MCCORMICK & CO INC
Form DEF 14A
February 14, 2003

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SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of
the Securities Exchange Act of 1934 (Amendment No.)

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Check the appropriate box:
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McCormick & Company, Incorporated

(Name of Registrant as Specified In Its Charter)

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(4) Date Filed:

McCORMICK & COMPANY, INCORPORATED

18 Loveton Circle
Sparks, Maryland 21152

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS TO BE HELD MARCH 26, 2003

The Annual Meeting of the Stockholders of McCormick & Company, Incorporated will be held at the Hunt Valley Inn, 245 Shawan Road, Hunt Valley, Maryland at 10:00 a.m., March 26, 2003, for the purpose of considering and acting upon:

(a) the election of directors to act until the next Annual Meeting of Stockholders or until their respective successors are duly elected and qualified;

(b) the approval of the 2003 Employees Stock Purchase Plan, which is attached as Exhibit A to the Proxy Statement and which has been adopted by the Board of Directors subject to the approval of the stockholders;

(c) the approval of the Management Incentive Bonus Plan, which is attached as Exhibit B to the Proxy Statement and which has been approved by the Board of Directors on recommendation of the Compensation Committee, subject to the approval of the stockholders;

(d) the approval of an amendment to the Company's Charter to increase the number of authorized shares of Common Stock and Common Stock Non-Voting from 160,000,000 shares of each class to 320,000,000 shares of each class;

(e) the ratification of the appointment of Ernst & Young LLP as independent auditors of the Company to serve for the 2003 fiscal year; and

(f) any other matters that may properly come before such meeting or any adjournments thereof.

The Board of Directors has fixed the close of business on January 31, 2003 as the record date for the determination of stockholders entitled to notice of, and to vote at, the Meeting or any adjournments thereof. **Only holders of Common Stock shall be entitled to vote**. Holders of Common Stock Non-Voting are welcome to attend and participate in this meeting.

IF YOU ARE A HOLDER OF COMMON STOCK, A PROXY CARD IS ENCLOSED. PLEASE VOTE YOUR PROXY PROMPTLY BY TELEPHONE, BY INTERNET OR BY MAIL AS DIRECTED ON THE PROXY CARD IN ORDER THAT YOUR STOCK MAY BE VOTED AT THIS MEETING. THE PROXY MAY BE REVOKED BY YOU AT ANY TIME BEFORE IT IS VOTED.

February 18, 2003

Robert W. Skelton
Secretary

PROXY STATEMENT

GENERAL INFORMATION

This proxy statement is furnished on or about February 18, 2003 to the holders of Common Stock in connection with the solicitation by the Board of Directors of the Company of proxies to be voted at the Annual Meeting of Stockholders or any adjournments thereof. Any proxy given may be revoked at any time before it is voted. Such right of revocation is not limited or subject to compliance with any formal procedure. The shares represented by all proxies received will be voted in accordance with the instructions contained in the proxies. The cost of the solicitation of proxies will be borne by the Company. In addition to the solicitation of proxies by use of the mails, officers and regular employees of the Company may solicit proxies by telephone, electronic mail or personal interview. The Company also may request brokers and other custodians, nominees, and fiduciaries to forward proxy soliciting material to the beneficial owners of shares held of record by such persons, and the Company may reimburse them for their expenses in so doing.

At the close of business on January 31, 2003, there were 15,810,463 shares of Common Stock outstanding, which constitute all of the outstanding voting shares of the Company. Except for certain voting limitations imposed by the Company's Charter on beneficial owners of ten percent or more of the outstanding shares of Common Stock, each share of Common Stock is entitled to one vote. Only holders of record of shares of Common Stock at the close of business on January 31, 2003 will be entitled to vote at the meeting or any adjournments thereof.

PRINCIPAL STOCKHOLDERS

On January 31, 2003, the assets of The McCormick 401(k) Retirement Plan (the "Plan") included 4,443,103 shares of the Company's Common Stock, which represented 28.1% of the outstanding shares of Common Stock. The address for the Plan is 18 Loveton Circle, Sparks, Maryland 21152. The Plan is not the beneficial owner of the Common Stock for purposes of the voting limitations described in the Company's Charter. Each Plan participant has the right to vote all shares of Common Stock allocated to such participant's Plan account. The Plan's Investment Committee possesses investment discretion over the shares, except that, in the event of a tender offer, each participant of the Plan is entitled to instruct the Investment Committee as to whether to tender Common Stock allocated to such participant's account. Membership on the Investment Committee consists of three directors, Francis A. Contino, Carroll D. Nordhoff, and Karen D. Weatherholtz, and the Company's Vice President & Controller, Kenneth A. Kelly, Jr., the Company's Vice President Finance, Paul C. Beard, and the Company's Senior Vice President, General Counsel & Secretary, Robert W. Skelton.

Harry K. Wells and his wife Lois L.Wells, whose address is P. O. Box 409, Riderwood, Maryland 21139, held in two trusts 1,073,246 shares of Common Stock as of January 31, 2003, representing 6.8% of the outstanding shares of Common Stock.

ELECTION OF DIRECTORS

The persons listed in the following table have been nominated for election as directors to serve until the next Annual Meeting of Stockholders or until their respective successors are duly elected and qualified. Management has no reason to believe that any of the nominees will be unavailable for election. In the event a vacancy should occur, the proxy holders reserve the right to reduce the total number of nominations for election.

The following table shows, as of January 31, 2003, the names and ages of all nominees, the principal occupation and business experience of each nominee during the last five years, the year in which each nominee was first elected to the Board of Directors, the amount of securities beneficially owned by each nominee, and directors and executive officers as a group, and the nature of such ownership. Except as shown in the table, no nominee owns more than one percent of either class of the Company's common stock.

