the Simply Asia® line, Grill Mates spices and grinders and other products that offer high growth potential but still have low household penetration rates. Likewise, in Europe, we moved to a more common advertising platform to allow us to better leverage our marketing expenditures. Given the particularly high returns for interactive media, we relaunched our U.S. consumer website and added two new niche websites.

McCormick "7 Super Spices", great sources of flavor as well as concentrated sources of natural antioxidants, were among the products highlighted in our expanded advertising program. We founded the McCormick Science Institute to help advance the health benefits of natural spices and herbs.

Superior packaging, new label designs and an attractive store display have helped revitalize our Vahiné® line of dessert aids.

Another way we take great flavors to new heights is by continually demonstrating our industry leadership. Since 2006, for example, we have installed gravity-feed merchandising systems in more than 11,000 U.S. stores, enhancing the consumer shopping experience, reducing out-of-stocks and improving restocking time. A version of this system has been introduced in Australia and China.

Following success in the U.K., in 2009, we will revitalize our dry seasoning mix line in the U.S. with more natural ingredients, redesigned packaging and improved merchandising. In France, we recently unveiled superior packaging and an improved store display of our Vahiné dessert line.

As a leader in flavors, consumers and customers look to McCormick for insights into food trends. Reflecting our leadership, each year we convene a council of culinary experts in the food industry to identify new convenience platforms, ethnic cuisines and cooking styles. We also explore such societal needs as health and wellness as they relate to food.

McCormick's trend-tracking Flavor Forecast® is a staple for consumers, industrial customers and food editors alike. Adam Walker, culinary chef, demonstrates the use of tarragon and beetroot, one of the flavor pairings featured in the 2009 forecast.

The introduction of slow cooker seasonings helped double our market share of dry sauce mixes in Australia in 2008. In the U.S., consumers love the taste, texture and baking convenience of our new Crusting Blends.

New products such as Crusting Blends®, gourmet sea salts and flavored pepper support the growing eat-at-home trend in the U.S., helping consumers easily create a restaurant-style meal. Our expanded line of U.S. slow cooker seasonings saw a 27% increase in 2008 sales. In Europe we have introduced new products

for grilling, ethnic seasoning mixes and a range of items for more involved cooks.

McCormick innovation also supports the growth of industrial customers in markets around the world. A robust pipeline of products for leading food manufacturers includes flavors for snacks, convenience foods, side dishes, beverages and cereal. New products for global restaurant customers include coating blends for poultry and seasonings and sauces to flavor side dishes and sandwiches. In addition to these customized products, we added 10 new blends to our branded food service products.

Across both businesses, sales of products launched in the last three years represented 8% of 2008 sales.

Billy Bee® Honey Products, acquired in early 2008, is Canada's leading brand of pure, natural honey.

Lawry's gives us entree into the wet marinade category with the number-one brand in the U.S. In 2009, we are introducing new marinade and seasoning blend products that will benefit from dedicated marketing support for the Lawry's brand.

In recent years, our success in identifying and integrating such great businesses as Ducros®, Zatarain's® and Simply Asia has firmly established McCormick's reputation as a premier home for unique flavors.

We reaffirmed this position in 2008 with the addition of Lawry's. At $604 million, this was our largest acquisition ever and clearly a perfect fit for our business. Lawry's is an iconic brand of seasoning blends and the number-one brand of wet marinades, a new category for McCormick. With both consumer and food service products, Lawry's is expected to add 4% to sales and 1% to gross profit margin in its first full year as a McCormick brand.

In 2008, we also acquired Billy Bee Honey Products, the leading brand of natural honey and honey-based products serving both consumer and food service markets in Canada.

Given our strong cash flow from operations and financial flexibility, we expect to continue to grow through acquisitions of niche products in our developed markets and leading brands in new and emerging regions.

Employees in our Canadian operation now use SAP which was added to this operation in 2008.

A portion of cash is invested in capital projects to advance our facilities worldwide. Our 2008 capital funding included new construction in France that added capacity, improved quality and lowered production costs.

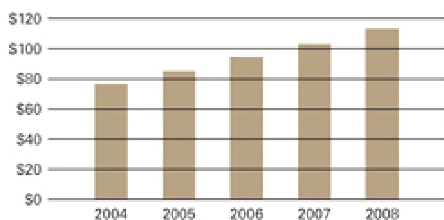
In 2009 a portion of capital will fund expanded production in an existing facility to add capacity for the manufacturing of Lawry's products.

*We increased **cash** flow from operations by $90 million in 2008.*

One way we measure the health of our business is by the cash flow we are generating from operations. Cash flow funds our organic growth, fuels our acquisition strategy and rewards our employees and investors.

For example, in 2008, we invested $693 million in acquisitions, paid $114 million in dividends, and paid $86 million for capital projects. We funded these investments with increased debt, as well as our cash flow from operations which reached $315 million, an increase of $90 million over 2007.

As further evidence of our strong financial position, the Board of Directors approved our 23rd consecutive dividend increase at the end of 2008. We have paid a dividend in each of the last 83 years and increased dividends per share at an 11% compound annual growth rate since 2003.



We are financially disciplined and proud of our investment-grade credit rating. We continue to focus our efforts to increase operational efficiency. For example, improved asset management is now among the incentives for each operating unit. This led to a five-day reduction in our cash conversion cycle.

Employee development takes many forms at McCormick. Our research chef for the Simply Asia and Thai Kitchen brands, Manny Haider, (right) is demonstrating the use of a wok to prepare authentic Asian cuisine. On-the-job training is also pictured in our quality assurance lab in El Salvador. In the U.K., employees take advantage of McCormick's Global Learning Network, and a recent "lunch and learn" session in China featured an informal lesson in calligraphy.

Throughout McCormick, ***people*** *are the reason for our enduring success and ability to reach new heights.*

McCormick's culture of hard work and ethical behavior has weathered every business change and challenge imaginable. Our Multiple Management philosophy, established in 1932, lays the foundation by encouraging the participation and inclusion of all employees.

As we enter our 121st year, we continue to build on our shared values. In 2008, for example, we further implemented McCormick's High-Performance System that is motivating our

OUR SHARED VALUES

The people of McCormick are our "key ingredient."

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

Al Goetze, (left) Managing Director of McCormick Global Ingredients, Ltd., is evaluating the latest vanilla bean crop in Indonesia. As part of our Global Sourcing Program we work with farmers to achieve higher-quality raw materials and maintain the food safety of our products.

Nate McCoy (center) from our Flavor Manufacturing Center in Maryland, earned McCormick's Community Service Award for his work at the Phoenix Society, which provides peer support, education and advocacy to burn victims.

employees and resulting in better training, lower turnover and greater efficiency.

We continue to strengthen our commitment to a diverse and inclusive workforce. In 2008, we created a Diversity Executive Steering Committee to work closely with our existing Diversity Council. We established a vice president of global talent management to develop robust processes in support of our employee development and succession planning globally. Additionally, we rolled out our Global Learning Network to employees in Canada, the U.K. and France.

Concern for one another is a key shared value, and that concern extends to the communities where we work. For the past 20 years, for example, our global sourcing team has assisted farmers in becoming sustainable and economically viable. In addition, once a year many employees work an additional eight hours and donate their earnings – which are matched by the Company – to local charities. And in 2008, we announced the fourth annual winner of the McCormick Community Service Award which honors the volunteer efforts of our employees around the world.

McCormick's Management Committee

Mark Timbie
President – North American
Consumer Foods

Alan Wilson
President &
Chief Executive Officer

Lawrence Kurzius
President –
McCormick International

Gordon Stetz
Executive Vice President &
Chief Financial Officer

Chuck Langmead
President –
U.S. Industrial Group

Cile Perich
Vice President –
Human Relations

Looking ahead *to new heights.*

In 2008, we faced unprecedented challenges that included a steep stock market decline and a global credit crisis, as well as significant volatility in both costs and currency exchange rates.

Yet with a strong balance sheet and cash flow, coupled with the business acumen and engagement of a committed Board of Directors led by Chairman Bob Lawless, we are successfully managing our business through this period.

We also executed a seamless management transition that included my new role as President and Chief Executive Officer and the promotion of Gordon Stetz to Executive Vice President and Chief Financial Officer. Similarly, to better align our organization and provide executive development, we promoted Lawrence Kurzius to President – McCormick International with added responsibility for Canada, Asia and Australia, as well as emerging markets. In addition, Cile Perich, Vice President – Human Relations was appointed to McCormick's Management Committee. At the end of 2008, Geoff Carpenter succeeded Bob Skelton as our chief legal executive. Bob Skelton has retired from the Company after 32 years of expert advice, tireless efforts and significant contributions to our success.

We are excited about McCormick's future and the new heights that await us. With a solid foundation of powerful, global brands and excellent customers, we are achieving higher sales and profits through innovation, marketing and acquisitions. With the continued commitment and enthusiasm of our employees, we are confident that we will continue to grow this business and increasingly build shareholder value.

Alan D. Wilson

Alan D. Wilson, *President & CEO*

Ask Alan...

The global economy entered a tough period in 2008 that continued into 2009. How does this downturn affect McCormick?

Looking back at other recessionary periods, our business has proven to be resilient. That resiliency was apparent again in 2008, and we are confident that we can effectively navigate through the current recession.

In the United States, for example, consumers are currently eating out less often and preparing more meals at home. While our sales to restaurants have been unfavorably impacted, we have grown sales of our consumer brands particularly with value-focused retailers. Demand has risen for value-priced branded products that offer convenience – such as taco seasoning mixes, gravies and seasonings for slow cookers – as well as store brands that we supply.

Our business in Europe and other international markets is also under pressure, and we are steadfast in our marketing efforts and new product innovation to support our brands.

In what other ways are you responding?

In a difficult environment, we are carefully managing costs and working capital throughout the organization to preserve our financial flexibility. We remain committed to funding investments in marketing, product innovation and other growth initiatives. Also on the financial front, we are paying close attention to any credit risk with customers and suppliers. We have strong liquidity in our business and have maintained our own investment-grade credit rating.

What makes McCormick a good investment?

In addition to our solid balance sheet, effective growth initiatives and great employees, we have a passion for flavor that sets us apart.

Our Company is uniquely positioned to bring great taste to all types of food and beverages. Our flavors reach consumers not only in spices and seasonings but in products like snacks, soups and cereals. Our expertise in the latest food trends, authentic ethnic cuisines and pure, natural ingredients is evident in grocery store aisles as well as in restaurants around the world.

At McCormick, a passion for flavor defines our business, unites our employees and is fundamental to our continued success.

Executive Officers

Alan D. Wilson
President &
Chief Executive Officer

Paul C. Beard
Senior Vice President –
Finance & Treasurer

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

W. Geoffrey Carpenter
Vice President –
General Counsel & Secretary

Gordon M. Stetz
Executive Vice President &
Chief Financial Officer

Mark T. Timbie
President – North American
Consumer Foods

Board of Directors

John P. Bilbrey 52
Senior Vice President
The Hershey Company
President – Hershey North America Director
since 2005
Nominating / Corporate Governance Committee

James T. Brady 68
Managing Director, Mid-Atlantic
Ballantrae International, Ltd.
Ijamsville, Maryland
Director since 1998
*Audit Committee**

J. Michael Fitzpatrick 62
Chairman & Chief Executive Officer
Citadel Plastics Holdings, Inc.
Radnor, Pennsylvania
Director since 2001
Audit Committee

Freeman A. Hrabowski, III 58
President
University of Maryland
Baltimore County
Baltimore, Maryland
Director since 1997
*Nominating / Corporate Governance Committee**

Robert J. Lawless 62
Chairman of the Board
Chief Executive Officer (retired)
McCormick & Company, Inc.
Director since 1994

Michael D. Mangan 52
President – Worldwide Tools & Accessories
The Black & Decker Corporation
Towson, Maryland
Director since 2007
Audit Committee

Joseph W. McGrath 56
President & Chief Executive
Officer (retired)
Unisys Corporation
Philadelphia, Pennsylvania
Director since 2007
Compensation Committee

Margaret M.V. Preston 51
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 67
Chairman of the Board &
President (retired)
T. Rowe Price Group, Inc.
Baltimore, Maryland
Director since 2007
Compensation Committee

William E. Stevens 66
Chairman – BBI Group
St. Louis, Missouri
Director since 1988
*Compensation Committee**

Alan D. Wilson 51
President &
Chief Executive Officer
McCormick & Company, Inc.
Director since 2007

* Denotes committee chairman

Corporate Governance

McCormick's mission is to enhance shareholder value. McCormick employees conduct business under the leadership of the Chief Executive Officer and the oversight and direction of the Board of Directors. Both management and the Board of Directors believe that the creation of long-term shareholder value requires us to conduct our business honestly and ethically and in accordance with applicable laws. We also believe that shareholder value is well served if the interests of our employees, customers, suppliers, consumers, and the communities in which we live, are appropriately addressed.

McCormick's success is grounded in its value system as evidenced by our core values.

We are open and honest in business dealings inside and outside McCormick. We are dependable and truthful and keep our promises.

Our employees and our Board of Directors are committed to growing our business in accordance with our governance structure, principles and code of ethics.

John P. Bilbrey

James T. Brady

J. Michael Fitzpatrick

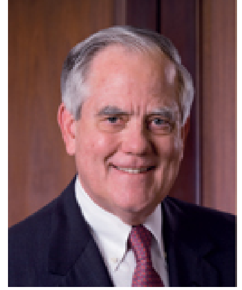
Freeman A. Hrabowski, III

Robert J. Lawless

Michael D. Mangan

Joseph W. McGrath

Margaret M.V. Preston


George A. Roche

William E. Stevens

Alan D. Wilson

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:

- Business Overview
- Results of Operations
- Liquidity and Financial Condition
- Acquisitions
- Impairment Charge
- Restructuring Activities
- Other information, including critical accounting estimates and assumptions and forward-looking information

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 food service 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 2008, 41.9% of sales were outside the United States.

