MCCORMICK & CO INC
Form 10-K
January 27, 2011

# UNITED STATES

# SECURITIES AND EXCHANGE COMMISSION

**Washington, D.C. 20549**

# FORM 10-K

**(Mark One)**

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

**For the fiscal year ended November 30, 2010**

**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** | **52-0408290** |
| **(State or other jurisdiction of incorporation or organization)** | **(IRS Employer Identification No.)** |
| **18 Loveton Circle, Sparks, Maryland** | **21152** |
| **(Address of principal executive offices)** | **(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 x 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 x

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 x No ¨

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes x 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. x

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 x | 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 x

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, 2010: $282,349,049

The aggregate market value of the Non-Voting Common Stock held by non-affiliates at May 31, 2010: $4,645,172,239

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 | 12,564,756 | December 31, 2010 |
| Common Stock Non-Voting | 120,399,229 | December 31, 2010 |

**DOCUMENTS INCORPORATED BY REFERENCE**

| Document | Part of 10-K into Which Incorporated |
|---|---|
| Annual Report to Stockholders<br><br>for Fiscal Year Ended November 30, 2010<br><br>(the Annual Report to Stockholders for 2010 ) | Part I, Part II |
| Proxy Statement for<br><br>McCormick s March 30, 2011<br><br>Annual Meeting of Shareholders<br><br>(the 2011 Proxy Statement ) | Part III |

## PART I

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

### Item 1. Business

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

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

Please refer to pages 16 through 18, of our Annual Report to Stockholders for 2010 for descriptions of our consumer and industrial businesses, and pages 10 through 14 of our Annual Report to Stockholders for 2010 for a discussion of growth initiatives for the business. These pages of our Annual Report to Stockholders for 2010, as well as all other page references to our Annual Report to Stockholders for 2010 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 2010, and Note 16, Business Segments and Geographic Areas of the Notes to Consolidated Financial Statements on pages 55 and 56 of the Annual Report to Stockholders for 2010.

For a discussion of our recent acquisition activity, please refer to page 27 Management s Discussion and Analysis Acquisitions of our Annual Report to Stockholders for 2010, and Note 2, Acquisitions of the Notes to Consolidated Financial Statements on page 42 of the Annual Report to Stockholders for 2010.

***Raw Materials***

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

***Customers***

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

We have a large number of customers for our products. In fiscal year 2008, sales to one of our customers, PepsiCo, Inc., accounted for approximately 10% of consolidated net sales. In fiscal year 2009, sales to two of our customers, PepsiCo, Inc. and Wal-Mart Stores, Inc., each accounted for approximately 11% of consolidated net sales. In fiscal year 2010, sales to two of our customers, PepsiCo, Inc. and Wal-Mart Stores, Inc., accounted for approximately 10% and 11% of consolidated net sales, respectively. Sales to our five largest customers represented approximately 34% of consolidated net sales for the 2010 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, would not have a material adverse effect on our business. The Mc - McCormick trademark is extensively used by us in connection with the sale of our food products in the U.S. and certain non-U.S. markets. The terms of the trademark registrations are as prescribed by law and the registrations will be renewed for as long as we deem them to be useful.

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

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

***Seasonality***

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

***Working Capital***

In order to meet increased demand for our consumer products during our fourth quarter, McCormick usually builds its inventories during the third quarter of the fiscal year. We generally finance working capital items (inventory and receivables) through short-term borrowings, which include the use of lines of credit and the issuance of commercial paper. For a description of our liquidity and capital resources, see Note 6 Financing Arrangements of the Notes to Consolidated Financial Statements on pages 43 and 44 of our Annual Report to Stockholders for 2010, 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 2010.

***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 2010.

***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 $52.7 million in 2010, $48.9 million in 2009, and $51.0 million in 2008. 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 2010 and there are no material expenditures planned for such purposes in fiscal year 2011.

***Employees***

McCormick had approximately 7,500 full time employees worldwide as of December 31, 2010. We believe our relationship with employees to be good. We have no collective bargaining contracts in the United States. At our foreign subsidiaries, approximately 1,300 employees are covered by collective bargaining agreements or similar arrangements.