The Board of Directors has considered the independence of its members and has concluded that Messrs. Beracha, Brady, Dunn and Stevens and Drs. Fitzpatrick and Hrabowski qualify as "independent directors." As noted in the following table, Mr. Beracha is an executive officer of the Sara Lee Corporation and Dr. Fitzpatrick is an executive officer of the Rohm and Haas Company. Commercial relationships exist between the Company and the Sara Lee Corporation and between the Company and Morton Salt, a subsidiary of the Rohm and Haas Company. However, in each case, the Board of Directors has determined that the commercial relationship is not material to either party. The Board of Directors, in reaching its conclusion, has determined that sales in an amount less than 1% of either company's annual consolidated net sales, and purchases in an amount less than 1% of either company's total annual purchases, are not material. In addition, it should be noted that neither Mr. Beracha nor Dr. Fitzpatrick are involved in the negotiations of the commercial transactions. Further, it should be noted that the products supplied by the Company to such other corporations are readily available from other sources of supply. For these reasons, the Board has concluded that such transactions will not influence the judgment of Mr. Beracha or Dr. Fitzpatrick in making decisions on matters presented to the Board. The Board of Directors has further considered whether the members of the Audit Committee satisfy the additional "independence" and "financial literacy" requirements for Audit Committee members as set forth in the Listing Standards of the New York Stock Exchange (the "Listing Standards"), and further, whether they satisfy the amendments to those Listing Standards which were submitted to the Securities and Exchange Commission for approval on August 16, 2002. The Board of Directors has concluded that all members satisfy the current and proposed requirements of the Listing Standards. In addition, the Board of Directors has concluded that Mr. Brady, who is Chairman of the Audit Committee, is an "audit committee financial expert" as defined by SEC rules, and has the "accounting or related financial management expertise" required by the Listing Standards.

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Required Vote of Stockholders. The favorable vote of at least a majority of the shares of Common Stock of the Company present in person or by proxy at a meeting at which a quorum is present is required for the election of each nominee.

The Board of Directors recommends that stockholders vote *FOR* each of the nominees listed below.

Name	Age	Principal Occupation & Business Experience	Year First Elected Director	Amount and Nature* of Beneficial Ownership: Common	Amount and Nature* of Beneficial Ownership: Common Non-Voting
Barry H. Beracha	60	Executive Vice President, Sara Lee Corporation, and Chief Executive Officer, Sara Lee Bakery Group (2001 to present); Chairman of the Board & Chief Executive Officer, The Earthgrains Company (1993 to 2001)	2000	7,161	1,625
James T. Brady	62	Managing Director Mid-Atlantic, Ballantrae International, Ltd. (1999 to present); Consultant, (1998 to 1999)	1998	6,401	8,172
Francis A. Contino	57	Executive Vice President, Chief Financial Officer (1998 to present) & Supply Chain (2002 to present)	1998	231,373 (1.3%)	68,037
Robert G. Davey	53	President Global Industrial Group (1998 to present)	1994	326,478 (1.8%)	100,239
Edward S. Dunn, Jr.	59	President, Dunn Consulting (1997 to present); President and Chief Executive Officer, Colonial Williamsburg Company (2001 to 2002); C. J. McNutt Chair in Food Marketing, St. Joseph's University (1998 to 2001)	1998	8,972	9,499
J. Michael Fitzpatrick	56	President & Chief Operating Officer, Rohm and Haas Company (1999 to present); Vice President & Chief Technology Officer, Rohm and Haas Company (1995 to 1999)	2001	2,719	625
Freeman A. Hrabowski, III	52	President, University of Maryland Baltimore County (1992 to present)	1997	11,927	9,542

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Robert J. Lawless	56	Chairman of the Board (1999 to present);	1994	724,509	217,770(1)

		President (1996 to present); Chief Executive Officer (1997 to present) & Chief Operating Officer (1995 to present)		(4.1%)	
John C. Molan	56	President Europe & Asia (2002 to present); President Europe, Middle East & Africa (2000 to 2002); Group Vice President & Managing Director Europe & Asia (1998 to 2000)	2000	271,288 (1.5%)	77,893
Carroll D. Nordhoff	57	Executive Vice President (1994 to present)	1991	311,289 (1.7%)	87,567
Robert W. Schroeder	57	Executive Vice President (2003 to present); President U.S. Consumer Products Division (1999 to 2003); Vice President & General Manager McCormick/Schilling Division (1995 to 1999)	1996	223,474 (1.3%)	71,901
William E. Stevens	60	Chairman, BBI Group (2000 to present); Chairman and Chief Executive Officer, Wesmark Group (1999 to 2001); Executive Vice President, Mills & Partners, (1996 to 1999)	1988	16,609	25,525
Karen D. Weatherholtz	52	Senior Vice President Human Relations (1999 to present); Vice President Human Relations (1988 to 1999)	1992	116,986	32,873
Directors and Executive Officers as a Group (18 persons)				2,720,725 (15.2%)	840,540

(1) Includes 36,160 shares of Common Stock Non-Voting held in a charitable trust for the Lawless Family Foundation. Mr. Lawless serves as trustee of the trust. Mr. Lawless disclaims beneficial ownership of such shares.

* Includes shares of Common Stock and Common Stock Non-Voting beneficially owned by directors and executive officers alone or jointly with spouses, minor children and relatives (if any)

