COMSCORE, INC.
Form 4
June 18, 2014

FORM 4

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. *See* Instruction 1(b).

OMB APPROVAL
OMB Number: 3235-0287
Expires: January 31, 2005
Estimated average burden hours per response... 0.5

(Print or Type Responses)

1. Name and Address of Reporting Person *
FULGONI GIAN

(Last) (First) (Middle)

C/O COMSCORE, INC., 11950 DEMOCRACY DRIVE 6TH FLOOR

(Street)

RESTON, VA 20190

(City) (State) (Zip)

2. Issuer Name **and** Ticker or Trading Symbol
COMSCORE, INC. [SCOR]

3. Date of Earliest Transaction (Month/Day/Year)
06/17/2014

4. If Amendment, Date Original Filed(Month/Day/Year)

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

__X__ Director _____ 10% Owner
__X__ Officer (give title below) _____ Other (specify below)
Executive Chairman

6. Individual or Joint/Group Filing(Check Applicable Line)
_X_ Form filed by One Reporting Person
___ Form filed by More than One Reporting Person

Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

1.Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)		4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)			5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Indirect Beneficial Ownership (Instr. 4)
			Code	V	Amount	(A) or (D)	Price			
Common Stock	06/17/2014		S		15,400 (1)	D	$ 35.0256	313,956	D	
Common Stock	06/18/2014		S		11,600 (1)	D	$ 35.0176	302,356	D	

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

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SEC 1474 (9-02)

Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned
(*e.g.*, puts, calls, warrants, options, convertible securities)

1. Title of Derivative Security (Instr. 3)	2. Conversion or Exercise Price of Derivative Security	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any (Month/Day/Year)	4. Transaction Code (Instr. 8)		5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)		6. Date Exercisable and Expiration Date (Month/Day/Year)		7. Title and Amount of Underlying Securities (Instr. 3 and 4)		8. Price of Derivative Security (Instr. 5)	9. Nu Deriv Secur Bene Owne Follo Repo Trans (Instr
				Code	V	(A)	(D)	Date Exercisable	Expiration Date	Title	Amount or Number of Shares		

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
FULGONI GIAN C/O COMSCORE, INC. 11950 DEMOCRACY DRIVE 6TH FLOOR RESTON, VA 20190	X		Executive Chairman	

Signatures

/s/ Christiana Lin, Attorney-in-Fact	06/17/2014
**Signature of Reporting Person	Date

Explanation of Responses:

* If the form is filed by more than one reporting person, *see* Instruction 4(b)(v).

** Intentional misstatements or omissions of facts constitute Federal Criminal Violations. *See* 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).

(1) Shares disposed of pursuant to a 10b5-1 plan entered into in May 2013

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure.
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Foreign exchange contracts
Other current
assets

138.7

2.4

Other accrued
liabilities

$
64.9

$
1.9

Total

$
12.1

$
1.9

As of November 30, 2014
Asset Derivatives

Liability Derivatives

Balance Sheet
Location

Notional
Amount

Fair
Value

Balance Sheet
Location

Notional
Amount

Fair
Value
Interest rate contracts
Other current
assets

$
100.0

$
7.4

Foreign exchange contracts
Other current
assets

106.3

4.9

Other accrued
liabilities

$
156.4

$
1.4

Total

$
12.3

Explanation of Responses:

$
1.4

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The following tables disclose the impact of derivative instruments on our other comprehensive income (OCI), accumulated other comprehensive income (AOCI) and our income statement for the three month period ended February 28, 2015 and 2014 (in millions):

Fair Value Hedges -
For the 3 months ended February 28,

Derivative	Income statement location	Expense	
		2015	2014
Interest rate contracts	Interest expense	$1.2	$1.2

Cash Flow Hedges –
For the 3 months ended February 28,

Derivative	Gain or (Loss) recognized in OCI		Income statement location	Gain or (Loss) reclassified from AOCI	
	2015	2014		2015	2014
Interest rate contracts	$—	$—	Interest expense	$—	$—
Foreign exchange contracts	3.0	—	Cost of goods sold	1.1	(0.4)
Total	$3.0	$—		$1.1	$(0.4)

The amount of gain or loss recognized in income on the ineffective portion of derivative instruments is not material. The amounts noted in the tables above for OCI do not include any adjustments for the impact of deferred income taxes.

5. FAIR VALUE MEASUREMENTS

Fair value can be measured using valuation techniques, such as the market approach (comparable market prices), the income approach (present value of future income or cash flow), and the cost approach (cost to replace the service capacity of an asset or replacement cost). Accounting standards utilize a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value into three broad levels. The following is a brief description of those three levels:

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

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Our population of financial assets and liabilities subject to fair value measurements on a recurring basis are as follows (in millions):

	February 28, 2015			
	Fair Value	Level 1	Level 2	Level 3
Assets				
Cash and cash equivalents	$81.8	$81.8	$—	$—
Insurance contracts	106.8	—	106.8	—
Bonds and other long-term investments	7.8	7.8	—	—
Interest rate derivatives	4.9	—	4.9	—
Foreign currency derivatives	8.4	—	8.4	—
Total	$209.7	$89.6	$120.1	$—
Liabilities				
Foreign currency derivatives	$3.4	$—	$3.4	$—

	February 28, 2014			
	Fair Value	Level 1	Level 2	Level 3
Assets				
Cash and cash equivalents	$89.4	$89.4	$—	$—
Insurance contracts	92.3	—	92.3	—
Bonds and other long-term investments	15.2	15.2	—	—
Interest rate derivatives	9.7	—	9.7	—
Foreign currency derivatives	2.4	—	2.4	—
Total	$209.0	$104.6	$104.4	$—
Liabilities				
Foreign currency derivatives	$1.9	$—	$1.9	$—

	November 30, 2014			
	Fair Value	Level 1	Level 2	Level 3
Assets				
Cash and cash equivalents	$77.3	$77.3	$—	$—
Insurance contracts	104.5	—	104.5	—
Bonds and other long-term investments	8.5	8.5	—	—
Interest rate derivatives	7.4	—	7.4	—
Foreign currency derivatives	4.9	—	4.9	—
Total	$202.6	$85.8	$116.8	$—
Liabilities				
Foreign currency derivatives	$1.4	$—	$1.4	$—

The fair values of insurance contracts are based upon the underlying values of the securities in which they are invested and are from quoted market prices from various stock and bond exchanges for similar type assets. The fair values of bonds and other long-term investments are based on quoted market prices from various stock and bond exchanges. The fair values for interest rate and foreign currency derivatives are based on values for similar instruments using models with market based inputs.

6. EMPLOYEE BENEFIT AND RETIREMENT PLANS

The following table presents the components of our pension expense of the defined benefit plans for the three months ended February 28, 2015 and 2014 (in millions):

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	United States		International	
	2015	2014	2015	2014
Defined benefit plans				
Service cost	$5.9	$5.0	$2.1	$2.0
Interest costs	7.9	7.8	3.1	3.4
Expected return on plan assets	(10.0)	(9.7)	(4.4)	(4.7)
Amortization of prior service costs	—	—	0.1	0.1
Recognized net actuarial loss	4.2	2.9	1.5	1.2
Total pension expense	$8.0	$6.0	$2.4	$2.0

During the three months ended February 28, 2015 and 2014, we contributed $7.3 million and $8.9 million, respectively, to our pension plans. Total contributions to our pension plans in fiscal year 2014 were $16.8 million.
The following table presents the components of our other postretirement benefits expense (in millions):

	Three months ended February 28,	
	2015	2014
Other postretirement benefits		
Service cost	$0.8	$1.0
Interest costs	0.9	1.0
Total other postretirement expense	$1.7	$2.0

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7. STOCK-BASED COMPENSATION

We have three types of stock-based compensation awards: restricted stock units (RSUs), stock options and company stock awarded as part of our long-term performance plan (LTPP). The following table sets forth the stock-based compensation expense recorded in selling, general and administrative (SG&A) expense (in millions):

	Three months ended February 28,	
	2015	2014
Stock-based compensation expense	$3.7	$2.6

Our 2015 annual grant of stock options and RSUs is expected to occur in the second quarter, similar to the 2014 annual grant.

The following is a summary of our stock option activity for the three months ended February 28, 2015 and 2014:

	2015		2014	
(shares in millions)	Number of Shares	Weighted-Average Exercise Price	Number of Shares	Weighted-Average Exercise Price
Outstanding at beginning of period	4.8	$54.17	4.6	$47.73
Exercised	(0.3)	39.90	(0.3)	32.19
Outstanding at end of the period	4.5	54.89	4.3	48.87
Exercisable at end of the period	2.7	$47.10	2.4	$40.98

As of February 28, 2015 the intrinsic value (the difference between the exercise price and the market price) for all options outstanding was $92.5 million and for options currently exercisable was $76.2 million. The total intrinsic value of all options exercised during the three months ended February 28, 2015 and 2014 was $8.5 million and $11.7 million, respectively.