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

- In 2008 net sales rose 8.9% to $3.2 billion driven by price increases taken to offset higher costs, as well as increased volume and product mix, and favorable foreign currency exchange rates.
- Earnings per share were $1.94 in 2008 compared to $1.73 in 2007, an increase of 12.1%.
- We achieved $31 million of incremental cost reductions in 2008, including $11 million of savings from our restructuring program.
- At the end of 2008, the restructuring program announced in 2005 had reached $56 million in annual savings.
- In July 2008 we acquired the assets of the Lawry's business from a subsidiary of Unilever for $604 million in cash. Based on the purchase price, this was our largest acquisition to date. We increased commercial paper to fund the acquisition and in September 2008 issued $250 million in 5-year notes to refinance a portion of the outstanding commercial paper.
- From the time an agreement to acquire Lawry's was reached in November 2007, we have curtailed our share repurchase program to reduce the higher level of debt from this acquisition.
- In the fourth quarter of 2008, our Board of Directors approved a 9.1% increase in the current quarterly dividend rate to $0.24 per share. As a result, the current annualized dividend rate at the beginning of 2009 is $0.96 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 2008, the consumer business contributed 58.3% of sales and 81.3% of operating income excluding restructuring and impairment charges. The industrial business contributed 41.7% of sales and 18.7% of operating income excluding restructuring charges.

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 ClubHouse®. 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 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.

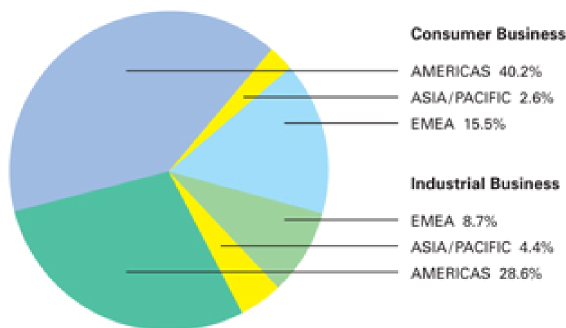
Our leadership position allows us to more efficiently innovate, merchandise and market our brands.

Industrial Business

In our industrial business we provide a wide range of products to multinational food manufacturers and food service customers. The food service customers are supplied both directly and indirectly through distributors. Among food manufacturers and food service customers, many of our relationships have been building for decades. Since 2005, we have reduced the number of customers and products we supply in order to focus our resources on our strategic partners that offer a greater growth potential. Even with these reductions, 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.

While the profitability of our industrial segment is less than our consumer segment, it is an integral part of our business. 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.



2008 Net Sales by Business and Region

Management's Discussion and Analysis

Strategic Focus

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

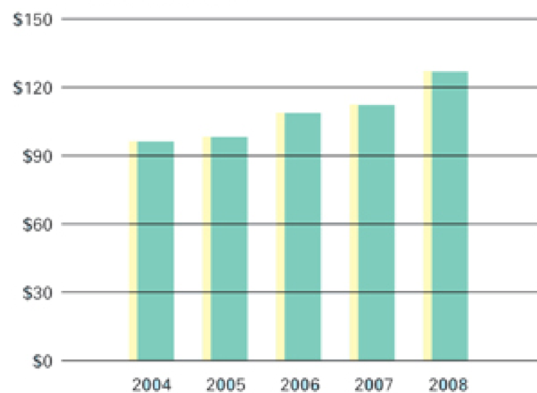
In the latter part of 2007 and in 2008, our progress with margin improvement was hampered by an environment of volatile costs for many raw and packaging materials. However, we continued to make progress with cost-savings programs, new capabilities and improved processes and in 2008, achieved $31 million in incremental cost savings. We are also improving margins with the acquisition of higher-margin brands and the introduction of higher-margin, more value-added new products. As we reduce the number of lower-margin products and customers, we eliminate complexity and further boost margins.

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 2008. During this period, research and development expense rose 21.1%. We are also investing in greater marketing support to drive sales of our leading brands, with an increase of 29.2% since 2005. 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 1.6% to average annual sales growth in the past five years. Through acquisitions we are adding 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 that offer high growth potential. In our developed markets, we are seeking 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 grow sales 4 to 6% with 2 to 3% from our base business, 1 to 2% from new products and 1 to 3% from acquisitions. In some years, pricing and foreign currency exchange rates may also impact our sales growth. In 2008, both of these factors had a favorable impact.

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 and at the end of 2008, the Board declared our 23rd consecutive dividend increase.



Increased Marketing Support

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
Selling, general & administrative expense (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 later in MD&A and in note 5 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 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 3 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 (EPS) – 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 and impairment charges	343.3	313.9
Operating income margin, excluding restructuring and impairment 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 the year 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. As we head into 2009, we expect this market to remain challenging. Our team in Europe is working to compete more effectively in this difficult market as they complete several restructuring actions, pass through higher costs in our pricing, introduce new products and optimize our marketing mix.

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, and we are aggressively pursuing new business in this region.

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.

RESULTS OF OPERATIONS – 2007 COMPARED TO 2006

	2007	2006
Net sales	$2,916.2	$2,716.4
Percent growth	7.4%	

The increase in sales for 2007 was due to pricing actions taken to offset higher material cost, favorable product mix and higher volumes (including the 0.9% impact of Simply Asia Foods, acquired in June of 2006). Favorable foreign exchange rates added 2.9% for the year. The 2007 sales also reflect the impact of actions to eliminate low margin business, which lowered sales approximately 1%.

	2007	2006
Gross profit	$1,191.8	$1,114.6
Gross profit margin	40.9%	41.0%

Gross profit margin in 2007 decreased 0.1%. Included in cost of goods sold were restructuring charges for production facilities that were closed. These charges in 2007 were less than in 2006 and increased gross

profit margin by 0.4%. Cost savings related to restructuring activity lowered cost of goods sold, adding nearly 1.0% to gross profit margin. Gross profit margin was unfavorably impacted by higher material costs in 2007 that were only partially offset by price increases. Production costs in certain facilities were also affected by incremental costs early in 2007 to maintain customer service during our facility consolidation.

	2007	2006
SG&A	$ 806.9	$ 772.6
Percent of net sales	27.7%	28.4%

Selling, general and administrative expenses were higher in 2007 than 2006 on a dollar basis but declined as a percentage of net sales. As a percentage of net sales, administrative expense decreased while distribution, selling, promotion, advertising and research and development in total were relatively unchanged. The decrease in administrative expense during 2007 was driven by the benefit of expense reductions from our restructuring program.

The following is a summary of restructuring activities:

	2007	2006
Pre-tax restructuring charges:		
Recorded in cost of goods sold	$ 3.3	$ 11.7
Other restructuring charges	30.7	72.4
Reduction in operating income	34.0	84.1
Income tax effect	(10.6)	(27.0)
Loss (gain) on sale of unconsolidated operations, net of tax	.8	(26.8)
Reduction in net income	$ 24.2	$ 30.3
Reduction in earnings per share – diluted	$ .18	$ .22

Pre-tax restructuring charges for both 2007 and 2006 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. The gain on the sale of unconsolidated operations in 2006 was primarily for the redemption of our ownership investment in Signature Brands LLC (Signature). More details of the restructuring charges are discussed later in MD&A and in note 3 of the financial statements.

	2007	2006
Interest expense	$ 60.6	$ 53.7
Other income, net	8.8	7.1

The increase in interest expense was due to higher average short-term borrowings and higher short-term interest rates in 2007 when compared to 2006. However, these effects were partially offset by the refinancing of higher interest rate long-term debt in 2006, which has reduced the average interest rate on our total debt in 2007 when compared to 2006.

The increase in other income was due to higher interest income.

	2007	2006
Income from consolidated operations before income taxes	$ 302.4	$ 223.0
Income taxes	92.2	64.7
Effective tax rate	30.5%	29.0%

The increase in the effective tax rate was due to a reduction in discrete tax benefits in 2007. The 2006 discrete items of $5.2 million included the favorable resolution of an international tax audit, a reduction of accruals recorded for state tax audits and additional tax benefit related to the closure of our operation in Finland. 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.

	2007	2006
Income from unconsolidated operations	$ 20.7	$ 17.1

Income from unconsolidated operations increased 21% in 2007 compared to 2006. This increase was driven

primarily by the move from an unprofitable unconsolidated joint venture in Asia to a licensing agreement in the fourth quarter of 2006, as well as the performance of our joint venture in Mexico due to strong mayonnaise sales.

The following table outlines the major components of the change in diluted earnings per share from 2006 to 2007:

2006 Earnings per share – diluted	$ 1.50
Increased sales and operating income exclusive of restructuring	.18
Lower restructuring charges	.04
Higher income from unconsolidated operations	.03
Higher interest expense	(.03)
Effect of lower shares outstanding	.03
Increase in tax rate	(.02)
2007 Earnings per share – diluted	$ 1.73

CONSUMER BUSINESS

	2007	2006
Net sales	$1,671.3	$1,556.4
Percent growth	7.4%	
Operating income, excluding restructuring charges	313.9	278.0
Operating income margin, excluding restructuring charges	18.8%	17.9%

Favorable foreign exchange rates added 3.1% to consumer sales in 2007 compared to 2006. The remaining increase of 4.3% was driven by higher pricing, favorable product mix, the acquisition of Simply Asia Foods (acquired in June 2006), which added 1.5% to net sales, and volume from brand revitalization, effective marketing programs and new products.

In the Americas, consumer business sales increased 5.6%. Together favorable foreign exchange rates and incremental sales from Simply Asia Foods added 2.6% to net sales. Pricing on certain items such as pepper and favorable product mix further increased sales. Higher volumes of Hispanic items, the expanded organic line, grinders and seafood items were offset by lower volumes on other items including pepper, warehouse club products and the discontinuance of certain underperforming products.

In EMEA, consumer sales rose 11.4%, of which 9.1% was due to favorable foreign exchange rates. The remaining increase of 2.3% was due primarily to pricing actions and volume increases in the U.K. and France. During 2007, these increases were offset in part by the impact of a competitive situation in The Netherlands and our action to close our business in Finland which both occurred in 2006.

Sales in the Asia/Pacific region increased 12.1%, with 8.4% due to favorable foreign exchange rates. Sales in China grew at a double-digit rate due to expanded distribution and marketing support behind our core spice and seasoning products, along with increases in a number of condiments and sauces. Sales growth in China was offset in part by lower sales of our branded spices and herbs in Australia due to the move by a large retailer early in 2007 to introduce a private label line of spices and herbs.

The increase in operating income excluding restructuring activities was driven by strong sales performance and cost reduction efforts. When comparing operating income margin excluding restructuring activities, higher sales, pricing actions and cost savings from our restructuring program more than offset increases in raw materials and fuel.

INDUSTRIAL BUSINESS

	2007	2006
Net sales	$1,244.9	$1,160.0
Percent growth	7.3%	
Operating income, excluding restructuring charges	74.3	75.7
Operating income margin, excluding restructuring charges	6.0%	6.5%

The 7.3% sales increase was driven by higher pricing to reflect the increased costs of pepper as well as certain commodities including cheese, soybean oil and flour. Favorable foreign exchange rates added 2.8% to sales, while actions to eliminate lower margin products decreased sales approximately 2%.

Sales in the Americas rose 1.9% with favorable foreign exchange rates adding 0.5%. In this region, customer and product rationalization reduced sales approximately 2%. The remaining increase was primarily due to price increases. During 2007 new products and other volume gains with sales to food manufacturers were offset by weakness in the restaurant industry.

In EMEA, sales increased 20.1%, which included a favorable foreign exchange rate impact of 9.2%. In this region, customer and product rationalization reduced sales approximately 2%. The remaining increase of approximately 13% was mostly volume-related due to increases in snack seasonings and products sold to quick service restaurants.

In the Asia/Pacific region, sales increased 25.8% with 8.0% from foreign exchange rates. Rapid expansion of industrial business, especially in China with quick service restaurant customers, contributed to sales in this region.

Operating income excluding restructuring activities decreased in both dollar terms and in terms of margin. Higher material costs during the year more than offset the benefit of our 7.3% sales increase and the cost savings from our restructuring activities. At the end of 2007 and into early 2008, we took further pricing actions in response to higher costs.

LIQUIDITY AND FINANCIAL CONDITION

	2008	2007	2006
Net cash provided by operating activities	$ 314.6	$ 224.5	$ 310.8
Net cash used in investing activities	(747.0)	(92.8)	(172.1)
Net cash provided by (used in) financing activities	433.4	(152.1)	(127.2)

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 and restructuring costs.

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.

Operating Cash Flow – When 2008 is compared to 2007, most of the increase in operating cash flow is due to a higher level of collections on receivables and a higher level of cash generated from improved net income. Also, 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 (in 2007 we made a $22 million pension contribution). When 2007 is compared to 2006, most of the decrease in operating cash flow was due to $30 million in increased payments made in 2007 for incentive compensation based upon 2006 operating results and $41 million in higher income tax payments made in 2007 when compared to 2006. Also impacting 2007 cash flow is a higher level of receivables in 2007 than in 2006 due to higher sales and the timing of sales within the year.