who have the same home as the director or executive officer. Also includes the following numbers of shares which could be acquired within 60 days of January 31, 2003 pursuant to the exercise of stock options: Mr. Beracha 1,625 shares of Common Stock, 1,625 shares of Common Stock Non-Voting; Mr. Brady 3,625 shares of Common Stock, 3,625 shares of Common Stock Non-Voting; Mr. Contino 201,825 shares of Common Stock, 67,275 shares of Common Stock Non-Voting; Mr. Davey 260,625 shares of Common Stock, 86,875 shares of Common Stock Non-Voting; Mr. Dunn 5,125 shares of Common Stock, 5,125 shares of Common Stock Non-Voting; Dr. Fitzpatrick 625 shares of Common Stock, 625 shares of Common Stock Non-Voting; Dr. Hrabowski 7,125 shares of Common Stock, 7,125 shares of Common Stock Non-Voting; Mr. Lawless 539,400 shares of Common Stock, 179,800 shares of Common Stock Non-Voting; Mr. Molan 230,639 shares of Common Stock, 76,877 shares of Common Stock Non-Voting; Mr. Nordhoff 200,025 shares of Common Stock, 66,675 of Common Stock Non-Voting; Mr. Schroeder 170,887 shares of Common Stock, 56,962 of Common Stock Non-Voting; Mr. Stevens 7,125 shares of Common Stock, 7,125 shares of Common Stock Non-Voting; Ms. Weatherholtz 73,687 shares of Common Stock, 24,562 shares of Common Stock Non-Voting; and directors and executive officers as a group 2,032,141 shares of Common Stock, 690,607 shares of Common Stock Non-Voting. Also includes shares of Common Stock which are beneficially owned by virtue of participation in the McCormick 401(k) Retirement Plan: Mr. Contino 20,564 shares of Common Stock; Mr. Davey 10,566 shares of Common Stock; Mr. Lawless 15,981 shares of Common Stock; Mr. Nordhoff 17,822 shares of Common Stock; Mr. Schroeder 9,462 shares of Common Stock; Ms. Weatherholtz 18,515 shares of Common Stock; and directors and executive officers as a group 112,220 shares of Common Stock. Also includes shares of Common Stock which are beneficially owned by virtue of participation in the Deferred Compensation Plan: Mr. Beracha 4,865 shares of

Common Stock; Mr. Dunn 1,872 shares of Common Stock; Dr. Fitzpatrick 1,688 shares of Common Stock; and Dr. Hrabowski 2,155 shares of Common Stock.

Board Committees

The Board of Directors has established the following committees to perform certain specific functions. There is no Nominating Committee of the Board of Directors. Board Committee membership as of February 3, 2003 is listed below.

Audit Committee. This Committee reviews the plan for and the results of the independent audit and internal audit, reviews the Company's financial information and internal accounting, financial and disclosure controls, and performs other duties and responsibilities set forth in a Charter approved by the Board of Directors. All members of the Committee are independent directors. Current membership consists of Mr. Brady, who serves as Chairman, Dr. Hrabowski and Mr. Stevens. The Audit Committee held six meetings during the last fiscal year.

Compensation Committee. This Committee establishes and oversees executive compensation policy; makes decisions about base pay, incentive pay and any supplemental benefits for the Chief

Executive Officer, other members of the Executive Committee, and any other executives listed in the proxy statement as one of the five highest paid executives; and approves the grant of stock options, the timing of the grants, the price at which the options are to be offered, and the number of shares for which options are to be granted to employee directors and officers. In addition, the Committee oversees the process of CEO succession planning and reviews the Company's strategy for succession to other key leadership positions. The Committee performs such other duties and responsibilities as may be set forth in a Charter approved by the Board of Directors. All members of the Committee are independent directors. Current membership consists of Mr. Beracha, who serves as Chairman, Mr. Dunn and Dr. Fitzpatrick. None of the Committee members are eligible to participate in any Company stock option or other compensation program that is administered by the Committee. The Compensation Committee held six meetings during the last fiscal year.

Executive Committee. This Committee possesses authority to exercise all of the powers of the Board of Directors in the management and direction of the affairs of the Company between meetings of the Board of Directors, subject to specific limitations and directions of the Board of Directors and subject to limitations of Maryland law. This Committee also reviews and approves all benefits and salaries of a limited group of senior executives and reviews and approves individual awards under stock option and other compensation plans for all employees other than directors and officers (*see* Compensation Committee). The following directors are members of the Committee: Messrs. Contino, Davey, Lawless and Nordhoff. The Executive Committee held 15 meetings during the last fiscal year.

Attendance at Meetings

During the last fiscal year, there were eight meetings of the Board of Directors. All of the Directors attended at least 75% of the total number of meetings of the Board and the Board Committees on which they served.

Other Directorships

Certain individuals nominated for election to the Board of Directors hold directorships in other companies. Mr. Beracha is a director of The Pepsi Bottling Group, Inc. and Transora, Inc. Mr. Brady is a director of Constellation Energy Group, Inc., Allfirst Financial, Inc. and Aether Systems, Inc. Dr. Fitzpatrick is a director of Rohm and Haas Company and Carpenter Technology Corporation. Dr. Hrabowski is a director of Constellation Energy Group, Inc., Corvis Corporation, The Baltimore Equitable Society and Mercantile Shareholders Corporation. Mr. Lawless is a director of The Baltimore Life Insurance Company, Carpenter Technology Corporation and Constellation Energy Group, Inc. Mr. Stevens is a director of MEMC Electronic Materials, Inc.

REPORT ON EXECUTIVE COMPENSATION

Compensation Philosophy

The Company's compensation program is designed (a) to attract, retain and motivate highly talented individuals through a combination of base pay and performance-based incentive awards; (b) to enhance the identity of the employees' interests with the interests of the Company's stockholders; and (c) to reward individual performance based on the achievement of the Company's financial goals and strategic objectives. The structure and benefits of the compensation program must be competitive with other programs for similarly placed employees of food and other manufacturing companies of a size similar to the Company. Independent compensation consultants are retained from time to time for advice and guidance in assessing whether the Company's compensation program is competitive. In 2002, Hewitt Associates, Inc. was retained to conduct a study for such purposes and, based on the study, concluded that the Company's executive compensation program is generally competitive.

Salaries

Salaries of the Company's senior management employees are reviewed, and where appropriate, adjusted annually. Salary ranges are established for each senior management position based on the marketplace median for that position and a salary is assigned to the manager within that range based on individual performance, prior experience and contribution to the financial goals and strategic objectives of the Company. Salaries for the Company's chief executive officer and its five other highest paid executive officers are reviewed and approved by the Compensation Committee. Salaries for other senior management employees are reviewed and approved by the Executive Committee.