The following is a summary of our RSU activity for the three months ended February 28, 2015 and 2014:

	2015		2014	
(shares in thousands)	Number of Shares	Weighted-Average Grant-Date Fair Value	Number of Shares	Weighted-Average Grant-Date Fair Value
Outstanding at beginning of period	239	$67.60	161	$60.86
Vested	—	—	(2)	38.28
Forfeited	(3)	71.19	(1)	65.23
Outstanding at end of period	236	$67.55	158	$61.10

The following is a summary of our LTPP activity for the three months ended February 28, 2015 and 2014:

	2015		2014	
(shares in thousands)	Number of Shares	Weighted-Average Grant-Date Fair Value	Number of Shares	Weighted-Average Grant-Date Fair Value
Outstanding at beginning of period	231	$61.94	334	$51.73
Granted	96	74.02	105	69.04
Vested	(65)	48.78	(118)	44.47
Forfeited	—	—	(2)	44.47
Outstanding at end of period	262	$69.64	319	$60.15

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8. INCOME TAXES

Income taxes for the three months ended February 28, 2015 included $3.8 million of discrete tax benefits. Of that amount, $1.8 million related to the reversal of unrecognized tax benefits and interest associated with a statute of limitation expiration in an international jurisdiction and the remainder principally related to the recognition of a 2014 research tax credit. A new law was enacted in the first quarter 2015 that retroactively granted the credit for our tax year 2014. Other than the $1.8 million reversal previously described and additions for current year tax positions, there were no significant changes to unrecognized tax benefits during the three months ended February 28, 2015. We believe that it is reasonably possible that the total amount of unrecognized tax benefits as of February 28, 2015 could decrease by approximately $7.0 million in the next 12 months as a result of various statute expirations, audit closures, and/or tax settlements.

During the three months ended February 28, 2014, the Company reached a settlement with respect to the French taxing authority's audits of the 2007-2011 tax years. In connection with that settlement, the Company recognized international tax expense of $2.2 million related to adjustments agreed as part of the settlement and a tax benefit of $5.8 million associated with the reversal of unrecognized tax benefits and interest related to the settlement. Income taxes for the three months ended February 28, 2014, included the following discrete tax items in addition to those associated with the French tax settlement: (i) international tax expense of $0.6 million related to an increased valuation allowance associated with prior year losses of a non-U.S. subsidiary due to a change in our assessment of the likely realization of such losses; and (ii) international tax expense of $3.7 million related to fiscal year 2013 arising from a retroactive change in French tax law enacted in the three months ended February 28, 2014. (Later in 2014, final legislative guidance on that French tax law change was issued, which resulted in our reversal, during the third quarter of 2014, of the $3.7 million of tax expense that was provided in the first quarter of 2014.)

9. EARNINGS PER SHARE AND STOCK ISSUANCE

The following table sets forth the reconciliation of average shares outstanding (in millions):

	Three months ended February 28,	
	2015	2014
Average shares outstanding – basic	128.2	131.1
Effect of dilutive securities:		
Stock options/RSUs/LTPP	1.1	1.1
Average shares outstanding – diluted	129.3	132.2

The following table sets forth the stock options and RSUs for the three months ended February 28, 2015 and 2014 which were not considered in our earnings per share calculation since they were anti-dilutive (in millions):

	Three months ended February 28,	
	2015	2014
Anti-dilutive securities	0.4	0.9

The following table sets forth the common stock activity for the three months ended February 28, 2015 and 2014 under the Company's stock option and employee stock purchase plans and the repurchases of common stock under its stock repurchase program (in millions):

	Three months ended February 28,	
	2015	2014
Shares issued under stock option, employee stock purchase plans and RSUs	0.3	0.3
Shares repurchased in connection with the stock repurchase program	0.9	0.9

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As of February 28, 2015, $51 million remained of the $400 million share repurchase authorization that was authorized by the Board of Directors in April 2013.

10. ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)

The following table sets forth the components of accumulated other comprehensive income (loss), net of tax where applicable (in millions):

	February 28, 2015	February 28, 2014	November 30, 2014
Foreign currency translation adjustment	$(105.1)	$170.0	$32.1
Unrealized gain (loss) on foreign currency exchange contracts	3.7	(0.2)	3.0
Unamortized value of settled interest rate swaps	2.8	2.1	2.9
Pension and other postretirement costs	(216.3)	(165.3)	(224.0)
Accumulated other comprehensive income (loss)	$(314.9)	$6.6	$(186.0)

The following table sets forth the amounts reclassified from accumulated other comprehensive income (loss) and into consolidated net income for the three months ended February 28, 2015 and 2014 (in millions):

	Three months ended February 28,		Affected Line Items in the Condensed Consolidated Income Statement
Accumulated Other Comprehensive Income (Loss) Components	2015	2014	
Gains (losses) on cash flow hedges:			
Interest rate derivatives	—	—	Interest expense
Foreign exchange contracts	$1.1	$(0.4)	Cost of goods sold
Total before tax	1.1	(0.4)	
Tax effect	(0.3)	0.1	Income taxes
Net, after tax	$0.8	$(0.3)	
Amortization of pension and postretirement benefit adjustments:			
Amortization of prior service costs (1)	$0.1	$0.1	SG&A expense/ Cost of goods sold
Amortization of net actuarial losses (1)	5.7	4.1	SG&A expense/ Cost of goods sold
Total before tax	5.8	4.2	
Tax effect	(2.0)	(1.4)	Income taxes
Net, after tax	$3.8	$2.8	

(1) This accumulated other comprehensive income (loss) component is included in the computation of total pension expense (refer to note 6 for additional details).

11. BUSINESS SEGMENTS

We operate in two business segments: consumer and industrial. The consumer and industrial segments manufacture, market and distribute spices, seasoning mixes, condiments and other flavorful products throughout the world. Our consumer segment sells to retail outlets, including grocery, mass merchandise, warehouse clubs, discount and drug stores under the “McCormick” brand and a variety of brands around the world, including “Lawry’s”, “Zatarain’s”, “Simply Asia”, “Thai Kitchen”, “Ducros”, “Vahine”, “Schwartz”, “Club House”, “Kamis”, “Kohinoor” and “DaQiao”. Our industrial se sells to food manufacturers and the foodservice industry both directly and indirectly through distributors.

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In each of our segments, we produce and sell many individual products which are similar in composition and nature. With their primary attribute being flavor, we regard the products within each of our segments to be fairly homogenous. It is impracticable to segregate and identify sales and profits for individual product lines.
We measure segment performance based on operating income excluding special charges as this activity is managed separately from the business segments. Although the segments are managed separately due to their distinct distribution channels and marketing strategies, manufacturing and warehousing are often integrated to maximize cost efficiencies. We do not segregate jointly utilized assets by individual segment for internal reporting, evaluating performance or allocating capital. Because of manufacturing integration for certain products within the segments, products are not sold from one segment to another but rather inventory is transferred at cost. Intersegment sales are not material.

	Consumer	Industrial (in millions)	Total
Three months ended February 28, 2015			
Net sales	$620.3	$390.1	$1,010.4
Operating income excluding special charges	91.5	30.6	122.1
Income (loss) from unconsolidated operations	10.2	(0.3)	9.9
Three months ended February 28, 2014			
Net sales	$615.3	$378.1	$993.4
Operating income	94.3	30.3	124.6
Income from unconsolidated operations	5.0	0.1	5.1

A reconciliation of operating income excluding special charges (which we use to measure segment profitability) to operating income is as follows:

(millions)	Three months ended February 28, 2015
Operating income	$93.7
Add: Special charges	28.4
Operating income excluding special charges	$122.1

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12. SUBSEQUENT EVENTS

On March 9, 2015, we acquired 100% of the shares of Brand Aromatics, a privately held company located in New Jersey. Brand Aromatics is a supplier of natural savory flavors, marinades, and broth and stock concentrates to the packaged food industry. Its addition will expand the breadth of value-added products in our industrial business. Annual sales were $28 million in 2014. The purchase price for Brand Aromatics is approximately $63 million, subject to certain closing adjustments, and it will be included in our industrial business segment. Due to the estimated impact of transaction, integration and financing costs, we do not expect this acquisition to be accretive to earnings per share in 2015.

On March 25, 2015, our Board of Directors authorized a new share repurchase program to purchase up to $600 million of the company's outstanding shares.