Investing Cash Flow – The changes in cash used in investing activities from 2006 to 2008 is primarily due to fluctuations in cash used for acquisition of businesses. Cash outflow for the acquisitions of businesses was primarily for the purchases of the Lawry's and Billy Bee Honey Products businesses in 2008, Thai Kitchen in Europe in 2007, and the Simply Asia Foods in 2006 (see note 2 of the financial statements). 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. In 2006 we had $9.2 million in net proceeds from the redemption of a joint venture (see note 3 of the financial statements). Capital expenditures were $85.8 million in 2008, $78.5 million in 2007 and $84.8 million in 2006. We expect 2009 capital expenditures to be slightly in excess of depreciation and amortization.

Financing Cash Flow – We increased our total borrowings by $509.1 million in 2008 compared to $65.5 million in 2007 and $77.2 million in 2006. In 2008, these borrowings, along with internally generated cash flow, were used to fund $693.3 million for the purchases of the Lawry's and Billy Bee Honey Products 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. In 2006, we issued $100 million of 5.80% senior notes due 2011. Also, in 2006, we issued $200 million of 5.20% senior notes due 2015. The net proceeds from the $200 million offering were used to pay down $195 million of long-term debt which matured in 2006.

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

	2008	2007	2006
Number of shares of common stock	.3	4.3	4.4
Dollar amount	$ 11.0	$ 157.0	$ 155.9

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, 2008, $39 million remained under the $400 million share repurchase program approved by the Board of Directors in June 2005. The Common Stock issued in 2008, 2007 and 2006 relates to our stock compensation plans.

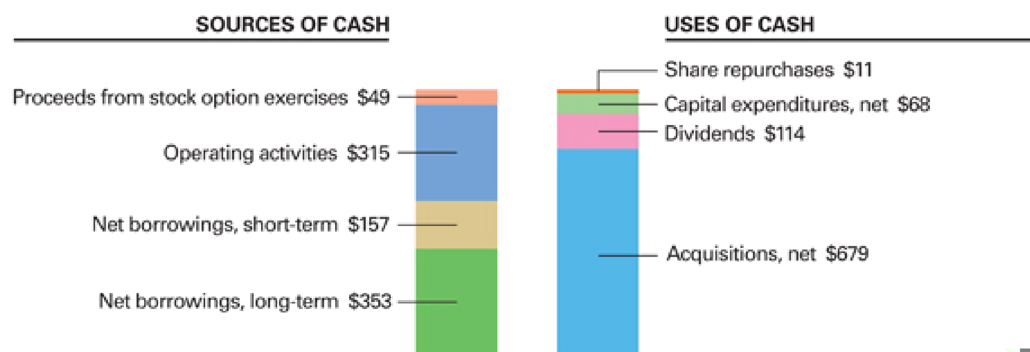
Our dividend history over the last three years is as follows:

	2008	2007	2006
Total dividends paid	$ 113.5	$ 103.6	$ 95.0
Dividends paid per share	.88	.80	.72
Percentage increase per share	10.0%	11.1%	12.5%

In November 2008, the Board of Directors approved a 9.1% increase in the quarterly dividend from $0.22 to $0.24 per share. During the last five years, dividends per share have risen at a compound annual rate of 11.4%.

	2008	2007	2006
Debt-to-total-capital ratio	54.0%	40.0%	41.1%

The increase in our debt-to-total-capital ratio in 2008 (total capital includes debt and shareholders' equity) was the result of a significant increase in our total debt, coupled with a decrease in shareholders' equity. Our total debt



Cash for acquisitions is net of the proceeds from the sale of Season-All.

Cash for capital expenditures is net of proceeds from the sale of property, plant and equipment.

increased $516 million in 2008 to fund the acquisitions of businesses. Total shareholders' equity decreased $30 million, including a decrease of $240 million due to the effect of foreign currency translation adjustments. This foreign currency change alone increased our debt-to-total capital ratio 5.1%. During the year, the level of our short-term debt varies, and it is usually lower at the end of the year. The average short-term borrowings outstanding for the years ended November 30, 2008 and 2007 were $367.9 million and $370.7 million, respectively. The total average debt outstanding for the years ended November 30, 2008 and 2007 was $1,125.2 million and $940.8 million, respectively.

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, 2008, the exchange rates for the Euro, British pound sterling and Canadian dollar were substantially lower versus the U.S. dollar than in 2007. Exchange rate fluctuations resulted in decreases to accounts receivable of $50 million, inventory of $31 million, goodwill of $113 million and other comprehensive income of $240 million since November 30, 2007.

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 has been deferred in other comprehensive income and will be 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 was recognized as these interest rate swaps qualify for the "shortcut" treatment as defined under United States Generally Accepted Accounting Principles (U.S. GAAP).

Credit and Capital Markets – Credit market conditions deteriorated rapidly during our fourth quarter of 2008 and continue into our first quarter of 2009. Several major banks and financial institutions have failed or were forced to seek assistance through distressed sales or emergency government measures. During this time capital markets have seen sharp drops in values and both credit availability and cost have been very volatile. In addition, current market conditions have resulted in higher credit spreads on long-term borrowings and significantly reduced demand for new corporate debt issuances. While not all-inclusive, the following summarizes the more significant impacts we have seen 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 $750 million, of which $50 million was drawn upon and remained outstanding at November 30, 2008, leaving a total of $700 million available for borrowing under these two facilities. Subsequent to year-end, the $50 million was repaid. Of these facilities, $250 million expire in 2009 and $500 million expire in 2012. We generally use these facilities to support our issuance of commercial paper. If the commercial paper market is not available or viable we could borrow directly under our revolving credit facilities. The facilities are made available by syndicates of banks, with various commitments per bank. If any of the banks in these syndicates are unable to perform on their commitments, our liquidity could be impacted, which could reduce our ability to grow through funding of seasonal working capital. 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 $19.2 million in 2008, $41.6 million in 2007 and $41.2 million in 2006. During 2008, our primary U.S. defined benefit pension plan moved from overfunded to underfunded status driven by a decrease in the value of plan assets. Because of this situation, it is likely that the 2009 total pension plan contributions will be in a range from $50 to $70 million, which compares to $15.6 million of contributions in 2008. We are currently working with our pension advisors to refine these estimates and determine the appropriate funding levels given recent poor investment returns and new U.S. pension legislation. 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 59% of assets are invested in equities, 34% in fixed income investments and 7% in other investments. See also note 10 to the financial statements which details more of our funding strategies.

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 improve margins and increase sales and profits.

In July 2008, we completed the purchase of the assets of the Lawry's business from Conopco, Inc. an indirect subsidiary of Unilever N.V. ("Unilever"). Lawry's sells a variety of marinades and seasoning blends under the well-known "Lawry's" and "Adolph's®" brands 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 annual sales of this business are approximately $150 million. The allocation

of Lawry's sales is approximately 90% to our consumer segment and 10% to our industrial segment.

The purchase price was $604 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 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 7 of the financial statements). The transaction has undergone 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. 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.

We are accounting for the acquisition of Lawry's as a purchase of a business under U.S. GAAP. Under the purchase method of accounting, the assets and liabilities of Lawry's are recorded as of the acquisition date, at their respective fair values, and consolidated with our assets and liabilities. The excess purchase price over the estimated fair value of the tangible net assets purchased was $606.2 million. The allocation of the purchase price in these financial statements is based on preliminary estimates, subject to revision after appraisals have been finalized. Revisions to the allocation, which may be significant, will be reported as changes to various assets and liabilities, including goodwill and other intangible assets. As of November 30, 2008, $202.0 million was allocated to other intangible assets and $404.2 million to goodwill. The significant amount of goodwill is due to the profitability of the Lawry's business and our plans to grow this business to achieve synergies during the integration process. We expect the final valuation to result in a value for brands and other intangible assets, a portion of which will be amortizable and a portion of which will be non-amortizable. We have included an estimate of intangible asset amortization in our income statement since the date of acquisition. For tax purposes, goodwill resulting from this acquisition is deductible.

In the 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 and the expense structure and level of brand support will be different under our ownership. Net sales for the year ended November 30, 2008 from this acquisition were $40.6 million. Operating expenses for 2008 include amortization of intangible assets from the Lawry's acquisition of $2.0 million.

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" and "Doyon®" brands. The annual sales of this business are approximately $37.0 million and include branded, private label and industrial products.

The excess purchase price over the estimated fair value of the tangible net assets purchased was $74.2 million. The allocation of the purchase price in these financial statements is based on preliminary estimates, subject to revision after appraisals have been finalized. Revisions to the allocation, which may be significant, will be reported as changes to various assets and liabilities, including goodwill and other intangible assets. We have preliminarily allocated $18.6 million to other intangible assets and $55.6 million to goodwill. We expect the final valuation to result in a value for brands and other intangible assets, a portion of which will be amortizable and a portion of which will be non-amortizable. We have included an estimate of intangible asset amortization in our income statement since the date of acquisition.

In June 2006, we purchased the assets of the Simply Asia Foods business for $97.6 million in cash. The $97.6 million purchase price was initially funded

with commercial paper. In July 2006, we issued $100 million of 5.80% senior notes due 2011 to pay down this commercial paper debt. This business operates in North America and has been included in our consumer segment since the date of acquisition. Simply Asia Foods develops, imports and markets a line of authentic, easy-to-prepare Asian products under the Thai Kitchen and Simply Asia brands. Its primary products include noodle and soup bowls, meal kits, coconut milk, and various sauces and pastes. In 2007, we completed the final valuation of assets for Simply Asia Foods which resulted in $4.8 million being allocated to tangible net assets, $28.2 million allocated to other intangibles assets and $64.6 million allocated to goodwill. The value for brands and other intangible assets consists of $12.1 million which is amortizable and $16.1 million which is non-amortizable. For tax purposes, goodwill resulting from this acquisition is deductible.

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.

In August 2006, we invested $5.0 million in an industrial joint venture in South Africa.

IMPAIRMENT CHARGE

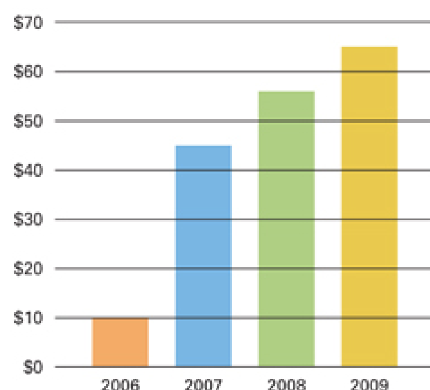
In the fourth quarter of 2008, we recorded a non-cash impairment charge to reduce the value of our Silvo brand name in The Netherlands.

The financial results of the Silvo business, which we acquired in 2004, have been affected by a reduction in retail distribution driven by changing market conditions. Over the last several years we have been pursuing aggressive plans in response to these challenging market conditions to build sales and profit for the Silvo brand. In 2008 our plans included innovation around the Silvo brand and distribution expansion. As we progressed through 2008, execution of these plans was not meeting our expectations. A revised strategy for the Silvo brand was formulated and approved in late 2008. We conducted our annual impairment testing of the Silvo brand intangible asset under SFAS No. 142 utilizing the expected results associated with this revised strategy. We calculated the fair value of the Silvo brand using the relief-from-royalty method and determined that the brand fair value was below its carrying value. Consequently, we recorded a non-cash impairment charge of $29.0 million in our consumer business.

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, 2008 the majority of our restructuring program had been completed, although certain parts are still underway and are expected to be completed in 2009.

The restructuring plan has reduced complexity and increased the organizational focus on growth opportunities in both the consumer and industrial businesses. We



We expect to reach up to $65 million in annual savings in 2009, ahead of our $50 million goal.

realized $56 million of annual cost savings by the end of 2008. In 2006, we realized $10 million of savings and another $35 million in 2007. This has improved margins and increased earnings per share, offset higher costs, as well as allowed us to invest 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.

Total pre-tax charges under this restructuring plan are estimated to be $125 million with approximately 65% related to the consumer segment and 35% related to the industrial segment. Of these charges, we expect that approximately $100 million will consist of severance and other personnel costs and approximately $50 million of other exit costs. Asset write-offs are expected to be $10 million, exclusive of the $34 million gain on our redemption of Signature in 2006.

Restructuring charges to date include $10.7 million recorded in 2005, $50.1 million recorded during 2006 (including the gain on Signature), $34.8 million recorded in 2007 and $16.6 million recorded in 2008. For the total plan, the cash related portion of the charges will be approximately $105 million, with total cash spent to date of $84.1 million, after offsetting the $14.4 million of net cash received from the sale of the Salinas, California manufacturing facility in 2008 and $9.2 million in net cash received from the redemption of Signature in 2006. We are funding this spending through internally generated funds. A significant portion of the cash expenditure is for employee severance. The actions being taken pursuant to the restructuring plan are expected to eliminate 1,325 positions by the conclusion of the plan. Of the expected global workforce reduction, 1,270 positions have been eliminated as of November 30, 2008.

Joint Venture Transactions – Previously, we participated in two separate joint ventures with the same joint venture partner, Hero A.G. We owned 50% of Signature and 51% of Dessert Products International (DPI). In 2006, we received the remaining 49% share of DPI in redemption of our 50% ownership investment in Signature. In addition, we received $9.2 million in cash with this transaction.

In recording this transaction, we valued both the investment received and the investment given at their fair value. On the disposition of our Signature investment, the fair value of our investment was $56.0 million as compared to our book value of this unconsolidated subsidiary of $21.7 million. After consideration of transaction costs of $0.6 million and taxes of $7.2 million, we recorded a net after-tax gain of $26.5 million which is shown on the line entitled "(Loss) gain on sale of unconsolidated operations" in our income statement. On the acquisition of the 49% minority interest of DPI, the fair value of these shares was assessed at $46.9 million. As this business was consolidated, the book value of this 49% share was shown as $29.9 million of minority interest on our balance sheet. After consideration of transaction costs of $0.7 million, we allocated $17.7 million to goodwill. The impact of increasing our share in DPI and disposing of Signature on future net income is not material.