Incentive Awards

Annual bonuses are paid to senior management employees pursuant to a formula. A limited number of corporate executives are paid a bonus based upon the achievement of specified levels of earnings growth. Other corporate executives and general managers of subsidiaries and divisions are paid a bonus based on the achievement of specified operating profit and working capital targets as well as earnings growth targets. If the targeted performance is achieved, a bonus is paid in an amount equal to either a percentage of salary or a percentage of the midpoint of the salary range for the employee's position. If performance exceeds targeted levels, an employee may be paid up to twice that amount. If minimum targets are not achieved, no bonus is paid. Annual bonuses for the Company's chief executive officer and its five other highest paid executive officers are reviewed and approved by the Compensation Committee. Bonuses for other senior management employees are reviewed and approved by the Executive Committee.

The Company also has a mid-term incentive program which was first approved by the Company's stockholders in 1998 and again in 2002. Benefits under this program are paid upon the achievement of established targets for sales growth and total shareholder return over a period of three years. The targets are established prior to the commencement of each three year cycle. The Company believes that this program plays an important role in aligning the compensation of executives with the key financial goals which drive the Company's success and create shareholder value. Participation in the program is limited to those few executives who are in positions which have a significant impact on the achievement of the goals and who must provide the long-term strategic leadership necessary to accomplish the goals. The mid-term incentive program is administered by the Compensation Committee.

The Company has regularly granted stock options to its key management employees since the mid-1960's. The Company continues to believe that the stock option programs are an effective vehicle for causing its key management employees to identify with the interests of its stockholders. The number of shares for which an option is granted is determined by the salary range assigned to the executive, although additional shares are occasionally awarded to an individual for exemplary performance. Each of the option agreements contains a vesting schedule which provides an inducement to employees to remain in the employment of the Company in order to maximize the economic benefit of the option. The Compensation Committee is responsible for the administration of the stock option plan with respect to the Company's officers and employee directors. The Executive Committee administers the plan for all other participants.

Chief Executive Officer Compensation

Compensation for the Company's chief executive officer is structured the same as compensation for other senior management employees. As disclosed in the table on page 11 of this proxy statement, Mr. Lawless' compensation for 2002 consisted of a salary, a cash bonus, a payment from the mid-term incentive program, and a grant of an option under the Company's stock option plan. In addition, he was paid a fee for his membership on the Board of Directors. During the last fiscal year, the Committee approved an increase in Mr. Lawless' salary consistent with the findings of the market survey conducted by Hewitt Associates, Inc. In addition, the Committee approved an annual bonus for Mr. Lawless at the maximum level permitted by the program based on the Company's earnings per share performance for 2002, and a payment under the mid-term incentive program at a level slightly higher than target based on the Company's cumulative net sales growth and total shareholder return over the three year period ended November 30, 2002.

Submitted by:

Compensation Committee	Executive Committee
Barry H. Beracha, Chairman	Robert J. Lawless, Chairman
Edward S. Dunn, Jr.	Francis A. Contino
J. Michael Fitzpatrick	Robert G. Davey
	Carroll D. Nordhoff

Compensation Committee Interlocks and Insider Participation

No member of the Compensation Committee is, or during the last fiscal year was, an officer or an employee of the Company or any of its subsidiaries, and no member has any interlocking or insider relationships with the Company which are required to be reported under applicable rules and regulations of the Securities and Exchange Commission.

At the close of fiscal year 2002, members of the Executive Committee were Messrs. Lawless, Contino, Davey and Nordhoff. All are employees and executive officers of the Company. The table beginning at page 4 of this proxy statement sets forth the business experience of each of the members.

SUMMARY COMPENSATION TABLE

The following table sets forth the compensation paid by the Company and its subsidiaries for services rendered during each of the fiscal years ended November 30, 2002, 2001 and 2000 to the Chief Executive Officer of the Company and each of the other four most highly compensated executive officers who were executive officers on the last day of the 2002 fiscal year, determined by reference to total salary and bonus paid to such individuals for the 2002 fiscal year.

		Annual Compensation		Long Term Compensation		
				Awards	Payouts	
Name and Principal Position	Fiscal Year	(1) Salary ($)	(1) Bonus ($)	(5) Securities Underlying Options (#)	(2) LTIP Payouts ($)	(3) All Other Compensation ($)
Robert J. Lawless	2002	768,867	1,280,000	286,000	1,914,173	8,000
Chairman of the Board, President & Chief Executive Officer	2001	701,367	1,120,000	286,000	0	19,507
	2000	633,033	899,600	226,000	955,500	13,958
	2002	456,908	496,800	130,000	523,328	8,000
Robert G. Davey	2001	434,700	473,000	130,000	0	15,407
President Global Industrial Group	2000	405,117	422,000	116,000	336,000	9,909
	2002	393,367	400,000	100,000	394,746	8,000
Francis A. Contino	2001	365,700	360,000	100,000	0	14,096
Executive Vice President, Chief Financial Officer & Supply Chain	2000	347,367	355,000	86,000	262,500	5,383
	2002	331,658	325,600	100,000	394,746	8,000
Carroll D. Nordhoff	2001	319,117	313,000	100,000	0	13,717
Executive Vice President	2000	306,373	310,000	86,000	309,750	8,254
	2002	361,642	282,543	96,000	363,133	8,000
Robert W. Schroeder (4)	2001	350,950	269,598	96,000	0	14,066
Executive Vice President	2000	318,033	176,748	67,000	246,750	7,828

(1) "Salary" includes Corporate Board of Directors fees and service awards. Salary and/or bonuses deferred at the election of the named officer are included in the category and year they would have otherwise been reported had they not been deferred.

(2) Amounts shown as "LTIP Payouts" were payments made upon completion of the first and second three-year performance periods ended November 30, 2002 and 2000 under the Mid-Term Incentive Program. Awards were paid in shares of restricted stock of the Company based on the stock price on November 30, 2002 and November 30, 2000, respectively.

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(3) These amounts were paid or accrued under the Company's 401(k) Retirement Plan for the accounts of such individuals. The stated figures represent the Company's matching contribution of employee contributions to the Plan in amounts not to exceed $8,000 per participant and, for years prior to 2002, the amounts that would have been contributed to the individual's account but for certain limits imposed by the Internal Revenue Code. Amounts in excess of these limits were paid in cash to these individuals as follows: in 2001, for Messrs. Contino, Davey, Lawless, Nordhoff and Schroeder the excess amounts were $3,037, $4,347, $8,448, $2,658 and $3,007, respectively; and in 2000, for Messrs. Davey, Lawless, Nordhoff and Schroeder the excess amounts were $4,526, $8,575, $2,871 and $2,445, respectively. Beginning in 2002, the Company limited its contributions to the Plan to matching contributions.

