

MCCORMICK & CO INC
Form 424B3
August 26, 2008
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The information in this preliminary prospectus supplement and the accompanying prospectus is not complete and may be changed. This preliminary prospectus supplement and the accompanying prospectus are not an offer to sell these securities and are not soliciting an offer to buy these securities in any state where the offer or sale is not permitted.

Filed Pursuant to Rule 424(b)(3)
Registration No. 333-147809

Subject to Completion, dated August 26, 2008

Prospectus Supplement

, 2008

(To Prospectus dated December 4, 2007)

\$

McCormick & Company, Incorporated

% Notes due 2013

We are offering \$ million aggregate principal amount of % Notes due 2013. We will pay interest on the notes semiannually in arrears on and of each year, beginning on , 2009. The notes will mature on , 2013. We will have the option to redeem the notes, at any time in whole or from time to time in part, at the redemption price set forth in this prospectus supplement under the section entitled Description of Notes Optional Redemption.

The notes will be unsecured senior obligations of ours and will rank equally with all of our other unsecured and unsubordinated indebtedness from time to time outstanding.

Investing in the notes involves risks that are described in the Risk Factors section beginning on page S-3 of this prospectus supplement.

	Per Note	Total
Public offering price(1)	%	\$
Underwriting discount	%	\$
Proceeds, before expenses, to McCormick	%	\$

(1) Plus accrued interest, if any, from , 2008 if settlement occurs after that date.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or passed upon the adequacy or accuracy of this prospectus supplement or the accompanying prospectus. Any representation to the contrary is a criminal offense.

The underwriters expect to deliver the notes in book-entry form only through the facilities of The Depository Trust Company on or about , 2008.

Joint Book-Running Managers

Banc of America Securities LLC

BNP PARIBAS

Co-Managers

SunTrust Robinson Humphrey

**Wachovia
Securities**

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ABOUT THIS PROSPECTUS SUPPLEMENT

This document is in two parts. The first part is this prospectus supplement, which describes the terms of the notes that we are currently offering. The second part is the accompanying prospectus, which gives more general information, some of which may not apply to the notes that we are currently offering. Generally, the term prospectus refers to both parts combined.

You should read this prospectus supplement along with the accompanying prospectus. You should rely only on the information contained in or incorporated by reference in this prospectus supplement and the accompanying prospectus and any free writing prospectus which we deliver to you. We have not, and the underwriters have not, authorized any other person to provide you with different information. If anyone provides you with different or inconsistent information, you should not rely on it. You should not assume that the information provided by this prospectus supplement or the accompanying prospectus is accurate as of any date other than the date on the front of these documents. Our business, financial condition, results of operations and prospects may have changed since those dates. The notes are being offered and sold only in jurisdictions where offers and sales are permitted.

If the information varies between this prospectus supplement and the accompanying prospectus, the information in this prospectus supplement supersedes the information in the accompanying prospectus.

References to McCormick, we, us and our in this prospectus supplement and the accompanying prospectus are to McCormick & Company, Incorporated and its consolidated subsidiaries or, as the context may require, McCormick & Company, Incorporated only.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This prospectus supplement, the accompanying prospectus and the information incorporated by reference in it include forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended (the Securities Act) and Section 21E of the Securities Exchange Act of 1934, as amended (the Exchange Act). We intend the forward-looking statements to be covered by the safe harbor provisions for forward-looking statements in these sections.

All statements regarding our expected financial position and operating results, our business strategy, our financing plans, our future capital requirements, forecasted demographic and economic trends relating to our industry, our ability to complete acquisitions, to realize anticipated cost savings and other benefits from acquisitions and to recover acquisition-related costs, and similar matters are forward-looking statements.

These statements are subject to known and unknown risks, uncertainties and other factors that could cause our actual results to differ materially from the statements. The forward-looking information is based on various factors and was derived using numerous assumptions.

In some cases, you can identify these statements by our use of forward-looking words such as may, will, would, should, anticipate, estimate, expect, plan, believe, predict, project, potential or intend. You should be aware that these statements only reflect our predictions. Actual results may differ substantially.

Important factors that could cause our actual results to be materially different from our expectations include:

competitive conditions;

customer relationships and financial condition;

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availability and cost of raw and packaging materials;

governmental actions and political events;

general economic conditions, including fluctuations in interest and foreign currency exchange rates;

effective integration of the Lawry's acquisition; and

other factors discussed in this prospectus supplement under the caption "Risk Factors."

We undertake no obligation to update or revise publicly any forward-looking statements, whether as a result of new information, future events or otherwise.

