

McCormick & Company, Incorporated

A N N U A L R E P O R T 1 9 9 1





Mission

The primary mission of McCormick & Company, Incorporated is to expand its worldwide leadership position in the spice, seasoning and flavoring markets.

This means our efforts are focused on three areas:

- First: Improve the returns from each of our existing operating units – consumer, industrial, food service, international and packaging.
- Second: Dispose of those parts of our businesses which do not or cannot generate adequate returns or do not fit with our business strategy.
- Third: Make selective acquisitions which complement our current businesses and enhance our overall returns.

Financial Objectives

These objectives are highlighted on page 19 in the Historical Financial Summary.

- Exceed a 20% return on equity.
- Achieve an average net sales growth rate of 10% per year.
- Maintain an average earnings per share growth rate of 15% per year.
- Maintain total debt to total capital at 40% or less, excluding non-recourse debt.
- Pay out 25% to 35% of net income in dividends.

Major Accomplishments in 1991

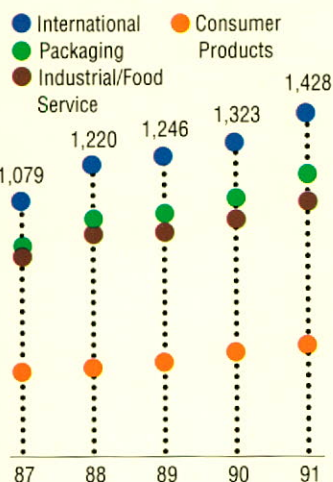
- Return on equity from continuing operations reached an all-time high of 21.8%.
- Net income from continuing operations reached 5.7% of net sales, another record.
- Earnings per share from continuing operations increased 30% (excluding the U.K. land sale) and have compounded at a 39.3% rate since 1987.
- Dividends paid per share rose 21.7% and have increased at a compounded rate of 21.1% since 1987.
- The price of a share of McCormick stock rose 79.4% and has compounded at a 48.2% rate since 1987.
- Sales of McCormick products through joint ventures increased 14.7% reaching \$218.6 million.
- Joint venture profitability also improved, reaching \$8.8 million, a 140.1% increase over the previous year.
- Announced the third 2-for-1 stock split in four years.
- Announced the eighth dividend increase in four years.

See the Management Discussion and Analysis
(pages 8 to 18) for details.

Financial Performance

Consolidated Net Sales

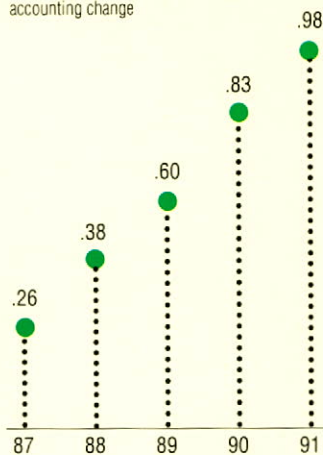
Millions of dollars



Earnings Per Share

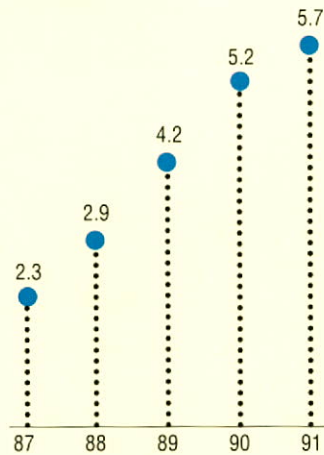
Dollars

Excludes real estate and accounting change



Net Income - Continuing Operations

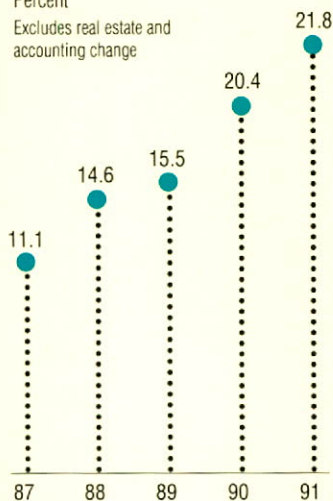
Percent of Sales



Return on Equity

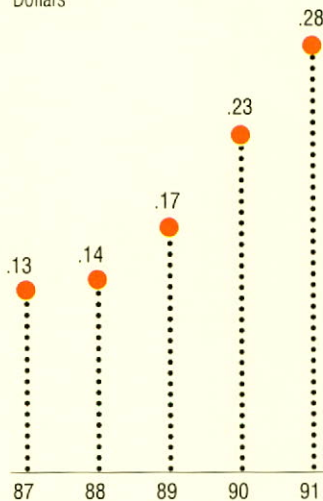
Percent

Excludes real estate and accounting change



Dividends Paid Per Share

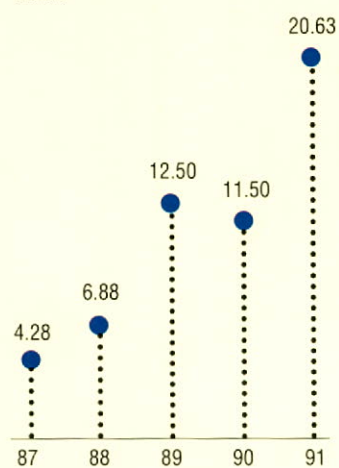
Dollars



Stock Price

November 30

Dollars



Columbus was the first globalist. His voyage 500 years ago proved the earth was round. By thinking "round" instead of "flat" he triggered a clash of cultures that changed the world. The two new spices he discovered – allspice and red pepper – also changed native cuisines as other voyages of discovery took these exciting new tastes around the world. As a tribute to Columbus, we've used red pepper on our cover and allspice as the scent for this year's report.



McCORMICK & COMPANY, INCORPORATED is a diversified specialty food company and a leader in the manufacturing, marketing, and distribution of seasoning, flavoring and other food products to the food industry – retail outlets, foodservice and food processors. A packaging group manufactures and markets plastic bottles and tubes for food, personal care and other industries. McCormick's products are processed and sold throughout the world.

Founded in 1889, McCormick "pioneered with products and people," and in 1932 started participative management. For sixty years McCormick has thrived with Multiple Management – a system of management and management development – which, along with enlightened leadership, helps shape our corporate culture. Multiple Management encourages a belief in the "power of people," recognizes the dignity of the individual, the dynamics of human relationships, the need for participation at all levels of employment, and the importance of sharing the rewards of success.

Headquartered in Sparks, Maryland, McCormick had sales of over \$1.4 billion. Recently, *Fortune Magazine* ranked the Company 288th on the Fortune 500. Worldwide, McCormick has 7,700 employees – people loyal to a heritage of product quality and customer service which has made McCormick a success over the years. Publicly held and traded on NASDAQ, the Company has more than 8,000 shareholders, many of whom are employees. McCormick has paid dividends every year since 1925.

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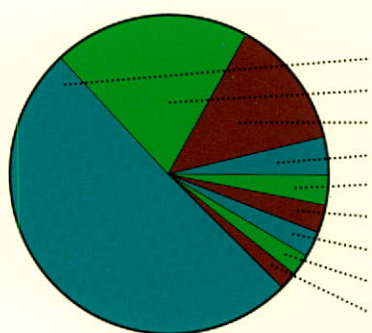
Financial Highlights

		Year ended November 30			
	1991	1990	1989	1988	1987
		(in millions except share data)			
Consolidated net sales.....	\$1,427.9	\$1,323.0	\$1,246.1	\$1,220.3	\$1,078.5
Net income, continuing operations.....	\$ 80.9	\$ 69.4	\$ 52.5	\$ 35.6	\$ 24.4
Net income, discontinued real estate operations.....				.7	6.2
Gain on sale, discontinued real estate operations.....			83.0		
Accounting change for deferred taxes.....				6.4	
Net income, total.....	\$ 80.9	\$ 69.4	\$ 135.5	\$ 42.7	\$ 30.6
Earnings per share, continuing operations.....	\$.98	\$.83	\$.60	\$.38	\$.26
Earnings per share, total.....	.98	.83	1.54	.46	.32
Dividends per share (paid).....	.28	.23	.17	.14	.13
Margins					
Gross profit, consolidated operations.....	37.9%	36.6%	35.3%	33.4%	34.1%
Operating profit, consolidated operations.....	10.2%	9.6%	8.2%	7.8%	5.9%
Income from consolidated operations.....	5.1%	5.0%	3.9%	3.0%	2.2%
Income from continuing operations.....	5.7%	5.2%	4.2%	2.9%	2.3%
Debt to total capital excluding non-recourse debt.....	36.4%	32.9%	32.6%	42.3%	43.5%
Debt to total capital.....	42.3%	39.9%	40.0%	48.7%	49.5%
Shareholders' equity.....	\$389.2	\$364.4	\$346.2	\$294.3	\$280.6
Return on shareholders' equity, continuing operations.....	21.8%	20.4%	15.5%	14.6%	11.1%
Return on shareholders' equity, total.....	21.8%	20.4%	40.0%	14.6%	11.3%
Average shares outstanding and equivalents (000).....	82,396	83,720	87,772	93,068	94,408
Ending shares outstanding and equivalents (000).....	81,978	82,176	85,386	90,112	93,336

Note: All share information is adjusted for 2-for-1 stock splits in January 1992, January 1990 and April 1988.
Margin and return information for consolidated operations excludes earnings from discontinued real estate operations and an accounting change for deferred taxes.

Distribution of the Sales Dollar

(excludes share of unconsolidated earnings)



	1991	1990	1989	1988	1987
Materials and Related Expenses.....	49.6 ¢	51.0 ¢	52.5 ¢	54.6 ¢	53.9 ¢
Salaries, Wages and Employee Benefits.....	20.7	20.4	20.2	20.7	19.7
Marketing, Administrative and Related Expenses.....	14.0	13.1	12.8	12.4	14.1
Retained Earnings.....	3.8	3.6	2.8	1.8	0.7
Taxes.....	3.0	2.9	2.4	1.9	1.7
Distribution and Warehousing.....	2.8	2.9	2.9	3.1	3.3
Depreciation.....	2.6	2.5	2.6	2.1	2.3
Interest.....	1.9	2.2	2.6	2.6	2.9
Dividends.....	1.6	1.4	1.2	0.8	1.4

\$1.00 \$1.00 \$1.00 \$1.00 \$1.00
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of New York

SEP 27 1993

A “fourpeat” – four years of repeated excellent performance in earnings, returns and quality. During the four-year period ending November 30, 1991:

- Earnings per share from continuing operations increased in 1988 by 46 percent, 1989 by 58 percent, 1990 by 26 percent, and 1991 by 30 percent, not including the sale of land in the United Kingdom.
- Our stock was split 2-for-1 in April 1988 and again in January 1990. It was split for a third time January 17, 1992. The value of our stock has increased almost four times since the beginning of 1988.
- Return on equity, excluding the gain on real estate, increased in 1988 to 14.6 percent, in 1989 to 15.5 percent, in 1990 to 20.4 percent, and in 1991 to 21.8 percent.
- Quarterly cash dividends have been increased eight times. In 1991, dividends paid per share increased 21.7 percent. It was the 67th year of consecutive dividend payments by the Company.
- Total return to McCormick shareholders has increased at a compounded rate of 49.6 percent.