(4) In December of 2002, Mr. Schroeder announced his plans to retire from the Company as of January 1, 2004. Mr. Schroeder has agreed to continue to provide advisory and consulting services to the Company for an eighteen month period following his retirement. During the consulting period, Mr. Schroeder will be paid a monthly consulting fee in the amount of $30,650.

(5) All share numbers in the table have been adjusted to reflect the 2-for-1 stock split effective April 8, 2002.

Compensation of Directors

Corporate Board of Directors fees are paid at the rate of $7,200 per year for each director who is an employee of the Company. Fees paid to each director who is not an employee of the Company consist of an annual retainer of $25,000 in cash and $15,000 in Common Stock of the Company, and a meeting fee of $1,500 for each Board meeting attended. Non-employee directors who serve on Board Committees also receive $1,200 for each Committee meeting they attend. Non-employee directors who serve as Committee Chairs receive $1,500 for each Committee meeting attended and an additional annual retainer of $4,000. Under the Directors' Non-Qualified Stock Option Plan, non-employee directors are granted options each year for 2,500 shares of Common Stock and 2,500 shares of Common Stock Non-Voting.

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PENSION PLAN TABLE

The following table shows the estimated annual benefits (on a single-life basis), including supplemental benefits, payable upon retirement (assuming retirement at age 65) to participants in the designated average compensation and years of service classifications:

Average Compensation	Years of Service					
	10 Years	15 Years	20 Years	25 Years	30 Years	35 Years
$ 600,000	101,100	151,650	202,200	252,750	303,300	353,850
$ 700,000	118,500	177,750	237,000	296,250	355,500	414,750
$ 800,000	135,900	203,850	271,800	339,750	407,700	475,650
$ 900,000	153,300	229,950	306,600	383,250	459,900	536,550
$ 1,000,000	170,700	256,050	341,400	426,750	512,100	597,450
$ 1,200,000	205,500	308,250	411,000	513,750	616,500	719,250
$ 1,500,000	257,700	386,550	515,400	644,250	773,100	901,950
$ 1,800,000	309,900	464,850	619,800	774,750	929,700	1,084,650

The Company's Pension Plan is a defined benefit, non-contributory plan. A majority of the employees of the Company and participating subsidiaries are eligible to participate in the Plan upon completing one year of service and attaining age 21. The Plan provides benefits (which are reduced by an amount equal to 50% of the participant's social security benefit for those participants hired before December 1, 2000) based on the participant's years of service and highest average compensation over a period of five consecutive years, as defined in the Plan. The Company has adopted a supplement to its Pension Plan to provide a limited group of senior executives with an inducement to retire before age 65. That group of senior executives will receive credit for additional service for employment after age 55. The supplement also includes a significant portion of the senior executives' bonuses in the calculation of pension benefits. The supplement further provides that if a senior executive with Company service outside the U.S. retires after having served at least three years immediately preceding retirement in the U.S., all of the executive's years of Company service, including years of service with foreign subsidiaries of the Company, will be counted in calculating pension benefits. This group of senior executives includes those individuals listed in the table on page 11.

For purposes of calculating the pension benefit, the average of the highest five consecutive 12-month periods of compensation for the executives listed in the table on page 11 as of November 30, 2002 is as follows: Mr. Contino $652,722; Mr. Davey $817,163; Mr. Lawless $1,558,040; Mr. Nordhoff $603,010; Mr. Schroeder $554,782. The years of credited service for these executives as of the same date (including, for Messrs. Lawless and Davey, service with foreign subsidiaries of the Company) are: Mr. Contino 4.5; Mr. Davey 25.5; Mr. Lawless 26; Mr. Nordhoff 32; Mr. Schroeder 17.

In 1999, the Company adopted a deferred compensation plan which allows a limited number of management employees to defer the payment of portions of salary and bonus. Plan participants may invest their deferred compensation in any one or a combination of the plan's investment funds. In most cases, deferred amounts plus earnings are paid out upon the participant's retirement or termination of employment.

STOCK OPTIONS

OPTION GRANTS IN LAST FISCAL YEAR

During the last fiscal year, the Company granted stock options to certain employees, including executive officers, pursuant to stock option plans approved by the Company's stockholders. Included among the option grants were the following:

	Individual Grants*				Potential Realizable Value At Assumed Annual Rates of Stock Price Appreciation For Option Term ($)**	
Name	**Number of Securities Underlying Options Granted (#)**	**% of Total Options Granted To Employees in Fiscal Year**	**Exercise or Base Price ($/Shares)**	**Expiration Date**	**5%**	**10%**
Robert J. Lawless	286,000	7.5%	$21.375	1/21/12	$3,844,590	$9,742,946
Robert G. Davey	130,000	3.4%	$21.375	1/21/12	$1,747,541	$4,428,612
Francis A. Contino	100,000	2.6%	$21.375	1/21/12	$1,344,262	$3,406,625
Carroll D. Nordhoff	100,000	2.6%	$21.375	1/21/12	$1,344,262	$3,406,625
Robert W. Schroeder	96,000	2.5%	$21.375	1/21/12	$1,290,492	$3,270,360

* The stock options are exercisable as follows: none of the shares subject to the option may be purchased during the first year of the option; not more than 25% of the shares subject to the option may be purchased during the second year of the option; not more than 50% of the shares subject to the option may be purchased during the third year of the option, less any shares for which the option may have been previously exercised; not more than 75% of the shares subject to the option may be purchased during the fourth year of the option, less any shares for which the option may have been previously exercised; and 100% of the shares subject to the option may be purchased, less any shares for which the option may have been previously exercised, at any time during the period between the end of the fourth year of the option and the expiration date. All stock options granted under the stock option plans become fully exercisable in the event of a change in control of the Company. Approximately 500 employees of the Company were granted options under the Company's option plans during the last fiscal year. All share numbers in this table have been adjusted to reflect the 2-for-1 stock split effective April 8, 2002.