***Financial Information about Geographic Locations***

For information on the net sales and long-lived assets of McCormick by geographic area, see Note 16, Business Segments and Geographic Areas of the Notes to Consolidated Financial Statements on pages 55 and 56 of our Annual Report to Stockholders for 2010.

***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 39% of sales in fiscal year 2010 were from non-U.S. operations. For information on how McCormick manages these risks, see the Market Risk Sensitivity section of Management s Discussion and Analysis on pages 27 through 29 of our Annual Report to Stockholders for 2010.

***Forward-Looking Information***

For a discussion of forward-looking information, see the Forward-Looking Information section of Management s Discussion and Analysis on page 32 of our Annual Report to Stockholders for 2010.

***Available Information***

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

## Item 1A. Risk Factors

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

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

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

The food industry generally is subject to risks posed by food spoilage and contamination, product tampering, product recall, and consumer product liability claims. For instance, we may be required to recall certain of our products should they be mislabeled, contaminated or damaged. We also may become involved in lawsuits and legal proceedings if it is alleged that the consumption of any of our products causes injury or illness. A product recall or an adverse result in any such litigation could cause consumers in our principal markets to lose confidence in the safety and quality of certain products or ingredients, and otherwise have a negative effect on our business and financial results. Negative publicity about these concerns, whether or not valid, may discourage consumers from buying our products or cause disruptions in production or distribution of our products and adversely affect our reputation or brands.

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

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

***Issues Regarding Procurement of Raw Materials May Negatively Impact Us.***

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

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

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

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

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

***Laws and Regulations Could Adversely Affect Our Business***

Food products are extensively regulated in many of the countries in which we sell our products. The Company is subject to numerous food safety and other laws and regulations relating to the manufacture, storage, marketing, advertising, and distribution of food products, including laws and regulations relating to financial reporting requirements, the environment, relations with distributors and retailers, employment, health and safety, and trade practices. Enforcement of existing laws and regulations, changes in legal requirements, and/or evolving interpretations of existing regulatory requirements, may result in increased compliance costs and create other obligations, financial or otherwise, that could adversely affect the Company s business and/or financial results.

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

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

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

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

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

***Our Foreign Operations are Subject to Additional Risks.***

We operate our business and market our products internationally. In fiscal year 2010, 39% of our sales were generated in foreign countries. Our foreign operations are subject to additional risks, including fluctuations in currency values, foreign currency exchange controls, discriminatory fiscal policies, compliance with U.S. and foreign laws, enforcement of remedies in foreign jurisdictions, and other economic or political uncertainties. Additionally, international sales are subject to risks related to imposition of tariffs, quotas, trade barriers and other similar restrictions. All of these risks could result in increased costs or decreased revenues, either of which could adversely affect our profitability.

***Fluctuations in Foreign Currency Markets May Negatively Impact Us.***

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

***Increases in Interest Rates May Negatively Impact Us.***

We had total outstanding short-term borrowings of approximately $0.2 million at an average interest rate of approximately 8.8% on November 30, 2010. Our policy is to manage our interest rate risk by entering into both fixed and variable rate debt arrangements. We also use interest rate swaps to minimize worldwide financing cost and to achieve a desired mix of fixed and variable rate debt. We utilize derivative financial instruments to enhance our ability to manage risk, including interest rate exposures that exist as part of our ongoing business operations. We do not enter into contracts for trading purposes, nor are we a party to any leveraged derivative instruments. Our use of derivative financial instruments is monitored through regular communication with senior management and the utilization of written guidelines. However, our use of these instruments may not effectively limit or eliminate our exposure to changes in interest rates. Therefore, we cannot provide assurance that future interest rate increases will not have a material negative impact on our business, financial position, or operating results.

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

We rely on our revolving credit facilities, or borrowings backed by these facilities, to fund a portion of our seasonal working capital needs and other general corporate purposes. If any of the banks in the syndicates backing these facilities were unable to perform on its commitments, our liquidity could be impacted, which could adversely affect funding of seasonal working capital requirements. The Company engages in regular communication with all of the banks participating in our revolving credit facilities. During these communications none of the banks have indicated that they may be unable to perform on their commitments. In addition, management periodically reviews our banking and financing relationships, considering the stability of the institutions, pricing we receive on services, and other aspects of the relationships. Based on these communications and our monitoring activities, management believes the likelihood of one of our banks not performing on its commitment is remote.