How can we continue to perform so well in the current, sluggish national economy?

The answer comes from one industry analyst. He describes McCormick as “not very sophisticated.” He’s right. We aren’t.

We still subscribe to three simple beliefs: one – serve the customer, two – offer quality products, and three – understand that employees make the difference.

We agree that’s not very sophisticated stuff, but when we combine all three elements into a corporate-wide culture, the results can be exceptional. By emphasizing our focus on



Chairman Charles P. McCormick, Jr. (left) and President Bailey A. Thomas.

customer needs, on product quality and on the talent of our employees, we create a competitive advantage – especially in today’s complex global marketplace where there are no guarantees.

Significant events during 1991 included the following:

- Major distribution gains were achieved in all channels of retail distribution – grocery, military commissaries and non-grocery outlets.
- Through a shared-label program, we became the spice and extract supplier to the nation’s largest foodservice distributor.
- Sale of the frozen chicken business of Golden West Foods, Inc. was completed in the fall. This operation was not generating acceptable returns.
- Announcement was made in September of our intent to purchase the plastic tube business of Peerless Tube Company. This acquisition will considerably strengthen our plastic packaging capabilities.

- Acquisition of Mojave Foods Corporation of Los Angeles was completed in March. Along with our Festin Foods joint venture, this new unit will offer authentic Mexican seasonings and ingredients to the fast-growing Hispanic market.
- Success in global sourcing activities continued. This program, which enables us to deliver herbs and spices of higher quality at lower cost, represents a significant competitive advantage.
- Over \$225 million of McCormick products were sold worldwide by joint ventures and licensees. This figure is not included in our consolidated sales. Several operations, such as Mexico and Japan, offer great growth potential for us. In 1991, sales by our joint ventures were up almost 15 percent.
- International operations experienced outstanding growth. We again enjoyed superb results from Mexico — still our largest and most successful joint venture. In addition to continued distribution gains in the U.K., we also experienced turnaround situations in Australia and Switzerland.
- A refocusing of our operations in Singapore will enhance results in the Pacific Rim area. We are now offering Chinese consumers herbs and spices in convenient retail packaging for the first time.
- In October, we announced a program to buy back two million shares of our stock. This follows a recently completed buy-back program inaugurated in August 1990.

In 1991, we also celebrated two anniversaries — the 50th year of our C-Day or Charity Day and the 20th year of our Adopt-a-School program. Both of these highly successful programs are focused on helping communities.

On C-Day, McCormick employees work a full day for charity. Wages earned by employees that day are matched by the Company and donated to community welfare agencies. In the school program, McCormick employees help inner-city students experience the everyday world of work. Both programs were cited for special awards.

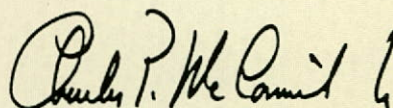
In the fall, a number of personnel changes and appointments were made. Two executives were named to the Board of Directors and to the Executive Committee — James A. Hooker and Carroll D. Nordhoff. Board members H. Eugene Blattman and Harold J. Handley also were named to the Executive Committee. James A. Hooker, new Chief Financial Officer, succeeds James J. Harrison, Jr., who retired. We thank Jim for 25 years of dedicated service to the Company.

Two new Corporate Vice Presidents were named — Susan L. Abbott to Vice President-Quality Assurance and Dr. Marshall J. Myers to Vice President-Research and Development.

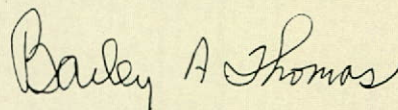
These appointments are part of our ongoing succession planning to ensure success as we look toward the future.

Our 15 percent earnings growth objective is aggressive and at the high end of the food industry. However, we are dedicated to achieving this growth. We believe that margin improvement, global sourcing, increased market share, and good management at all levels will continue the progress that we, our employees and our shareholders are enjoying. We plan to show our appreciation to our customers through increased attention to serving their specific needs. To them, as well as to our hand-picked suppliers, we say, "Thank you."

We also continue to appreciate our many loyal and supportive shareholders, and to our employees we say again, "You are the greatest!"



Charles P. McCormick, Jr.
Chairman & Chief Executive Officer



Bailey A. Thomas
President & Chief Operating Officer

CONSUMER PRODUCTS

McCormick/Schilling — the Company's oldest and largest division — reported an outstanding year in 1991. This unit manufactures and sells retail consumer products under the McCormick® label in the East and the Schilling® label in the West. The line includes spices, herbs, extracts, and proprietary seasoning blends.

Brand share continues to grow through special promotions, new product development, increased distribution, and consumer preference for healthier foods offering greater flavor, less salt, and easy preparation.

Integration of the Old Bay® brand seafood seasoning products, acquired a year ago, was completed in 1991. These popular seafood seasonings are the market leader in their category in the Mid-Atlantic and Southeastern states. These products, which match the trend toward increased consumption of fish and other seafoods, offer opportunities for growth in other parts of the U.S. As part of this program, a new Old Bay Dip & Crisp™ and Tuna Classic™ were introduced in 1991.

Other new product items include: Bag 'n Season® Turkey; Chicken Sauce, Parmesan and Southwest style; two new items in The McCormick Collection™ — Toasted Onion and Spring Vegetable; and Hot Shot™ — a zesty blend of red and black pepper.

Another positive development was McCormick/Schilling being named primary supplier of spices, extracts and dry seasoning mixes worldwide for military commissaries. This, plus other new distribution, added \$28 million in sales.

In addition to increased advertising, in-store displays and product demonstrations, McCormick's participation in 18 consumer shows and regional ethnic festivals helped to heighten consumer awareness and to reinforce McCormick's strong leadership role.

INDUSTRIAL AND FOOD SERVICE

Two years ago we combined McCormick-Stange Flavor Division, McCormick Ingredients and the Food Service Division to form the McCormick





Board members Harry K. Wells, Past Chairman of the Board, and H. Eugene Blattman examine packets from The McCormick Collection of gourmet sauces.

Flavor Group. This new group supplies flavors and seasonings to 80 of the nation's top 100 food manufacturers.

The current economic environment has caused mixed results in these businesses. New product offerings by fast food chains have been decreased because of the expenses associated with bringing these items to the marketplace. This reduces opportunities for us. However, we expect moderate growth even with the slowdown; and we have recently been approved as the spice and extract supplier to the nation's largest foodservice distributor.

In November, we announced the sale of the frozen chicken portion of Golden West Foods because this business was not generating acceptable returns. We believe this divestiture will improve operating margins in this area of the business.

Aggressive distribution gains and strategic alliances with major foodservice distributors added to growth during 1991. Our presence in the rapidly expanding membership warehouse club segment and the successful introduction of several new products helped Food Service register a year of record profits. Total pounds shipped increased dramatically over the prior year with customer service levels maintained at 98.4%.

A joint effort between Food Service and the McCormick/Schilling Division to produce supermarket prepared foods resulted in increased distribution to

major local and regional retail food chains. This small segment offers strong potential growth by positioning the Company to parlay both its retail and foodservice expertise for the benefit of grocery store consumers who show increasing preference for take-home, ready-to-eat meals.

During 1991, the McCormick Flavor Group completed a multimillion dollar expansion of manufacturing facilities to provide major improvements in efficiency, productivity and product quality. In 1992, a \$6 million expansion will be made to the Technical Resource Center which houses product development, application laboratories and pilot plant operations of the McCormick Flavor Group.

In April, a joint venture known as Kancor was formed in India with Bombay Oil Industries Limited, a producer of essential oils of spices, cooking oil and other products. This will bring together the resources of the two companies to gain advantages in market access and raw materials, and will help increase overall product quality.

Gilroy Foods, Incorporated, McCormick's agriculturally-based subsidiary, had another record sales year. This California unit processes and markets a core line of onion, garlic, chili, and paprika products. A major capital expansion in 1991 doubled the capacity at the Fabens, Texas plant.

Gilroy Energy Company, Inc., our cogeneration subsidiary, recorded its fourth successful year of operation, exceeding budgeted profits. Gilroy Energy Company has improved from a start-up company to a more mature business. This subsidiary continues to provide an outstanding return on investment.

INTERNATIONAL

The International Group had an excellent year, with record sales and profits in consolidated operations. Our largest and oldest joint venture with the Herdez Group in Mexico also produced outstanding sales and profits which were aided, in part, by the expansion

and modernization of our manufacturing operations in Mexico City. The addition of mayonnaise and salad dressing processing lines in San Luis Potosi will help maintain the momentum of this fine joint venture during 1992.

McCormick U.K. had a particularly strong year with the consumer group and fast food businesses being especially successful. The U.K. industrial business did not achieve profit objectives, partially due to the start-up of new processes. The Jenks Brokerage Group reached profit objectives in spite of a difficult operating environment. The implementation of a computerized materials management system helped improve service and reduce costs, and

the introduction of several new product lines – Schwartz® Authentic Recipe Sauces, and Schwartz Garlic and Pepper combination products – gained distribution, heightened trade and consumer awareness of the brand. Schwartz is the clear market leader in branded consumer herbs and spices in the U.K.

McCormick operations in Canada experienced encouraging growth in both the industrial and foodservice sectors. However, consumer products, sold under the Club House® label, did not meet budgeted expectations.

Continued focus on our operations in Australia, Switzerland and Venezuela resulted in a significant turnaround in profitability of those operations.

The McCormick-Lion Limited consumer products joint venture in Japan also showed profit improvement. Several new products were introduced in the spice/seasoning and salad dressing categories.

During 1991, the International Group completed consumer products licensing agreements in Turkey and Korea, and reached an agreement in principle to acquire the second largest



Board members Richard W. Single, Sr., James J. Albrecht and Harold J. Handley compare products from Switzerland, the U.S. and Japan.

spice company in Venezuela. Significant progress was made in forming stronger alliances in Indonesia and the Philippines.

Given the strong foundation for business expansion developed in 1991, the International Group is optimistic about prospects for a solid performance in 1992.

PACKAGING

This growing and profitable niche market area of the business consists of Setco plants in California and New Jersey, and Tubed Products plants in Massachusetts and California. Other

plastic container production capacity will be added when the purchase of the squeeze tube unit of the Peerless Tube Company is completed early in 1992. In addition to specialized containers for the vitamin, food and pharmaceutical industries, the Packaging Group also supplies products for McCormick.

Development of new products and processes using PET and other clear resin containers is continuing. In response to environmental concerns, we are participating with other members of the plastics industry in developing recycling goals and methods.



Management Discussion and Analysis

All financial information is adjusted for a 2-for-1 stock split on January 17, 1992.

Overview - 1991

In a difficult economic environment, the Company was able to continue its superior financial performance. Sales and earnings per share (EPS) reached record levels, and most financial ratios continued to improve. EPS from continuing operations exceeded our objective, increasing 30% to \$.98 (excluding a \$.075 gain on sale of land in the United Kingdom in 1990) following increases of 26% and 58% in 1990 and 1989 respectively. Sales increased to \$1.4 billion, an increase of 8% over 1990. Return on equity (ROE) from continuing operations rose to 21.8%, improving on our performance in 1990 and achieving our stated financial objective. Net income from continuing operations improved to 5.7% of net sales, another new record.