** The dollar amounts under these columns are the result of calculations at the 5% and 10% compounded annual rates set by the Securities and Exchange Commission, and therefore are not intended to forecast future appreciation, if any, in the price of the Company's Common Stock. The potential realizable values illustrated at the 5% and 10% compounded annual rates of appreciation assume that the price of the Company's Common Stock increases $13.44 and $34.07 per share, respectively, over the 10-year term of the options. If the named executives realize these values, the Company's stockholders will realize aggregate appreciation in the price of the approximately 140.1 million shares of the Company's Common Stock and Common Stock Non-Voting outstanding as of January 31, 2003 of approximately $1.9 billion and $4.8 billion, respectively, over the same period.

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AGGREGATED OPTION EXERCISES IN LAST FISCAL YEAR AND FISCAL YEAR-END OPTION VALUES

During the last fiscal year, the Company's executive officers named in the table on page 11, exercised certain options granted to them in prior years. Those option exercises and the remaining unexercised options of November 30, 2002 are summarized as follows:

Name	Shares Acquired on Exercise (#)	Value Realized ($)	Number of Shares Underlying Unexercised Options at Fiscal Year-End (#) Exercisable/Unexercisable	Value of Unexercised In-the-Money Options at Fiscal Year-End ($) Exercisable/Unexercisable
Robert J. Lawless	106,000	$ 1,123,335	477,802 / 655,398	$4,040,856 / $3,605,083
Robert G. Davey	8,246	$ 91,160	232,152 / 306,848	$1,984,423 / $1,733,489
Francis A. Contino	0	$ 0	181,702 / 233,898	$1,590,989 / $1,310,721
Carroll D. Nordhoff	57,200	$ 530,244	179,302 / 233,898	$1,522,056 / $1,310,709
Robert W. Schroeder	44,200	$ 528,950	149,900 / 214,700	$1,258,540 / $1,153,056

All share numbers in the table above have been adjusted to reflect the 2-for-1 stock split effective April 8, 2002.

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EQUITY COMPENSATION PLAN INFORMATION

The following table summarizes information about the Company's equity compensation plans as of November 30, 2002, after adjustment for the 2-for-1 stock split effective April 8, 2002:

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights	Weighted-average exercise price of outstanding options, warrants and rights	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))
	(a)	(b)	(c)
Equity Compensation Plans approved by security holders (1)	Common Stock 10,423,850 Common Stock Non-Voting 3,825,676	Common Stock $17.19 Common Stock Non-Voting $17.45	Common Stock 8,586,865(2) Common Stock Non-Voting 3,537,376
Equity Compensation Plans not	Common Stock	Common Stock	Common Stock

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights	Weighted-average exercise price of outstanding options, warrants and rights	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))
approved by security holders (3)	224,657 Common Stock Non-Voting 142,917	$15.78 Common Stock Non-Voting $18.25	1,246,947 Common Stock Non-Voting 626,842
	(a)	(b)	(c)
Total	Common Stock 10,648,507 Common Stock Non-Voting 3,968,593	Common Stock $17.16 Common Stock Non-Voting $17.48	Common Stock 9,833,812 Common Stock Non-Voting 4,164,218

(1) Includes the 1997 and 2001 Stock Option Plans, the 2001 Employees Stock Purchase Plan and the Directors Non-Qualified Stock Option Plan.

(2) Includes 81,845 shares available as of November 30, 2002 under the Mid-Term Incentive Plan, a performance-based plan for a limited number of the Company's executive officers, including the Company's chief executive officer and the four other highest paid executive officers listed in the table on page 11.

(3) Includes options granted to certain foreign nationals in lieu of participation under the 1997 and 2001 Stock Option Plans and the 2001 Employees Stock Purchase Plan. Except for minor variations required by tax laws of various jurisdictions, the terms and conditions of such options are substantially the same as the options granted under the U.S. plans. Note 11 to the Company's financial statements, which appears on page 40 of the Company's Annual Report to Stockholders, contains a description of these plans.

MID-TERM INCENTIVE PLAN

The following table provides information on estimated future payouts under the Company's Mid-Term Incentive Plan to the executives named in the table on page 11 assuming the performance measures established for such payments are achieved. Under the Plan, performance measures are established by the Compensation Committee of the Board of Directors for sales growth and cumulative total shareholder return, assuming dividend reinvestment for each three year performance cycle. The target for total shareholder return is measured against the total shareholder return of other companies in a peer group selected by the Committee. The current performance cycle commenced on December 1, 2001 and will end on November 30, 2004. The maximum payout to any one individual cannot exceed the market value of 100,000 shares of the Company's common stock. Payouts for the prior two performance cycles are disclosed in the table on page 11.

Name	Performance or Other Period Until Maturation or Payout		Estimated Future Payouts under Non-Stock Price Based Plans		
			Threshold	Target	Maximum
Robert J. Lawless	12/1/2001	11/30/2004	$ 432,000	$ 1,728,000	$ 3,456,000
Robert G. Davey	12/1/2001	11/30/2004	$ 137,700	$ 550,800	$ 1,101,600
Francis A. Contino	12/1/2001	11/30/2004	$ 104,225	$ 416,900	$ 833,800
Carroll D. Nordhoff	12/1/2001	11/30/2004	$ 89,513	$ 358,050	$ 716,100

			Estimated Future Payouts under Non-Stock Price Based Plans		
Robert W. Schroeder	12/1/2001	11/30/2004	$ 65,138	$ 260,553	$ 521,107

PERFORMANCE GRAPH SHAREHOLDER RETURN

Set forth below is a line graph comparing the yearly change in the Company's cumulative total shareholder return (stock price appreciation plus reinvestment of dividends) on the Company's Common Stock with (i) the cumulative total return of the Standard & Poor's 500 Stock Price Index, assuming reinvestment of dividends, and (ii) the cumulative total return of the Standard & Poor's Food Products Index, assuming reinvestment of dividends.