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

***We Face Risks Associated With Certain Pension Assets and Obligations.***

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

corporate uses, and may have an adverse impact on our operations, financial condition and liquidity.

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

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

**Item 1B. Unresolved Staff Comments**

None.

**Item 2. Properties**

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

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

United States:

Hunt Valley, Maryland consumer and industrial (3 principal plants)

Gretna, Louisiana consumer

South Bend, Indiana industrial

Atlanta, Georgia industrial

Commerce, California consumer

Irving, Texas industrial

Canada:

London, Ontario consumer and industrial

Mexico:

Cuautitlan de Romero Rubio industrial

United Kingdom:

Haddenham, England consumer and industrial

Littleborough, England consumer and industrial

France:

Carpentras consumer

Monteux consumer

Australia:

Melbourne consumer and industrial

China:

Guangzhou consumer and industrial

Shanghai consumer and industrial

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

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

**Item 3. Legal Proceedings**

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

**Item 4. Removed and Reserved.**

**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 57 of our Annual Report to Stockholders for 2010, 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, 2010 was $46.27 per share for the Common Stock and $46.53 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, 2010 was as follows:

| Title of Class | Approximate Number of Record Holders |
|---|---|
| Common Stock, no par value | 2,150 |
| Common Stock Non-Voting, no par value | 10,350 |

The following table summarizes our purchases of Common Stock (CS) and Common Stock Non-Voting (CSNV) during the fourth quarter of 2010:

**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, 2010 | CS 0 | $ 00.00 | 0 | $ 392 million |
| to September 30, 2010 | CSNV 210,000 | $ 41.08 | 210,000 | |
| October 1, 2010 | CS 0 | $ 00.00 | 0 | $ 376 million |
| to October 31, 2010 | CSNV 400,000 | $ 42.58 | 400,000 | |
| November 1, 2010 | CS 100 | $ 43.96 | 100 | $ 359 million |
| to November 30, 2010 | CSNV 395,000 | $ 44.08 | 395,000 | |
| Total | CS 100 | $ 43.96 | 100 | $ 359 million |
| | CSNV 1,005,000 | $ 42.86 | 1,005,000 | |

As of November 30, 2010, $0 remained of a $400 million share repurchase authorization approved by the Board of Directors in June 2005, and $359 million remained of a $400 million share repurchase authorization approved by the Board of Directors in June 2010.

**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 58 of our Annual Report to Stockholders for 2010, which line items are incorporated by reference. See also Note 1 Summary of Significant Accounting Policies on pages 40 through 41 of our Annual Report to Stockholders for 2010.

**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 32 of our Annual Report to Stockholders for 2010.

**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 27 through 29 of our Annual Report to Stockholders for 2010, and in Note 7 Financial Instruments on pages 44 through 46 of our Annual Report to Stockholders for 2010.

**Item 8. Financial Statements and Supplementary Data**

The financial statements and supplementary data are included on pages 36 through 58 of our Annual Report to Stockholders for 2010. The report of Ernst & Young LLP, Independent Registered Public Accounting Firm, on such financial statements is included on pages 34 and 35 of our Annual Report to Stockholders for 2010. The supplemental schedule for 2008, 2009 and 2010 is included on page 15 of this Annual Report on Form 10-K. The report of Ernst & Young LLP, Independent Registered Public Accounting Firm, on such supplemental schedule is included on page 14 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 57 of our Annual Report to Stockholders for 2010.

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

None.

**Item 9A. Controls and Procedures**

***Disclosure Controls and Procedures***

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

***Internal Control over Financial Reporting***

Management s report on our internal control over financial reporting and the report of our Independent Registered Public Accounting Firm on internal control over financial reporting are included on pages 34 and 35 of our Annual Report to Stockholders for 2010. No change occurred in our internal control over financial reporting (as defined in Rule 13a-15(f)) during our last fiscal quarter which has materially affected or is reasonably likely to materially affect, our internal control over financial reporting.

**Item 9B. Other Information**

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 2011 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 2011 Proxy Statement incorporated by reference in this Item 10 of this Report, the following individuals are also executive officers of McCormick: W. Geoffrey Carpenter, Kenneth A. Kelly, Jr., and Cecile K. Perich.