ITEM 2. MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

OVERVIEW

Our Business

We are a global leader in flavor, with the manufacturing, marketing and distribution of spices, seasoning mixes, condiments and other flavorful products to the entire food industry. Customers range from retail outlets and food manufacturers to food service businesses. Our major sales, distribution and production facilities are located in North America, Europe and China. Additional facilities are based in Australia, Mexico, India, Singapore, Central America, Thailand and South Africa. Annually, approximately 40% of our sales have been outside of the United States.

We operate in two business segments, consumer and industrial. Consistent with market conditions in each segment, our consumer business has a higher overall profit margin than our industrial business. Historically, the consumer business contributes approximately 60% of sales and 80% of operating income and the industrial business contributes approximately 40% of sales and 20% of operating income. Across both segments, we have the customer base and product breadth to participate in all types of eating occasions, whether it is cooking at home, dining out, purchasing a quick service meal or enjoying a snack. We offer consumers a range of products from premium to value-priced.

Our Growth Model and Outlook

Our growth model is straightforward – we are increasing sales and profits by investing in the business and funding these investments, in part, with cost savings from our Comprehensive Continuous Improvement (CCI) program. This simple model has been the driver of our success and is our plan for growth in the future.

Increasing Sales and Profits – Our long-term annual growth objectives are to increase sales 4% to 6%, increase operating income 7% to 9% and increase earnings per share 9% to 11%. Over time, we expect to grow sales with similar contributions from: 1) our base business-driven by brand marketing support, customer intimacy and category growth; 2) product innovation; and 3) acquisitions. We are fueling our investment in growth mainly with cost savings from our Comprehensive Continuous Improvement (CCI) program, an ongoing initiative to improve productivity and reduce costs throughout the organization. In addition to funding brand marketing support, product innovation and other growth initiatives, our CCI program helps offset higher material costs and is contributing to higher operating income and earnings per share.

In 2015, sales are projected to grow 4% to 6% on a constant currency basis, driven by building brand equity and a strong innovation pipeline. We expect foreign currency exchange rates to have an unfavorable impact on this projected sales growth rate. Diluted earnings per share was $3.34 in 2014. Excluding the earnings per share impact of the aforementioned special charges, adjusted diluted earnings per share in 2014 was $3.37. Adjusted diluted earnings per share (excluding an estimated $0.16 of special charges) are projected to be between $3.44 and $3.51 in 2015, or an increase of between 2% to 4%. On a constant currency basis, we expect the growth in adjusted diluted earnings per share in 2015 to range from 6% to 8% over adjusted diluted earnings per share of $3.37 in 2014. We expect this growth rate to be mainly driven by increased operating income and income from unconsolidated operations.

Our business generates strong cash flow, and we have a balanced use of cash. We are using our cash to fund shareholder dividends, with annual increases in each of the past 29 years, and to fund capital expenditures, acquisitions and share repurchases.

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Investing in the Business – We are investing for growth through innovation, brand marketing support and acquisitions. In recent years, 8% to 10% of sales came from new products launched in the past three years. For our consumer business, innovation continues to be one of the best ways to distinguish our brands from our competition, including private label. We are introducing products for every type of cooking occasion, from gourmet, premium items to convenient and value priced flavors. In 2015, these include a relaunch of our entire gourmet product line with new packaging, new varieties and a flavor seal technology. Other innovation includes flavored sea salt grinders across North America, an Indian range of seasoning blends in the U.K. and further extensions of our Vahine dessert items in France. For industrial customers, we are developing seasonings for snacks and other food products, as well as flavors for new menu items. In 2015, we have a solid pipeline of new flavor solutions aligned with our customers' new product launch plans. With more than 20 technical innovation centers and product development facilities around the world, we are supporting the growth of our brands and those of our industrial customers with products that appeal to local consumers. In addition, much of our innovation is designed to meet the increasing consumer demand for healthy eating. We founded the McCormick Science Institute in 2007 to fund the advancement of scientific knowledge of the potential health benefits of culinary spices and herbs. This institute is also committed to educating consumers, nutritionists and dietitians about these potential health benefits.

In 2014, we increased our investment in brand marketing by 9% over 2013 and more than 50% from five years ago. Further increases in brand marketing support are planned in 2015. We measure the return on this investment and have identified digital marketing as one of highest return investments in brand marketing support. Through digital marketing, we are connecting with consumers in a personalized way to deliver recipes, provide cooking advice and discover new products. Digital marketing is expected to be approximately one third of total advertising in 2015, compared to 11% in 2010.

Through acquisitions, we are adding leading brands to extend our reach into new geographic regions where we currently have little or no distribution. We have a particular interest in emerging markets that offer high growth potential, such as China and India. Sales in emerging markets accounted for 17% of total company net sales in fiscal year 2014, up from 10% of net sales in 2011. In our developed markets, we are seeking consumer brands that have a defensible market position and meet a growing consumer trend for flavor.

Cost Savings – CCI is our ongoing initiative to improve productivity and reduce costs throughout the company. With CCI, each business unit develops cost reduction opportunities and sets specific goals. Our projects fall into the areas of cost optimization, cost avoidance and productivity that includes streamlining processes. However, the only amounts we report are actual cost reductions where costs have decreased from the prior year. CCI cost savings totaled $65 million in fiscal year 2014, of which $54 million lowered cost of goods sold. In 2015, CCI-related cost savings are expected to reach at least $65 million, with a large portion impacting our cost of goods sold. Another $20 million of cost savings are expected mainly from streamlining actions underway in North America and reorganization activities in our Europe, Middle East and Africa (EMEA) region. Material cost inflation is expected to be in the mid single-digit range in 2015, compared to approximately 2% in 2014. We anticipate the 2015 impact of material cost inflation will be largely offset by our cost savings and pricing actions.

RESULTS OF OPERATIONS - COMPANY

	Three months ended February 28,	
(in millions)	2015	2014
Net sales	$1,010.4	$993.4
Percent increase	1.7 %	6.3 %
Gross profit	$389.7	$391.5
Gross profit margin	38.6 %	39.4 %

Sales for the first quarter of 2015 increased by 1.7% over the prior year level and included a 3.9% unfavorable impact from foreign currency exchange rates as the U.S. dollar strengthened against most other currencies. On a constant currency basis (that is, excluding the impact of foreign currency exchange as more fully described under the caption, Non-GAAP Financial Measures), our sales increased 5.6% over the prior year level as higher volume and product mix, driven by both our consumer and industrial businesses, increased net sales by 4.6% and pricing actions added 1.0%.

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Gross profit for the first quarter of 2015 decreased by $1.8 million, or 0.5%, over the comparable period in 2014, while our gross profit margin decreased by 80 basis points over the year ago quarter to 38.6%. This margin decrease was primarily due to higher material costs, partially offset by CCI cost savings and pricing actions.

	Three months ended February 28,			
(in millions)	2015		2014	
Selling, general & administrative expense (SG&A)	$267.6		$266.9	
Percent of net sales	26.5	%	26.9	%

SG&A as a percent of net sales decreased by 40 basis points for the first quarter of 2015 as compared to the corresponding period in 2014. Driving the decrease in SG&A as a percentage of sales were lower distribution costs and the leveraging of fixed and semi-fixed costs over a higher sales basis. Brand marketing support for the three months ended February 28, 2015 was $0.7 million higher than for the same period in 2014. Included in SG&A for the first quarter of 2015 are $1.1 million of transaction costs that were incurred in connection with our acquisition of Brand Aromatics, which occurred on March 9, 2015, as well as the anticipated purchase of Drogheria & Alimentari, which we announced on February 20, 2015, and is expected to close in mid-2015 pending regulatory approval and satisfaction of customary closing conditions.

	Three months ended February 28,
(in millions)	2015
Special charges	$28.4

As described in note 3, in the first quarter 2015, we recorded a total of $28.4 million of special charges. Of that amount, $24.5 million related to a voluntary early retirement plan offered to certain U.S. employees aged 55 years or older with at least ten years of service to the company as part of our North American effectiveness initiative. We also recorded $3.9 million in special charges, principally consisting of severance and related costs, to change our organization structure to reduce SG&A expenses in the Europe, Middle East and Africa (EMEA) region.

We currently have operating units comprised of both commercial and support functions that manage our consumer and industrial businesses in the U.S. and Canada. Through our North American effectiveness initiative, we are moving to commercial units for our consumer and industrial businesses in these locations, comprised of sales, marketing, and research and development and to centralized support functions for groups, such as finance, human relations and supply chain.

	Three months ended February 28,		
(in millions)	2015	2014	
Interest expense	$12.9	$12.4	
Other expense (income), net	0.2	(0.2	)

Interest expense for the three months ended February 28, 2015 increased compared to the corresponding period in 2014 primarily due to higher average borrowings.