Dividends were increased in December 1990 and June 1991, reflecting management's continued confidence in the prospects for the Company and the higher earnings level achieved. In November, a 2-for-1 stock split was announced with a distribution date of January 17, 1992. In November 1991, the Company completed a 4 million share stock repurchase program and initiated a 2 million share repurchase program announced in October 1991. In December 1991, dividends were again increased by 20% to \$.09 per share.

Most of our operating units achieved outstanding financial results. The Consumer Products business, which markets spice and seasoning products, benefitted from renewed consumer interest in cooking at home. In

addition, the strong McCormick and Schilling brands combined with well-executed marketing programs continued to win new retail distribution for our products. The financial results of our Industrial and Food Service businesses showed improved margins and increased operating income. The gains for this group were limited somewhat by the softness in the fast food and snack industries. In November 1991, the Company sold the frozen chicken business of Golden West Foods. This business was not generating acceptable returns.

International operations, an area of continued management focus, showed significant improvement in sales and operating margins in 1991. Among the major operations, our U.K.



Board members Robert B. McFadden and Carroll D. Nordboff compare Food Service products from the United States and Canada.



Garlic products such as these from the Schwartz line in the United Kingdom are favorites around the world.

unit continued its strong performance through increased distribution, successful new product introductions and improved operating margins. Our unconsolidated Mexican operation had outstanding financial results. The improving Mexican economy, combined with strong consumer demand for our products, produced record sales and profits.

Our Packaging businesses completed another year of improved profitability and growth. This business, which provides plastic bottles and tubes primarily to cosmetic and pharmaceutical industries as well as our food

businesses, continues to generate good returns in the markets it serves.

Management's emphasis on improving profitability and returns on all of our businesses has resulted in significant gains for our shareholders. The continued improvement in ROE, stock price appreciation and the dividend increases are evidence of this effort. However, with the maturity of the domestic food industry, growth is more difficult to achieve. We are committed to the pursuit of additional domestic growth through distribution expansion and new product introductions. Internationally, we believe there are significant opportunities to expand our business profitably. Our global sourcing ventures oriented toward providing us

high quality materials also give us the added benefit of providing initial marketing opportunities for our consumer and industrial products. We expect significant future growth from our international operations, both consolidated and unconsolidated.

We continue to identify additional growth and operational cost savings opportunities. Our Total Quality program has provided us with ideas to improve our quality and efficiency. Our focus is on quality products, service to customers and employee participation, which we believe will create increased shareholder value.

Sales

Consolidated	1991	1990	1989	1991	1990	1989
	(in millions)			(percentage of total)		
Consumer Products	\$ 483.5	\$ 435.1	\$ 398.9	33.9%	32.9%	32.0%
Industrial/Food Service	536.1	517.4	503.4	37.5%	39.1%	40.4%
International	292.6	256.5	242.3	20.5%	19.4%	19.4%
Packaging	73.4	66.6	63.3	5.1%	5.0%	5.1%
Total Food and Packaging	1,385.6	1,275.6	1,207.9	97.0%	96.4%	96.9%
Gilroy Energy	42.3	47.4	38.2	3.0%	3.6%	3.1%
Total	\$1,427.9	\$1,323.0	\$1,246.1	100.0%	100.0%	100.0%

Percent Change	1991			1990			1989		
	Total	Volume Change	Price Change	Total	Volume Change	Price Change	Total	Volume Change	Price Change
Consumer Products	11.1%	6.0%	5.1%	9.1%	5.5%	3.6%	4.8%	(1.5)%	6.3%
Industrial/Food Service	3.6%	3.8%	(.2)%	2.8%	1.2%	1.6%	(2.0)%	(4.0)%	2.0%
International	14.1%	8.1%	6.0%	5.9%	1.5%	4.4%	4.3%	.2%	4.1%
Packaging	10.2%	5.2%	5.0%	5.2%	3.8%	1.4%	11.2%	4.7%	6.5%
Total Food and Packaging	8.6%	5.5%	3.1%	5.6%	2.8%	2.8%	2.0%	(2.0)%	4.0%
Gilroy Energy	(10.8)%	(12.4)%	1.6%	24.1%	25.8%	(1.7)%	4.7%	(8.1)%	12.8%
Total	7.9%	4.8%	3.1%	6.2%	3.5%	2.7%	2.1%	(2.2)%	4.3%
Excluding sales of portion control sold in 1989 and retail operations in Brazil sold in 1989.									
Consumer Products				N/A	N/A	N/A	7.9%	1.4%	6.5%
Industrial/Food Service				3.7%	2.1%	1.6%	5.8%	3.6%	2.2%
International				10.3%	5.7%	4.6%	N/A	N/A	N/A
Total Food and Packaging			(not applicable in 1991)	7.4%	4.7%	2.7%	6.4%	1.9%	4.5%



*Board members
James A. Hooker
and George E.
Clausen, Jr.
review gourmet
and flavor
extract
products.*

Sales

Sales from consolidated operations grew by 7.9% in 1991 to a record level of \$1.4 billion. While the increase was below the Company's stated sales growth objective of 10% per year on average, we were pleased that many operating units showed significant gains for the year. Profitable sales growth is a top priority of management. Opportunities for increased distribution, new product offerings and geographical expansion are under constant review. As the sales change data indicates, we have not achieved our sales objective for consolidated sales growth in the past three years. While divestitures have been a significant factor contributing to shortfall, the impact of the economy must also be considered. Our products are sold to the three basic food distribution channels: retail, restaurant and industrial. During the current

economic slowdown, our retail business has remained strong with significant sales gains in 1991 and 1990. This strength is due to a combination of factors including effective marketing, distribution expansion and increased consumer interest in spices. In contrast, our Food Service and Industrial operations were affected by the softness in the restaurant sector, particularly fast foods, and the weakness in the snack food industry. Combined sales of Industrial/Food Service were up 3.6% for the year. Sales to foodservice customers were affected by the economic downturn. Although condiment and frozen food sales were down, we were able to show impressive gains in the distribution of brand-label spices and seasonings. In the industrial business, Gilroy Foods had a strong year even with a noticeable weakness in some of its markets,

Our joint ventures are becoming significant contributors to the Company. Sales of McCormick-label products by

these operations and licensees exceeded \$225 million, an increase of 15% over 1990. As we establish more sourcing ventures, we gain positions in markets such as China and Indonesia to market our consumer and industrial products in the future. Two joint ventures, Festin Foods Corp. and McCormick & Wild, Inc., enable us to market authentic Mexican food products and natural fruit flavors, respectively, in the U.S.

The impact of currency fluctuations on the Company's International sales in 1991 and the previous two years was immaterial.

While our sales growth objective is aggressive in today's uncertain economic environment, we believe we can achieve this objective for the following reasons:

- Our Consumer Products business will continue its efforts to gain new customers through the distribution channels it serves – the traditional grocery store and mass merchandisers. Major new accounts were added in 1991, and our product offerings were expanded significantly with some existing customers. Through the use of very effective and innovative marketing programs, we continue our efforts to communicate the quality, convenience and variety our product line offers. We are constantly developing new products



At McCormick, craftsmanship is combined with technology to make sure our flavors are on target. An example is our innovative sensory evaluation group which pioneered various methods of taste testing and flavor profiling --- now industry standards.

and line extensions that provide the consumer with additional ways to add variety and new flavor experiences to their eating occasions. Because of the success of our repackaged spice line and the continual innovation in marketing programs, along with our attention to quality and customer service, we expect to add new customers to our sales base in 1992 and beyond.

- The Industrial/Food Service business provides high quality flavor systems and ingredients to many of the leading food manufacturers, food-

service distributors and fast food chains. In addition, Gilroy Foods is the market leader in dehydrated onion and garlic products. The recent economic slowdown has affected the rate of new product introductions by our customers because of the high cost of introducing new products in the marketplace. As a high quality supplier of flavor ingredients with an extensive research and development capability, we provide our customers with the technical expertise and service necessary to produce a winning product that is unsurpassed.

- The foodservice industry continued to be soft in 1991 as consumers limited their discretionary spending in the

restaurant sector. We completed the rollout of a shared-label program with a major foodservice distributor in 1991 which added significant strength to our brand-label spice program.

- The divestiture of the frozen chicken business in late 1991 will adversely affect sales comparisons in 1992. We do believe, however, that the foodservice part of our portfolio will continue to grow as we work with our existing customer base in the development of new product offerings to the restaurant trade. We will also continue to pursue new customers in both the condiment part of our business, which caters to chain restaurants, as well as our spice and herb business which sells to the foodservice distributors.

Even though the economy limited our growth in 1991 to 3.6%, we believe that as it recovers, this part of our business will perform quite well and provide additional sales growth to assist in meeting our sales growth objective.

- With exceptional sales performance in 1991, International sales grew at a 14.1% rate, exceeding the pace of every other unit. Each of our consolidated international operating units showed sales growth over 1990. Although the United Kingdom is experiencing a similar recessionary environment as the U.S., our U.K. operating unit had excellent sales growth in 1991. The addition of wet

sauces to the U.K. product line has met with initial consumer acceptance. Future new product efforts will include expansion of this line and the introduction of other innovative new products. We expect significant growth to come from our international industrial and foodservice businesses as they supply the expanding needs of major multinational food companies.

- Our Packaging Group continues to perform well in the niche markets it serves. The sales reported above are to external customers such as the pharmaceutical and cosmetic industries. Additionally, this group provides packaging materials for our consumer and foodservice spice lines, as well as plastic tubes for our Cake Mate® business. We believe this unit will continue to increase sales at a rate near the Company sales growth objective.

Earnings

Our objective is to maintain an average EPS growth rate of 15% per year. EPS from continuing operations reached \$.98, an increase of 30% over 1990 excluding a \$.075 per share gain on a U.K. land sale in that year.

Distribution of the 1991 sales dollar as compared to 1990 is displayed on page one. The Company's gross profit margin improved to 37.9% in 1991. The primary factors that contributed to this improvement include:

- Expansion of our highly successful global sourcing program. During 1991, several new global sourcing sites began operation. These facilities are designed to provide us with high quality raw materials, grown to our specifications and partially cleaned at the source, at the lowest possible cost. Materials and related expenses

represented 49.6¢ of every revenue dollar, a 1.4¢ reduction from last year's level. At current sales levels, each 1¢ reduction provides approximately \$14 million in operating income which can be used to improve the Company's competitive position, increase R&D efforts and increase profits.

- Continued distribution gains in most of our businesses that resulted in increased plant efficiencies due to higher volumes.
- Employee suggestions and our Total Quality program that resulted in savings and improved operations.
- Improved efficiencies as a result of our capital spending programs that also improved margins.
- Price increases sufficient to recover production cost increases.
- Significant improvement in income generated by our unconsolidated operations. In particular, our

Earnings

	1991	1990	1989		1991	1990	1989
		(in millions)				(percent of sales)	
Gross profit	\$541.3	\$484.8	\$440.2		37.9%	36.6%	35.3%
Profit from operations	145.5	127.1	102.0		10.2%	9.6%	8.2%
Income before taxes	114.9	104.3	78.5		8.1%	7.9%	6.3%
Net income — continuing operations	\$ 80.9	\$ 69.4	\$ 52.5		5.7%	5.2%	4.2%
Net Income	1991	1990	1989		1991	1990	1989
		(in millions)				(earnings per share)	
Continuing operations	\$80.9	\$69.4	\$52.5		\$.98	\$.83	\$.60
Discontinued real estate			83.0				.94
Total	\$80.9	\$69.4	\$135.5		\$.98	\$.83	\$1.54

Mexican unit experienced superior operating results and sales growth.