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PROSPECTUS SUPPLEMENT SUMMARY

This summary may not contain all the information that may be important to you. You should read the entire prospectus supplement, the accompanying prospectus and the documents incorporated by reference herein and therein, including the financial statements and related notes, before making an investment decision.

The Offering

Issuer	McCormick & Company, Incorporated
Securities Offered	\$ million aggregate principal amount of % Notes due 2013.
Maturity	The notes will mature on , 2013.
Interest Rate	The notes will bear interest at a rate of % per year, payable semiannually in arrears on and of each year, commencing on , 2009.
Ranking	<p>The notes will be unsecured senior obligations of ours and will rank equally with all of our other unsecured and unsubordinated indebtedness from time to time outstanding. The notes will be effectively subordinated to:</p> <p style="padding-left: 40px;">all of our secured indebtedness to the extent of the value of the assets securing that debt; and</p> <p style="padding-left: 40px;">all indebtedness for money borrowed and other liabilities of our subsidiaries.</p> <p>As of July 31, 2008, we had approximately \$1,503.8 million of unsecured debt outstanding, \$3.2 million of which was debt of our subsidiaries, and we had \$17.6 million of secured debt outstanding.</p>
Covenants	<p>The indenture governing the notes (the Indenture) contains covenants that will limit our ability to:</p> <p style="padding-left: 40px;">create specified liens securing debt;</p> <p style="padding-left: 40px;">engage in specified sale-leaseback transactions; and</p> <p style="padding-left: 40px;">merge, consolidate or transfer our property and assets substantially as an entirety.</p> <p>These covenants apply to McCormick and, in the case of the limitations on liens and sale-leaseback transactions, to certain of our corporate subsidiaries that own principal properties, as defined in the Indenture. As of July 31, 2008, less than one percent of McCormick s consolidated total assets were held through partnerships and other non-corporate entities.</p>

Optional Redemption

The notes will be redeemable at our option, at any time in whole or from time to time in part, at a redemption price equal to the greater of

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(1) 100% of the principal amount of the notes to be redeemed and (2) the sum of the present values of the remaining scheduled payments of principal and interest thereon (exclusive of interest accrued to the date of redemption) discounted to the redemption date on a semiannual basis (assuming a 360-day year consisting of twelve 30-day months) at the Treasury Rate plus basis points, plus in either case accrued and unpaid interest thereon to the date of redemption. See [Description of Notes](#) [Optional Redemption](#).

Change of Control

If a Change of Control Triggering Event occurs, we will be required to make an offer to purchase the notes at a price equal to 101% of their principal amount, plus accrued and unpaid interest to the date of repurchase, as described under the heading [Description of Notes](#) [Change of Control Redemption](#).

Sinking Fund

None.

Use of Proceeds

We estimate that the net proceeds to us from the offering to be approximately \$ million after deducting the underwriting discount and our estimated offering expenses. We intend to use the net proceeds from the offering to repay a portion of our outstanding commercial paper borrowings. See [Use of Proceeds](#).

Risk Factors

See [Risk Factors](#) beginning on page S-3 of this prospectus supplement for a discussion of the factors you should consider carefully before deciding to invest in the notes.

RATIO OF EARNINGS TO FIXED CHARGES

For the purpose of calculating the ratio of earnings to fixed charges, earnings consist of income from consolidated operations before income taxes, plus fixed charges (net of capitalized interest), amortization of capitalized interest and dividends from unconsolidated subsidiaries. Fixed charges consist of interest, whether expensed or capitalized (including amortization of debt discount), and that portion of rental expense that is representative of interest.

	Six Months		Year Ended November 30,			
	Ended May 31, 2008	2007	2006	2005	2004	2003
Ratio of Earnings to Fixed Charges	5.72	5.64	4.90	6.53	6.86	6.89

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RISK FACTORS

Investing in our notes involves various risks. You should carefully consider the risks and uncertainties described below and the other information in this prospectus supplement, the accompanying prospectus and in the documents incorporated by reference including those risks identified under Risk Factors in our Annual Report on Form 10-K for the fiscal year ended November 30, 2007 before deciding whether to purchase our notes.

Fluctuations In The Foreign Currency Markets May Negatively Impact Us.

We are exposed to fluctuations in foreign currency cash flows primarily related to raw material purchases. Most of this exposure is due to our foreign operations needing to purchase raw materials in U.S. dollars. We are also exposed to fluctuations in the value of foreign currency investments in subsidiaries and unconsolidated affiliates and cash flows related to repatriation of these investments. Additionally, we are exposed to volatility in the translation of foreign currency earnings to U.S. dollars. Primary exposures include the U.S. dollar versus the Euro, British pound sterling, Canadian dollar, Australian dollar, Mexican peso, Chinese renminbi and Thai baht. On occasion, we may enter into forward and option contracts to manage these foreign currency risks. However, these contracts may not effectively limit or eliminate our exposure to a decline in operating results due to foreign currency exchange changes. Therefore, we cannot assure you that future exchange rate fluctuations will not have a negative impact on our business, financial position or operating results.