Mr. Carpenter is 58 years old and, during the last five years, has held the following positions with McCormick: December 2008 to present Vice President, General Counsel, & Secretary; April 1996 to December 2008 Associate General Counsel & Assistant Secretary.

Mr. Kelly is 56 years old and, during the last five years, has held the following positions with McCormick: April 2008 to present Senior Vice President & Corporate Controller; February 2000 to April 2008 Vice President & Corporate Controller.

Ms. Perich is 59 years old and, during the last five years, has held the following positions with McCormick: April 2010 to present Senior Vice President Human Relations; January 2007 to April 2010 Vice President Human Relations; January 1997 to January 2007 Vice President Human Relations, U.S. Industrial Group.

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

### Item 11. Executive Compensation

Information responsive to this item is incorporated herein by reference to the sections titled Compensation of Directors, Compensation Discussion and Analysis, Compensation Committee Report, Summary Compensation Table, Grants of Plan-Based Awards, Narrative to the Summary Compensation Table, Outstanding Equity Awards at Fiscal Year-End, Option Exercises and Stock Vested in Last Fiscal Year, Pension Benefits, Non- Qualified Deferred Compensation, Potential Payments Upon Termination or Change in Control, Compensation Committee Interlocks and Insider Participation and Equity Compensation Plan Information in the 2011 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 2011 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 2011 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 2011 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 13 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 15 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 16 through 18 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<br>**Alan D. Wilson** | Chairman, President & Chief Executive Officer | January 27, 2011 |

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<br>**Alan D. Wilson** | Chairman, President & Chief Executive Officer | January 27, 2011 |

Principal Financial Officer:

| | | | |
|---|---|---|---|
| By: | /s/ GORDON M. STETZ, JR.<br>**Gordon M. Stetz, Jr.** | Executive Vice President & Chief Financial Officer | January 27, 2011 |

Principal Accounting Officer:

| | | | |
|---|---|---|---|
| By: | /s/ KENNETH A. KELLY, JR.<br>**Kenneth A. Kelly, Jr.** | Senior Vice President & Controller | January 27, 2011 |

## 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<br>**John P. Bilbrey** | January 27, 2011 |
| /s/ JAMES T. BRADY<br>**James T. Brady** | January 27, 2011 |
| /s/ J. MICHAEL FITZPATRICK<br>**J. Michael Fitzpatrick** | January 27, 2011 |
| /s/ FREEMAN A. HRABOWSKI, III<br>**Freeman A. Hrabowski, III** | January 27, 2011 |
| /s/ PATRICIA LITTLE<br>**Patricia Little** | January 27, 2011 |
| /s/ MICHAEL D. MANGAN<br>**Michael D. Mangan** | January 27, 2011 |
| /s/ MARGARET M.V. PRESTON<br>**Margaret M. V. Preston** | January 27, 2011 |
| /s/ GEORGE A. ROCHE<br>**George A. Roche** | January 27, 2011 |
| /s/ GORDON M. STETZ, JR.<br>**Gordon M. Stetz, Jr.** | January 27, 2011 |
| /s/ WILLIAM E. STEVENS<br>**William E. Stevens** | January 27, 2011 |
| /s/ ALAN D. WILSON<br>**Alan D. Wilson** | January 27, 2011 |

**TABLE OF CONTENTS AND RELATED INFORMATION**

Included in our 2010 Annual Report to Stockholders, the following consolidated financial statements are incorporated by reference in Item 8*:



Included in Part IV of this Annual Report:



Supplemental Financial Schedule:



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 2010 Annual Report to Stockholders of McCormick for its fiscal year ended November 30, 2010 is being furnished with this Annual Report on Form 10-K.**

**REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

The Board of Directors and Shareholders of

McCormick & Company, Incorporated

We have audited the consolidated financial statements of McCormick & Company, Incorporated as of November 30, 2010 and 2009, and for each of the three years in the period ended November 30, 2010, and have issued our report thereon dated January 27, 2011 (incorporate by reference into this Annual Report (Form 10-K)). Our audits also included the financial statement schedule listed in Item 15(a) of this Annual Report (Form 10-K). This schedule is the responsibility of the Company s management. Our responsibility is to express an opinion based on our audits.