	Three months ended February 28,			
(in millions)	2015		2014	
Income from consolidated operations before income taxes	$80.6		$112.4	
Income taxes	20.0		35.0	
Effective tax rate	24.8	%	31.1	%

The provision for income taxes is based on the then-current estimate of the annual effective tax rate adjusted to reflect the tax impact of items discrete to the fiscal period. We record tax expense or tax benefits that do not relate to ordinary income in the current fiscal year discretely in the period in which such items occur pursuant to the requirements of U.S. GAAP. Examples of such types of discrete items include, but are not limited to, changes in estimates of the outcome of tax matters related to prior years, provision-to-return adjustments, and the settlement of tax audits. Income tax expense for the three months ended February 28, 2015 included a net of $3.8 million of discrete tax benefits. Income tax expense for the three months ended February 28, 2014 included a net of $0.7 million of discrete tax expense. See note 8 for a further description of these discrete items.

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Absent any additional discrete items associated with prior years, we expect our annual effective tax rate for 2015 to range from 27% to 28%, which represents a decrease from our estimate of the 2014 annual effective tax rate at the end of the first quarter of 2014. This decrease resulted from the expected mix of business across tax jurisdictions in 2015 as well as from the issuance of final legislative guidance on a French tax law change during the third quarter of 2014. Our estimate of the 2014 annual effective tax rate at the end of the first quarter of last year did not factor in favorability associated with that final legislative guidance.

	Three months ended February 28,	
(in millions)	2015	2014
Income from unconsolidated operations	$9.9	$5.1

Income from unconsolidated operations for the three months ended February 28, 2015 was $4.8 million higher than the corresponding period for 2014. This increase was attributable to our joint venture in Mexico, which experienced both higher sales and an increase in gross margin percentage in the first quarter of 2015 compared to the first quarter of 2014. The increase in gross margin percentage was due largely to lower commodity costs.

The following table outlines the major components of the change in diluted earnings per share from 2014 to 2015:

	Three months ended February 28,	
2014 Earnings per share – diluted	$0.62	
Impact of special charges	(0.15	)
Lower operating income	(0.01	)
Impact of lower effective tax rate	0.04	
Higher unconsolidated income	0.04	
Impact of lower shares outstanding	0.01	
2015 Earnings per share – diluted	$0.55	

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RESULTS OF OPERATIONS - SEGMENTS
CONSUMER BUSINESS

	Three months ended February 28,			
	2015		2014	
(in millions)				
Net sales	$620.3		$615.3	
Percent increase	0.8	%	8.0	%
Operating income, excluding special charges	91.5		94.3	
Operating income margin, excluding special charges	14.8	%	15.3	%

Our global consumer business grew sales by 0.8% in the first quarter of 2015, which included a 4.1% unfavorable impact from foreign currency rates, as compared to the first quarter of 2014. On a constant currency basis, global consumer sales increased by 4.9% in the first quarter of 2015, due to higher volume and product mix of 5.1% and pricing changes that reduced sales by 0.2%.

In the Americas, consumer sales rose 3.7% in the first quarter of 2015 as compared to the first quarter of 2014, which included a 1.1% unfavorable impact from foreign currency rates. On a constant currency basis, Americas consumer sales increased by 4.8%, which included a 4.2% increase attributable to higher volume and product mix, due to strength in items such as recipe mixes and Grill Mates, and a 0.6% increase in pricing.

In the EMEA region, consumer sales decreased 9.8% in the first quarter of 2015 as compared to the prior year, but included an unfavorable impact of 12.2% from foreign exchange rates. On a constant currency basis, consumer sales rose 2.4%, all of which was attributable to higher volumes and product mix. The growth in volume and product mix was led by France where our brand marketing support and innovation drove increased sales both of core spices and seasonings as well as homemade dessert products. Partially offsetting this increase was a low single-digit decline in the U.K. due to lower volumes and product mix in that country where we operate in a challenging retail environment.

In the Asia/Pacific region, consumer sales increased 7.3% in the first quarter of 2015, compared to the first quarter of 2014, with a 2.4% decrease from unfavorable foreign exchange rates. On a constant currency basis, consumer sales in the Asia/Pacific region rose 9.7%, driven by a 12.8% increase in volume and product mix, partially offset by a 3.1% decrease from lower pricing. In this region, sales were led by China, which rose 18.1% principally as a result of higher volume and product mix. We are realizing sales synergies with our acquisition of Wuhan Asia-Pacific Condiments Co. Ltd., as that integration is substantially complete. On a constant currency basis, sales in Australia rose this period, while sales in India declined due in part to lower market prices.

Operating income for the first quarter of 2015, excluding special charges, for our consumer business decreased $2.8 million, or 3.0%, compared to the first quarter of 2014. On a constant currency basis, operating income for the first quarter of 2015, excluding special charges, declined by 0.3%, compared to the first quarter of 2014. The benefit of sales growth and cost savings was more than offset by higher material costs, increased retirement benefit expense, less favorable product mix, and higher brand marketing costs and acquisition-related transaction costs. Our brand marketing costs and transaction costs in the 2015 period were up $0.7 million and $0.9 million, respectively, from the first quarter of 2014.

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INDUSTRIAL BUSINESS

	Three months ended February 28,			
	2015		2014	
(in millions)				
Net sales	$390.1		$378.1	
Percent increase	3.2	%	3.7	%
Operating income, excluding special charges	30.6		30.3	
Operating income margin, excluding special charges	7.8	%	8.0	%

During the quarter ended February 28, 2015, our global industrial business grew sales by 3.2% from the first quarter of 2014, which included an unfavorable foreign exchange rate impact of 3.6%. Global industrial sales increased 6.8% on a constant currency basis in the first quarter of 2015, with higher volume and product mix that increased sales by 3.9% and pricing actions that added 2.9% to sales.

In the Americas, industrial sales increased 2.8% during the first quarter of 2015 from the prior year level, which included an unfavorable impact of 1.9% from foreign currency rates. Sales rose by 4.7% on a constant currency basis as pricing actions added 3.4% to sales, while higher volume and product mix increased industrial sales by 1.3%. In this region throughout 2014, snack seasonings had been a source of strong growth and this trend continued in the first quarter of 2015, with a strong pipeline of innovation. This performance, along with increased sales of branded food service products, was partially offset by continued weakness in sales to quick service restaurant customers.

In the EMEA region, our industrial business increased sales in the first quarter of 2015 over the prior year level by 0.5%, which included an unfavorable foreign currency impact of 8.1%. On a constant currency basis, industrial sales increased 8.6% in the first quarter of 2015, with higher volume and product mix contributing 6.4% and pricing actions adding 2.2% to sales growth. As we experienced throughout 2014 and into the first quarter of 2015, we continued to have strong demand from quick service restaurants. We are supporting the growth and geographic expansion of leading quick service restaurants and food manufacturers in this region.

In the Asia/Pacific region, industrial sales increased 10.0% in the first quarter of 2015 compared to the first quarter of 2014, which included an unfavorable foreign exchange rate impact of 4.8%. On a constant currency basis, sales increased 14.8% led by higher volume and product mix that increased sales by 13.7%, and higher pricing that added 1.1% to net sales. We were pleased with a return to sales growth in China where the demand from quick service restaurants has been volatile. In 2015, these customers are expecting a gradual improvement in sales to Chinese consumers. Our first quarter industrial sales in China rose at a double-digit rate due to new limited time items and products we are manufacturing in China for export to other markets for these customers.

For the first quarter of 2015, operating income, excluding special charges, for the industrial business increased by $0.3 million, or 1.0%, compared to the first quarter of 2014. On a constant currency basis, operating income, excluding special charges, for the industrial business increased by 4.7% in the first quarter of 2015, compared to the corresponding period in 2014, with the benefit of higher sales and cost savings more than offsetting the unfavorable impact of higher material costs and retirement benefit expense.

MARKET RISK SENSITIVITY

Foreign Exchange Risk

We utilize foreign currency exchange contracts to enhance our ability to manage foreign currency exchange risk. We do not enter into contracts for trading purposes, nor are we a party to any leveraged derivative instrument and all derivatives are designated as hedges.

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The following table sets forth the notional values and unrealized gain of the portfolio of our forward foreign currency contracts (in millions):

	February 28, 2015	February 28, 2014	November 30, 2014
Notional value	$270.7	$203.6	$262.7
Unrealized gain	5.0	0.5	3.5

The quarterly fluctuation in notional value is a result of our decisions on foreign currency exposure coverage, based on our foreign currency exposures.

Interest Rate Risk

We manage our interest rate exposure by entering into both fixed and variable rate debt arrangements. In addition, we use interest rate swaps to minimize worldwide financing costs and to achieve a desired mix of fixed and variable rate debt. We do not enter into contracts for trading purposes, nor are we a party to any leveraged derivative instrument and all derivatives are designated as hedges. As of February 28, 2015, we had a total of $100 million notional value of interest rate swap contracts outstanding. The fair value of our interest rate swaps was a $4.9 million accumulated gain as of February 28, 2015, compared to a $7.4 million accumulated gain as of November 30, 2014. The change in fair values is due to changes in interest rates and the remaining duration of our interest rate derivatives.