Increases In Interest Rates May Negatively Impact Us.

We had total outstanding short-term borrowings of approximately \$149.2 million at an average interest rate of approximately 5.28% on November 30, 2007. Our policy is to manage our interest costs using a mix of fixed and variable rate debt. We also use interest rate swaps to achieve a desired proportion of fixed and variable rate debt. We utilize derivative financial instruments to enhance our ability to manage risk, including interest rate exposures that exist as part of our ongoing business operations. We do not enter into contracts for trading purposes, nor are we a party to any leveraged derivative instrument. Our use of derivative financial instruments is monitored through regular communication with senior management and the utilization of written guidelines. However, our use of these instruments may not effectively limit or eliminate our exposure to changes in interest rates. Therefore, we cannot assure you that future interest rate increases will not have a material negative impact on our business, financial position or operating results.

Issues Regarding Procurement Of Raw Materials May Negatively Impact Us.

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

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

Further, political, socio-economic, and cultural conditions, as well as disruptions caused by terrorist activities, in developing countries create risks for food safety. Although we have adopted rigorous quality

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assurance and quality control procedures which are designed to ensure the safety of our imported products, we cannot assure you that such events will not have a negative impact on our business, financial condition or operating results.

There May Not Be Any Trading Market For The Notes; Many Factors Affect The Trading And Market Value Of The Notes.

Upon issuance, the notes will not have an established trading market. We cannot assure that a trading market for the notes will ever develop or be maintained if developed. In addition to our creditworthiness, many factors affect the trading market for, and trading value of, the notes. These factors include:

the time remaining to the maturity of the notes,

the outstanding amount of notes,

the redemption features of the notes, and

the level, direction and volatility of market interest rates generally.

There may be a limited number of buyers when you decide to sell the notes. This may affect the price you receive for the notes or your ability to sell the notes at all. You should not purchase notes unless you understand and know you can bear all of the investment risks involving the notes.

Our Credit Ratings May Not Reflect All Risks Of An Investment In The Notes.

Our credit ratings may not reflect the potential impact of all risks related to the market value of the notes. However, real or anticipated changes in our credit ratings will generally affect the market value of the notes.

Our Failure To Successfully Integrate The Recently Purchased Assets Of The Lawry s Business Into Our Existing Operations Could Adversely Affect Our Financial Results.

Our ability to efficiently and effectively integrate the assets of the Lawry s business, which we purchased from Conopco, Inc., into our existing operations could affect our financial success. The acquisition of these assets, as with all acquisitions, may present financial, managerial and operational challenges, including diversion of management attention from existing business lines. We structured the Lawry s acquisition to minimize financial risk by purchasing only certain assets and assuming only certain liabilities. However, if the value of those purchased assets were to decrease, we may experience reduced profitability.

In addition, the U.S. Federal Trade Commission s (the FTC) conditional approval of the Lawry s acquisition is subject to a public comment period of 30 days. Following the 30 day period, the FTC may elect to withdraw its conditional approval, modify or add additional terms to its approval or grant final approval of the acquisition and the agreed upon terms. If the FTC withdraws its approval or imposes additional terms for its approval of the acquisition, we could incur additional costs in connection with the acquisition and integration of the assets of the Lawry s business.

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RECENT DEVELOPMENTS

On July 31, 2008, we completed our previously announced purchase of the assets of the Lawry's business from Conopco, Inc., an indirect subsidiary of Unilever N.V. Lawry's manufactures and sells a variety of marinades and seasoning blends under the well-known Lawry's and Adolph's brands. The acquisition includes the rights to the brands as well as related inventory and a small number of dedicated production lines. It does not include any employees or manufacturing facilities. The acquisition was made pursuant to an Asset Purchase Agreement between us and Conopco, Inc., which was filed as an exhibit to our current report on Form 8-K filed on November 16, 2007. On July 29, 2008, the FTC granted a conditional approval for the transaction. As part of the terms of that approval, the FTC required the sale of our Season-All brand. In accordance with these terms, on July 31, 2008, we completed the sale of our Season-All brand to Morton International for \$15 million in cash. The FTC's conditional approval of the Lawry's acquisition is subject to a public comment period of 30 days. Following the 30 day period, the FTC may elect to withdraw its conditional approval, modify or add additional terms to its approval or grant final approval of the acquisition and the agreed upon terms.