In 2006, in connection with exiting an unconsolidated joint venture in Japan, we recorded a net gain of $0.3 million, after-tax. Finalization of these unconsolidated joint venture transactions resulted in a loss of $0.8 million, after tax, in 2007.

These actions are part of our plan to simplify our joint venture structure under the restructuring program and focus on those areas we believe have strong growth potential.

Other Restructuring Costs – In 2008, we recorded restructuring charges of $16.6 million, of which $12.1 million is reflected in restructuring charges and $4.5 million is reflected in cost of goods sold in our income statement. 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 partially 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 manufacturing facility, which was consolidated with other manufacturing facilities in 2007.

In 2007, we recorded restructuring charges of $34.0 million, of which $30.7 million is reflected in restructuring charges and $3.3 million is reflected in cost of goods sold in our income statement. 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.

In 2006, we recorded restructuring charges, exclusive of the gain on Signature, of $84.1 million, of which $72.4 million is reflected in restructuring charges and $11.7 million is reflected in cost of goods sold in our income statement. We recorded $54.9 million of severance costs and special early retirement benefits associated with our voluntary separation program in several functions in the U.S.; closures of manufacturing facilities in Salinas, California; Hunt Valley, Maryland; Sydney, Australia; Paisley, Scotland; and Kerava, Finland; and reorganization of administrative functions in Europe. In addition, we recorded $15.7 million of other exit costs associated with the consolidation of production facilities and the reorganization of the sales and distribution networks in the U.S. and Europe and contract termination costs associated with customers and distributors in connection with the closure of the business in Finland. The $13.5 million of restructuring charges for asset write-downs is primarily accelerated depreciation related to the closure of manufacturing facilities in Salinas, California and Hunt Valley, Maryland, the closure of the plants in Paisley, Scotland and Kerava, Finland and inventory write-offs as a result of the plant closings. These expenses were partially offset by net gains on the disposition of assets.

In our income statement, restructuring charges under this program are displayed in three line items. The gain related to our disposition of Signature and a joint venture in Japan as described under joint venture transactions is on the line entitled “(Loss) gain on sale of unconsolidated operations.” Other restructuring costs are included in restructuring charges and cost of goods sold.

The business segment components of the restructuring charges recorded in 2008, 2007 and 2006 are as follows:

	2008	2007	2006
Consumer	$ 9.7	$ 23.8	$ 57.1
Industrial	6.9	10.2	27.0
Total restructuring charges	$ 16.6	$ 34.0	$ 84.1

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; and closures of manufacturing facilities in Salinas, California, Sydney, Australia, and Kerava, Finland.

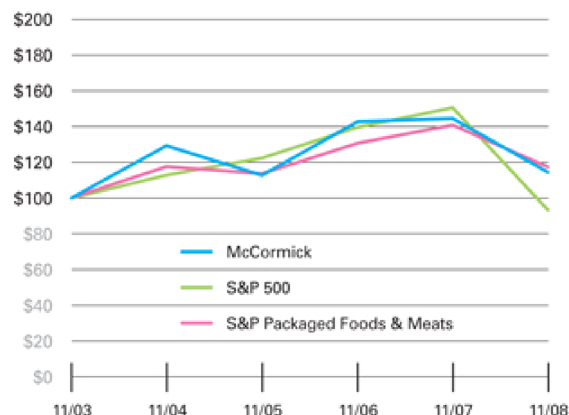
The restructuring charges recorded in the industrial business include severance costs and special early retirement benefits associated with our voluntary separation program in several functions in the U.S. and Europe; closures of manufacturing facilities in Hunt Valley, Maryland, and Paisley, Scotland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

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, 2003 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, 2008.

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 7 and 8 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 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 facilitate managing foreign currency risk.

During 2008, 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, 2008. All contracts are valued in U.S. dollars using year-end 2008 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, 2008

Currency sold	Currency received	Notional value	Average contractual exchange rate (currency received/currency sold)	Fair value
Euro	US dollar	$ 16.7	$ 1.50	$2.5
British pound sterling	US dollar	7.5	1.92	1.5
Canadian dollar	US dollar	19.6	.94	2.7
US dollar	Thai baht	5.3	34.14	(.3)
British pound sterling	Euro	11.4	1.26	.5

We have a number of smaller contracts with an aggregate notional value of $4.4 million to purchase or sell various other currencies, such as the Australian dollar and the Swiss franc as of November 30, 2008. The aggregate fair value of these contracts was $0.2 million at November 30, 2008.

At November 30, 2007, we had foreign currency exchange contracts for the Euro, British pound sterling, Canadian dollar, Australian dollar and Singapore dollar with a notional value of $63.1 million, all of which matured in 2008. The aggregate fair value of these contracts was $(2.7) million at November 30, 2007.

Contracts with durations which are less than 5 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, 2008 and 2007. 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, 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%		

YEAR OF MATURITY AT NOVEMBER 30, 2007

	2008	2009	2010	2011	Thereafter	Total	Fair value
Debt							
Fixed rate	$ .4	$50.4	$ .4	$100.1	$ 405.0	$556.3	$ 572.7
Average interest rate	0.09%	3.32%	0.00%	5.80%	6.17%		
Variable rate	$149.2	—	$ 14.0	—	—	$163.2	$ 163.2
Average interest rate	5.28%		5.04%				

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 $50 million of 3.35% medium-term notes due in 2009 is effectively converted to a variable rate by interest rate swaps through 2009. Net interest payments are based on LIBOR minus 0.21% during this period. 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 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, soybean oil, wheat, capsicums (red peppers and paprika), onion 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. 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.

CONTRACTUAL OBLIGATIONS AND COMMERCIAL COMMITMENTS

The following table reflects a summary of our contractual obligations and commercial commitments as of November 30, 2008:

CONTRACTUAL CASH OBLIGATIONS DUE BY YEAR

	Total	Less than 1 year	1-3 years	3-5 years	More than 5 years
Short-term borrowings	$ 303.1	$303.1	—	—	—
Long-term debt	925.0	50.6	$114.4	$250.0	$510.0
Operating leases	65.3	20.7	30.3	13.4	.9
Interest payments	361.1	47.7	93.8	81.8	137.8
Raw material purchase obligations [a]	240.4	240.4	—	—	—
Other purchase obligations [b]	3.8	3.8	—	—	—
Total contractual cash obligations	$1,898.7	$666.3	$238.5	$345.2	$648.7

(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 2009, our pension and postretirement contributions are expected to be approximately $60 million to $80 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	$ 2.0	$ 2.0	—	—	—
Standby and trade letters of credit	25.3	25.3	—	—	—
Lines of credit	787.5	287.5	—	$500.0	—
Total commercial commitments	$ 814.8	$314.8	—	$500.0	—

OFF-BALANCE SHEET ARRANGEMENTS

We had no off-balance sheet arrangements as of November 30, 2008 and 2007.

RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS

In December 2008, the Financial Accounting Standards Board (FASB) issued FASB Staff Position (FSP) No. 132(R)-1, "Employers' Disclosures about Postretirement Benefit Plan Assets" to provide guidance on an employer's disclosures about plan assets of a defined benefit pension plan. FSP No. 132(R)-1 is effective for our year ending November 30, 2010.

In March 2008, the FASB issued Statement of Financial Accounting Standard (SFAS) No. 161, "Disclosures about Derivative Instruments and Hedging Activities." This standard is intended to improve financial reporting by requiring more disclosure 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 SFAS No 133; and how derivative instruments and related hedged items affect its financial position, financial performance and cash flows. SFAS No. 161 is effective for our first quarter of 2009.

In December 2007, the FASB issued SFAS No. 160, "Noncontrolling Interests in Consolidated Financial Statements." This standard outlines the accounting and reporting for ownership interest in a subsidiary held by parties other than the parent. SFAS No. 160 is effective for our first quarter of 2010. We have not yet determined the impact from adoption of this new accounting pronouncement on our financial statements.

In December 2007, the FASB issued SFAS No. 141R, "Business Combinations." This standard establishes principles and requirements for how an acquirer recognizes and measures in its financial statements the identifiable assets acquired, the liabilities assumed, any non-controlling interest in the acquiree and the goodwill acquired. This standard also establishes disclosure requirements about the nature and financial effects of the business combination. SFAS No. 141R is effective for us for acquisitions made after November 30, 2009. We have not yet determined the impact from adoption of this new accounting pronouncement on our financial statements, however, the implementation of SFAS No. 141R may have a material impact on our financial statements for businesses we acquire post-adoption.

In September 2006, the FASB issued SFAS No. 158, "Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans." This standard 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 current measurement date of September 30. We complied with the requirement to record the funded status and provided additional disclosures in our 2007 financial statements. The requirement to change the measurement date is effective for our year ending November 30, 2009. The impact of measuring the funded status as of November 30, 2009 will be dependent upon interest rates, market performance and other factors at the measurement date and therefore cannot be determined.

In September 2006, the FASB issued SFAS No. 157, "Fair Value Measurements." This standard 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 February 2008, the FASB issued a one-year deferral for non-financial assets and liabilities to comply with SFAS No. 157. We adopted SFAS No. 157 for financial assets and liabilities in the first quarter of 2008 (see note 9 of the financial statements for further details). There was no material effect upon adoption of this new accounting pronouncement on our financial statements. We have not yet determined the impact on our financial statements from adoption of SFAS No. 157 as it pertains to non-financial assets and liabilities for our first quarter of 2009.

On December 1, 2007, we adopted FASB Interpretation 48 (FIN 48), "Accounting for Uncertainty in Income Taxes." FIN 48 clarifies the accounting for uncertainty in income taxes recognized in a company's financial statements. FIN 48 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 of the financial statements for further details.

CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS

In preparing the financial statements in accordance with U.S. GAAP, 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 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 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 unpredictable and inherently uncertain. Actual future results may differ from those estimates.

Goodwill Impairment

Utilizing the guidance under SFAS No.142, we have concluded that 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 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. As of November 30, 2008, we have $1,230.2 million of goodwill recorded in our balance sheet. 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, 2008, we have $275.3 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, 2008:

Lawry's	$127.0
Zatarain's	106.4
Simply Asia /Thai Kitchen	18.1
Other	23.8
Total	$275.3

The majority of products marketed under our brand name intangible assets are sold in the United States.

In accordance with SFAS No. 142 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 5 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. 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. Income tax expense for 2008 includes $1.8 million of adjustments from the reconciliation of prior year tax estimates to actual tax filings. 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 on-going 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 pension and postretirement benefit expense by approximately $5 million and $11 million for a 1% increase and a 1% decrease, respectively. A 1% change in the expected return on plan assets would impact pension expense by approximately $5 million and $9 million for a 1% increase and 1% decrease, respectively. In addition, see the preceding sections of MD&A and note 10 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 11 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, 2008. 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.

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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.

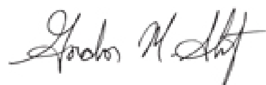
Our control environment is the foundation for our system of internal control over financial reporting and is embodied in our Business Ethics Policy. It sets the tone of our organization and includes factors such as integrity and ethical values. Our internal control over financial reporting is supported 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, 2008.

Our internal control over financial reporting as of November 30, 2008 has been audited by Ernst & Young LLP.

Alan D. Wilson *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, 2008, 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, 2008 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 and subsidiaries as of November 30, 2008 and 2007 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, 2008, and our report dated January 27, 2009 expressed an unqualified opinion thereon.

Baltimore, Maryland
January 27, 2009

Report of Independent Registered Public Accounting Firm

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 and subsidiaries as of November 30, 2008 and 2007, 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, 2008. 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.

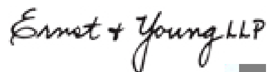
We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes 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 and subsidiaries at November 30, 2008 and 2007, and the consolidated results of their operations and their cash flows for each of the three years in the period ended November 30, 2008, 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 upon adoption of the Financial Accounting Standards Board's Interpretation No, 48, "Accounting for Uncertainty in Income Taxes" on December 1, 2007.

As discussed in note 10 of the notes to consolidated financial statements, the Company changed its method of accounting for defined benefit post retirement plans upon adoption of the recognition and related disclosure provisions of Statement of Financial Accounting Standards No. 158, "Employers' Accounting for Defined Benefit Pension and Other Post Retirement Plans" on November 30, 2007.

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, 2008, 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 27, 2009 expressed an unqualified opinion thereon.



Baltimore, Maryland
January 27, 2009

Consolidated Income Statement

for the year ended November 30 (millions except per share data)	2008	2007	2006
Net sales	$3,176.6	$2,916.2	$2,716.4
Cost of goods sold	1,888.4	1,724.4	1,601.8
Gross profit	1,288.2	1,191.8	1,114.6
Selling, general and administrative expense	870.6	806.9	772.6
Impairment charge	29.0	—	—
Restructuring charges	12.1	30.7	72.4
Operating income	376.5	354.2	269.6
Interest expense	56.7	60.6	53.7
Other income, net	18.0	8.8	7.1
Income from consolidated operations before income taxes	337.8	302.4	223.0
Income taxes	100.6	92.2	64.7
Net income from consolidated operations	237.2	210.2	158.3
(Loss) gain on sale of unconsolidated operations	—	(.8)	26.8
Income from unconsolidated operations	18.6	20.7	17.1
Net income	$ 255.8	$ 230.1	$ 202.2
Earnings per share – basic	$ 1.98	$ 1.78	$ 1.53
Earnings per share – diluted	$ 1.94	$ 1.73	$ 1.50

See Notes to Consolidated Financial Statements, pages 45-63.