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

/s/ Ernst & Young LLP

Baltimore, Maryland

January 27, 2011

**Supplemental Financial Schedule II Consolidated**

**McCORMICK & COMPANY, INCORPORATED**

**VALUATION AND QUALIFYING ACCOUNTS**

**(IN MILLIONS)**

| Column A | Column B | Column C Additions | | Column D | Column E |
|---|---|---|---|---|---|
| Description | Balance at Beginning of Period | Charged to Costs and Expenses | Charged to Other Accounts | Deductions | Balance at End of Period |
| Deducted from asset accounts: | | | | | |
| Year ended November 30, 2010: | | | | | |
| Allowance for doubtful receivables | $ 4.5 | $ | $ (0.2) | $ (1.4) | $ 2.9 |
| Valuation allowance on net deferred tax assets | 20.5 | 4.7 | (1.8) | (0.5) | 22.9 |
| | $ 25.0 | $ 4.7 | $ (2.0) | $ (1.9) | $ 25.8 |
| Deducted from asset accounts: | | | | | |
| Year ended November 30, 2009: | | | | | |
| Allowance for doubtful receivables | $ 4.6 | $ 8.2 | $ 0.5 | $ (8.8) | $ 4.5 |
| Valuation allowance on net deferred tax assets | 7.5 | 7.9 | 5.1 | | 20.5 |
| | $ 12.1 | $ 16.1 | $ 5.6 | $ (8.8) | $ 25.0 |
| Deducted from asset accounts: | | | | | |
| Year ended November 30, 2008: | | | | | |
| Allowance for doubtful receivables | $ 5.7 | $ 1.3 | $ (0.8) | $ (1.6) | $ 4.6 |
| Valuation allowance on net deferred tax assets | 6.2 | 1.8 | (0.2) | (0.3) | 7.5 |
| | $ 11.9 | $ 3.1 | $ (1.0) | $ (1.9) | $ 12.1 |

**EXHIBIT INDEX**

The following exhibits are attached or incorporated herein by reference:

| Exhibit Number | | | Description |
|---|---|---|---|
| (3) | (i) | Articles of Incorporation and By-Laws | |
| | | Restatement of Charter of McCormick & Company, Incorporated dated April 16, 1990 | Incorporated by reference from Exhibit 4 of Registration Form S-8, Registration No. 33-39582 as filed with the Securities and Exchange Commission on March 25, 1991. |
| | | Articles of Amendment to Charter of McCormick & Company, Incorporated dated April 1, 1992 | Incorporated by reference from Exhibit 4 of Registration Form S-8, Registration Statement No. 33-59842 as filed with the Securities and Exchange Commission on March 19, 1993. |
| | | Articles of Amendment to Charter of McCormick & Company, Incorporated dated March 27, 2003 | Incorporated by reference from Exhibit 4 of Registration Form S-8, Registration Statement No. 333-104084 as filed with the Securities and Exchange Commission on March 28, 2003. |
| | (ii) | By-Laws | |
| | | By-Laws of McCormick & Company, Incorporated Amended and Restated on May 25, 2010 | Incorporated by reference from Exhibit 3(ii) 4 of McCormick s Form 8-K, File No. 1-14920, as filed with the Securities and Exchange Commission on May 27, 2010. |

(4) Instruments defining the rights of security holders, including indentures

(i) See Exhibit 3 (Restatement of Charter and By-Laws)

(ii) Summary of Certain Exchange Rights, incorporated by reference from Exhibit 4.1 of McCormick s Form 10-Q for the quarter ended August 31, 2001, File No. 0-748, as filed with the Securities and Exchange Commission on October 12, 2001.

(iii) Indenture dated December 5, 2000 between McCormick and SunTrust Bank, incorporated by reference from Exhibit 4(iii) of McCormick s Form 10-Q for the quarter ended August 31, 2003, File No. 1-14920, as filed with the Securities and Exchange Commission on October 14, 2003. McCormick hereby undertakes to furnish to the Securities and Exchange Commission, upon its request, copies of additional instruments of McCormick with respect to long-term debt that involve an amount of securities that do not exceed 10 percent of the total assets of McCormick and its subsidiaries on a consolidated basis, pursuant to Regulation S-K, Item 601(b)(4)(iii)(A).