The purchase price for the Lawry's acquisition was \$604 million in cash plus the assumption of certain liabilities relating to the purchased assets. We used cash on hand and borrowings under our commercial paper program to fund the purchase price. In connection with the acquisition, we increased the amount of commercial paper that may be outstanding under our commercial paper program from \$650 million to \$1 billion.

USE OF PROCEEDS

We estimate the net proceeds to us from the offering to be approximately \$ million after deducting the underwriting discount and our estimated offering expenses. We intend to use the net proceeds from the offering to repay a portion of our outstanding commercial paper borrowings. As of July 31, 2008, the total amount of commercial paper outstanding was approximately \$842.1 million, with a weighted average interest rate of approximately 2.35% and an average maturity of approximately 43 days. The proceeds from our outstanding commercial paper are used for general corporate purposes, including capital expenditures, acquisitions and working capital. We issued an additional \$567.8 million of commercial paper, which is included in the total amount of commercial paper outstanding disclosed above, to finance our acquisition of the assets of the Lawry's business, with a weighted average interest rate of approximately 2.35% and an average maturity of approximately 46 days.

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The following table sets forth our capitalization at July 31, 2008 and as adjusted to give effect to the application of the net proceeds from the sale of the notes as described under Use of Proceeds. This table should be read in connection with our consolidated financial statements and related notes thereto which are incorporated by reference in this prospectus supplement and the accompanying prospectus. See Where You Can Find More Information and Incorporation by Reference.

	As of July 31, 2008	
	Actual	As Adjusted
	(in millions)	
Cash and cash equivalents	\$ 202.4	\$
Short-term debt:		
Short-term borrowings	\$ 843.7	\$
Current portion of long-term debt	50.7	
Total short-term debt	894.4	
Long-term debt:		
Notes offered hereby		
Other long-term debt	627.0	
Total long-term debt	627.0	
Total debt	1,521.4	
Minority Interest	9.4	
Total stockholders' equity	1,262.3	
Total Capitalization	\$ 2,793.1	\$

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DESCRIPTION OF NOTES

The following description of the particular terms of the notes we are offering supplements and, to the extent inconsistent, supersedes the description of the general terms of the debt securities set forth under the section entitled "Description of Debt Securities" in the accompanying prospectus. You should read the accompanying prospectus in conjunction with this prospectus supplement and any free writing prospectuses we provide to you. Because this is a summary, it does not contain all the information that may be important to you. You should also read the entire Indenture, including the definitions of terms, before you make any investment decision.

General

The notes will be issued as a separate series of debt securities under the Indenture dated as of December 7, 2007, between us and The Bank of New York Mellon (formally known as The Bank of New York), as Trustee, initially limited in aggregate principal amount to \$ _____ million. The Indenture is an exhibit to the registration statement of which the prospectus attached to this prospectus supplement is a part. On December 7, 2007, we issued \$250 million of notes under the Indenture. The Indenture does not limit the amount of debt securities that we may issue under the Indenture, and we may, without the consent of the holders of the notes, reopen this series of notes and issue additional notes on the same terms and conditions and with the same CUSIP number as the notes being offered hereby.

The notes will be unsecured senior obligations of ours and will rank equally with all of our other unsecured and unsubordinated indebtedness from time to time outstanding. The notes are not guaranteed by any of our subsidiaries. The notes will be effectively subordinated to all of our secured indebtedness to the extent of the value of the assets securing that debt and to all indebtedness for money borrowed and other liabilities of our subsidiaries. As of July 31, 2008, we had approximately \$1,503.8 million of unsecured debt outstanding, \$3.2 million of which was debt of our subsidiaries, and we had \$17.6 million of secured debt outstanding. Except as described below under "Certain Covenants," the Indenture does not restrict the amount of secured or unsecured debt that we or our subsidiaries may incur.

The notes will be issued only in fully registered form without coupons, in minimum denominations of \$2,000 and integral multiples of \$1,000. Notices or demands to or upon us with respect to the notes and the Indenture may be served and, in the event that notes are issued in definitive certificated form, notes may be surrendered for payment, registration of transfer or exchange, at the office or agency maintained by us for this purpose in the Borough of Manhattan, The City of New York, currently the office of the Trustee, located at 101 Barclay Street, Floor 8 West, New York, New York 10286, Attention: Corporate Trust Administration.

Maturity and Interest

The notes will mature on _____, 2013. The notes will not be subject to any sinking fund provision.