Commodity Risk

We purchase certain raw materials which are subject to price volatility caused by weather, market conditions, growing and harvesting conditions, governmental actions and other factors beyond our control. Our most significant raw materials are pepper, dairy products, rice, capsicums (red peppers and paprika), onion, garlic and wheat flour. While future movements of raw material costs are uncertain, we respond to this volatility in a number of ways, including strategic raw material purchases, purchases of raw material for future delivery and customer price adjustments. We generally have not used derivatives to manage the volatility related to this risk. To the extent that we have used derivatives for this purpose, it has not been material to our business.

Credit Risk

The customers of our consumer business are predominantly food retailers and food wholesalers. Consolidations in these industries have created larger customers, some of which are highly leveraged. In addition, competition has increased with the growth in alternative channels including mass merchandisers, dollar stores, warehouse clubs and discount chains. This has caused some customers to be less profitable and increased our exposure to credit risk. We continue to closely monitor the credit worthiness of our customers and counterparties. We believe that our allowance for doubtful accounts properly recognizes trade receivables at net realizable value. We consider nonperformance credit risk for other financial instruments to be insignificant.

CONTRACTUAL OBLIGATIONS AND COMMERCIAL COMMITMENTS

As of February 28, 2015, there have been no material changes in our contractual obligations and commercial commitments outside the ordinary course of business since November 30, 2014.

NON-GAAP FINANCIAL MEASURES

The table below includes financial measures of adjusted operating income, adjusted net income and adjusted diluted earnings per share, each excluding the impact of special charges for the periods presented. These represent non-GAAP financial measures which are prepared as a complement to our financial results prepared in accordance with United States generally accepted accounting principles. In our consolidated income statement, we include a separate line item captioned “special charges” in arriving at our consolidated operating income. Special charges consist of expenses associated with certain actions undertaken by the Company to reduce fixed costs, simplify or improve processes, and improve our competitiveness and are of such significance in terms of both up-front costs and organizational/structural impact to require advance approval by our Management Committee, comprised of our Chairman and Chief Executive Officer; Chief Operating Officer and President, and President Global Consumer; Executive Vice President and Chief Financial Officer; President Global Industrial, and President EMEA and Asia Pacific; and Senior Vice President, Human Relations. Upon presentation of any such proposed action (including details with respect to estimated costs, which generally consist principally of employee severance and related benefits, together with ancillary costs associated with the action that may include a non-cash component; impacted employees

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or operations; expected timing; and expected benefits) to the Management Committee and the Committee's advance approval, expenses associated with the approved action are classified as special charges upon recognition and monitored on an on-going basis through completion. Details with respect to the composition of special charges recorded for the periods and in the amounts set forth below are included in note 3 of the accompanying financial statements.

We believe that these non-GAAP financial measures are important for purposes of comparison to prior periods and development of future projections and earnings growth prospects. This information is also used by management to measure the profitability of our ongoing operations and analyze our business performance and trends.

These non-GAAP financial measures may be considered in addition to results prepared in accordance with GAAP, but it should not be considered a substitute for, or superior to, GAAP results. In addition, these non-GAAP financial measures may not be comparable to similarly titled measures of other companies because other companies may not calculate them in the same manner that we do. We intend to continue to provide these non-GAAP financial measures as part of our future earnings discussions and, therefore, the inclusion of this non-GAAP financial measure will provide consistency in our financial reporting. A reconciliation of these non-GAAP financial measures to the related GAAP financial measures is provided below (in millions, except per share data):

	For the year ended November 30, 2014	For the three months ended February 28, 2015	Estimated for the year ending November 30, 2015
Operating income	$603.0	$93.7	
Impact of special charges	5.2	28.4	
Adjusted operating income	$608.2	$122.1	
Net income		$70.5	
Impact of special charges (net of taxes of $8.5)		19.9	
Adjusted net income		$90.4	
Earnings per share - diluted	$3.34	$0.55	$3.28 to $3.35
Impact of special charges	0.03	0.15	0.16
Adjusted earnings per share - diluted	$3.37	$0.70	$3.44 to $3.51

Percentage changes in sales and adjusted operating income expressed in "constant currency" are presented excluding the impact of foreign currency exchange. To present this information for historical periods, current period results for entities reporting in currencies other than the U.S. dollar are translated into U.S. dollars at the average exchange rates in effect during the corresponding period of the prior fiscal year, rather than at the actual average exchange rates in effect during the current fiscal year. As a result, the foreign currency impact is equal to the current year results in local currencies multiplied by the change in the average foreign currency exchange rate between the current fiscal period and the corresponding period of the prior fiscal year.

Constant currency growth rates follow:

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	Three Months Ended February 28, 2015		
	Percentage Change as Reported	Impact of Foreign Currency Exchange	Percentage Change on Constant Currency Basis
Net sales:			
Consumer business:			
Americas	3.7 %	(1.1)%	4.8 %
EMEA	(9.8)%	(12.2)%	2.4 %
Asia/Pacific	7.3 %	(2.4)%	9.7 %
Total Consumer	0.8 %	(4.1)%	4.9 %
Industrial business:			
Americas	2.8 %	(1.9)%	4.7 %
EMEA	0.5 %	(8.1)%	8.6 %
Asia/Pacific	10.0 %	(4.8)%	14.8 %
Total Industrial	3.2 %	(3.6)%	6.8 %
Total net sales	1.7 %	(3.9)%	5.6 %
Adjusted operating income:			
Consumer business	(3.0)%	(2.7)%	(0.3)%
Industrial business	1.0 %	(3.7)%	4.7 %
Total adjusted operating income	(2.0)%	(3.0)%	1.0 %

To present "constant currency" information for the fiscal year 2015 projection, projected sales and adjusted operating income for entities reporting in currencies other than the U.S. dollar are translated into U.S. dollars at the company's budgeted exchange rates for 2015 and are compared to the 2014 results, translated into U.S. dollars using the same 2015 budget exchange rates, rather than at the average actual exchange rates in effect during fiscal year 2014. To estimate the percentage change in adjusted earnings per share on a constant currency basis, a similar calculation is performed to arrive at adjusted net income (however, no adjustment is made for the company's share of income of unconsolidated operations that are denominated in currencies other than the U.S. dollar) divided by historical shares outstanding for fiscal year 2014 or projected shares outstanding for fiscal year 2015, as appropriate.

	Projection for Year Ending November 30, 2015
Percentage change in adjusted earnings per share	2% to 4%
Impact of foreign currency exchange rate	(4)%
Percentage change in adjusted earnings per share in constant currency	6% to 8%

In addition to the above non-GAAP financial measures, we use total debt to adjusted earnings before interest, tax, depreciation and amortization (adjusted EBITDA) as a measure of leverage. We define adjusted EBITDA as net income plus expenses for interest, income taxes, depreciation and amortization, special charges and loss on voluntary pension settlement. EBITDA and the ratio of total debt to adjusted EBITDA are both non-GAAP financial measures. This ratio measures our ability to repay outstanding debt obligations. Our target for total debt to adjusted EBITDA, excluding the temporary impact from acquisition activity, is 1.5 to 1.8. We believe that total debt to adjusted EBITDA is a meaningful metric to investors in evaluating our financial leverage and may be different than the method used by other companies to calculate total debt to EBITDA.

The following table reconciles our adjusted EBITDA to our net income for the trailing twelve month periods ended February 28, 2015, February 28, 2014 and November 30, 2014 (dollars in millions):

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	February 28, 2015	February 28, 2014	November 30, 2014
Net income	$425.9	$395.5	$437.9
Special charges and the loss on voluntary pension settlement	33.6	40.3	5.2
Depreciation and amortization	100.8	106.6	102.7
Interest expense	50.2	51.8	49.7
Income tax expense	130.9	140.5	145.9
Adjusted EBITDA	$741.4	$734.7	$741.4
Total debt	$1,323.0	$1,298.6	$1,284.9
Total debt/Adjusted EBITDA	1.78	1.77	1.73

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LIQUIDITY AND FINANCIAL CONDITION

	Three months ended February 28,	
	2015	2014
	(in millions)	
Net cash provided by operating activities	$95.9	$76.7
Net cash used in investing activities	(15.5)	(18.0)
Net cash used in financing activities	(64.2)	(28.6)

In the statement of cash flows, the changes in operating assets and liabilities are presented excluding the translation effects of changes in foreign currency exchange rates, as these do not reflect actual cash flows. Accordingly, the amounts in the statement of cash flows do not agree with changes in the operating assets and liabilities that are presented in the balance sheet.