Profit from operations increased to 10.2% of sales. While selling, general and administrative expenses did increase in 1991, the improvement in our gross profit margin was sufficient to offset the increases. Selling, general and administrative expenses increased by approximately \$38 million to 28% of sales versus 27% in 1990. The primary reasons for the increase were higher promotional and advertising expenses in our consumer products business to further strengthen our brand franchise and to increase consumer trial of our newer products. Interest expense in 1991 was \$1.8 million lower than 1990,

primarily due to the lower interest rates in effect throughout most of 1991.

Other income in 1990 included a gain on the sale of land owned by our U.K. operation. The gain increased EPS in 1990 by \$.075. In 1989, other income included interest earned on the invested proceeds of the real estate sale.

The tax rate for 1991 was 37.2% versus 37% in 1990 and 37.6% in 1989.

We do not believe that current projected rates of inflation will have a material effect on our results.

In December 1990, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards (SFAS) No. 106, "Employers' Accounting for Postretirement Benefits

Other Than Pensions." This statement will require a change to the method used by the Company to account for postretirement benefits and must be adopted no later than our 1994 fiscal year. The new standard requires the expected cost of future benefits to be accrued during the years that employees render service. A transition obligation must be recognized based on the aggregate amount that would have been recorded in prior years had the new standard been in effect for those years. In the year of adoption, the transition obligation may be recorded as a one-time charge to income or it may be amortized over 20 years. The Company estimates this one-time charge, net of



Board members William E. Stevens, George V. McGowan, George W. Koch, and James S. Cook look at a variety of products in the Old Bay line.

income tax benefit, would be between \$40 million and \$50 million. The incremental annual charge to earnings, net of tax, over the current accounting method is estimated to range from \$4 million if the Company elects to take the one-time charge for the transition obligation, to \$8 million if the obligation is amortized. The Company has not determined when it will adopt the standard or whether it will record the transition obligation as a one-time charge or amortize it over future years. These estimates assume the availability of tax benefits in accordance with the proposed changes to SFAS No. 96, "Accounting for Income Taxes."

It is important to note that while the adoption of the standard will have an impact on the Company's reported earnings and net equity position as described above, it will not affect the Company's cash flow. Cash expenditures for these benefits will continue on a pay-as-you-go basis. Therefore, we believe that adoption of this standard will not adversely impact our credit ratings or borrowing capacity under current debt covenants.

Return on Equity

Return on Equity (ROE) calculated by dividing net income from continuing operations by average shareholders' equity, improved to 21.8% in 1991, compared to 20.4% in 1990 and 15.5% in 1989.

Two major factors contributed to ROE improvement: increased margins and share repurchase. Both gross profit margins and operating profit margins have improved while our active share repurchase program reduced our equity base by \$58 million during the past year.

We continue to focus on maintaining our ROE at a level in excess of 20% by:

- Improved gross margins from our global sourcing program which results in higher quality and lower cost raw materials.
- Better plant utilization due to incremental volume from new customers and continuing

implementation of manufacturing efficiencies.

- Continued benefits from our Total Quality program.

As asset utilization also contributes to a higher ROE, we plan on concentrating efforts in the following areas:

- Continual review of asset performance and disposition of those operations that do not consistently meet our return objectives.
- Effective balance sheet management at the operating unit and corporate level with a part of management incentive programs oriented to improve asset utilization.
- Cost-saving opportunities in capital expenditures.

Capital Structure/Debt Financing

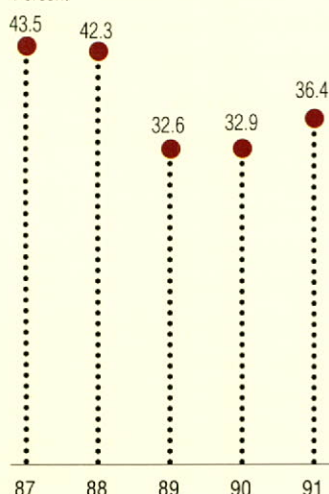
The capital structure of the Company remained strong in 1991. With healthy cash flows from operations and considerable financial flexibility within our targeted debt level, management is comfortable with our current debt to total capital ratio of 40% or less, excluding non-recourse debt.



Debt to Total Capital

(Excluding non-recourse debt)

Percent



Total debt to total capital, excluding non-recourse debt, was 36.4% in 1991 versus 32.9% in 1990 and 32.6% in 1989. Debt of \$63.3 million is exclusively the responsibility of Gilroy Energy Company, our cogeneration unit, and is non-recourse to the Company. Approximately \$2 million of this debt

(payment of the first installment) is carried in the current liabilities section of the Balance Sheet. Interest-bearing debt increased by \$44 million in 1991. During the year, we issued \$75 million of notes. This offering was completed and quickly absorbed by investors at an 8.95% interest rate. We maintained our long-term debt rating of "A" with both major debt rating services. The proceeds from this issue were used to pay off a \$30 million note in early December 1991 and approximately \$38 million of variable rate notes.

With the exception of the \$30 million of debt refinancing mentioned above, the Company does not have any significant amounts of long-term debt coming due in 1992. The Company's long-term debt level remained virtually unchanged.

Operating cash flows should remain adequate to fund internal expansion and dividend payments for the foreseeable future. Our current capital structure and investment ratings should provide the Company with

adequate financial flexibility within our targeted debt levels.

We will continue to evaluate various methods to profitably expand our business including appropriate acquisitions. Our acquisition focus is in the spice and herb, condiment and niche packaging areas, both domestic and international. Our primary justification for an acquisition remains the timely achievement of an acceptable return on investment.

Liquidity

The Company's current ratio was 1.2 in 1991 versus 1.3 in 1990 and 1.7 in 1989. The \$30 million of long-term debt due in December 1991 was classified as a current liability and affected this measurement. The Company's current ratio does not represent a complete measure of the cash resources available to finance our operating cash requirements. The Company has \$236 million of committed credit facilities not in use at yearend with a number of

Liquidity

	1991	1990	1989
		(in millions)	
Net income before depreciation and other non-cash charges	\$120.3	\$103.9	\$95.4
Dividends received from unconsolidated subsidiaries	3.2	1.6	2.5
Change in operating assets and liabilities	(49.1)	(33.3)	(31.9)
Cash flow from operations	\$ 74.4	\$ 72.2	\$66.0
Current ratio	1.2	1.3	1.7



McCormick has developed a comprehensive global sourcing program to establish partnerships with major spice and herb growers around the world.

domestic and foreign banks which provide additional liquidity.

Cash from operations was used to finance capital acquisitions, dividend payments and stock repurchases. Inventory turnover declined slightly to 3.5 times versus 3.7 times in 1990 and 3.6 times in 1989. An abundant crop of onion and garlic in 1991 resulted in a higher level of dehydrated products carried over into 1992. This inventory position will be balanced in the current crop year. The receivables turnover rate declined to 13.3 times in 1991 versus 13.6 in 1990 and 13.3 in 1989. The economic environment caused a general slowdown in the collection of receivables. A reorganization of the military disbursement system at the end of 1991 resulted in a significant

slowdown in receivable collections from our military customers. This situation is expected to be temporary. Prepaid allowances increased by \$20 million in 1991. These allowances relate to certain contracts that extend beyond one year and are amortized over the life of the contracts.

Capital Expenditures

Capital expenditures in 1991 were \$73 million compared to \$58 million in 1990 and \$53 million in 1989. The majority of our capital expenditure projects continue to be oriented toward cost reduction, increasing capacity and yield improvement projects.

During 1991, significant capital expenditures included:

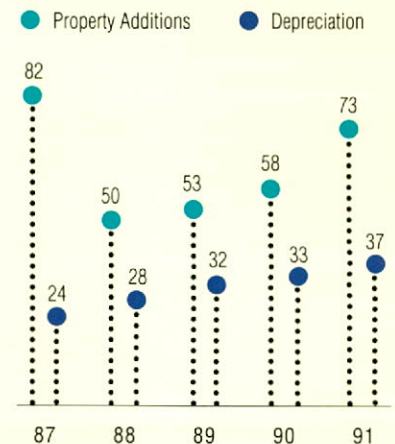
- Expansion and upgrade of manufacturing and warehousing facilities in the U.K. to provide greater capacity and improved efficiencies.

- Increase of capsicum processing capacity at our facility in Texas.
- Improvement of raw material handling and blending capabilities at our East Coast consumer products manufacturing facility.
- Addition of new seasoning mix production capacity at our West Coast consumer products plant.
- Construction of our Corporate and International Headquarters building.
- Installation of equipment to increase molded cap production capacity at our Tubed Products plant.

Although we plan to continue to pursue facility improvements and cost reduction opportunities, it is anticipated the level of spending in 1992 will be slightly lower than the previous year.

Capital Expenditures

Millions of Dollars



Dividends/Stock Split

Dividends have been increased eight times since 1987 and have risen at a compounded rate of 21%. Total dividends paid during fiscal 1991 were \$22.4 million versus \$18.7 million in 1990 and \$14.6 million in 1989. In December 1990, the Board of Directors authorized an increase in the annual dividend rate from \$.24 to \$.26. In June 1991, the Board increased the rate to \$.30 per share. The dividends paid over the past three years are summarized below on a quarterly basis.

	1991	1990	1989
First Quarter	\$.065	\$.055	\$.040
Second Quarter	.065	.055	.040
Third Quarter	.075	.060	.045
Fourth Quarter	.075	.060	.045
Total	\$.280	\$.230	\$.170

In November 1991, the Board authorized a 2-for-1 stock split for both classes of Common stock outstanding. The record date for the split was December 31, 1991, and the distribution of shares took place on January 17, 1992.

In December 1991, the Board of Directors approved an additional quarterly dividend increase from \$.075 to \$.09 per share, a 20% increase. Our policy is to pay dividends equal to 25% - 35% of current net income to shareholders of Common stocks.