(iv) Indenture dated December 7, 2007 between McCormick and The Bank of New York, incorporated by reference from Exhibit 4.1 of McCormick s Form 8-K dated December 4, 2007, File No. 0-748, as filed with the Securities and Exchange Commission on December 10, 2007. McCormick hereby undertakes to furnish to the Securities and Exchange Commission, upon its request, copies of additional instruments of McCormick with respect to long-term debt that involve an amount of securities that do not exceed 10 percent of the total assets of McCormick and its subsidiaries on a consolidated basis, pursuant to Regulation S-K, Item 601(b)(4)(iii)(A).

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

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

(vii) Form of 5.75% Notes due 2017, incorporated by reference from Exhibit 4.2 of McCormick s Form 8-K dated December 4, 2007, File No. 0-748, as filed with the Securities and Exchange Commission on December 10, 2007.

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

| Exhibit Number | Description |
| --- | --- |

by reference from Exhibit 4.1 of McCormick s Form 8-K dated September 3, 2008, File No. 1-14920, as filed with the Securities and Exchange Commission on September 4, 2008.

(10) Material contracts

(i) McCormick s supplemental pension plan for certain senior and executive officers, amended and restated with an effective date of January 1, 2005, adopted by the Compensation Committee of the Board of Directors on November 28, 2008, which agreement is incorporated by reference from Exhibit 10(i) of McCormick s 10-K for the fiscal year ended November 30, 2009, File No. 1-14920, as filed with the Securities and Exchange Commission on January 28, 2010.*

(ii) The 2001 Stock Option Plan, in which officers and certain other management employees participate, is set forth on pages 33 through 36 of McCormick s definitive Proxy Statement dated February 15, 2001, File No. 1-14920, as filed with the Securities and Exchange Commission on February 14, 2001, and incorporated by reference herein.*

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

(iv) 2004 Long-Term Incentive Plan, in which officers and certain other management employees participate, is set forth in Exhibit A of McCormick s definitive Proxy Statement dated February 17, 2004, File No. 1-14920, as filed with the Securities and Exchange Commission on February 17, 2004, and incorporated by reference herein.*

(v) 1999 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 A of McCormick s definitive Proxy Statement dated February 16, 1999, File No. 0-748, as filed with the Securities and Exchange Commission on February 16, 1999, 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, File No. 1-14920, 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, File No. 1-14920, 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, File No. 1-14920, 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 agreement is incorporated by reference from Exhibit 4.1 of McCormick s Form S-8, Registration No. 333-155775, as filed with the Securities and Exchange Commission on November 28, 2008.*

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

(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, File No. 1-14920, as filed with the Securities and Exchange Commission on February 20, 2008, and incorporated by reference herein, as amended by Amendment No. 1 thereto, which Amendment is incorporated by reference from Exhibit 10(xi) of McCormick s 10-K for the fiscal year ended November 30, 2008, File No. 1-14920, as filed with the Securities and Exchange Commission on January 28, 2009.*

| | | |
| --- | --- | --- |
| (13) | Annual Report to Stockholders for 2010 | 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 |

(101) The following financial information from the Annual Report on Form 10-K of McCormick for the year ended November 30, 2010, furnished electronically herewith, and formatted in XBRL (Extensible Business Reporting Language): (i) Condensed Consolidated Balance Sheets; (ii) Condensed Consolidated Statements of Income; (iii) Condensed Consolidated Statement of Stockholders Equity and Comprehensive Income; (iv) Condensed Consolidated Statements of Cash Flows; and (v) Notes to the Condensed Consolidated Financial Statements, tagged as blocks of text.**

* Management contract or compensatory plan or arrangement.

** In accordance with Rule 406T of Regulation S-T, the XBRL related information in Exhibit 101 to this Annual Report on Form 10-K shall not be deemed to be filed for purposes of Section 18 of the Exchange Act, or otherwise subject to the liability of that section, and shall not be incorporated by reference into any registration statement or other document filed under the Securities Act of 1933, as amended, or the Exchange Act, except as shall be expressly set forth by specific reference in such filing.

**EXHIBIT 13**

**Annual Report to Stockholders**

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