The notes will bear interest at the rate of _____ % per year from _____, 2008, or from the most recent date to which interest has been paid or provided for, payable semiannually in arrears on _____ and _____ of each year, commencing on _____, 2009, to the persons in whose names the notes are registered at the close of business on the _____ or _____, as the case may be, immediately prior to such interest payment dates, regardless of whether any such regular record date is a business day. Interest on the notes will be computed on the basis of a 360-day year consisting of twelve 30-day months.

If any interest payment date, any redemption date, the maturity date or any other date on which the principal of or premium, if any, or interest on a note becomes due and payable falls on a day that is not a business day, the required payment shall be made on the next business day as if it were made on the date the payment was due, and no interest shall accrue on the amount so payable for the period from and after the interest payment date, redemption date, maturity date or other date, as the case may be.

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Optional Redemption

We may redeem the notes at our option, at any time in whole or from time to time in part, at a redemption price equal to the greater of:

- (1) 100% of the principal amount of the notes to be redeemed, and
- (2) the sum of the present values of the remaining scheduled payments of principal and interest thereon (exclusive of interest accrued to the date of redemption) discounted to the redemption date on a semiannual basis (assuming a 360-day year consisting of twelve 30-day months) at the Treasury Rate plus basis points,

plus, in either case, accrued and unpaid interest thereon to the date of redemption.

Treasury Rate means, with respect to any redemption date,

the yield, under the heading which represents the average for the immediately preceding week, appearing in the most recently published statistical release published by the Board of Governors of the Federal Reserve System designated as Statistical Release H.15(519) or any successor publication which is published weekly by the Board of Governors of the Federal Reserve System and which establishes yields on actively traded United States Treasury securities adjusted to constant maturity under the caption Treasury Constant Maturities, for the maturity corresponding to the Comparable Treasury Issue (if no maturity is within three months before or after the maturity date, yields for the two published maturities most closely corresponding to the Comparable Treasury Issue shall be determined and the Treasury Rate shall be interpolated or extrapolated from such yields on a straight line basis, rounding to the nearest month), or

if such release (or any successor release) is not published during the week preceding the calculation date or does not contain such yields, the rate per year equal to the semiannual equivalent yield to maturity of the Comparable Treasury Issue, calculated using a price for the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price for such redemption date. The Treasury Rate shall be calculated on the third business day preceding the redemption date.

Comparable Treasury Issue means the United States Treasury security selected by an Independent Investment Banker as having an actual or interpolated maturity comparable to the remaining term of the notes to be redeemed that would be utilized, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of a comparable maturity to the remaining term of such notes.

Independent Investment Banker means Banc of America Securities LLC or BNP Paribas Securities Corp. or either of their respective successors, or if both such firms are unwilling or unable to select the Comparable Treasury Issue, an independent investment banking institution of national standing appointed by the Trustee after consultation with us.

Comparable Treasury Price means, with respect to any redemption date, (1) the average of the Reference Treasury Dealer Quotations for such redemption date, after excluding the highest and lowest such Reference Treasury Dealer Quotations, or (2) if the Trustee obtains fewer than four such Reference Treasury Dealer Quotations, the average of all such quotations.

Reference Treasury Dealer means (1) Banc of America Securities LLC or its affiliates which are primary U.S. Government securities dealers in The City of New York (a Primary Treasury Dealer), and its successors, and (2) three other Primary Treasury Dealers selected by us; *provided, however*, that if any of the foregoing or their affiliates shall cease to be a Primary Treasury Dealer, we shall substitute therefor another Primary Treasury Dealer.

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Reference Treasury Dealer Quotations means, with respect to each Reference Treasury Dealer and any redemption date, the average, as determined by the Trustee, of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) quoted in writing to the Trustee by such Reference Treasury Dealer at 5:00 p.m., New York time, on the third business day preceding such redemption date.

Notice of any redemption will be mailed by first class mail, postage prepaid, at least 30 days but not more than 60 days before the redemption date to each holder of notes to be redeemed at its registered address.

In the case of a partial redemption, selection of the notes for redemption will be made pro rata, by lot or by such other method as the Trustee in its sole discretion deems appropriate and fair. No notes of a principal amount of \$1,000 or less will be redeemed in part. If any note is to be redeemed in part only, the notice of redemption that relates to the note will state the portion of the principal amount of the note to be redeemed. A new note in a principal amount equal to the unredeemed portion of the note will be issued in the name of the holder of the note upon surrender for cancellation of the original note.

Unless we default in payment of the redemption price, on and after the redemption date interest will cease to accrue on the notes or portions thereof called for redemption.

We will pay interest to a person other than the holder of record on the record date if we elect to redeem the notes on a date that is after a record date but on or prior to the corresponding interest payment date. In this instance, we will pay accrued interest on the notes being redeemed to, but not including, the redemption date to the same person to whom we will pay the principal of those notes.