Price Range of Common Stock

The high and low closing prices of Common stock during fiscal quarters as reported on the NASDAQ National Market follows:

	Year ended November			
	1991		1990	
Quarter ended	High	Low	High	Low
February 28	\$17.25	\$11.88	\$13.38	\$ 9.38
May 31	20.25	16.50	12.00	10.13
August 31	22.88	18.25	13.00	9.13
November 30	22.75	18.88	11.63	10.13



Historical Financial Summary

(dollars in millions except per-share data)

Operating Results	1991	1990	1989	1988	1987	1986	1985	1984	1983	1982
Net sales	1,427.9	1,323.0	1,246.1	1,220.3	1,078.5	975.7	873.0	788.4	743.2	717.7
Cost of goods sold	886.6	838.2	805.9	812.6	710.2	637.4	564.5	503.1	464.3	449.8
Gross profit	541.3	484.8	440.2	407.7	368.3	338.3	308.5	285.3	278.9	267.9
Selling, general and admin. expense	395.8	357.7	338.2	312.9	305.2	271.3	247.9	220.1	212.2	207.9
Operating profit	145.5	127.1	102.0	94.8	63.1	67.0	60.6	65.2	66.7	60.0
Interest & other income/expense	(30.6)	(22.8)	(23.5)	(31.0)	(22.5)	(23.5)	(21.4)	(13.6)	(14.6)	(12.3)
Provision for taxes	(42.8)	(38.6)	(29.5)	(27.8)	(16.6)	(19.4)	(18.1)	(24.8)	(25.7)	(22.8)
Income – consolidated operations	72.1	65.7	49.0	36.0	24.0	24.1	21.1	26.8	26.4	24.9
Income – unconsolidated food operations	8.8	3.7	3.5	(.4)	.4	.3	.5	.8	1.2	(4.9)
Income – continuing operations	80.9	69.4	52.5	35.6	24.4	24.4	21.6	27.6	27.6	20.0
Income – discount. real estate operations			83.0	.7	6.2	5.3	6.2	27.0	12.5	5.0
Accounting change – deferred taxes				6.4						
Net income	80.9	69.4	135.5	42.7	30.6	29.7	27.8	54.6	40.1	25.0
Gross profit margin	37.9%	36.6%	35.3%	33.4%	34.1%	34.7%	35.3%	36.2%	37.5%	37.3%
Operating profit margin	10.2%	9.6%	8.2%	7.8%	5.9%	6.9%	6.9%	8.3%	9.0%	8.4%
Profit margin – consolidated	5.1%	5.0%	3.9%	3.0%	2.2%	2.5%	2.4%	3.4%	3.6%	3.5%
Percent change over prior year										
Net sales	7.9%	6.2%	2.1%	13.2%	10.5%	11.8%	10.7%	6.1%	3.5%	8.8%
Income – continuing operations	16.6%	32.1%	47.5%	45.9%	.0%	13.0%	(21.7)%	.0%	38.0%	(16.7)%
Effective tax rate	37.2%	37.0%	37.6%	43.6%	40.9%	44.6%	46.2%	48.1%	49.3%	47.8%
Liquidity										
Depreciation and amortization	40.5	36.6	34.8	29.8	30.4	24.5	23.5	20.9	19.6	19.0
Net income before depreciation and other non-cash charges ⁽¹⁾	120.3	103.9	95.4	69.7	57.4	58.4	49.3	50.7	50.2	46.5
Capital expenditures	73.0	58.4	53.4	50.4	81.7	82.9	41.3	31.3	37.2	22.4
Current ratio	1.2	1.3	1.7	1.4	1.4	1.4	1.3	1.4	1.6	1.6
Capital Structure										
Current debt	76.7	30.4	20.3	49.5	76.7	51.9	56.5	44.8	18.3	25.6
Long-term debt	145.8	148.2	147.2	166.1	139.5	102.2	94.8	96.6	56.8	62.4
Non-recourse debt	63.3	63.3	63.3	63.3	58.6	24.6				
Total debt	285.8	241.9	230.8	278.9	274.8	178.7	151.3	141.4	75.1	88.0
Shareholders' equity	389.2	364.4	346.2	294.3	280.6	271.6	261.1	243.7	216.4	187.3
Total capital	675.0	606.3	577.0	573.2	555.4	450.3	412.4	385.1	291.5	275.3
Total assets	1,032.0	946.9	864.5	846.4	776.5	648.1	582.4	542.5	419.5	399.7
Return on equity – continuing operations	21.8%	20.4%	15.5%	14.6%	11.1%	11.9%	11.9%	15.5%	16.3%	12.8%
Return on equity – total	21.8%	20.4%	40.0%	14.6%	11.3%	11.3%	11.3%	23.2%	20.6%	14.1%
Percent debt to total capital	42.3%	39.9%	40.0%	48.7%	49.5%	39.7%	36.7%	36.7%	25.8%	32.0%
Debt to capital excluding non-recourse	36.4%	32.9%	32.6%	42.3%	43.5%	36.2%	36.7%	36.7%	25.8%	32.0%
Per Common Share ⁽²⁾										
Income – continuing operations	.98	.83	.60	.38	.26	.25	.22	.28	.28	.20
Income – discount. real estate operations			.94	.01	.06	.06	.06	.27	.12	.05
Income before accounting change	.98	.83	1.54	.39	.32	.31	.28	.55	.40	.25
Accounting change – deferred taxes				.07						
Total earnings	.98	.83	1.54	.46	.32	.31	.28	.55	.40	.25
EPS growth from continuing operations	18%	38%	58%	46%	4%	14%	(21)%	0%	40%	(20)%
Book value	4.88	4.56	4.18	3.27	3.00	2.83	2.68	2.50	2.16	1.89
Common dividends declared ⁽³⁾	.31	.24	.19	.14	.13	.11	.11	.14	.11	.10
Market price: High	22.88	13.38	12.50	7.25	6.44	5.66	4.75	4.27	4.44	3.90
Low	11.88	9.13	6.31	3.85	4.10	4.16	3.85	3.57	3.10	2.27
Dividend payout ratio ⁽⁴⁾	28.6%	28.9%	30.8%	36.5%	38.5%	37.4%	38.6%	25.5%	27.3%	39.6%
Average shares outstanding and equivalents (000)	82,396	83,720	87,772	93,068	94,408	96,848	98,000	99,184	99,680	99,024

(1) Determined from net cash provided by operating activities before giving effect to changes in operating assets and liabilities, and dividends received from unconsolidated subsidiaries.

(2) All share data adjusted for 2-for-1 stock splits in January 1992, January 1990 and April 1988.

(3) Includes fourth quarter dividends for the years 1991, 1990, 1989, 1988, and 1986, which were declared in December of each of those years.

(4) Dividend payout ratio does not include gain on sale of discontinued real estate operations, or cumulative effect of accounting change.

*Cake Mate
decorating
items continue
to be one of the
most widely
distributed of all
McCormick
retail products.*



Consolidated Income

	Year ended November 30		
	1991	1990	1989
(dollars in thousands except per-share data)			
Net sales	\$1,427,902	\$1,322,977	\$1,246,080
Cost of goods sold	886,514	838,164	805,902
Gross profit	541,388	484,813	440,178
Selling, general and administrative expense	395,811	357,717	338,174
Profit from operations	145,577	127,096	102,004
Other income	5,040	12,853	17,012
Interest expense	27,464	29,300	32,927
Other expense	8,205	6,338	7,543
Income before income taxes	114,948	104,311	78,546
Provision for income taxes	42,800	38,600	29,500
Income from consolidated operations	72,148	65,711	49,046
Income from unconsolidated operations	8,776	3,655	3,479
Income from continuing operations	80,924	69,366	52,525
Gain on sale of discontinued real estate operations			83,000
Net income	\$ 80,924	\$ 69,366	\$ 135,525
Primary earnings per common share			
Income from continuing operations	\$.98	\$.83	\$.60
Gain on sale of discontinued real estate operations94
Primary earnings per common share	\$.98	\$.83	\$1.54

See Notes to Financial Statements, pages 26-32.

Consolidated Balance Sheet

Assets	November 30	
	1991	1990
	(dollars in thousands)	
Current assets		
Cash and cash equivalents	\$ 6,024	\$ 5,347
Receivables		
Trade	139,118	128,623
Other	14,063	18,159
Allowance for losses	(3,465)	(2,521)
	149,716	144,261
Inventories		
Finished products and work-in-process	181,189	157,582
Raw materials and supplies	87,431	81,189
	268,620	238,771
Prepaid expenses	20,794	20,487
Total current assets	445,154	408,866
Investments	30,664	21,818
Property, plant and equipment		
Land and improvements	24,537	21,489
Buildings and improvements	151,980	130,374
Machinery and equipment	398,163	373,939
Construction in progress	30,627	30,573
	605,307	556,375
Less accumulated depreciation and amortization	226,782	202,392
Property, plant and equipment - net	378,525	353,983
Excess cost of acquisitions - net	70,780	75,963
Prepaid allowances	102,247	81,922
Other assets	4,675	4,384
Goodwill, trademarks, formulae, etc.	1	1
Human relations	1	1
	<u>\$1,032,047</u>	<u>\$946,938</u>

See Notes to Financial Statements, pages 26-32.

Liabilities and Shareholders' Equity	November 30	
	1991	1990
	(dollars in thousands)	
Current liabilities		
Notes payable	\$ 43,664	\$ 25,631
Bank overdrafts	34,217	31,882
Current portion of long-term debt	34,524	4,762
Trade accounts payable	94,990	96,049
Other accounts payable and accrued liabilities	142,227	128,129
Income taxes	10,565	19,431
Total current liabilities	360,187	305,884
Long-term debt	207,627	211,467
Deferred income taxes	55,217	46,840
Other liabilities	19,813	18,380
Total liabilities	642,844	582,571
Shareholders' equity		
Common Stock, no par value; authorized 80,000,000 shares; issued and outstanding: 1991 - 14,441,000 shares, 1990 - 14,444,000 shares	27,779	16,817
Common Stock Non-Voting, no par value; authorized 80,000,000 shares; issued and outstanding: 1991 - 65,241,000 shares, 1990 - 65,422,000 shares	72,478	58,499
Retained earnings	280,572	274,357
Foreign currency translation adjustments	8,374	14,694
Total shareholders' equity	389,203	364,367
Commitments and contingent liabilities	\$1,032,047	\$946,938

See Notes to Financial Statements, pages 26-32.

Consolidated Statement of Shareholders' Equity

Changes in Amounts	Preferred Stock	Common Stocks	Retained Earnings	Currency Translation Adjustments	Total
(dollars in thousands)					
Balance, December 1, 1988.....	\$ 262	\$ 55,764	\$ 227,783	\$ 10,474	\$ 294,283
Net income.....			135,525		135,525
Dividends declared.....					
Preferred (\$5.00/share).....			(13)		(13)
Common (\$.17/share).....			(14,556)		(14,556)
Currency translation adjustments.....				(6,821)	(6,821)
Shares purchased.....		(6,233)	(70,975)		(77,208)
Shares issued.....		14,983			14,983
Balance, November 30, 1989.....	262	64,514	277,764	3,653	346,193
Net income.....			69,366		69,366
Dividends declared.....					
Preferred (\$6.46/share).....			(17)		(17)
Common (\$.23/share).....			(18,661)		(18,661)
Currency translation adjustments.....				11,041	11,041
Shares purchased.....	(262)	(5,612)	(54,095)		(59,969)
Shares issued.....		16,414			16,414
Balance, November 30, 1990.....	0	75,316	274,357	14,694	364,367
Net income.....			80,924		80,924
Dividends declared (\$.28/share).....			(22,435)		(22,435)
Currency translation adjustments.....				(6,320)	(6,320)
Shares purchased.....		(5,417)	(52,274)		(57,691)
Shares issued.....		30,358			30,358
Balance, November 30, 1991.....	\$ 0	\$100,257	\$280,572	\$ 8,374	\$389,203

Changes in Shares Issued and Outstanding	Preferred	Common	Common Non-Voting
(shares in thousands)			
Balance, December 1, 1988.....	3	13,636	76,476
Purchased and retired.....		(230)	(9,632)
Issued.....		1,074	1,592
Equal exchange.....		(776)	776
Balance, November 30, 1989.....	3	13,704	69,212
Purchased and retired.....	(3)	(108)	(4,924)
Issued.....		1,126	856
Equal exchange.....		(278)	278
Balance, November 30, 1990.....	0	14,444	65,422
Purchased and retired.....		(624)	(2,498)
Issued.....		1,087	1,851
Equal exchange.....		(466)	466
Balance, November 30, 1991.....	0	14,441	65,241

See Notes to Financial Statements, pages 26-32.