Due to the cyclical nature of a portion of our business, we generate much of our cash flow in the fourth quarter of the fiscal year.

Operating Cash Flow – Net cash provided by operating activities ("cash flow from operations") is typically lower in the first and second quarters and then builds in the third and fourth quarters of our fiscal year. For the three months ended February 28, 2015, cash flow from operations was $19.2 million higher than the same period of 2014. While net income for the first quarter of 2015 declined by $12.0 million from the prior year level, that decline was offset by the non-cash impact of special charges of $28.4 million ($19.9 million after tax) that was reflected in changes in operating assets and liabilities. Most of the remaining increase was due to an unusually high level of collections of trade accounts receivable in the first three months of 2015 that is not expected to recur in the balance of the year. That high level arose principally as a result of our participation in a vendor financing program by one of our large customers that accelerated our collection of amounts due from that customer.

Investing Cash Flow – The change in net cash used in investing activities was due to a lower level of capital expenditures. During the three months ended February 28, 2015, we spent $15.5 million on capital expenditures, compared to $18.5 million for the same period last year. Capital expenditures for fiscal year 2015 are expected to be $130 million to $140 million.

Financing Cash Flow – The $35.6 million increase in net cash used in financing activities in the first three months of 2015, when compared to the prior year level, is primarily due to a decrease in net short-term borrowings coupled with an increase in share repurchase activity. In the first three months of 2015, we had a net increase in short-term borrowings of $40.9 million compared to a net increase in short-term borrowings of $68.4 million for the same period last year.

The following table outlines the activity in our share repurchase program for the three months ended February 28 (in millions):

	2015	2014
Number of shares of common stock repurchased	0.9	0.9
Dollar amount	$64.9	$56.9

As of February 28, 2015, $51 million remained of the $400 million share repurchase authorization that was authorized by the Board of Directors in April 2013. On March 25, 2015, the Board of Directors authorized an additional $600 million of share repurchases.

During the three months ended February 28, 2015, we received proceeds of $11.3 million from exercised options compared to $8.9 million received in the first three months of last year. We increased dividends paid to $51.3 million for the first three months of 2015 compared to $48.6 million in the same period last year. Dividends paid in the first quarter of 2015 were declared on November 25, 2014.

The following table presents the ratios of our total debt to our adjusted EBITDA for the trailing twelve month periods ended February 28, 2015, February 28, 2014 and November 30, 2014:

	February 28, 2015	February 28, 2014	November 30, 2014
Total debt/Adjusted EBITDA	1.78	1.77	1.73

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Our ratio of total debt to adjusted EBITDA of 1.78 as of February 28, 2015 is slightly higher than the ratios of 1.73 and 1.77 as of November 30, 2014 and February 28, 2014, respectively, reflecting an increase in total debt principally as a result of a higher level of short-term borrowings to support a seasonal reduction in trade accounts payable and other accrued liabilities.

Most of our cash is denominated in foreign currencies. We manage our worldwide cash requirements by considering available funds among the many subsidiaries through which we conduct our business and the cost effectiveness with which those funds can be accessed. The permanent repatriation of cash balances from certain of our subsidiaries could have adverse tax consequences; however, those balances are generally available without legal restrictions to fund ordinary business operations, capital projects and any possible future acquisitions. At February 28, 2015, we temporarily used $199.4 million of cash from our foreign subsidiaries to pay down short-term debt in the U.S. At February 28, 2014, we temporarily used $104.4 million of cash from our foreign subsidiaries to pay down short-term debt in the U.S. During a quarter, our short-term borrowings vary, but are lower at the end of a quarter. The average short-term borrowings outstanding for the three months ended February 28, 2015 and February 28, 2014 were $484.7 million and $336.4 million, respectively. Total average debt outstanding for the three months ended February 28, 2015 and February 28, 2014 was $1,489.7 million and $1,341.4 million, respectively.

The reported values of our assets and liabilities are significantly affected by fluctuations in foreign exchange rates between periods. At February 28, 2015, the exchange rates for the Euro, the Canadian dollar, Australian dollar, the British pound sterling and the Polish zloty were lower than at February 28, 2014 and at November 30, 2014.

Credit and Capital Markets

Cash flows from operating activities are our primary source of liquidity for funding growth, dividends, capital expenditures and share repurchases. We also rely on our revolving credit facilities, or borrowings backed by these facilities, to fund seasonal working capital needs and other general corporate requirements. We generally use these facilities to support our issuance of commercial paper. If the commercial paper market is not available or viable we could borrow directly under our revolving credit facilities. The facilities are made available by syndicates of banks, with various commitments per bank. If any of the banks in these syndicates are unable to perform on their commitments, our liquidity could be impacted, which would reduce our ability to grow through funding of seasonal working capital.

We engage in regular communication with all of the banks participating in our revolving credit facilities. During these communications, none of the banks have indicated that they may be unable to perform on their commitments. In addition, we periodically review our banking and financing relationships, considering the stability of the institutions, pricing we receive on services, and other aspects of the relationships. Based on these communications and our monitoring activities, we believe the likelihood of one of our banks not performing on its commitment is remote.

We hold investments in equity and debt securities in both our qualified defined benefit pension plans and a rabbi trust for our nonqualified defined benefit pension plan. We estimate total contributions to our pension plans in 2015 of approximately $16 million, which is comparable to the $16.8 million of contributions in 2014. Future increases or decreases in pension liabilities and required cash contributions are highly dependent on changes in interest rates and the actual return on plan assets.

We will continue to have cash requirements to support seasonal working capital needs and capital expenditures, to fund our announced acquisition, to pay interest, and to service debt. In order to meet these cash requirements, we intend to use our existing cash, cash equivalents, and internally generated funds, to borrow under our existing credit facilities or other short-term borrowing facilities, and to consider an increase to our credit facilities and/or additional term financing. We believe that cash provided from these sources will be adequate to meet our cash requirements over the next twelve months.

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ACQUISITIONS

Acquisitions are part of our strategy to increase sales and profits. We have a particular interest in emerging markets.

In February 2015, we signed an agreement to purchase 100% of the shares of Drogheria & Alimentari (D&A), a privately held company based in Italy. The completion of the acquisition is expected to occur in mid-2015, subject to regulatory approval and customary closing conditions. As a supplier of both brand and private label products, D&A, which will be included in our consumer business segment following completion of the acquisition, is a leader of the spice and seasoning category in Italy. Annual sales of D&A were approximately €50 million. The purchase price will consist of a cash payment of €50 million, subject to certain closing adjustments, and a potential earn out payment in 2018 of up to €35 million, based upon the performance of the business.

As described in note 12 of the financial statements, we acquired 100% of Brand Aromatics, a privately held company located in New Jersey, on March 9, 2015. Brand Aromatics, with annual sales of $28 million in 2014, is a supplier of natural savory flavors, marinades, and broth and stock concentrates to the packaged food industry and will be included in our industrial business segment. The purchase price for Brand Aromatics is approximately $63 million, subject to certain closing adjustments.

ACCOUNTING AND DISCLOSURE CHANGES

New accounting pronouncements are issued periodically that affect our current and future operations. See Note 1 of the financial statements for further details of these impacts.

FORWARD-LOOKING INFORMATION

Certain statements contained in this report, including statements concerning expected performance such as those relating to net sales, earnings, cost savings, acquisitions and brand marketing support, are “forward-looking statements” within the meaning of Section 21E of the Securities Exchange Act of 1934. These statements may be identified by the use of words such as “may,” “will,” “expect,” “should,” "anticipate," "intend," “believe” and “plan.” These statements may rela to: the expected results of operations of businesses acquired by us, the expected impact of raw materials costs and our pricing actions on our results of operations and gross margins, the expected productivity and working capital improvements, expectations regarding growth potential in various geographies and markets, expected trends in net sales and earnings performance and other financial measures, the expectations of pension and postretirement plan contributions and anticipated charges associated with such plans, the holding period and market risks associated with financial instruments, the impact of foreign exchange fluctuations, the adequacy of internally generated funds and existing sources of liquidity, such as the availability of bank financing, our ability to issue additional debt or equity securities, and our expectations regarding purchasing shares of our common stock under the existing authorizations. These and other forward-looking statements are based on our current views and assumptions and involve risks and uncertainties that could significantly affect expected results. Results may be materially affected by factors such as: damage to our reputation or brand name; loss of brand relevance; increased private label use; product quality, labeling, or safety concerns; negative publicity about our products; business interruptions due to natural disasters or unexpected events; actions by, and the financial condition of, competitors and customers; our ability to achieve expected and/or needed cost savings or margin improvements; the successful acquisition and integration of new businesses; issues affecting our supply chain and raw materials, including fluctuations in the cost and availability of raw and packaging materials; government regulation, and changes in legal and regulatory requirements and enforcement practices; global economic and financial conditions generally, including the availability of financing, and interest and inflation rates; the investment return on retirement plan assets, and the costs associated with pension obligations; foreign currency fluctuations; the stability of credit and capital markets; risks associated with our information technology systems, the threat of data breaches and cyber attacks; volatility in our effective tax rate; impact of climate change on raw materials; infringement of our intellectual property rights, and those of customers; litigation, legal and administrative proceedings; and other risks described in our filings with the Securities and Exchange Commission.