Consolidated Balance Sheet

at November 30 (millions)	2008	2007
Assets		
Cash and cash equivalents	$ 38.9	$ 45.9
Receivables, less allowances of $4.6 for 2008 and $5.7 for 2007	414.7	456.5
Inventories	439.0	430.2
Prepaid expenses and other current assets	75.7	50.5
Total current assets	968.3	983.1
Property, plant and equipment, net	461.1	487.6
Goodwill	1,230.2	879.5
Intangible assets, net	374.8	207.5
Prepaid allowances	32.9	39.3
Investments and other assets	153.0	190.5
Total assets	$3,220.3	$2,787.5
Liabilities		
Short-term borrowings	$ 303.1	$ 149.2
Current portion of long-term debt	50.9	.4
Trade accounts payable	266.1	243.3
Other accrued liabilities	414.0	468.4
Total current liabilities	1,034.1	861.3
Long-term debt	885.2	573.5
Other long-term liabilities	245.7	267.6
Total liabilities	2,165.0	1,702.4
Shareholders' equity		
Common stock, no par value; authorized 320.0 shares; issued and outstanding: 2008 – 12.3 shares, 2007 – 12.8 shares	223.1	201.0
Common stock non-voting, no par value; authorized 320.0 shares; issued and outstanding: 2008 – 117.8 shares, 2007 – 115.0 shares	358.7	300.0
Retained earnings	425.4	323.8
Accumulated other comprehensive income	48.1	260.3
Total shareholders' equity	1,055.3	1,085.1
Total liabilities and shareholders' equity	$3,220.3	$2,787.5

See Notes to Consolidated Financial Statements, pages 45-63.

Consolidated Cash Flow Statement

for the year ended November 30 (millions)	2008	2007	2006
Operating activities			
Net income	$ 255.8	$ 230.1	$ 202.2
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	85.6	82.6	84.3
Stock-based compensation	18.2	21.4	24.9
(Gain) loss on sale of assets	(22.9)	.5	.9
Impairment charge	29.0	—	—
Loss (gain) on sale of unconsolidated operations	—	.8	(26.8)
Deferred income taxes	(8.8)	(12.0)	(26.0)
Income from unconsolidated operations	(18.6)	(20.7)	(17.1)
Changes in operating assets and liabilities:			
Receivables	(4.9)	(51.6)	14.9
Inventories	(27.4)	(7.9)	(42.3)
Trade accounts payable	42.6	8.9	19.1
Other assets and liabilities	(47.4)	(47.1)	58.3
Dividends received from unconsolidated affiliates	13.4	19.5	18.4
Net cash provided by operating activities	314.6	224.5	310.8
Investing activities			
Acquisitions of businesses	(693.3)	(15.9)	(102.6)
Capital expenditures	(85.8)	(78.5)	(84.8)
Proceeds from redemption of joint venture	—	—	9.2
Proceeds from sale of business	14.0	—	—
Proceeds from sale of property, plant and equipment	18.1	1.6	6.1
Net cash used in investing activities	(747.0)	(92.8)	(172.1)
Financing activities			
Short-term borrowings, net	156.5	66.0	(24.8)
Long-term debt borrowings	503.0	—	299.7
Long-term debt repayments	(150.4)	(.5)	(197.7)
Proceeds from exercised stock options	48.8	43.0	46.5
Common stock acquired by purchase	(11.0)	(157.0)	(155.9)
Dividends paid	(113.5)	(103.6)	(95.0)
Net cash provided by (used in) financing activities	433.4	(152.1)	(127.2)
Effect of exchange rate changes on cash and cash equivalents	(8.0)	17.3	7.2
(Decrease) increase in cash and cash equivalents	(7.0)	(3.1)	18.7
Cash and cash equivalents at beginning of year	45.9	49.0	30.3
Cash and cash equivalents at end of year	$ 38.9	$ 45.9	$ 49.0

See Notes to Consolidated Financial Statements, pages 45-63.

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, 2005	14.5	118.1	$ 386.9	$ 385.4	$ 27.6	$ 799.9
Comprehensive income:						
Net income				202.2		202.2
Currency translation adjustments					110.0	110.0
Change in derivative financial instruments, net of tax of $1.4					2.3	2.3
Minimum pension liability adjustment, net of tax of $0.1					.4	.4
Comprehensive income						314.9
Dividends				(97.1)		(97.1)
Stock-based compensation			24.9			24.9
Shares purchased and retired	(.8)	(3.6)	(16.6)	(141.8)		(158.4)
Shares issued, including tax benefit of $9.5	1.4	.5	49.1			49.1
Equal exchange	(1.9)	1.9				—
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 from the adoption of SFAS No. 158, 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 from the adoption of FIN 48				(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

See Notes to Consolidated Financial Statements, pages 45-63.

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 consolidated 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 3 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 $12.1 million of software during the year ended November 30, 2008, $19.9 million during the year ended November 30, 2007 and $15.4 million during the year ended November 30, 2006.

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 those estimates.

Goodwill Impairment

Utilizing the guidance under SFAS No. 142, we have concluded that our reporting units used to measure goodwill values 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 is recorded to the extent the recorded non-amortizable intangible asset exceeds the fair value.

See note 5 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.

Receivables 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 $84.0 million, $81.9 million and $81.7 million for 2008, 2007 and 2006, 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 $51.0 million, $49.3 million and $45.0 million for 2008, 2007 and 2006, respectively.

Marketing Support

Total marketing support costs, which are included in selling, general and administrative expense in the income statement, were $127.0 million, $112.3 million and $108.6 million for 2008, 2007 and 2006, 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 $57.4 million, $54.7 million and $57.9 million for 2008, 2007 and 2006, respectively.

Recently Issued Accounting Pronouncements

In December 2008, the Financial Accounting Standards Board (FASB) issued FASB Staff Position (FSP) No. 132(R)-1, “Employers’ Disclosures about Postretirement Benefit Plan Assets” to provide guidance on an employer’s disclosures about plan assets of a defined benefit pension plan. FSP No. 132(R)-1 is effective for our year ending November 30, 2010.

In March 2008, FASB issued Statement of Financial Accounting Standard (SFAS) No. 161, “Disclosures about Derivative Instruments and Hedging Activities.” This standard is intended to improve financial reporting by requiring more disclosure 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 SFAS No 133; and how derivative instruments and related hedged items affect its financial position, financial performance and cash flows. SFAS No. 161 is effective for our first quarter of 2009.

In December 2007, the FASB issued SFAS No. 160, “Noncontrolling Interests in Consolidated Financial Statements.” This standard outlines the accounting and reporting for ownership interest in a subsidiary held by parties other than the parent. SFAS No. 160 is effective for our first quarter of 2010. We have not yet determined the impact from adoption of this new accounting pronouncement on our financial statements.

In December 2007, the FASB issued SFAS No. 141R, “Business Combinations.” This standard establishes principles and requirements for how an acquirer recognizes and measures in its financial statements the identifiable assets acquired, the liabilities assumed, any non-controlling interest in the acquiree and the goodwill acquired. This

standard also establishes disclosure requirements about the nature and financial effects of the business combination. SFAS No. 141R is effective for us for acquisitions made after November 30, 2009. We have not yet determined the impact from adoption of this new accounting pronouncement on our financial statements, however, the implementation of SFAS No. 141R may have a material impact on our financial statements for businesses we acquire post-adoption.

In September 2006, the FASB issued SFAS No. 158, “Employers’ Accounting for Defined Benefit Pension and Other Postretirement Plans.” This standard 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 current measurement date of September 30. We complied with the requirement to record the funded status and provided additional disclosures in our 2007 financial statements. The requirement to change the measurement date is effective for our year ending November 30, 2009. The impact of measuring the funded status as of November 30, 2009 will be dependent upon interest rates, market performance and other factors at the measurement date and therefore cannot be determined.

In September 2006, the FASB issued SFAS No. 157, “Fair Value Measurements.” This standard 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 February 2008, the FASB issued a one-year deferral for non-financial assets and liabilities to comply with SFAS No. 157. We adopted SFAS No. 157 for financial assets and liabilities in the first quarter of 2008 (see note 9 for further details). There was no material effect upon adoption of this new accounting pronouncement on our financial statements. We have not yet determined the impact on our financial statements from adoption of SFAS No. 157 as it pertains to non-financial assets and liabilities for our first quarter of 2009.

On December 1, 2007, we adopted FASB Interpretation 48 (FIN 48), “Accounting for Uncertainty in Income Taxes.” FIN 48 clarifies the accounting for uncertainty in income taxes recognized in a company’s financial statements. FIN 48 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.

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 from Conopco, Inc. an indirect subsidiary of Unilever N.V. (“Unilever”). Lawry’s sells a variety of marinades and seasoning blends under the well-known “Lawry’s” and “Adolph’s” brands 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 annual sales of this business are approximately $150 million. The allocation of Lawry’s sales is approximately 90% to our consumer segment and 10% to our industrial segment.

The purchase price was $604 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 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 7). The transaction has undergone 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. 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.

We are accounting for the acquisition of Lawry’s as a purchase of a business under United States generally accepted accounting principles. Under the purchase method of accounting, the assets and liabilities of Lawry’s are recorded as of the acquisition date, at their respective fair

values, and consolidated with our assets and liabilities. The excess purchase price over the estimated fair value of the tangible net assets purchased was $606.2 million. The allocation of the purchase price in these financial statements is based on preliminary estimates, subject to revision after appraisals have been finalized. Revisions to the allocation, which may be significant, will be reported as changes to various assets and liabilities, including goodwill and other intangible assets. As of November 30, 2008, $202.0 million was allocated to other intangible assets and $404.2 million to goodwill. The significant amount of goodwill is due to the profitability of the Lawry's business and our plans to grow this business and to achieve synergies during the integration process. We expect the final valuation to result in a value for brands and other intangible assets, a portion of which will be amortizable and a portion of which will be non-amortizable. We have included an estimate of intangible asset amortization in our income statement since the date of acquisition. For tax purposes, goodwill resulting from the acquisition is deductible.

In the 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 and the expense structure and level of brand support will be different under our ownership. Net sales included in 2008 were $40.6 million. Operating expenses for 2008 include amortization of intangible assets from the Lawry's acquisition of $2.0 million.

In February 2008, we purchased Billy Bee Honey Products Ltd. (Billy Bee) for $76.4 million in cash. Billy Bee is 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" and "Doyon" brands. The annual sales of this business are approximately $37.0 million and include branded, private label and industrial products.

The excess purchase price over the estimated fair value of the tangible net assets purchased was $74.2 million. The allocation of the purchase price in these financial statements is based on preliminary estimates, subject to revision after appraisals have been finalized. Revisions to the allocation, which may be significant, will be reported as changes to various assets and liabilities, including goodwill and other intangible assets. We have preliminarily allocated $18.6 million to other intangible assets and $55.6 million to goodwill. We expect the final valuation to result in a value for brands and other intangible assets, a portion of which will be amortizable and a portion of which will be non-amortizable. We have included an estimate of intangible asset amortization in our income statement since the date of acquisition.

In June 2006, we purchased the assets of the Simply Asia Foods business for $97.6 million in cash. The $97.6 million purchase price was initially funded with commercial paper. In July 2006, we issued $100 million of 5.80% senior notes due 2011 to pay down this commercial paper debt. This business operates in North America and has been included in our consumer segment since the date of acquisition. Simply Asia Foods develops, imports and markets a line of authentic, easy-to-prepare Asian products under the Thai Kitchen and Simply Asia brands. Its primary products include noodle and soup bowls, meal kits, coconut milk, and various sauces and pastes. In 2007, we completed the final valuation of assets for Simply Asia Foods which resulted in $4.8 million being allocated to tangible net assets, $28.2 million allocated to other intangibles assets and $64.6 million allocated to goodwill. The value for brands and other intangible assets consists of $12.1 million which is amortizable and $16.1 million which is non-amortizable. For tax purposes, goodwill resulting from the acquisition is deductible.

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.

In August 2006, we invested $5.0 million in an industrial joint venture in South Africa.

3. 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. We estimate total pre-tax charges of approximately $125 million for this

program. The segment breakdown of the total charges is expected to be approximately 65% related to the consumer segment and 35% related to the industrial segment. Of these charges, we expect approximately $100 million will consist of severance and other personnel costs and approximately $50 million for other exit costs. Asset write-offs are expected to be approximately $10 million, exclusive of the $34 million pre-tax gain on the redemption of our Signature Brands, L.L.C. joint venture (Signature) recorded in 2006. We expect the cash related portion of the charges will be approximately $105 million. As of November 30, 2008 the majority of our restructuring program had been completed, although certain parts are still underway and will be completed in 2009.

The following is a summary of restructuring activities:

(millions)	2008	2007	2006
Pre-tax restructuring charges			
Other restructuring charges	$12.1	$ 30.7	$ 72.4
Recorded in cost of goods sold	4.5	3.3	11.7
Reduction in operating income	16.6	34.0	84.1
Income tax effect	(5.1)	(10.6)	(27.0)
Loss (gain) on sale of unconsolidated operations, net of tax	—	.8	(26.8)
Reduction in net income	$11.5	$ 24.2	$ 30.3

From inception of the project in November 2005, we have incurred $112.5 million of restructuring charges, including gains on the disposals of our manufacturing facility in 2007 and 2008, the $33.7 million gain recorded on the redemption of our Signature investment in 2006 and other gains from joint ventures in 2006 and 2007. The actions being taken pursuant to the restructuring plan are expected to eliminate 1,325 positions by the conclusion of the plan. Of the expected global workforce reduction, 1,270 positions have been eliminated as of November 30, 2008.