Consolidated Cash Flows

	1991	Year ended November 30 1990	1989
		(dollars in thousands)	
Cash flows from operating activities			
Net income.....	\$ 80,924	\$ 69,366	\$135,525
Adjustments to reconcile net income to net cash provided by operating activities			
Depreciation and amortization.....	40,476	36,592	34,818
Provision for deferred income taxes.....	6,062	433	2,787
Gain on sales of assets.....	(940)	(4,577)	(4,360)
Gain on sale of discontinued real estate operations.....			(83,000)
Deferred taxes on sale of discontinued real estate operations.....			11,000
Share of income from unconsolidated operations.....	(8,776)	(3,655)	(3,479)
Other items not requiring or providing cash.....	2,526	5,783	2,114
Changes in operating assets and liabilities net of effects from businesses acquired or sold			
Receivables (increase)/decrease.....	(7,537)	(20,068)	10,087
Inventories (increase).....	(33,049)	(13,192)	(2,802)
Prepaid allowances (increase).....	(20,672)	(34,961)	(28,842)
Prepaid expenses (increase)/decrease.....	(71)	525	989
Accounts payable increase.....	1,266	15,079	507
Bank overdrafts increase.....	2,335	1,685	530
Income taxes payable increase/(decrease).....	(6,284)	6,215	(16,044)
Other accrued liabilities increase.....	15,130	12,525	4,357
Other assets (increase).....	(182)	(1,209)	(668)
Dividend received from unconsolidated subsidiary.....	3,182	1,623	2,454
Net cash provided by operating activities.....	74,390	72,164	65,973
Cash flows from investing activities			
Acquisitions of businesses.....	(246)	(18,469)	(8,260)
Purchases of property, plant and equipment.....	(72,978)	(58,380)	(53,427)
Proceeds from sale of assets.....	14,583	12,150	23,459
Proceeds from sale of discontinued real estate operations.....			139,230
Other investments.....	(2,861)	445	(2,452)
Net cash provided by/(used in) investing activities.....	(61,502)	(64,254)	98,550
Cash flows from financing activities			
Notes payable increase/(decrease).....	18,259	5,629	(26,381)
Long-term debt			
Borrowings.....	76,873	7,703	8,054
Repayments.....	(51,476)	(6,561)	(29,292)
Stocks			
Issued.....	24,858	16,414	14,983
Acquired by purchase.....	(57,691)	(59,969)	(77,208)
Dividends paid.....	(22,433)	(18,677)	(14,562)
Net cash used in financing activities.....	(11,610)	(55,461)	(124,406)
Effect of exchange rate changes on cash and cash equivalents.....	(601)	1,318	198
Increase/(decrease) in cash and cash equivalents.....	677	(46,233)	40,315
Cash and cash equivalents at beginning of year.....	5,347	51,580	11,265
Cash and cash equivalents at end of year.....	\$ 6,024	\$ 5,347	\$ 51,580

See Notes to Financial Statements, pages 26-32.

Notes to Consolidated Financial Statements

(dollars in thousands except per-share data)

1. Summary of Accounting Policies:

Consolidation

The financial statements include all majority-owned subsidiaries.

Cash and Cash Equivalents

The Company considers all highly liquid investments purchased with an original maturity date of three months or less to be cash equivalents.

The Company's central cash management system is designed to maintain zero balances at certain banks. Accounting records classify checks written but not presented to these banks as bank overdrafts.

Inventories

Inventories are stated at the lower of cost (first-in, first-out) or market.

Prepaid Allowances

The Company incurs costs in connection with certain contracts which extend beyond a one-year period. These costs are deferred and amortized over the life of the contracts.

Investments

Investments in the Company's unconsolidated affiliates are carried on the equity basis; other investments are stated at cost.

The excess cost of acquisition of subsidiaries and affiliates is being amortized using the straight-line method over periods ranging from 25 to 40 years. Accumulated amortization of excess cost of acquisitions was \$17,586 at November 30, 1991 and \$15,297 at November 30, 1990.

Property, Plant and Equipment

Property, plant and equipment is stated on the basis of cost. Depreciation is computed using principally the straight-line method. Depreciation expense was \$37,046 in 1991; \$33,251 in 1990 and \$31,919 in 1989.

Capitalized leased assets and leasehold improvements are amortized over the shorter of their estimated life or the period of the related leases.

Income Taxes

Deferred income taxes are provided for temporary differences arising between the tax basis of assets and liabilities and their reported amounts in the financial statements. Income taxes are provided at rates applicable in the countries in which the income is earned. Provision for United States income taxes is not made for unremitted earnings of foreign subsidiaries and affiliates until it becomes apparent that such earnings are to be distributed or otherwise become subject to United States income taxes. Unremitted earnings of such entities were \$41,700 at November 30, 1991.

Research and Development

Research and development costs are charged to operations as incurred. Such costs were \$11,438 in 1991; \$10,121 in 1990 and \$8,082 in 1989.

Earnings Per Share

Primary earnings per common share have been computed by dividing net income, reduced by preferred stock dividends paid, by the weighted average number of common shares outstanding during the period (80,030,000 shares in 1991; 80,856,000 shares in 1990 and 85,300,000 shares in 1989), plus dilutive common equivalent shares applicable to outstanding stock option and purchase plans of 2,366,000 shares in 1991; 2,864,000 shares in 1990 and 2,472,000 shares in 1989 respectively. Fully diluted earnings per common share were the same as primary earnings per share in all periods presented.

All per-share data in these financial statements have been adjusted for the 2-for-1 stock split effective January 17, 1992 (see note 6).

Credit Risk

Financial instruments which potentially subject the Company to concentrations of credit risk consist primarily of trade accounts receivable. Because the Company has a large and diverse customer base with no single customer accounting for a significant percentage of trade accounts receivable, there was no material concentration of credit risk at November 30, 1991.

2. Investments:

The Company owns from 22.5% to 50% of its unconsolidated food products affiliates. Although the Company reports its share of earnings from the affiliates, their financial statements are not consolidated with those of the Company.

Summarized yearend information from the financial statements of these companies representing 100% of their businesses follows:

	Unconsolidated Affiliates		
	1991	1990	1989
Current assets	\$ 94,508	\$ 76,077	\$ 71,629
Non-current assets	46,303	40,409	32,828
Current liabilities	77,517	55,359	50,319
Non-current liabilities	16,798	26,650	28,333
Net sales	218,564	190,541	191,506
Gross profit	91,042	74,460	75,150
Net income	\$ 18,140	\$ 9,456	\$ 8,253

3. Financing Arrangements and Long-Term Debt:

At November 30, 1991, the Company had available credit facilities with domestic and foreign banks in the aggregate of \$236,000. The Company maintains these credit facilities largely to assure liquidity and support commercial paper issuance. There were no borrowings outstanding against these facilities at November 30, 1991. The Company is required to pay a commitment fee on the unused portion of these facilities.

The Company has short-term lending arrangements for the benefit of its foreign subsidiaries which provide for lines of credit aggregating \$31,500. Borrowings under these agreements

totaled \$4,120 at November 30, 1991. The Company also has informal money market rate borrowing agreements with its domestic and foreign banks in excess of \$300,000, subject to availability of funds; compensation is not required. Short-term borrowings under these arrangements totaled \$19,300 at November 30, 1991.

At November 30, 1991, the Company had unconditionally guaranteed the debt of affiliates amounting to \$1,925.

The Company's long-term debt at November 30 consisted of the following:

	1991	1990
8.95% note due July 2001	\$ 74,157	\$ —
9.00% installment note due March 2002	22,727	25,000
9.75% installment note due April 2003	35,000	35,000
11.68% non-recourse installment note due December 2006	61,764	63,283
Variable rate notes	—	38,590
8.30% note due December 1991	—	30,000
Industrial revenue bonds	10,034	16,154
Other	3,945	3,440
Total	<u>\$207,627</u>	<u>\$211,467</u>

The installment note agreements require sinking fund payments. The Company's long-term debt agreements contain various restrictive covenants including payment of cash dividends. Under the most restrictive covenant, \$212,131 of retained earnings was available for dividends at November 30, 1991.

Industrial revenue bonds are payable in installments from 1992 to 2002 with interest rates ranging from 4.35% to 7.63%.

The non-recourse installment note is secured by property and equipment owned by Gilroy Energy Company, Inc. with a net book value of \$73,340.

Included in other long-term debt are capital lease obligations aggregating \$658 due in installments to 1997.

Maturities of long-term debt during the four years subsequent to November 30, 1992 are as follows:

1993 — \$7,329	1995 — \$10,193
1994 — \$8,467	1996 — \$ 8,602

The Company enters into forward exchange contracts to hedge the impact of foreign currency fluctuations on its net investments in certain foreign subsidiaries. At November 30, 1991, the Company had outstanding \$39,131 of forward exchange contracts with commercial banks expiring in 1992. The gains or losses on these contracts are included in the foreign currency translation adjustments account within shareholders' equity.

Interest paid in 1991, 1990 and 1989 was \$25,233; \$29,399 and \$30,659 respectively, of which \$741 and \$268 was capitalized in 1991 and 1990 respectively.

4. Employee Benefit Plans:

Pension Plans

The Company has two non-contributory defined benefit pension plans, one covering substantially all domestic employees other than those covered under union-sponsored multi-employer plans, and another to provide supplemental retirement benefits for certain officers. Plan benefits are generally based on the employee's years of service and compensation during the last five years of employment. At November 30, 1991, Company employees numbering approximately 4,430 were eligible to participate, and were participants, in the plans. The Company's funding policy is to comply with federal laws and regulations and to provide the principal plan with assets sufficient to meet future benefit payments. The Company contributed \$3,577 to its principal plan

in 1991. The plans' assets consist primarily of short-term money market investments, fixed income investments and equity securities, which included 303,658 shares of Company stocks at November 30, 1991. In 1989, the Company incurred curtailment gains of \$844 and \$1,015 from its principal pension plan as a result of selling its foodservice portion control business and its discontinued real estate operations, respectively. These gains were recorded as part of the gain on these sales in accordance with Statement of Financial Accounting Standards (SFAS) No. 88, "Employers' Accounting for Settlements and Curtailments of Defined Benefit Pension Plans and for Termination Benefits."