The graph assumes that $100 was invested on December 1, 1997 in McCormick & Company, Incorporated Common Stock, the Standard & Poor's 500 Stock Price Index and the Standard & Poor's Food Products Index, and that all dividends were reinvested through November 30, 2002, the end of the Company's last fiscal year.

SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Section 16(a) of the Securities Exchange Act of 1934 requires the Company's directors and officers, and persons who own more than 10 percent of a registered class of the Company's equity securities, to file with the Securities and Exchange Commission and the New York Stock Exchange, initial reports of ownership and reports of changes in beneficial ownership of such equity securities of the Company. On November 19, 2002, 105 shares of the Company's Common Stock were purchased on behalf of Mr. Beracha, and 94 shares of the Company's Common Stock were purchased on behalf of Dr. Fitzpatrick, by the administrator of the Company's Deferred Compensation Plan pursuant to investment instructions provided by such reporting persons to the plan administrator in October and November, respectively, of 2001. The plan administrator failed to report such purchases until December 16, 2002. A report on Form 4 was filed for such transactions on December 17, 2002. To the Company's knowledge, based upon the reports filed and written representations that no other reports were required during the fiscal year ended November 30, 2002, no other director or officer of the Company failed to file reports required by Section 16(a) on a timely basis.

2003 EMPLOYEES STOCK PURCHASE PLAN

Since 1966 it has been the policy of the Company to make available to virtually all of its employees the opportunity to purchase shares of the Company's stock through employees stock purchase plans. Since the Board of Directors believes that these plans have been successful in achieving their purposes, a new employees stock purchase plan is being submitted to the stockholders at this time.

On January 28, 2003, the Board of Directors adopted the "2003 Employees Stock Purchase Plan," (the "ESPP") which is designed to meet the requirements of the Internal Revenue Code of 1986, as amended (the "Code") for employee stock purchase plans. The following is a summary of the principal features of the ESPP. This summary is qualified in its entirety by the more detailed terms and conditions of the ESPP, a copy of which is attached as Exhibit A to this proxy statement. If the ESPP is not approved by the required vote of stockholders by January 27, 2004, it will terminate. The Company intends to file a registration statement under the Securities Act of 1933, as amended, to register the shares to be issued pursuant to the exercise of options granted under the ESPP.

Participation in the ESPP is limited to persons who on March 26, 2003 are employees of the Company and designated subsidiaries and, with stated exceptions, all such employees are eligible to participate. It is estimated that approximately 5,327 employees will be eligible to participate in the ESPP.

Under the ESPP, options are to be granted on March 26, 2003 to each eligible employee to

purchase as many shares of Common Stock Non-Voting of the Company as can be purchased with approximately 10% of each employee's annual base pay. Each eligible employee may elect to purchase all or a portion of such shares. Failure to make such election prior to April 30, 2003 will result in termination of the option.

The purchase price per share is the closing price of the Company's Common Stock Non-Voting on the New York Stock Exchange either March 26, 2003 or for the date of exercise, whichever price is lower. The closing price of the Common Stock Non-Voting for January 31, 2003 was $22.40. Payment for all shares purchased will be made through payroll deductions over a 24-month period beginning on June 1, 2003. After payroll deductions have begun, prepayment for the total shares purchasable is permitted at any time before May 31, 2005. Interest on all such amounts will accrue at the rate of 2% per year, and will be paid to the employees after completion of payment for their shares or upon prior withdrawal from the ESPP.

Subject to certain limitations set forth in the ESPP, employees are permitted, at any time prior to May 31, 2005, to terminate or reduce their payroll deductions, to reduce their options to purchase, to exercise their options in whole or in part, or to withdraw all or part of the balance in their accounts, with interest.

The ESPP also contains provisions governing the rights and privileges of employees or their representatives in the event of termination of employment, retirement, severance, lay-off, disability, death or other events. Shares of stock purchased under the ESPP will be delivered as soon as practicable after May 31, 2005, or on such earlier date as full payment is made for all shares which the employee has elected to purchase. No employee or his or her legal representative will have any rights as a stockholder with respect to any shares to be purchased until completion of payments for all the shares and the issuance of the stock certificate.

The ESPP contemplates that all funds contributed by employees will be under the control of the Company and may be used for any corporate purpose.

The Executive Committee of the Board of Directors, or such other employee(s) as they may designate, will be responsible for the administration of the ESPP. The determinations of the plan administrator with respect to any questions arising under the ESPP will be final and binding.

Federal Income Tax Consequences. The Company has been advised by counsel that if a participant acquires stock upon the exercise of an option under the ESPP, the participant will not recognize income, and the Company will not be allowed a deduction as a result of such exercise, if the following conditions are met: (i) the ESPP is approved by the stockholders of the Company on or before January 27, 2004; (ii) at all times during the period beginning with the grant of the option and ending on the day three months before the date of such exercise, the participant was an employee of the Company or a subsidiary of the Company; and (iii) the participant makes no disposition of the stock within two years after the grant of the option or within one year after the transfer of the stock to the participant. In the event of a sale or other disposition of such stock by the participant after compliance with the applicable conditions set forth above, any gain realized over the price paid for the stock will be treated as long-term capital gain, and any loss will be treated as long-term capital loss, in the year of the sale. If the conditions stated in clauses (i) and (ii) are not met, the participant will recognize compensation income upon the exercise of the option. If the conditions in clauses (i) and (ii) are met, but the condition in clause (iii) is not met, the participant will recognize compensation income and, if applicable, capital gains, upon the early disposition of the stock. In either case the amount of compensation will be equal to the excess of the value of the stock on the date of exercise over the purchase price, except that in the case of a person subject to Section 16(b) of the Securities Exchange Act of 1934, as amended, the amount of compensation income will be determined based on the value of the stock on the date on which the Section 16(b) restriction lapses (and the inclusion in income of the compensation will be delayed until that time). In general, compensation income will be subject to income tax at regular income tax rates. If the participant is treated as having received compensation income, an equivalent deduction generally will be allowed to the Company. For the purpose of the foregoing, an option is exercised on May 31, 2005 or such earlier date as the employee makes an irrevocable election to purchase stock. No income will result to participants upon the grant of the options.