Joint Venture Transactions – Previously, we participated in two separate joint ventures with the same joint venture partner, Hero A.G. We owned 50% of Signature and 51% of Dessert Products International, S.A.S. (DPI). Signature is a cake decorating business in the U.S. and DPI markets the Vahiné® brand of dessert aids in France and other European countries.

In 2006, we received the remaining 49% share of DPI in redemption of our 50% ownership investment in Signature. In addition, we received $9.2 million in cash with this transaction.

In recording this transaction, we valued both the investment received and the investment given at their fair value. On the disposition of our Signature investment, the fair value of our investment was $56.0 million as compared to our book value of this unconsolidated subsidiary of $21.7 million. After consideration of transaction costs of $0.6 million and taxes of $7.2 million, we recorded a net after-tax gain of $26.5 million which is shown on the line entitled "(Loss) gain on sale of unconsolidated operations" in our income statement. On the acquisition of the 49% minority interest of DPI, the fair value of these shares was assessed at $46.9 million. Since this business was consolidated, the book value of this 49% share was shown as $29.9 million of minority interest on our balance sheet. After consideration of transaction costs of $0.7 million, we allocated $17.7 million to goodwill. The impact of increasing our share in DPI and disposing of Signature on future net income is not material.

In 2006, in connection with exiting an unconsolidated joint venture in Japan, we recorded a net gain of $0.3 million, after-tax. Finalization of these unconsolidated joint venture transactions resulted in a loss of $0.8 million, after-tax, in 2007.

These actions are part of our plan to simplify our joint venture structure under the restructuring program and focus on those areas we believe have strong growth potential.

Other Restructuring Costs – 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 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.

In 2006, we recorded $54.9 million of severance costs and special early retirement benefits associated with our voluntary separation program in several functions in the U.S.; closures of manufacturing facilities in Salinas, California; Hunt Valley, Maryland; Sydney, Australia; Paisley, Scotland; and Kerava, Finland; and reorganization of administrative functions in Europe. In addition, we recorded $15.7 million of other exit costs associated with the consolidation of production facilities and the reorganization of the sales and distribution networks in the U.S. and Europe and contract termination costs associated with customers and distributors in connection with the closure of the business in Finland. The $13.5 million of restructuring charges for asset write-downs is primarily accelerated depreciation related to the closure of manufacturing facilities in Salinas, California and Hunt Valley, Maryland, the closure of the plants in Paisley, Scotland and Kerava, Finland and inventory write-offs as a result of the plant closings. These expenses were partially offset by net gains on the disposition of assets.

The business segment components of the restructuring charges recorded in 2008, 2007 and 2006 are as follows:

(millions)	2008	2007	2006
Consumer	$ 9.7	$ 23.8	$ 57.1
Industrial	6.9	10.2	27.0
Total restructuring charges	$ 16.6	$ 34.0	$ 84.1

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, and Kerava, Finland.

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 2008, 2007 and 2006, we spent $0.8 million, $42.2 million and $39.5 million, respectively, in cash on the restructuring plan. From inception of the project in November 2005, $84.1 million in cash has been spent on the restructuring plan, 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.

The major components of the restructuring charges and the remaining accrual balance relating to the restructuring plan as of November 30, 2006, 2007 and 2008 follow:

(millions)	Severance and personnel costs	Asset write-downs	Other exit costs	Total
Balance at Nov. 30, 2005	$ 8.0	—	$ .7	$ 8.7
2006				
Restructuring charges	$ 54.9	$ 13.5	$ 15.7	$ 84.1
Amounts utilized	(42.6)	(13.5)	(13.3)	(69.4)
	$ 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

4. GOODWILL AND INTANGIBLE ASSETS

The following table displays intangible assets as of November 30, 2008 and 2007:

(millions)	2008 Gross carrying amount	2008 Accumulated amortization	2007 Gross carrying amount	2007 Accumulated amortization
Amortizable intangible assets	$ 111.1	$ 11.6	$ 36.9	$ 7.1
Non-amortizable intangible assets:				
Goodwill	1,230.2	—	879.5	—
Brand names	268.1	—	168.0	—
Trademarks	7.2	—	9.7	—
	1,505.5	—	1,057.2	—
Total goodwill and intangible Assets	$1,616.6	$ 11.6	$1,094.1	$ 7.1

Intangible asset amortization expense was $5.9 million, $3.2 million and $1.8 million for 2008, 2007 and 2006, respectively. At November 30, 2008, amortizable intangible assets had an average remaining life of approximately 14 years.

The changes in the carrying amount of goodwill by segment for the years ended November 30, 2008 and 2007 are as follows:

(millions)	2008		2007	
	Consumer	Industrial	Consumer	Industrial
Beginning of year	$ 822.5	$ 57.0	$ 754.7	$ 49.1
Goodwill acquired	384.8	78.8	10.1	5.1
Foreign currency fluctuations	(97.3)	(15.6)	57.7	2.8
End of year	$1,110.0	$ 120.2	$ 822.5	$ 57.0

5. IMPAIRMENT CHARGE

In the fourth quarter of 2008, we recorded an impairment charge for a reduction in the value of our Silvo brand name in The Netherlands.

The financial results of the Silvo business, which we acquired in 2004, have been affected by a reduction in retail distribution driven by changing market conditions. We have been pursuing an aggressive plan to build sales and profit for the Silvo brand; however, execution of the plan has been below expectations.

During our annual impairment testing in the fourth quarter of 2008 under SFAS No. 142, we calculated the fair value of the Silvo brand 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.

6. INVESTMENTS IN AFFILIATES

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

(millions)	2008	2007	2006
Net sales	$ 483.8	$ 415.7	$ 435.7
Gross profit	167.0	168.6	167.9
Net income	36.7	44.2	39.8
Current assets	$ 178.7	$ 170.3	$ 154.1
Noncurrent assets	54.1	54.0	53.0
Current liabilities	105.3	101.4	75.1
Noncurrent liabilities	9.3	9.9	8.8

Our share of undistributed earnings of unconsolidated affiliates was $51.8 million at November 30, 2008. Royalty income from unconsolidated affiliates was $13.3 million, $11.4 million and $11.1 million for 2008, 2007 and 2006, respectively.

Our principal investment in unconsolidated affiliates is a 50% interest in McCormick de Mexico, S.A. de C.V. Through March 2006, we also had a 50% interest in Signature Brands LLC.

7. FINANCING ARRANGEMENTS

Our outstanding debt is as follows:

(millions)	2008	2007
Short-term borrowings		
Commercial paper	$ 252.0	$ 145.7
Other	51.1	3.5
	$ 303.1	$ 149.2
Weighted-average interest rate of short-term borrowings at year-end	2.08%	5.28%
Long-term debt		
6.80% medium-term notes due 2008	$ —	$ 150.0
3.35% medium-term notes due 2009 (1)	50.3	49.9
5.80% medium-term notes due 2011	100.0	100.0
5.25% medium-term notes due 2013 (2)	248.1	—
5.20% medium-term notes due 2015 (3)	214.2	203.7
5.75% medium-term notes due 2017 (4)	248.5	—
7.63% - 8.12% medium-term notes due 2024	55.0	55.0
Other	20.0	15.3
	936.1	573.9
Less current portion	50.9	.4
	$ 885.2	$ 573.5

(1) The fixed interest rate on the 3.35% medium-term notes due in 2009 is effectively converted to a variable rate by interest rate swaps through 2009. Net interest payments are based on LIBOR minus 0.21% during this period.

(2) 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%.

(3) 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 LIBOR minus 0.05% during this period.

(4) 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, 2009 are as follows (in millions):

2010 – $14.4
2011 – $100.0
2012 – –
2013 – $250.0
Thereafter – $510.0

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 8. 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 8. The net proceeds were used to repay $150 million of debt which matured in 2008 with the remainder used to repay short-term debt. Since we had the ability and intent to refinance, $150 million of current maturity of long-term debt had been classified as long-term debt in the 2007 balance sheet.

We have available credit facilities with domestic and foreign banks for various purposes. In July 2008, we entered into a $500 million, 364 day revolving credit agreement with various banks for general business purposes, which was subsequently reduced to $250 million in September 2008 after issuance of our medium-term notes. Our current pricing under this new credit agreement, on a fully drawn basis, is LIBOR plus 0.25%. 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%. The amount of unused credit facilities at November 30, 2008 was $787.5 million, of which $700 million supports a commercial paper borrowing arrangement. Of these unused facilities, $287.5 million expire in 2009 and $500.0 million expire in 2012. Some credit facilities require a commitment fee. Annualized commitment fees at November 30, 2008 and 2007 were $0.3 million.

Rental expense under operating leases was $27.5 million in 2008, $27.0 million in 2007 and $25.4 million in 2006. Future annual fixed rental payments for the years ending November 30 are as follows (in millions):

2009 – $20.7
2010 – $18.0
2011 – $12.3
2012 – $8.5
2013 – $4.9
Thereafter – $.9

At November 30, 2008, we had guarantees outstanding of $2.0 million with terms of one year or less. At November 30, 2008 and 2007, we had outstanding letters of credit of $25.3 million and $30.7 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 $10.7 million at November 30, 2008.

8. 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. The use of derivative financial instruments is monitored through regular communication with senior management and the use of written guidelines.

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

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, 2008, we had foreign currency exchange contracts maturing within one year to purchase or sell $64.9 million of foreign currencies versus $63.1 million at November 30, 2007. 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.

In 2004, we entered into an interest rate swap contract with a total notional amount of $50 million to receive interest at 3.36% and pay a variable rate of interest based on six-month LIBOR minus 0.21%. We designated this swap, which expires on April 15, 2009, as a fair value hedge of the changes in fair value of the $50 million of medium-term notes maturing on April 15, 2009. No hedge ineffectiveness is recognized as the interest rate swap qualifies for “shortcut” treatment as defined under U.S. GAAP.

Fair Value of Financial Instruments

The carrying amount and fair value of financial instruments at November 30, 2008 and 2007 were as follows:

	2008		2007	
(millions)	Carrying amount	Fair value	Carrying amount	Fair value
Long-term investments	$ 40.3	$ 40.3	$ 52.9	$ 52.9
Long-term debt	936.1	908.6	573.9	586.7
Derivatives related to:				
Interest rates	15.6	15.6	(10.8)	(10.8)
Foreign currencies	7.1	7.1	(2.7)	(2.7)

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 $51.7 million and $46.9 million at November 30, 2008 and 2007, 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, 2008. 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.

9. FAIR VALUE MEASUREMENTS

In the first quarter of 2008, we adopted SFAS No. 157, “Fair Value Measurements” for financial assets and liabilities. This standard defines fair value, provides guidance for measuring fair value and requires certain 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. This standard does not apply measurements related to share-based payments, nor does it apply to measurements related to inventory.

SFAS No. 157 discusses 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). The statement utilizes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value into three broad levels. The following is a brief description of those three levels:

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

Our population of financial assets and liabilities subject to fair value measurements at November 30, 2008 are as follows:

		Fair value measurements using fair value hierarchy		
(millions)	Fair value	Level 1	Level 2	Level 3
Assets				
Cash and cash equivalents	$ 38.9	$38.9	—	—
Long-term investments	40.3	40.3	—	—
Interest rate derivatives	15.6	—	$ 15.6	—
Foreign currency derivatives	7.1	—	7.1	—
Total	$ 101.9	$79.2	$ 22.7	—
Liabilities				
Long-term debt	$ 908.6	—	$908.6	—

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.

10. 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.

Effective November 30, 2007, we adopted the recognition and disclosure provisions of SFAS No. 158, “Employers’ Accounting for Defined Benefit Pension and Other Postretirement Plans.” SFAS No. 158 required us to record the funded status of our pension and other postretirement plans on our balance sheet, with a corresponding adjustment to accumulated other comprehensive income, net of tax. The funded status of defined benefit pension plans is measured under the statement as the difference between the fair value of plan assets and the projected benefit obligation. The funded status of other postretirement benefit plans is measured as the difference between the fair value of plan assets and the accumulated postretirement benefit obligation.

Included in accumulated other comprehensive income at November 30, 2008 is $86.7 million ($55.8 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 $2.4 million ($1.5 million net of tax) of prior service credit, net of actuarial losses in net periodic pension and postretirement benefit expense during 2009.

Defined Benefit Pension Plans

A September 30 measurement date is used to value plan assets and obligations for all of our defined benefit pension plans.

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

	United States		International	
	2008	2007	2008	2007
Discount rate – funded plan	8.3%	6.9%	7.1%	5.6%
Discount rate – unfunded plan	8.4%	6.6%	—	—
Salary scale	4.0%	4.0%	3.5-4.7%	3.0-4.5%
Expected return on plan assets	8.25%	8.5%	7.1%	6.7%

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:

(millions)	United States			International		
	2008	2007	2006	2008	2007	2006
Service cost	$ 10.6	$ 11.8	$ 13.2	$ 5.0	$ 7.8	$ 6.3
Interest costs	26.1	24.5	22.1	9.9	11.3	9.1
Expected return on plan assets	(26.4)	(24.7)	(22.5)	(10.5)	(10.8)	(7.8)
Amortization of prior service costs	—	.1	.1	.3	.1	.1
Curtailment loss	—	—	.1	—	—	.1
Recognized net actuarial loss	4.8	10.0	10.5	1.5	3.3	3.0
Special termination benefits	—	—	6.8	.1	.1	.1
	$ 15.1	$ 21.7	$ 30.3	$ 6.3	$ 11.8	$10.9

The $6.8 million expense for special termination benefits in 2006 was a result of the closing of our manufacturing facility in Salinas, California and our voluntary separation program.