Definitions

Attributable Debt with respect to any sale leaseback transaction that is subject to the restrictions described under **Certain Covenants** **Limitation On Sale and Leaseback** means the lesser of:

the total net amount of rent required to be paid during the remaining base term of the related lease or until the earliest date on which the lessee may terminate such lease upon payment of a penalty or a lump-sum termination payment (in which case the total net rent shall include such penalty or termination payment), discounted at the weighted average interest rate borne by the notes (as defined in the Indenture) under the Indenture, compounded semi-annually, or

the sale price of the property so leased multiplied by a fraction, the numerator of which is the remaining base term of the related lease and the denominator of which is the base term of such lease.

Consolidated Net Tangible Assets means the total assets of McCormick and its consolidated subsidiaries, including the investment in (at equity) and the net amount of advances to and accounts receivable from corporations which are not consolidated subsidiaries less the following:

current liabilities of McCormick and its consolidated subsidiaries, including an amount equal to indebtedness required to be redeemed by reason of any sinking fund payment due in 12 months or less from the date as of which current liabilities are to be determined;

all other liabilities of McCormick and its consolidated subsidiaries other than Funded Debt, deferred income taxes and liabilities for employee post-retirement health plans other than pensions recognized in accordance with Statement of Financial Accounting Standards No. 106;

all depreciation and valuation reserves and all other reserves (except for reserves for contingencies which have not been allocated to any particular purpose) of McCormick and its consolidated subsidiaries;

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the book amount of all segregated intangible assets of McCormick and its consolidated subsidiaries, including, but without limitation, such items as goodwill, trademarks, trade names, patents and unamortized debt discount and expense less unamortized debt premium; and

appropriate adjustments on account of minority interests of other persons holding stock in subsidiaries.

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Consolidated Net Tangible Assets shall be determined on a consolidated basis in accordance with generally accepted accounting principles and as provided in the Indenture.

Funded Debt means any indebtedness of McCormick or a Restricted Subsidiary for borrowed money having a maturity of more than 12 months from the date such indebtedness was incurred or having a maturity of less than 12 months but by its terms being renewable or extendable beyond 12 months from the date such indebtedness was incurred at the option of the obligor.

Person means any individual, corporation, partnership, limited liability company, joint venture, association, joint stock company, trust, unincorporated organization or government or any agency or political subdivision thereof.

Principal Property means any manufacturing or processing plant or warehouse, together with the land upon which it is erected and any fixtures and equipment comprising a part thereof, owned by us or any Restricted Subsidiary and located in the United States, the book value (net of depreciation) of which on the date as of which the determination is being made is an amount which exceeds 1% of Consolidated Net Tangible Assets, other than any such manufacturing or processing plant or warehouse or any portion thereof or any such fixture or equipment (together with the land upon which it is erected and any fixtures and equipment comprising a part thereof) (i) which is financed by Industrial Development Bonds or (ii) which, in the opinion of our board of directors, is not of material importance to the total business conducted by McCormick and its Subsidiaries, taken as a whole.

Restricted Subsidiary means any Subsidiary that owns, operates or leases one or more Principal Properties.

Subsidiary means each corporation of which McCormick, or McCormick and one or more Subsidiaries, or any one or more Subsidiaries, directly or indirectly own securities entitling the holders thereof to elect a majority of the directors, either at all times or so long as there is no default or contingency that permits the holders of any other class or classes of securities to vote for the election of one or more directors.

Change of Control Redemption

If a Change of Control Triggering Event occurs, unless we have exercised our right to redeem the notes as described above, holders of notes will have the right to require us to repurchase all or any part (equal to \$2,000 or an integral multiple of \$1,000 in excess thereof) of their notes pursuant to the offer described below (the **Change of Control Offer**) on the terms set forth in the notes. In the Change of Control Offer, we will be required to offer payment in cash equal to 101% of the aggregate principal amount of notes repurchased plus accrued and unpaid interest, if any, on the notes repurchased, to the date of purchase (the **Change of Control Payment**). Within 30 days following any Change of Control Triggering Event, we will send notice of such Change of Control Offer (the **Change of Control Offer Notice**) by first-class mail, with a copy to the Trustee, to each holder of notes to the address of such holder appearing in the security register or otherwise in accordance with the procedures of The Depository Trust Company (the **Depository**) with a copy to the Trustee, with the following information:

that the Change of Control Offer is being made pursuant to the provisions of the Indenture and that all notes properly tendered pursuant to such Change of Control Offer will be accepted for payment by us;

the date of the Change of Control Triggering Event;

the date, which will be no earlier than 30 days and no later than 60 days after the date the Change of Control Offer Notice is mailed, by which we must purchase the notes (the **Change of Control Payment Date**);

the price that we must pay for the notes we are obligated to purchase;

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the name and address of the Trustee;

that any note not properly tendered will remain outstanding and continue to accrue interest;

that unless we default in the payment of the Change of Control Payment, all notes accepted for payment pursuant to the Change of Control Offer will cease to accrue interest on the Change of Control Payment Date;

the procedures for surrendering notes for payment; and

the procedures by which a holder may withdraw such a tender after it is given.