Actual results could differ materially from those projected in the forward-looking statements. We undertake no obligation to update or revise publicly, any forward-looking statements, whether as a result of new information, future events or otherwise, except as may be required by law.

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ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

For information regarding our exposure to certain market risks, see “Market Risk Sensitivity” in the Management’s Discussion and Analysis of Financial Condition and Results of Operations above and Item 7A, Quantitative and Qualitative Disclosures About Market Risk, in our Annual Report on Form 10-K for the year ended November 30, 2014. Except as described in Management’s Discussion and Analysis of Financial Condition and Results of Operations above, there have been no significant changes in our financial instrument portfolio or market risk exposures since our November 30, 2014 fiscal year end.

ITEM 4. CONTROLS AND PROCEDURES

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

No change occurred in our “internal control over financial reporting” (as defined in Rule 13a-15(f)) during our last fiscal quarter which was identified in connection with the evaluation required by Rule 13a-15(a) as materially affecting, or reasonably likely to materially affect, our internal control over financial reporting.

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PART II – OTHER INFORMATION
ITEM 1. LEGAL PROCEEDINGS
There are no material pending legal proceedings in which we or our subsidiaries is a party or in which any of our or their property is the subject.

ITEM 1.A RISK FACTORS
There have been no material changes in our risk factors from those disclosed in Part I, Item 1A to our Annual Report on Form 10-K for the fiscal year ended November 30, 2014.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

The following table summarizes our purchases of Common Stock (CS) and Common Stock Non-Voting (CSNV) during the first quarter of 2015:
ISSUER PURCHASES OF EQUITY SECURITIES

Period	Total Number of Shares Purchased	Average Price Paid per share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs
December 1, 2014 to December 31, 2014	CS – 0 CSNV – 218,900	$— $73.26	— 218,900	$99 million
January 1, 2015 to January 31, 2015	CS – 0 CSNV – 203,538	$— $74.06	— 203,538	$84 million
February 1, 2015 to February 28, 2015	CS – 0 CSNV – 456,500	$— $74.00	— 456,500	$51 million
Total	CS – 0 CSNV – 878,938	$— $73.83	— 878,938	$51 million

As of February 28, 2015, $51 million remained of a $400 million share repurchase authorization approved by the Board of Directors in April 2013. On March 25, 2015, the Board of Directors authorized a new share repurchase program to purchase up to an additional $600 million of the company's outstanding shares. There is no expiration date for either of our repurchase programs. The timing and amount of any shares repurchased is determined by our management based on its evaluation of market conditions and other factors. The repurchase program may be suspended or discontinued at any time.
In certain circumstances, we issue shares of CS in exchange for shares of CSNV, or issue shares of CSNV in exchange for shares of CS, in either case pursuant to the exemption from registration provided by Section 3(a)(9) of the Securities Act of 1933, as amended. Typically, these exchanges are made in connection with the administration of our employee benefit plans, executive compensation programs and dividend reinvestment/direct purchase plans. The number of shares issued in an exchange is generally equal to the number of shares received in the exchange, although the number may differ slightly to the extent necessary to comply with the requirements of the Employee Retirement Income Security Act of 1974. During the first quarter of 2015, we issued 182,282 shares of CSNV in exchange for shares of CS and issued 4,763 shares of CS in exchange for shares of CSNV.

ITEM 4. MINE SAFETY DISCLOSURES

Not Applicable.

ITEM 5. OTHER INFORMATION

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Executive Severance Plan

On March 25, 2015, the Board of Directors of McCormick & Company, Incorporated (the "Company") adopted and approved the McCormick & Company, Incorporated Severance Plan for Executives (the "Severance Plan"), in which the Company's executive officers participate.

The Severance Plan provides for severance and other benefits to eligible employees if they experience an involuntary termination without "cause" or a voluntary termination for "good reason," each as defined in the Severance Plan. An eligible employee who experiences such a termination and executes (and does not revoke) a general release of claims against the Company will receive the following payments and benefits:

- a lump sum cash payment equal to 100% of the sum of the employee's annual base salary plus target annual incentive bonus (or 150% in the case of the Chief Executive Officer);
- pro-rata payment of the employee's target annual incentive bonus for the year in which the termination occurs;
- accelerated vesting of all outstanding stock options and stock appreciation rights that would have vested during the 12-month period (or the 18-month period for the Chief Executive Officer) following the termination, and, potentially, an extended exercise period for these awards;
- pro-rata vesting of all other equity compensation rights held by the employee;
- pro-rata payment of any outstanding awards under the Company's Long-Term Performance Plan based on actual performance through the end of the performance period; and
- outplacement services for six months.

In the event of a termination described above that occurs within six months before a "change in control" or within two years after a "change in control" as defined in the Severance Plan, if the employee executes (and does not revoke) a general release of claims against the Company, instead of the payments and benefits described above, the employee will receive:

- a lump sum cash payment equal to 200% of the sum of the employee's annual base salary plus target annual incentive bonus (or 250% in the case of the Chief Executive Officer);
- pro-rata payment of the employee's target annual incentive bonus for the year in which the termination occurs;
- accelerated vesting of all outstanding equity awards, including stock options and stock appreciation rights that are in-the-money at the time of the termination, and, potentially, an extended exercise period for these awards;
- full payment at target of any outstanding awards under the Company's Long-Term Performance Plan; and
- outplacement services for six months.

Eligible employees are subject to a number of covenants, including a covenant not to compete with the Company or solicit its customers or employees for a period ranging from 12 months (or 18 months for the Chief Executive Officer) to 24 months following termination of employment.

The Severance Plan does not provide for any tax gross-up payments to any eligible employee to offset any excise taxes that may be imposed as a result of the severance benefits. Instead, if the payments described above would be subject to the excise tax, then the payments will be reduced to a level at which no payments would be subject to the excise tax if doing so would result in the employee being able to retain a greater benefit after giving effect to the income tax consequences (including the excise tax).

The above description is a summary of the terms of the Severance Plan and is subject to and qualified in its entirety by the terms of the Severance Plan, a copy of which is attached hereto as Exhibit 10(xix) and incorporated herein by reference.

Omnibus Incentive Plan

On March 25, 2015, the Board of Directors of the Company adopted and approved Amendment No. 1 to the McCormick & Company, Incorporated 2013 Omnibus Incentive Plan (the "2013 Omnibus Plan"), in which the Company's executive officers are eligible to participate. Before the amendment, the 2013 Omnibus Plan provided that all outstanding awards (whether or not vested) would become fully exercisable and payable immediately upon a "change in control" as defined in the plan. Amendment No. 1 grants the Compensation Committee the discretion to include in any award agreement a provision providing for different treatment of the award (other than it becoming fully exercisable and payable) in connection with a "change in control."

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The above description is a summary of the terms of Amendment No. 1 to the 2013 Omnibus Plan and is subject to and qualified in its entirety by the terms of the amendment, a copy of which is attached hereto as Exhibit 10(x) and incorporated herein by reference.

New Form of Non-Qualified Stock Option Award Agreement

In connection with the approval and adoption of Amendment No. 1 to the 2013 Omnibus Plan, on March 25, 2015, the Board of Directors of the Company approved a new form of Non-Qualified Stock Option Award Agreement (the "New Option Agreement") to govern awards of non-qualified stock options granted on and after March 25, 2015, to the Company's executive officers who participate in the Severance Plan. The New Option Agreement provides that outstanding unvested stock options will not accelerate automatically upon a Change in Control (as defined in the Severance Plan). Instead, accelerated vesting will only occur in the event of a qualifying termination that occurs within six months before a "change in control" or within two years after a "change in control" as defined in the Severance Plan. Accordingly, non-qualified stock options under the 2013 Omnibus Plan require a "double trigger" for acceleration of vesting to occur. In addition, the New Option Agreement subjects option holders to a number of covenants similar to those provided under the Severance Plan, including a covenant not to compete with the Company or solicit its customers or employees. The New Option Agreement will also amend currently outstanding stock option agreements to make clear that an option holder who violates these covenants will forfeit all outstanding awards and the gain on any awards that have previously been exercised.

The above description is a summary of the terms of the New Option Agreement and is subject to and qualified in its entirety by the terms of the New Option Agreement, a copy of which is attached hereto as Exhibit 10(xv) and incorporated herein by reference.