A summary of the components of pension cost for the defined benefit plans and the total costs charged to pension expense follows:

	1991	1990	1989
Defined benefit plans			
Service cost — benefits earned during the period.....	\$ 4,401	\$ 3,823	\$ 3,199
Interest cost on projected benefit obligations.....	8,069	7,360	6,821
Actual return on plan assets including unrealized (gain)/loss.....	(11,383)	(1,272)	(11,825)
Net amortization and deferral.....	4,685	(5,881)	4,085
Net pension cost.....	5,772	4,030	2,280
Multi-employer pension plans.....	1,488	1,458	1,356
Foreign retirement plans.....	1,900	1,177	1,400
Total pension expense.....	\$ 9,160	\$ 6,665	\$ 5,036

The following table sets forth the defined benefit plans' funded status, amounts recognized in the Company's Consolidated Balance Sheet and significant assumptions as of September 30:

	1991	1990
Funded status		
Actuarial present value of benefit obligation		
Vested.....	\$ 76,622	\$ 68,222
Non-vested.....	2,457	2,920
Accumulated benefit obligation.....	\$ 79,079 (a)	\$ 71,142 (c)
Balance sheet recognition		
Projected benefit obligation for service rendered to date.....	\$(105,777)	\$(91,465)
Plan assets at fair value.....	80,821 (b)	70,404 (d)
Projected benefit obligation in excess of plan assets.....	(24,956)	(21,061)
Unrecognized net loss from past experience different from that assumed and effects of changes in assumptions.....	17,807	16,480
Unrecognized net transition asset and prior service cost.....	(4,915)	(5,892)
Accrued pension cost recognized in Consolidated Balance Sheet.....	\$ (12,064)	\$(10,473)
Significant assumptions		
Weighted-average discount rate.....	8.5%	9.0%
Rate of increase in compensation levels.....	6.0%	6.5%
Long-term rate of return on plan assets.....	10.5%	10.0%
	Principal Plan	Supplemental Plan
(a) Accumulated benefit obligation - 1991.....	\$69,923	\$9,156
(b) Plan assets at fair value - 1991.....	\$76,390	\$4,431
(c) Accumulated benefit obligation - 1990.....	\$63,731	\$7,411
(d) Plan assets at fair value - 1990.....	\$66,544	\$3,860

Profit Sharing Plan

The Company makes contributions to the McCormick Profit Sharing Plan in accordance with the Plan's provisions. Contributions were \$4,900 in 1991; \$4,300 in 1990 and \$3,200 in 1989. At November 30, 1991, Company employees numbering approximately 4,800 were eligible to participate, and were participants, in the Plan.

Postretirement Benefits

In addition to pension benefits, the Company also provides health care and life insurance benefits to eligible retirees. The cost of these benefits to the Company, which are charged to expense as claims are paid, was \$1,262 in 1991, \$1,052 in 1990 and \$1,111 in 1989.

In 1990, the Financial Accounting Standard Board approved SFAS No. 106, "Employers' Accounting for Postretirement Benefits Other Than Pensions," which requires the expected cost of postretirement benefits to be accrued during the years that the employees render service. The standard must be adopted by the Company no later than its 1994 fiscal year. The new standard will require recognition of a transition obligation based on the aggregate amount that would have been recorded in prior years had the new standard been in effect for those years. In the year of adoption, the transition obligation may be recorded as a one-time charge to income or it may be amortized over 20 years. The Company estimates this one-time charge, net of income tax benefit, would be between \$40,000 and \$50,000. The incremental annual charge to earnings, net of tax, over the current accounting method is estimated to range from \$4,000 if the Company elects to take the one-time charge

for the transition obligation, to \$8,000 if the obligation is amortized. The Company has not determined when it will adopt the standard or whether it will record the transition obligation as a one-time charge or amortize it over future years. These estimates assume the availability of tax benefits in accordance with the proposed changes to SFAS No. 96, "Accounting for Income Taxes."

The foregoing accounting changes, when adopted, will have no impact on the Company's cash flows.

Stock Option Plans

Under the 1981, 1984 and 1990 Stock Option Plans, options to purchase shares of the Company's common stocks have been or may be granted to employees of the Company and its subsidiaries at the fair market value on the date granted. Approximately 370 employees of the Company were granted options under the Company's option plans during the fiscal year ended November 30, 1991. At November 30, 1991, the average exercise price for outstanding options was \$8.60 per share and the expiration dates ranged from February 15, 1992 to August 23, 2000.

The Company also has an Employees Stock Purchase Plan in which the purchase price is the lower of fair market value at the date granted or exercised. There were subscriptions for 539,272 shares under the Plan at November 30, 1991, at an option price of \$18.00 per share or the closing price on the date of exercise, whichever price is less. At November 30, 1991, Company employees numbering 1,756 were participants in the 1991 Employees Stock Purchase Plan.

	Common	Common Non-Voting	Price Range Per Share
	(shares in thousands)		
Outstanding December 1, 1990	1,966	3,192	\$3.55 - \$11.07
Granted.....	362	941	\$18.00
Exercised.....	(518)	(1,489)	\$3.81 - \$18.00
Cancelled or expired.....	(2)	(59)	\$4.41 - \$18.00
Outstanding November 30, 1991	<u>1,808</u>	<u>2,585</u>	\$3.55 - \$18.00

Under all plans, there were 4,747,380 shares reserved for future grants and 3,803,288 shares exercisable as of November 30, 1991.

5. Income Taxes:

Income taxes paid in 1991, 1990 and 1989 were \$41,391; \$24,538 and \$85,537 respectively. The provision for income taxes follows:

	1991	1990	1989
Current			
Federal	\$25,640	\$27,787	\$18,495
State	4,952	4,670	4,782
Foreign	6,146	5,710	3,436
	<u>36,738</u>	<u>38,167</u>	<u>26,713</u>
Deferred	6,062	433	2,787
	<u>\$42,800</u>	<u>\$38,600</u>	<u>\$29,500</u>
The components of deferred income tax are:			
Tax over book depreciation	\$ 4,960	\$ 5,656	\$ 6,848
Tax under book coupon expense	(187)	(339)	(807)
Payments to employee benefit trust	380	438	958
Inventory capitalization	(928)	(924)	(947)
Employee benefit liabilities	2,877	(911)	(623)
Leveraged auto leases	(382)	(1,166)	(2,298)
Other	(658)	(2,321)	(344)
	<u>\$ 6,062</u>	<u>\$ 433</u>	<u>\$ 2,787</u>

Income tax expense varies from the amount computed by applying the statutory federal income tax rate to income before income taxes as follows:

	1991	1990	1989
	(percent of pretax income)		
Federal statutory tax rate	34.0%	34.0%	34.0%
State income taxes, net of federal tax benefits	3.7	3.3	5.0
Foreign taxes in excess of federal statutory rate9	1.3	1.6
Foreign taxes on land sale in U.K. lower than federal statutory rate		(1.4)	
Benefit from sale of Brazilian subsidiary			(2.9)
Rehabilitation investment and other tax credits	(.4)	(.7)	
Other items	(1.0)	.5	(.1)
Actual income tax rate	<u>37.2%</u>	<u>37.0%</u>	<u>37.6%</u>

The deferred income tax liability is composed primarily of tax over book depreciation and book over tax gain on the sale of discontinued real estate operations.

6. 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 voting 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) the Company has 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 the Company's Common Stock; and (3) at such time as such person controls more than 50% of the votes entitled to be cast by the holders of outstanding shares of voting 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 are entitled to vote on reverse mergers and statutory share exchanges where the capital stock of the Company is converted into other securities or

property, dissolution of the Company and the sale of substantially all of the assets of the Company, as well as forward mergers and consolidation of the Company. Holders of Common Stock Non-Voting will vote as a separate class on all matters on which the holders of Common Stock Non-Voting are entitled to vote.

On November 19, 1991, the Board of Directors declared a 2-for-1 stock split effected as a 100% stock dividend distribution on January 17, 1992, whereby each shareholder of Common Stock and Common Stock Non-Voting at the close of business on December 31, 1991 became entitled to receive one additional share of stock for every share held. Information throughout these financial statements has been restated for this stock split to present all data on a comparable and consistent basis.

In connection with acquisitions of businesses, 318,890 shares of Common Stock Non-Voting were issued during 1991.

7. Foreign Currency Translation:

The Company has included in net income all foreign exchange gains and losses arising from foreign currency transactions and the effects of foreign exchange rate fluctuations on subsidiaries and affiliates operating in highly inflationary economies. The aggregate foreign exchange gains

included in other income were \$100 in 1991; \$320 in 1990 and \$246 in 1989. Effects of foreign exchange rate fluctuations for other foreign Company operations are included in the foreign currency translation adjustments account within shareholders' equity.

8. Leases:

Rental expense was \$13,015 in 1991; \$12,185 in 1990 and \$10,397 in 1989. Future annual fixed rental payments required during the fiscal years 1992 through 1996, for noncancelable operating leases are \$7,673; \$5,852; \$4,423; \$2,946, and \$1,610 respectively. The remaining obligation after 1996 is \$4,288.

Assets recorded as capital leases at November 30, amounted to \$1,402 less accumulated amortization of \$480 in 1991, and

\$1,641 less accumulated amortization of \$664 in 1990. Future minimum lease payments required during the fiscal years 1992 through 1996 for capital leases are \$379; \$282; \$280; \$152, and \$40 respectively. The remaining obligation after 1996 is \$180. At November 30, 1991, the Company's total capital lease obligation after deducting interest is \$931.

9. Discontinued Real Estate Operations:

In 1989, the Company sold all of its wholly owned unconsolidated real estate subsidiary, McCormick Properties,

Inc., for approximately \$540,000. Proceeds were approximately \$139,000 and the gain on sale was \$83,000 after taxes of \$56,000.

10. Business Segment:

The Company operates in one segment — specialty foods, which consists principally of manufacturing, marketing and distributing seasonings, flavorings and food products. It also includes the plastic packaging group. In 1989, the Company sold its real estate segment which is classified as a discontinued operation. The following presents information about operations in different geographic areas:

	United States	Europe	Other Countries	Total
1991				
Net sales	\$1,137,925	\$175,068	\$114,909	\$1,427,902
Net income	64,478	2,511	13,935	80,924
Assets	873,651	111,019	47,377	1,032,047
Liabilities	547,578	72,023	23,243	642,844
1990				
Net sales	\$1,067,019	\$146,133	\$109,825	\$1,322,977
Net income	55,467	7,473	6,426	69,366
Assets	781,039	125,224	40,675	946,938
Liabilities	476,454	81,301	24,816	582,571
1989				
Net sales	\$1,004,612	\$131,811	\$109,657	\$1,246,080
Income				
Specialty foods	47,167	(2,375)	7,733	52,525
Gain on sale of discontinued real estate operations	83,000			83,000
Net income	130,167	(2,375)	7,733	135,525
Assets	734,902	90,949	38,660	864,511
Liabilities	430,431	66,278	21,609	518,318

11. Quarterly Data (Unaudited):

Fully diluted earnings per common share are the same as primary earnings per common share for all periods presented below. All per-share data is adjusted for the 2-for-1 stock splits effective January 19, 1990 and January 17, 1992.