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

(millions)	United States		International	
	2008	2007	2008	2007
Change in benefit obligation				
Benefit obligation at beginning of year	$391.6	$412.0	$217.8	$206.2
Service cost	10.6	11.8	5.0	7.8
Interest costs	26.1	24.5	9.9	11.3
Employee contributions	—	—	1.7	1.9
Plan changes and other	—	—	2.5	.5
Plan combinations	—	—	1.3	—
Special termination benefits	—	.6	.1	.1
Actuarial gain	(65.9)	(31.5)	(36.8)	(19.5)
Benefits paid	(19.8)	(25.8)	(5.7)	(6.6)
Expenses paid	—	—	(.9)	(.1)
Foreign currency impact	—	—	(48.5)	16.2
Benefit obligation at end of year	$342.6	$391.6	$146.4	$217.8
Change in fair value of plan assets				
Fair value of plan assets at beginning of year	$359.0	$309.7	$183.6	$148.7
Actual return on plan assets	(61.5)	50.9	(16.0)	11.1
Employer contributions	—	22.0	15.6	17.1
Employee contributions	—	—	1.7	1.9
Benefits paid	(16.2)	(23.6)	(5.7)	(6.6)
Expenses paid	—	—	(.9)	(.1)
Net transfers in	—	—	1.3	—
Foreign currency impact	—	—	(41.0)	11.5
Fair value of plan assets at end of year	$281.3	$359.0	$138.6	$183.6
Funded status	$ (61.3)	$ (32.6)	$ (7.8)	$ (34.2)
Employer contributions	—	.1	2.4	2.4
Net amount recognized	$ (61.3)	$ (32.5)	$ (5.4)	$ (31.8)
Pension plans in which accumulated benefit obligation exceeded plan assets				
Accumulated benefit obligation	$ 40.4	$ 41.0	$ 17.2	$135.6
Fair value of plan assets	—	—	11.9	111.6

Included in the United States in the preceding table is a benefit obligation of $41.8 million and $43.2 million for 2008 and 2007, 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 $41.8 million and $43.1 million as of November 30, 2008 and 2007,

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 $30.2 million and $38.1 million as of November 30, 2008 and 2007, respectively.

Amounts recorded in the balance sheet consist of the following:

(millions)	United States 2008	United States 2007	International 2008	International 2007
Prepaid pension cost	—	$ 10.7	$ 4.0	$ 1.9
Accrued pension liability	$(61.3)	(43.2)	(9.4)	(33.7)
Deferred income taxes	27.4	20.9	8.6	13.8
Accumulated other comprehensive income	46.1	35.4	17.6	33.0

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 $307.7 million and $347.2 million as of September 30, 2008 and 2007, respectively. The accumulated benefit obligation for the international pension plans was $133.7 million and $198.0 million as of September 30, 2008 and 2007, respectively.

Our actual and target weighted-average asset allocations of U.S. pension plan assets as of September 30, 2008 and 2007, by asset category, were as follows:

Asset Category	September 30, 2008	September 30, 2007	Target
Equity securities	62.1%	64.0%	70%
Debt securities	28.1%	26.4%	20%
Other	9.8%	9.6%	10%
Total	100.0%	100.0%	100%

The average actual and target allocations of the international pension plans' assets as of September 30, 2008 and 2007, by asset category, were as follows:

Asset Category	September 30, 2008	September 30, 2007	Target
Equity securities	52.5%	56.9%	55%
Debt securities	46.1%	42.9%	45%
Other	1.4%	.2%	—
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 $13.1 million (0.4 million shares and 5.9% of total U.S. pension plan assets) and $16.8 million (0.4 million shares and 4.8% of total U.S. pension plan assets) at November 30, 2008 and 2007, respectively. Dividends paid on these shares were $0.4 million in 2008 and $0.4 million in 2007.

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
2009	$ 18.0
2010	19.3
2011	20.6
2012	22.8
2013	24.9
2014-2018	152.7

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
2009	$ 5.8
2010	6.3
2011	6.8
2012	7.2
2013	7.5
2014-2018	44.8

Following our September 30, 2008 measurement date, economic conditions have changed such that there has been a further decrease in the funded level of our retirement plans. In 2009, we expect to contribute approximately $40 million to $60 million to our U.S. pension plans and approximately $10 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 U.S. subsidiaries sponsor separate 401(k) retirement plans. Our contributions charged

to expense under all 401(k) retirement plans were $5.7 million, $5.7 million and $5.6 million in 2008, 2007 and 2006, respectively.

At the participant's election, 401(k) retirement plans held 2.9 million shares of McCormick stock, with a fair value of $86.5 million, at November 30, 2008. Dividends paid on these shares in 2008 were $2.6 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 will not be eligible for a company subsidy. They will be 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)	2008	2007	2006
Service cost	$ 3.5	$ 3.5	$ 3.6
Interest costs	6.4	5.7	5.6
Amortization of prior service cost	(1.3)	(1.1)	(1.1)
Amortization of losses	.9	.8	.9
Postretirement benefit expense	$ 9.5	$ 8.9	$ 9.0

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)	2008	2007
Change in benefit obligation		
Benefit obligation at beginning of year	$102.6	$ 102.1
Service cost	3.5	3.5
Interest costs	6.4	5.7
Employee contributions	2.9	3.1
Medicare prescription subsidy	.6	.4
Plan amendments	(6.4)	(1.0)
Trend rate assumption change	—	6.1
Actuarial (gain) loss	(17.3)	(8.0)
Benefits paid	(10.1)	(9.3)
Benefit obligation at end of year	$ 82.2	$ 102.6
Change in fair value of plan assets		
Fair value of plan assets at beginning of year	—	—
Employer contributions	$ 6.6	$ 5.8
Employee contributions	2.9	3.1
Medicare prescription subsidy	.6	.4
Benefits paid	(10.1)	(9.3)
Fair value of plan assets at end of year	—	—
Other postretirement benefit liability	$ (82.2)	$(102.6)

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

(millions)	Retiree medical	Retiree life insurance	Total
2009	$ 6.9	$ 1.0	$ 7.9
2010	7.3	1.0	8.3
2011	7.7	1.0	8.7
2012	8.0	1.1	9.1
2013	8.4	1.1	9.5
2014-2018	44.6	5.7	50.3

The assumed discount rate was 8.6% and 6.3% for 2008 and 2007, respectively.

For 2009, the assumed annual rate of increase in the cost of covered health care benefits is 9.0% (9.8% last year). It is assumed to decrease gradually to 5.0% in the year 2014 (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 2008	$ .5	$ (.4)
Effect on benefit obligation as of November 30, 2008	2.7	(2.4)

11. STOCK-BASED COMPENSATION

In 2006, we adopted SFAS No. 123(R), "Share-Based Payment." This statement requires us to expense the fair value of grants of various stock-based compensation programs over the vesting period of the awards. We used the "Modified Prospective Application" transition method whereby we did not restate prior year financial statements. Compensation expense is calculated and recorded beginning in 2006 as follows:

Awards Granted After November 30, 2005 – 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.

Awards Granted Prior to November 30, 2005 – Awards were calculated at their fair value at the date of original grant. Compensation expense for the unvested portion of these options at December 1, 2005 is recorded in the income statement ratably over the remaining vesting period without regard to the employee's retirement eligibility. Upon retirement, any unrecorded compensation expense will be 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.

The table below presents the impact of stock-based compensation expense for 2008, 2007 and 2006.

(millions except per share data)	SG&A	Restructuring	Total
2008			
Reduction to income from consolidated operations before income taxes	$17.9	$ .3	$18.2
Reduction to net income	12.4	.2	12.6
Reduction to earnings per share:			
Basic	.10	—	.10
Diluted	.10	—	.10
2007			
Reduction to income from consolidated operations before income taxes	$21.2	$.2	$21.4
Reduction to net income	14.7	.1	14.8
Reduction to earnings per share:			
Basic	.11	—	.11
Diluted	.11	—	.11
2006			
Reduction to income from consolidated operations before income taxes	$22.0	$2.9	$24.9
Reduction to net income	15.1	2.0	17.1
Reduction to earnings per share:			
Basic	.11	.02	.13
Diluted	.11	.01	.13

The stock-based compensation expense recorded in restructuring charges was for the acceleration of vesting in accordance with the provisions of the award for employees who were part of our severance charges (see note 3).

Total unrecognized stock-based compensation expense at November 30, 2008, 2007 and 2006 was $9.1 million, $11.6 million and $19.5 million, respectively, and the weighted-average period over which these will be recognized are 1.1 years, 1.1 years and 1.3 years, respectively.

We have two types of stock-based compensation awards: restricted stock units (RSUs) and stock options, including grants under an employee stock purchase plan (ESPP). 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, 2008 and 2007 follows:

(shares in thousands)	2008		2007	
	Shares	Weighted-average grant date fair value	Shares	Weighted-average grant date fair value
Outstanding – beginning of year	373	$ 36.47	280	$ 32.88
Granted	279	$ 36.21	257	$ 38.28
Vested	(277)	$ 35.77	(157)	$ 33.08
Forfeited	(5)	$ 37.04	(7)	$ 35.17
Outstanding – end of year	370	$ 36.78	373	$ 36.47

Stock Options

ESPP – We have an ESPP which enables employees to purchase McCormick Common Stock Non-Voting at the lower of the stock price at the grant date or purchase date. Our current plan, which was offered in May 2007, has a two-year term and is expensed ratably over the life of the grant. Historically, we have adopted a new ESPP upon the expiration of an existing plan.

We value our ESPP using the Black-Scholes option pricing model which uses the assumptions shown in the table below. We use the Black-Scholes model as opposed to a lattice pricing model since employee exercise patterns, which are considered in a lattice model, are not relevant to this plan. The risk-free interest rate is based on the U.S. Treasury two-year rate in effect at the time of grant.

Other Option Plans – 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.

The fair value of the options are estimated using a lattice option pricing model which also 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 $7.20, $6.83 and $7.47 in 2008, 2007 and 2006, respectively. These fair values were computed using the following range of assumptions for our various stock compensation plans for the years ended November 30:

	2008	2007	2006
Risk-free interest rates	1.4 - 3.6%	4.5 - 5.1%	4.5 - 4.7%
Dividend yield	2.3%	2.0 - 2.1%	2.0%
Expected volatility	18.7 - 24.7%	13.4 - 24.9%	18.2 - 25.6%
Expected lives	6.1 years	1.9 - 5.3 years	5.4 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)	2008		2007		2006	
	Shares	Weighted-average exercise price	Shares	Weighted-average exercise price	Shares	Weighted-average exercise price
Beginning of year	14.2	$ 26.38	15.8	$ 25.31	17.5	$ 24.58
Granted	.6	$ 37.58	.8	$ 38.20	.6	$ 32.96
Exercised	(2.8)	$ 20.50	(2.1)	$ 21.60	(2.0)	$ 19.76
Forfeited	(.1)	$ 34.23	(.3)	$ 35.19	(.3)	$ 34.25
End of year	11.9	$ 28.33	14.2	$ 26.38	15.8	$ 25.31
Exercisable – end of year	10.6	$ 27.23	11.6	$ 24.30	11.3	$ 22.57

As of November 30, 2008, the intrinsic value (the difference between the exercise price and the market price) for both the options outstanding and for options exercisable was $49.6 million. The total intrinsic value of all options exercised during the years ended November 30, 2008 and 2007 was $53.3 million and $33.2 million, respectively. A summary of our stock options outstanding and exercisable at November 30, 2008 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
$11.00-$18.00	1.4	1.5	$ 15.72	1.4	1.5	$ 15.72
$18.01-$25.00	3.7	3.5	$ 21.88	3.7	3.5	$ 21.88
$25.01-$32.00	2.9	4.8	$ 30.53	2.9	4.8	$ 30.53
$32.01-$39.00	3.9	5.9	$ 37.51	2.6	4.8	$ 37.57
	11.9	4.3	$ 28.33	10.6	3.9	$ 27.23

12. INCOME TAXES

On December 1, 2007, we adopted FASB Interpretation ("FIN48"), "Accounting for Uncertainty in Income Taxes." Upon adoption, we recorded the cumulative effects 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 December 1, 2007 and November 30, 2008 were $26.5 million and $28.6 million, respectively. This includes $24.8 million and $28.4 million, respectively, of tax benefits that, if recognized, would affect the effective tax rate.

We have historically classified unrecognized tax benefits in other accrued liabilities. As a result of the adoption of FIN 48, unrecognized tax benefits were classified to other long-term liabilities, unless expected to be paid within one year.

The following table summarizes the activity related to our gross unrecognized tax benefits from December 1, 2007 to November 30, 2008:

(millions)	
Balance at December 1, 2007	$26.5
Additions for current year tax positions	4.5
Additions for prior year tax positions	4.8
Reductions for prior year tax positions	(2.0)
Settlements	(1.7)
Statute expirations	(2.4)
Foreign currency translation	(1.1)
Balance at November 30, 2008	$28.6

We record interest and penalties related to our federal, state, and non-U.S. income taxes in income tax expense. We recognized interest expense of $1.3 million for the year ended November 30, 2008. As of November 30, 2008, we had accrued $3.1 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, with few exceptions, we are no longer subject to income tax audits by taxing authorities for years before 2003. In 2007, the Internal Revenue Service commenced an examination of our U.S. income tax return for the tax year 2005. Based on negotiations, settlement is expected in the first quarter of 2009.