We must comply with the requirements of Rule 14e-1 under the Exchange Act and any other securities laws and regulations thereunder to the extent those laws and regulations are applicable in connection with the purchase of the notes as a result of a Change of Control Triggering Event. To the extent that the provisions of any securities laws or regulations conflict with the Change of Control provisions of the notes, we will be required to comply with the applicable securities laws and regulations and will not be deemed to have breached our obligations under the Change of Control provisions of the notes by virtue of such conflicts.

On the Change of Control Payment Date, we will be required, to the extent lawful, to:

accept for payment all notes or portions of notes properly tendered pursuant to the Change of Control Offer;

deposit with the paying agent an amount equal to the Change of Control Payment in respect of all notes or portions of notes properly tendered; and

deliver or cause to be delivered to the Trustee the notes properly accepted.

The definition of Change of Control includes a phrase relating to the direct or indirect sale, lease, transfer, conveyance or other disposition of all or substantially all of the properties or assets of us and our subsidiaries taken as a whole. Although there is a limited body of case law interpreting the phrase substantially all, there is no precise established definition of the phrase under applicable law. Accordingly, the ability of a holder of notes to require us to repurchase our notes as a result of a sale, lease, transfer, conveyance or other disposition of less than all of the assets of us and our subsidiaries taken as a whole to another person may be uncertain.

We will not purchase any notes if there has occurred and is continuing on the Change of Control Payment Date an event of default under the Indenture, other than a default in payment of the purchase price payable for the notes upon a Change of Control Triggering Event. Current and future agreements relating to indebtedness to which we and our subsidiaries are, and may become, party may restrict us from purchasing notes upon a Change of Control Triggering Event. If a Change of Control Triggering Event occurs at a time when we are prohibited from purchasing the notes, we could seek the consent of lenders to permit the purchase of the notes or could attempt to refinance the borrowings that contain such a prohibition. If we do not obtain such consent or refinance such borrowings, we will remain prohibited from purchasing the notes. In addition, certain indebtedness to which we and our subsidiaries are party currently provide, and may in the future also provide, that certain change of control events with respect to us would constitute a default thereunder (including events that would constitute a Change of Control Triggering Event under the notes). If we experience a change of control that triggers a default under the terms of our or our subsidiaries other indebtedness, we could seek a waiver of such default or seek to refinance such other indebtedness. In the event we do not obtain such a waiver or refinance the indebtedness, such default could result in amounts outstanding under such other indebtedness being declared due and payable.

Our ability to pay cash to the holders of notes following the occurrence of a Change of Control Triggering Event may be limited by our then-existing financial resources. Therefore, sufficient funds may not be available when necessary to make any required purchases. The Change of Control purchase feature of the notes may in certain circumstances make more difficult or discourage a sale or takeover of us. We have no present intention to engage in a transaction involving a Change of Control, although it is possible that we could decide to do so in the

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future. Subject to the limitations discussed below, we could, in the future, enter into certain transactions, including acquisitions, refinancings or other recapitalizations, that would not constitute a Change of Control under the notes, but that could affect our capital structure or credit ratings.

For purposes of the foregoing discussion of a repurchase at the option of holders, the following definitions are applicable:

Below Investment Grade Rating Event means the notes are rated below an Investment Grade Rating by each of the Rating Agencies on any date from the date of the public notice of an arrangement that could result in a Change of Control until the end of the 60-day period following public notice of the occurrence of the Change of Control (which 60-day period shall be extended so long as the rating of the notes is under publicly announced consideration for possible downgrade by either of the Rating Agencies).

Change of Control means the occurrence of any of the following: (1) the direct or indirect sale, transfer, conveyance or other disposition (other than by way of merger or consolidation), in one or a series of related transactions, of all or substantially all of the properties or assets of us and our subsidiaries taken as a whole to any person (as such term is used in Section 13(d) of the Exchange Act) other than us or one of our subsidiaries; (2) the consummation of any transaction (including, without limitation, any merger or consolidation) the result of which is that any person (as such term is used in Section 13(d) of the Exchange Act) becomes the beneficial owner, directly or indirectly, of more than 50% of the then outstanding number of shares of our voting stock; or (3) the first day on which a majority of the members of our Board of Directors are not Continuing Directors.