The Company has been further advised by counsel that the interest accrued on an employee's stock purchase account will be taxable income to such employee and a deduction will be allowed to the Company or a subsidiary of the Company.

The following table shows the estimated maximum number of shares of Common Stock Non-Voting that each listed person, and each listed group, will be entitled to acquire in accordance with the provisions of the ESPP (based on the stock price in effect on January 31, 2003). The dollar value represents the amount of base pay which may be used to acquire shares under the ESPP. The number of shares represents the maximum number of shares of Common Stock Non-Voting which may be purchased by such individual or group at the January 31, 2003 stock price with the dollar value.

NEW PLAN BENEFITS
2003 Employee Stock Purchase Plan (1)

Name and Position	Dollar Value ($)(2)	Number of Shares(2)
Robert J. Lawless Chairman of the Board, President & Chief Executive Officer	$50,000	2,232
Robert G. Davey President Global Industrial Group	$47,400	2,116
Francis A. Contino Executive Vice President, Chief Financial Officer & Supply Chain	$44,000	1,964
Carroll D. Nordhoff Executive Vice President	$33,690	1,504
Robert W. Schroeder Executive Vice President	$36,770	1,642
Executive Officer Group (18 persons)	$405,497	18,103
Non-Executive Director Group (6 persons)	not eligible to participate	not eligible to participate
Non-Executive Officer/Employee Group (approximately 5,327 persons)	$22,971,912	1,025,532

(1) Mr. Molan, who is a nominee to the Board of Directors in addition to the persons listed in the New Plan Benefits table, is a non-US employee and is not eligible to participate in the ESPP. Mr. Molan receives other stock options for the number of shares he would have been able to purchase under the ESPP if he had been eligible to participate in this ESPP. Ms. Weatherholtz, who is a nominee to

the Board of Directors in addition to the persons listed in the New Plan Benefits table, will receive options under the ESPP to purchase 1,086 shares of Common Stock Non-Voting. Director nominees who are not employees of the Company are not eligible to participate in the ESPP. No person will receive options for as much as 5% of the shares subject to the ESPP.

(2) The maximum dollar value under the ESPP for any participant is $50,000.

The ESPP contemplates that the Company will make available sufficient shares of its Common Stock Non-Voting to allow each eligible employee to elect to purchase the full number of shares covered by the options granted. On the basis of the closing price of the shares of the Company's Common Stock Non-Voting on January 31, 2003, it is estimated that a maximum of 1,043,635 shares will be required if each eligible employee elects to participate to the full extent of his or her option. The ESPP provides for adjustments in the case of certain changes in the Company's capital structure.

Required Vote of Stockholders. The favorable vote of at least a majority of the shares of Common Stock of the Company present in person or by proxy at a meeting at which a quorum is present is required for the approval of the ESPP.

The Board of Directors recommends that stockholders vote *FOR* the approval of the ESPP.

MANAGEMENT INCENTIVE BONUS PLAN

On recommendation of the Compensation Committee, the Board of Directors of the Company has unanimously approved the Management Incentive Bonus Plan (the "MIB") effective as of December 1, 2002, subject to stockholder approval. The following is a summary description of the principal features of the MIB. This summary is qualified in its entirety by the more detailed terms and conditions of the MIB, a copy of which is attached as Exhibit B to this proxy statement.

The MIB is designed to provide incentives to senior management employees of the Company to achieve the Company's annual financial goals and strategic objectives and to facilitate the Company's efforts to attract, motivate and retain highly talented executives. The Compensation Committee and the Board of Directors believe the MIB properly aligns senior management compensation with the Company's financial performance and therefore promotes the growth and success of the Company and enhances shareholder value.

The MIB participants will include such senior management employees of the Company as the Compensation Committee, in its discretion, may designate. The Compensation Committee will (a) establish the annual performance targets to be achieved in order for a bonus to be paid, (b) determine whether (and to what extent) such targets have been achieved, and (c) approve the payment of MIB benefits to the participants.

The Compensation Committee shall have full power and authority to administer and interpret the MIB and to adopt, amend, suspend, terminate or waive such rules, regulations and guidelines, and to appoint such agents for the administration of the MIB and for the conduct of its business as the Compensation Committee may deem necessary or advisable. All interpretations and determinations made by the Compensation Committee, and all actions taken by the Compensation Committee, shall be conclusive and binding on all parties.

Annual performance targets for the payment of bonuses will be established by agreement of the Compensation Committee within 90 days after the commencement of each fiscal year of the Company to which the performance targets relate, or within such other time period as may be required by Section 162(m) of the Code. Such targets shall be based on one or more performance criteria, as the Compensation Committee may deem appropriate, such as net sales growth, operating profit (or growth in operating profit), earnings per share (or growth in such earnings per share), inventory turnover, days sales outstanding, days payable outstanding, or return on equity or capital. Such targets may be expressed in absolute terms or by reference to the performance of peer companies. The Compensation Committee may require that a portion of the bonus award be based upon division, subsidiary, or other business unit performance targets in addition to corporate performance goals. The Compensation Committee may disregard or offset the effect of any special charges or gains, or the cumulative effect of any change in accounting in determining the attainment of performance targets by the Company or a division, subsidiary, or other business unit. If an individual becomes a senior management employee during a fiscal year, such individual may be made eligible for a bonus award for that year; provided, however, that such eligibility shall be conditioned on compliance with the requirements of Section 162(m) of the Code if such individual gains eligibility by becoming the chief executive officer or one of the four other highest paid executive officers of the Company.

Bonus awards will be payable following the completion of each fiscal year upon certification by the Compensation Committee that the Company achieved the specified performance targets established for the participants. Unless the participant elects to defer all or part of the bonus award in accordance with the Company's Deferred Compensation Plan, all bonus awards will be paid in cash to the participant. Notwithstanding the Company's accomplishment of the performance t