ITEM 6. EXHIBITS

The following exhibits are attached or incorporated herein by reference:

Exhibit Number			Description
(3)	(i)	Articles of Incorporation and By-Laws	
		Restatement of Charter of McCormick & Company, Incorporated dated April 16, 1990	Incorporated by reference from Exhibit 4 of Registration Form S-8, Registration No. 33-39582 as filed with the Securities and Exchange Commission on March 25, 1991.
		Articles of Amendment to Charter of McCormick & Company, Incorporated dated April 1, 1992	Incorporated by reference from Exhibit 4 of Registration Form S-8, Registration Statement No. 33-59842 as filed with the Securities and Exchange Commission on March 19, 1993.
		Articles of Amendment to Charter of McCormick & Company, Incorporated dated March 27, 2003	Incorporated by reference from Exhibit 4 of Registration Form S-8, Registration Statement No. 333-104084 as filed with the Securities and Exchange Commission on March 28, 2003.
	(ii)	By-Laws	
		By-Laws of McCormick & Company, Incorporated Amended and Restated on June 26, 2012	Incorporated by reference from Exhibit 3(ii) of McCormick's Form 10-Q for the quarter ended May 31, 2012, File No. 1-14920, as filed with the Securities and Exchange Commission on July 2, 2012.

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

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

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

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(iii) Indenture dated December 5, 2000 between McCormick and SunTrust Bank, incorporated by reference from Exhibit 4(iii) of McCormick’s Form 10-Q for the quarter ended August 31, 2003, File No. 1-14920, as filed with the Securities and Exchange Commission on October 14, 2003.

(iv) Indenture dated December 7, 2007 between McCormick and The Bank of New York, incorporated by reference from Exhibit 4.1 of McCormick’s Form 8-K dated December 4, 2007, File No. 0-748, as filed with the Securities and Exchange Commission on December 10, 2007.

(v) Indenture dated July 8, 2011 between McCormick and U.S. Bank National Association, incorporated by reference from Exhibit 4.1 of McCormick’s Form 8-K dated July 5, 2011, File No. 1-14920, as filed with the Securities and Exchange Commission on July 8, 2011.

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

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

(viii) Form of 3.90% Notes due 2021, incorporated by reference from Exhibit 4.2 of McCormick’s Form 8-K dated July 5, 2011, File No. 1-14920, as filed with the Securities and Exchange Commission on July 8, 2011.

(ix) Form of 3.50% Notes due 2023, incorporated by reference from Exhibit 4.2 of McCormick's Form 8-K dated August 14, 2013, File No. 1-14920, as filed with the Securities and Exchange Commission on August 19, 2013.

(10) Material Contracts

(i) McCormick’s supplemental pension plan for certain senior and executive officers, amended and restated with an effective date of January 1, 2005, adopted by the Compensation Committee of the Board of Directors on November 28, 2008, which agreement is incorporated by reference from Exhibit 10(i) of McCormick’s 10-K for the fiscal year ended November 30, 2014, File No. 1-14920, as filed with the Securities and Exchange Commission on January 29, 2015.*

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

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

(iv) 2004 Directors’ Non-Qualified Stock Option Plan, provided to members of McCormick’s Board of Directors who are not also employees of McCormick, is set forth in Exhibit B of McCormick’s definitive Proxy Statement dated February 17, 2004, File No. 1-14920, as filed with the Securities and Exchange Commission on February 17, 2004, and incorporated by reference herein.*

(v) Directors’ Share Ownership Program, provided to members of McCormick’s Board of Directors who are not also employees of McCormick, is set forth on page 28 of McCormick’s definitive Proxy Statement dated February 17, 2004, File No. 1-14920, as filed with the Securities and Exchange Commission on February 17, 2004, and incorporated by reference herein.*

(vi) Deferred Compensation Plan, as restated on January 1, 2000, and amended on August 29, 2000, September 5, 2000 and May 16, 2003, in which directors, officers and certain other management employees participate, a copy of which Plan document and amendments was attached

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as Exhibit 10(viii) of McCormick’s Form 10-Q for the quarter ended August 31, 2003, File No. 1-14920, as filed with the Securities and Exchange Commission on October 14, 2003, and incorporated by reference herein.*

(vii)	2005 Deferred Compensation Plan, amended and restated with an effective date of January 1, 2005, in which directors, officers and certain other management employees participate, which agreement is incorporated by reference from Exhibit 4.1 of McCormick’s Form S-8, Registration No. 333-155775, as filed with the Securities and Exchange Commission on November 28, 2008.*	
(viii)	The 2007 Omnibus Incentive Plan, in which directors, officers and certain other management employees participate, is set forth in Exhibit A of McCormick’s definitive Proxy Statement dated February 20, 2008, File No. 1-14920, as filed with the Securities and Exchange Commission on February 20, 2008, and incorporated by reference herein, as amended by Amendment No. 1 thereto, which Amendment is incorporated by reference from Exhibit 10(xi) of McCormick’s 10-K for the fiscal year ended November 30, 2008, File No. 1-14920, as filed with the Securities and Exchange Commission on January 28, 2009.*	
(ix)	The 2013 Omnibus Incentive Plan, in which directors, officers and certain other management employees participate, is incorporated by reference from Exhibit 4.1 of McCormick's Form S-8, Registration No. 333-187703, as filed with the Securities and Exchange Commission on April 3, 2013.*	
(x)	Amendment No. 1 to the 2013 Omnibus Incentive Plan *	Filed herewith
(xi)	Form of Long-Term Performance Plan Agreement (formerly known as the Mid-Term Incentive Plan), incorporated by reference from Exhibit 10(x) of McCormick's Form 10-Q for the quarter ended May 31, 2013, File No. 1-14920, as filed with the Securities and Exchange Commission on June 28, 2013.	
(xii)	Form of Restricted Stock Units Agreement, incorporated by reference from Exhibit 10(xi) of McCormick's Form 10-Q for the quarter ended May 31, 2013, File No. 1-14920, as filed with the Securities and Exchange Commission on June 28, 2013.	
(xiii)	Form of Restricted Stock Units Agreement for Directors, incorporated by reference from Exhibit 10(xii) of McCormick's Form 10-Q for the quarter ended May 31, 2013, File No. 1-14920, as filed with the Securities and Exchange Commission on June 28, 2013.	
(xiv)	Form of Non-Qualified Stock Option Agreement, incorporated by reference from Exhibit 10(xiii) of McCormick's Form 10-Q for the quarter ended May 31, 2013, File No. 1-14920, as filed with the Securities and Exchange Commission on June 28, 2013.	
(xv)	Form of Non-Qualified Stock Option Agreement, as amended	Filed herewith
(xvi)	Form of Non-Qualified Stock Option Agreement for Directors, incorporated by reference from Exhibit 10(xiv) of McCormick's Form 10-Q for the quarter ended May 31, 2013, File No. 1-14920, as filed with the Securities and Exchange Commission on June 28, 2013.	
(xvii)	Form of Indemnification Agreement, incorporated by reference from Exhibit 10(xv) of McCormick's Form 10-Q for the quarter ended February 28, 2014, File No. 1-14920, as filed with the Securities and Exchange Commission on March 26, 2014.	
(xviii)	Employment Agreement between McCormick (UK) Limited and Malcolm Swift, incorporated by reference from Exhibit 10.1 of McCormick's Form 8-K, File No. 1-14920, as filed with the Securities and Exchange Commission on January 29, 2015.*	
(xix)	Severance Plan for Executives*	Filed herewith

(31)	Rule 13a-14(a)/15d-14(a) Certifications	Filed herewith
(32)	Section 1350 Certifications	Filed herewith

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(101) The following financial information from the Quarterly Report on Form 10-Q of McCormick for the quarter ended February 28, 2015, furnished electronically herewith, and formatted in XBRL (Extensible Business Reporting Language): (i) Condensed Consolidated Balance Sheet; (ii) Condensed Consolidated Income Statement; (iii) Condensed Consolidated Statement of Comprehensive Income; (iv) Condensed Consolidated Cash Flow Statement; and (v) Notes to the Condensed Consolidated Financial Statements.

* Management contract or compensatory plan or arrangement.

McCormick hereby undertakes to furnish to the Securities and Exchange Commission, upon its request, copies of additional instruments of McCormick with respect to long-term debt that involve an amount of securities that do not exceed 10 percent of the total assets of McCormick and its subsidiaries on a consolidated basis, pursuant to Regulation S-K, Item 601(b)(4)(iii)(A).

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

	McCORMICK & COMPANY, INCORPORATED
March 31, 2015	By: /s/ Gordon M. Stetz, Jr. Gordon M. Stetz, Jr. Executive Vice President & Chief Financial Officer
March 31, 2015	By: /s/ Christina M. McMullen Christina M. McMullen Vice President & Controller