Change of Control Triggering Event means the occurrence of both a Change of Control and a Below Investment Grade Rating Event.

Continuing Directors means, as of any date of determination, any member of the Company's Board of Directors who (1) was a member of such Board of Directors on the date of the issuance of the notes; or (2) was nominated for election or elected to such Board of Directors with the approval of a majority of the Continuing Directors who were members of such Board of Directors at the time of such nomination or election (either by a specific vote or by approval of our proxy statement in which such member was named as a nominee for election as a director, without objection to such nomination).

Investment Grade Rating means a rating equal to or higher than Baa3 (or the equivalent) by Moody's and BBB- (or the equivalent) by S&P.

Moody's means Moody's Investors Service, Inc.

Rating Agencies means (1) each of Moody's and S&P; and (2) if either of Moody's or S&P ceases to rate the notes or fails to make a rating of the notes publicly available for reasons outside of our control, a nationally recognized statistical rating organization within the meaning of Rule 15c3-1(c)(2)(vi)(F) under the Exchange Act, selected by us (as certified by a resolution of our Board of Directors) as a replacement agency for Moody's or S&P, or both of them, as the case may be.

S&P means Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc.

Certain Covenants

The following covenants apply to us and to certain of our Restricted Subsidiaries. As of July 31, 2008, less than one percent of our consolidated total assets were held through partnerships and other non-corporate entities.

Limitations on Liens

We will not, and will not permit any Restricted Subsidiary to create, assume or suffer to exist any mortgage, security interest, pledge or lien (Lien) of or upon any Principal Property, or any shares of capital stock or evidences of indebtedness for borrowed money issued by any Restricted Subsidiary and owned by us or any

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Restricted Subsidiary, whether owned at the date of the Indenture or thereafter acquired, without providing that the notes shall be secured by such Lien equally and ratably with any and all other indebtedness or obligations thereby secured, so long as such indebtedness or obligations shall be so secured.

This restriction does not apply to:

Liens that exist on the date of the Indenture;

Liens on property of any corporation existing at the time such corporation becomes a Subsidiary;

Liens in favor of us or any Subsidiary;

Liens in favor of governmental bodies to secure progress, advance or other payments pursuant to contract or statute or indebtedness incurred to finance all or a part of construction of or improvements to property subject to such Liens;

Liens on property existing at the time of acquisition thereof (including acquisition through merger or consolidation), and construction and improvement Liens that are entered into within 180 days from the date of such construction or improvement, provided that in the case of construction or improvement the Lien shall not apply to any property theretofore owned by us or any Restricted Subsidiary except substantially unimproved real property on which the property so constructed or the improvement is located;

mechanics and similar Liens arising in the ordinary course of business in respect of obligations not due or being contested in good faith;

Liens for taxes, assessments, or governmental charges or levies that are not delinquent or are being contested in good faith;

Liens arising from any legal proceedings that are being contested in good faith;

any Liens that (a) are incidental to the ordinary conduct of our business or the ownership of our properties and assets, (b) were not incurred in connection with the borrowing of money or the obtaining of advances or credit and (c) do not in the aggregate materially detract from the value of our property or the property of any Subsidiary or materially impair the use thereof in the operation of its business;

Liens securing industrial development or pollution control bonds; and

Liens for the sole purpose of extending, renewing or replacing (or successively extending, renewing or replacing) in whole or in part any of the foregoing.

Limitations on Sale and Leaseback

Except as described below under Exempted Indebtedness, we will not, nor will we permit any Restricted Subsidiary to, enter into any arrangement with any Person providing for the leasing (as lessee) by us or any Restricted Subsidiary of any Principal Property (except for temporary leases for a term, including any renewal, of not more than three years and except for leases between us and a Restricted Subsidiary or

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between Restricted Subsidiaries) which property has been or is to be sold or transferred by us or a Restricted Subsidiary to such Person unless either:

we or such Restricted Subsidiary would be entitled, pursuant to the fifth and eleventh clauses of the covenant described under Limitations on Liens above, to incur a Lien on such property without equally and ratably securing the notes; or

the net proceeds of such sale are at least equal to the fair value of such property and we will apply an amount equal to the net proceeds of such sale to the retirement (other than any mandatory retirement or payment at maturity) of (a) securities (other than any retirement prohibited by the terms of any Securities pursuant to prohibitions on advance refundings) or (b) our or a Restricted Subsidiary's Funded Debt ranking prior to or on a parity with the notes, within 120 days of the effective date of any such arrangement.

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