Various state and non-US income tax returns are also under examination by taxing authorities.

It is possible that the amount of the liability for unrecognized tax benefits will change during the next 12 months as a result of audit settlements, statute expirations, and additions for positions taken, if any, arising in fiscal year 2009. We do not anticipate any significant impact to the unrecognized tax benefit balance.

The provision for income taxes consists of the following:

(millions)	2008	2007	2006
Income taxes			
Current			
Federal	$ 85.7	$ 80.6	$ 70.5
State	7.8	9.3	6.9
International	16.0	14.3	13.5
	109.5	104.2	90.7
Deferred			
Federal	5.3	(11.8)	(18.2)
State	.2	(1.4)	(1.8)
International	(14.3)	1.2	(6.0)
	(8.8)	(12.0)	(26.0)
Total income taxes	$100.7	$ 92.2	$ 64.7

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

(millions)	2008	2007	2006
Pretax income			
United States	$256.8	$212.4	$153.5
International	81.0	90.0	69.5
	$337.8	$302.4	$223.0

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

	2008	2007	2006
Federal statutory tax rate	35.0%	35.0%	35.0%
State income taxes, net of federal benefits	1.5	1.7	1.3
Tax effect of international operations	(7.4)	(4.2)	(5.7)
Tax credits	(.3)	(.8)	—
U.S. manufacturing deduction	(1.6)	(.9)	(.8)
Retirement plans	1.7	(.4)	(.6)
Other, net	.9	.1	(.2)
Effective tax rate	29.8%	30.5%	29.0%

Deferred tax assets and liabilities are comprised of the following:

(millions)	2008	2007
Deferred tax assets		
Employee benefit liabilities	$ 89.1	$ 88.4
Other accrued liabilities	16.6	26.9
Inventory	6.4	8.1
Net operating and capital loss carryforwards	11.8	7.1
Other	14.0	3.5
Valuation allowance	(7.5)	(6.2)
	130.4	127.8
Deferred tax liabilities		
Depreciation	44.9	39.3
Intangible assets	77.6	77.5
Other	8.1	6.5
	130.6	123.3
Net deferred tax asset (liability)	$ (.2)	$ 4.5

At November 30, 2008, our non-U.S. subsidiaries have tax loss carryforwards of $49.3 million. Of these carryforwards, $17.6 million expire through 2015, $12.2 million through 2022 and $19.5 million may be carried forward indefinitely. The current statutory rates in these countries range from 8.5 to 34%.

At November 30, 2008, our non-U.S. subsidiaries have capital loss carryforwards of $11.4 million. Of these carryforwards, $2.0 million expire in 2009 and $9.4 million may be carried forward indefinitely. The current statutory rates in these countries range from 15 to 28%.

A valuation allowance has been provided to record deferred tax assets at their net realizable value. The $1.3 million net increase in the valuation allowance was mainly due to an additional valuation allowance related to losses generated in 2008 which may not be realized in future periods.

U.S. income taxes are not provided for unremitted earnings of non-U.S. subsidiaries and affiliates where our intention is to reinvest these earnings permanently. Unremitted earnings of such entities were $513.9 million at November 30, 2008.

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, 2008, 2007 and 2006 follows:

(millions)	2008	2007	2006
Average shares outstanding – basic	129.0	129.3	131.8
Effect of dilutive securities:			
Stock options and ESPP	2.8	3.4	3.2
Average shares outstanding – diluted	131.8	132.7	135.0

The following table sets forth the stock options and RSUs for the years ended November 30, 2008, 2007 and 2006 which were not considered in our earnings per share calculation since they were antidilutive.

(millions)	2008	2007	2006
Antidilutive securities	3.4	2.9	3.7

14. CAPITAL STOCKS

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, 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 believe that the likelihood that any such excess might have a material adverse effect on our financial statements is remote.

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, Ducros, Schwartz, Vahiné, Silvo, Club House and Billy Bee. The industrial segment sells to other food manufacturers and the food service 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 revenue and 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.

Sales to a customer in our industrial segment accounted for 10% of consolidated sales in 2008 and 2007.

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
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
2006	
Operating income, excluding restructuring charges	$353.7
Less: Restructuring charges	84.1
Operating income	$269.6

Geographic Areas

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

(millions)	United States	Europe	Other countries	Total
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
2006				
Net sales	$1,673.4	$643.6	$ 399.4	$2,716.4
Long-lived assets	647.1	723.2	96.6	1,466.9

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 food	Corporate & other	Total
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, net	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, net	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
2006					
Net sales	$1,556.4	$1,160.0	$2,716.4	—	$2,716.4
Operating income excluding restructuring charges	278.0	75.7	353.7	—	353.7
Income from unconsolidated operations	13.9	3.2	17.1	—	17.1
Goodwill, net	754.7	49.1	803.8	—	803.8
Assets	—	—	2,436.8	$ 131.2	2,568.0
Capital expenditures	—	—	77.7	7.1	84.8
Depreciation and amortization	—	—	70.8	13.5	84.3

17. SUPPLEMENTAL FINANCIAL STATEMENT DATA

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

(millions)	2008	2007
Inventories		
Finished products	$ 230.7	$ 222.0
Raw materials and work-in-process	208.3	208.2
	$ 439.0	$ 430.2
Prepaid expenses	$ 10.1	$ 10.8
Other current assets	65.6	39.7
	$ 75.7	$ 50.5
Property, plant and equipment		
Land and improvements	$ 26.2	$ 30.4
Buildings	263.8	288.4
Machinery and equipment	465.2	460.3
Software	213.8	198.2
Construction in progress	41.3	51.6
Accumulated depreciation	(549.2)	(541.3)
	$ 461.1	$ 487.6
Investments and other assets		
Investments in affiliates	$ 58.3	$ 55.1
Long-term investments	40.3	52.9
Other assets	54.4	82.5
	$ 153.0	$ 190.5
Other accrued liabilities		
Payroll and employee benefits	$ 119.8	$ 104.9
Sales allowances	140.9	148.4
Income taxes	2.1	29.1
Other	151.2	186.0
	$ 414.0	$ 468.4
Other long-term liabilities		
Pension	$ 69.1	$ 80.6
Postretirement benefits	74.4	92.8
Deferred taxes	47.7	54.9
Unrecognized tax benefit	31.4	—
Other	23.1	39.3
	$ 245.7	$ 267.6

(millions)	2008	2007	2006
Depreciation	$ 67.6	$ 69.7	$ 73.7
Interest paid	51.6	60.6	52.1
Income taxes paid	102.7	112.1	70.9
Interest capitalized	0.9	—	—

(millions)	2008	2007
Accumulated other comprehensive income, net of tax where applicable		
Foreign currency translation adjustment	$ 106.2	$ 346.6
Unrealized gain (loss) on foreign currency exchange contracts	3.5	(2.1)
Fair value of open interest rate swaps	—	(9.9)
Unamortized value of settled interest rate swaps	(5.5)	—
Pension and other postretirement costs	(56.1)	(74.3)
	$ 48.1	$ 260.3

Dividends paid per share were $0.88 in 2008, $0.80 in 2007 and $0.72 in 2006.

18. SELECTED QUARTERLY DATA (UNAUDITED)

(millions except per share data)	First	Second	Third	Fourth
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
2007				
Net sales	$652.6	$687.2	$716.2	$860.1
Gross profit	264.4	271.8	284.3	371.3
Operating income	66.4	66.9	88.9	132.0
Net income	44.2	41.4	56.8	87.6
Basic earnings per share	.34	.32	.44	.69
Diluted earnings per share	.33	.31	.43	.67
Dividends paid per share – Common Stock and Common Stock Non-Voting	.20	.20	.20	.20
Market price – Common Stock				
High	39.49	39.00	38.50	38.29
Low	37.80	36.71	34.27	34.33
Market price – Common Stock Non-Voting				
High	39.58	39.18	38.43	38.69
Low	37.90	36.69	34.16	34.41

Historical Financial Summary

(millions except per share and ratio data)	2008	2007	2006	2005	2004
For the Year					
Net sales	$3,176.6	$2,916.2	$2,716.4	$2,592.0	$2,526.2
Percent increase	8.9%	7.4%	4.8%	2.6%	11.3%
Operating income	376.5	354.2	269.6	343.5	332.7
Income from unconsolidated operations	18.6	20.7	17.1	15.9	9.7
Net income	255.8	230.1	202.2	214.9	214.5
Per Common Share					
Earnings per share – diluted	$ 1.94	$ 1.73	$ 1.50	$ 1.56	$ 1.52
Earnings per share – basic	1.98	1.78	1.53	1.60	1.57
Common dividends declared	.90	.82	.74	.66	.58
Market Non-Voting closing price – end of year	29.77	38.21	38.72	31.22	36.45
Book value per share	8.11	8.51	7.17	6.03	6.57
At Year-End					
Total assets	$3,220.3	$2,787.5	$2,568.0	$2,272.7	$2,369.6
Current debt	354.0	149.6	81.4	106.1	173.2
Long-term debt	885.2	573.5	569.6	463.9	465.0
Shareholders' equity	1,055.3	1,085.1	933.3	799.9	889.7
Total capital	2,294.5	1,808.3	1,584.3	1,369.9	1,527.9
Other Financial Measures					
Percentage of net sales					
Gross profit	40.6%	40.9%	41.0%	40.0%	39.9%
Operating income	11.9%	12.1%	9.9%	13.3%	13.2%
Capital expenditures	$ 85.8	$ 78.5	$ 84.8	$ 66.8	$ 62.7
Depreciation and amortization	85.6	82.6	84.3	74.6	72.0
Common share repurchases	11.0	157.0	155.9	185.6	173.8
Debt-to-total-capital	54.0%	40.0%	41.1%	41.6%	41.8%
Average shares outstanding					
Basic	129.0	129.3	131.8	134.5	137.0
Diluted	131.8	132.7	135.0	138.1	141.3

The historical financial summary includes the impact of certain items that affect the comparability of financial results year to year. From 2005 to 2008, restructuring charges were recorded and are included in the table below. In 2008 the restructuring charges totaled $16.6 million. 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. In 2004, the net gain from a special credit was recorded. The net impact of these items is reflected in the following table:

(millions except per share data)	2008	2007	2006	2005	2004
Operating income	$ (45.6)	$ (34.0)	$ (84.1)	$ (11.2)	$ 2.5
Net income	(26.2)	(24.2)	(30.3)	(7.5)	1.2
Earnings per share	(.20)	(.18)	(.22)	(.05)	.01

In 2006, we began to record stock-based compensation expense as explained in note 11 of the financial statements. Prior years' results have not been adjusted. 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.

Investor Information

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 – 2009

Record Date	Payment Date
4/6/09	4/20/09
7/6/09	7/20/09
10/2/09	10/16/09
12/31/09	1/15/10

McCormick has paid dividends every year since 1925.

Independent Registered Public Accounting Firm

Ernst & Young LLP
621 East Pratt Street
Baltimore, MD 21202

Certifications

We have filed the Chief Executive Officer and Chief Financial Officer certifications required by Section 302 of the Sarbanes-Oxley Act in its Form 10-K. Additionally, our Chief Executive Officer has provided the required annual certification to the New York Stock Exchange.

Investor Inquiries

Our investor website, ir.mccormick.com, has our corporate governance principles, as well as annual reports, Securities & Exchange Commission (SEC) filings, press releases, webcasts 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 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 or (410) 771-7537

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

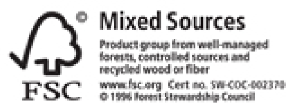
The annual meeting of shareholders will be held at 10 a.m., Wednesday, March 25, 2009, at Marriott's Hunt Valley Inn, 245 Shawan Road (Exit 20A off I-83 north of Baltimore), Hunt Valley, Maryland 21031.

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.

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, 2008.

Company Name	Jurisdiction of Incorporation
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
McCormick (Littleborough) Ltd.	England
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 27, 2009, with respect to the consolidated financial statements of McCormick & Company, Incorporated and subsidiaries and the effectiveness of internal control over financial reporting of McCormick & Company, Incorporated, included in the 2008 Annual Report to Shareholders of McCormick & Company, Incorporated.

Our audits also included the financial statement schedule of McCormick & Company, Incorporated and subsidiaries listed in Item 15(a). This schedule is the responsibility of McCormick & Company, Incorporated's management. Our responsibility is to express an opinion based on our audits. In our opinion, as to which the date is January 27, 2009, the financial statement schedule referred to above, when considered in relation to the basic financial statements taken as a whole, presents fairly in all material respects the information set forth therein.

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-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 27, 2009, with respect to the consolidated financial statements of McCormick & Company, Incorporated and subsidiaries incorporated herein by reference, our report dated January 27, 2009, with respect to the effectiveness of internal control over financial reporting of McCormick & Company, Incorporated, incorporated herein by reference, and our report included in the preceding paragraph with respect to the financial statement schedule included in this Annual Report (Form 10-K) of McCormick & Company, Incorporated for the year ended November 30, 2008.

/s/ Ernst & Young LLP

Baltimore, Maryland
January 27, 2009

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 controls 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 controls over financial reporting.

Date: January 28, 2009

/s/ Alan D. Wilson

Alan D. Wilson
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 controls 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 controls over financial reporting.

Date: January 28, 2009

/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, 2008, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Alan D. Wilson, 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
President & Chief Executive Officer

Date: January 28, 2009

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, 2008, 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, 2009