	1991 Quarters				
	1st	2nd	3rd	4th	Year
Net sales	\$323,561	\$332,567	\$341,838	\$429,936	\$1,427,902
Gross profit	115,249	117,161	126,227	182,751	541,388
Net income	15,188	14,942	20,798	29,996	80,924
Primary earnings per common share	\$.18	\$.18	\$.25	\$.37	\$.98

	1990 Quarters				
	1st	2nd	3rd	4th	Year
Net sales	\$300,548	\$301,749	\$321,532	\$399,148	\$1,322,977
Gross profit	103,371	101,603	115,947	163,892	484,813
Net income	9,905	16,061	17,902	25,498	69,366
Primary earnings per common share	\$.11	\$.19 (a)	\$.22	\$.31	\$.83 (a)

(a) Includes gain on sale of land in the United Kingdom of \$.075 per share.

Management's Responsibility for Financial Statements

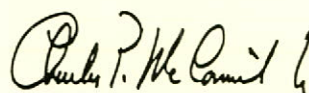
The consolidated financial statements of McCormick & Company, Incorporated and subsidiaries have been prepared by the Company in accordance with generally accepted accounting principles. Management has primary responsibility for the financial information presented and has applied judgment to the information available, made estimates, and given due consideration to materiality in preparing the financial information in this annual report.

The financial statements, in the opinion of management, present fairly the consolidated financial position, results of operations, and cash flows of the Company and subsidiaries for the stated dates and periods in conformity with generally accepted accounting principles. These financial statements have been audited by the Company's independent auditors, Ernst & Young, for each of the three years ended November 30, 1991. The independent auditors review and evaluate control systems and perform such tests of the accounting information and records as they consider necessary to reach their opinion on the Company's consolidated financial statements. In addition, McCormick's Internal Audit function performs audits of accounting records, reviews accounting systems and internal controls, and recommends improvements when appropriate.

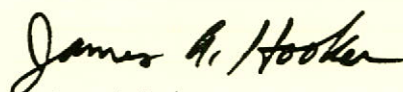
The Audit Committee of the Board of Directors is composed of outside directors. The committee meets periodically with the Internal Audit staff, with members of management, and with

the independent auditors, in order to review annual audit plans, financial information, and the Company's internal accounting and management controls.

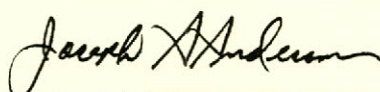
The Company believes that it maintains accounting systems and related controls, and communicates policies and procedures, which provide reasonable assurance that the financial records are reliable, while providing appropriate information for management of the business and maintaining accountability for assets.



Charles P. McCormick, Jr.
Chairman of the Board & Chief Executive Officer



James A. Hooker
Vice President & Chief Financial Officer



Joseph A. Anderson
Vice President & Controller, Chief Accounting Officer

Report of Independent Auditors

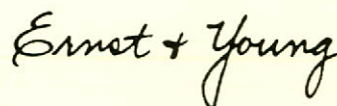
To the Shareholders
McCormick & Company, Incorporated

We have audited the accompanying consolidated balance sheets of McCormick & Company, Incorporated and subsidiaries as of November 30, 1991 and 1990, and the related consolidated statements of income, shareholders' equity, and cash flows for each of the three years in the period ended November 30, 1991. 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 generally accepted auditing standards. 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, 1991 and 1990, and the consolidated results of their operations and their cash flows for each of the three years in the period ended November 30, 1991 in conformity with generally accepted accounting principles.



Baltimore, Maryland
January 17, 1992

Officers and Directors

BOARD OF DIRECTORS

Executive Committee

Charles P. McCormick, Jr. ^Δ
Bailey A. Thomas ^Δ
H. Eugene Blattman
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James A. Hooker ⁰
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Carroll D. Nordhoff ⁰⁰

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College of Business Administration
Northeastern University

George W. Koch ⁺
Partner
Kirkpatrick & Lockhart

George V. McGowan ^Δ
Chairman of the Board &
Chief Executive Officer
Baltimore Gas & Electric Company

Richard W. Single, Sr.

William E. Stevens ⁺
President & Chief Executive Officer
United Industries Corp.

Harry K. Wells ^Δ
Past Chairman of the Board

⁺ Audit Committee Member

^Δ Compensation Committee
Member

⁰ Elected September 16, 1991

⁰⁰ Elected November 18, 1991

CORPORATE OFFICERS

Charles P. McCormick, Jr.
Chairman of the Board & Chief
Executive Officer

Bailey A. Thomas
President & Chief Operating Officer

Susan L. Abbott
Vice President - Quality Assurance

James J. Albrecht
Vice President & Managing Director -
International

Joseph A. Anderson
Vice President & Controller

H. Eugene Blattman
Vice President - Flavor & Agribusiness
Group

George E. Clausen, Jr.
Vice President - Global Sourcing &
Business Development

John W. Felton
Vice President - Corporate
Communications

Harold J. Handley
Vice President & General Manager
McCormick/Schilling Division

James A. Hooker
Vice President & Chief Financial
Officer

H. Donald Jeter
Vice President - Manufacturing

Robert B. McFadden
Executive Vice President - Corporate
Operations Staff

Thomas T. Miller
Vice President - Procurement

Marshall J. Myers
Vice President - Research &
Development

John H. Nelson
Vice President - Science & Technology

Donald A. Palumbo
Vice President & Treasurer

Richard W. Single, Sr.
Vice President, Secretary & General
Counsel

John P. Thompson
Vice President - Management
Information Systems

Karen D. Weatherholtz
Vice President - Human Relations

W. Geoffrey Carpenter
Assistant Secretary & Associate Counsel

Christopher J. Kurtzman
Assistant Treasurer

Robert W. Skelton
Assistant Secretary & Associate General
Counsel

David P. Smith
Assistant Treasurer

Jarrell W. Stockdale, Jr.
Assistant Controller

James V. Stout, Jr.
Assistant Controller

U.S.A.

CONSOLIDATED OPERATING UNITS

Gilroy Foods, Incorporated

Gilroy, California

S. Van Tunstall, *President*

Gilroy Energy Company

Robert P. Kraemer, *President*

Golden West Foods, Inc.

Bedford, Virginia

Carroll D. Nordhoff, *President*

International Group

Sparks, Maryland

James J. Albrecht, *Vice President & Managing Director*

McCormick Flavor Group

H. Eugene Blattman, *Vice President-Flavor & Agribusiness Group*

Food Service Division

Hunt Valley, Maryland

Carroll D. Nordhoff, *Vice President & General Manager*

McCormick-Stange Flavor Division

Hunt Valley, Maryland

Gary W. Zimmerman, *Vice President & General Manager*

McCormick Ingredients

Hunt Valley, Maryland

Randall B. Jensen, *Vice President & General Manager*

McCormick Packaging Group

Robert W. Schroeder, *Vice President*

Setco, Inc.

Anaheim, California

Harvey W. Casey, *President*

Tubed Products, Inc.

Easthampton, Massachusetts

Robert W. Schroeder, *President*

McCormick/Schilling Division

Hunt Valley, Maryland

Harold J. Handley, *Vice President & General Manager*

AFFILIATES

Festin Foods Corp. (50%)

Carlsbad, California

McCormick & Wild, Inc. (50%)

Hunt Valley, Maryland

Sesaco Corporation (22.5%)

Rockford, Illinois

OUTSIDE U.S.A.

CONSOLIDATED OPERATING UNITS

McCormick Canada, Inc.

London, Ontario, Canada

Robert G. Davey, *President*

McCormick de Centro America, S.A.

San Salvador, El Salvador

Jack D. Letzer, *Managing Director*

McCormick de Venezuela, C.A.

Caracas, Venezuela

Bruce S. Galanter, *Managing Director*

McCormick Foods Australia Pty. Ltd.

Clayton, Victoria, Australia

Russell Eves, *Managing Director*

McCormick Ingredients Southeast Asia Private Limited

Jurong, Republic of Singapore

Stanley M. Freedman, *Managing Director*

McCormick GmbH

Eschborn/Taunus, Germany

Henning E. Kampf, *Managing Director*

McCormick S.A.

Regensdorf Z.H., Switzerland

Ernest Abouchar, *Managing Director*

McCormick U.K. plc

High Wycombe

Buckinghamshire, England

Nigel Garrow, *Managing Director*

AFFILIATES

Kancor Flavours and Extracts Limited (40%)

Kerala, India

Lukcor, S.A. (50%)

Larache, Morocco

McCormick de Mexico, S.A. de C.V. (50%)

Mexico City, Mexico

McCormick-Lion Limited (49%)

Tokyo, Japan

Shanghai McCormick Seasoning & Foodstuffs
Company, Limited (35%)

Shanghai, People's Republic of China

Stange (Japan) K.K. (50%)

Tokyo, Japan

New Corporate Address

McCormick & Company, Inc.
18 Loveton Circle
P.O. Box 6000
Sparks, MD 21152-6000
(410) 771-7301

Common Stock

Traded Over-the-Counter
NASDAQ National Market List
Symbol: MCCRK

Common Stock Dividend Dates - 1992

Record Date	Payment Date
3-31-92	4-10-92
6-30-92	7-10-92
10-1-92	10-9-92
12-31-92	1-15-93

Shareholder/Investor Relations

For inquiries concerning shareholder records, certificates, dividends or dividend reinvestment, please contact the Shareholder Relations Office at the Corporate Address or telephone (410) 771-7786.

To obtain **without cost** a copy of the annual report filed with the Securities & Exchange Commission on Form 10-K, please contact the Treasurer's Office at the Corporate Address.

For general questions on McCormick or information in the annual or quarterly reports, please contact the Treasurer's Office at the Corporate Address or telephone:

Report Ordering: (410) 771-7537

Analysts' Inquiries:

Mr. Chris Kurtzman (410) 771-7244

Missing or Destroyed Certificates or Checks

Shareholders whose certificates or dividend checks are missing or destroyed should notify the Shareholder Relations Office immediately so that a "stop" can be placed on the old certificate or check, and a new certificate or check can be issued.

Address Change

Shareholders should advise the Shareholder Relations Office immediately of any change in address. Please include the old address and the new address. If possible, also please enclose a copy of a recent mailing label.

All changes of address must be provided in writing.

Transfer Agent and Registrar

Please contact the Shareholder Relations Office at the Corporate Address or telephone (410) 771-7786.

Multiple Dividend Checks and Duplicate Mailings

Some shareholders hold their stock in different but similar names (for example, as John Q. Doe and J.Q. Doe). When this occurs, it is necessary to create a separate account for each name. Even though the mailing addresses are the same, we are required to mail separate dividend checks and annual and quarterly reports for each account.

Shareholders who want to eliminate multiple dividend checks and mailings should contact the Shareholder Relations Office to request an Account Consolidation Form.

Shareholders who want to eliminate duplicate mailings but still receive multiple dividend checks and proxy material may do so by contacting the Shareholder Relations Office.

Dividend Reinvestment Plan

Shareholders may automatically reinvest their dividends in and make optional cash purchases of stock through the Company's Dividend Reinvestment Plan, subject to limitations set forth in the Plan prospectus. A Plan prospectus and enrollment form may be obtained by contacting the Shareholder Relations Office at (410) 771-7537.

Trademarks

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



*The global search for the finest quality
spices is an ancient quest made more
efficient at McCormick using today's
technology.*

McCormick & Company, Incorporated

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