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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-K

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

For the Fiscal Year Ended December 31, 2012

or

¨ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from ______ to ______

Commission File No. 001-11261

SONOCO PRODUCTS COMPANY

Incorporated under the laws	I.R.S. Employer Identification
of South Carolina	No. 57-0248420

1 N. Second St.

Hartsville, SC 29550

Telephone: 843/383-7000

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Name of exchange on which registered
No par value common stock	New York Stock Exchange, LLC

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities

Act. Yes x No ¨

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ¨ No x

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15 (d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes x No ¨

Indicate by check mark whether the registrant has submitted electronically and posted to its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or such shorter period that the registrant was required to submit and post such files). Yes x No ¨

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant s knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ¨

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act.

Large accelerated filer x Accelerated filer ¨ Non-accelerated filer ¨ Smaller reporting company ¨

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ¨ No x

The aggregate market value of voting common stock held by nonaffiliates of the registrant (based on the New York Stock Exchange closing price) on July 1, 2012, which was the last business day of the registrant s most recently completed second fiscal quarter, was $2,922,749,774. Registrant does not (and did not at July 1, 2012) have any non-voting common stock outstanding.

As of February 8, 2013, there were 101,004,010 shares of no par value common stock outstanding.

Documents Incorporated by Reference

Portions of the Proxy Statement for the annual meeting of shareholders to be held on April 17, 2013, which statement shall be filed with the Securities and Exchange Commission within 120 days after the end of the fiscal year to which this Report relates, are incorporated by reference in Part III.

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SONOCO PRODUCTS COMPANY

Forward-looking statements

Statements included in this Annual Report on Form 10-K that are not historical in nature, are intended to be, and are hereby identified as forward-looking statements for purposes of the safe harbor provided by Section 21E of the Securities Exchange Act of 1934, as amended. The words estimate, project, intend, expect, believe, consider, plan, strategy, opportunity, target, anticipate, objective, goal, guidance, outlook, forecast, future, will, thereof, and similar expressions identify forward-looking statements. Forward-looking statements include, but are not limited to, statements regarding offsetting high raw material costs; improved productivity and cost containment; adequacy of income tax provisions; refinancing of debt; realization of synergies resulting from acquisitions; adequacy of cash flows; anticipated amounts and uses of cash flows; effects of acquisitions and dispositions; adequacy of provisions for environmental liabilities; financial strategies and the results expected from them; sales growth; market leadership; continued payments of dividends; stock repurchases; producing improvements in earnings; financial results for future periods; goodwill impairment charges; expected amounts of capital spending; anticipated contributions to benefit plans; and creation of long-term value for shareholders. Such forward-looking statements are based on current expectations, estimates and projections about our industry, management s beliefs and certain assumptions made by management. Such information includes, without limitation, discussions as to guidance and other estimates, expectations, beliefs, plans, strategies and objectives concerning our future financial and operating performance. These statements are not guarantees of future performance and are subject to certain risks, uncertainties and assumptions that are difficult to predict. Therefore, actual results may differ materially from those expressed or forecasted in such forward-looking statements. The risks and uncertainties include, without limitation:

availability and pricing of raw materials;

success of new product development and introduction;

ability to maintain or increase productivity levels and contain or reduce costs;

ability to manage the mix of business to take advantage of growing markets while reducing cyclical effects of some of the Company s existing businesses on operating results;

international, national and local economic and market conditions;

availability of credit to us, our customers and/or suppliers in needed amounts and/or on reasonable terms;

fluctuations in obligations and earnings of pension and postretirement benefit plans;

pricing pressures, demand for products and ability to maintain market share;

continued strength of our paperboard-based tubes and cores and composite can operations;

anticipated results of restructuring activities;

resolution of income tax contingencies;

ability to successfully integrate newly acquired businesses into the Company s operations;

ability to win new business and/or identify and successfully close suitable acquisitions at the levels needed to meet growth targets;

rate of growth in foreign markets;

foreign currency, interest rate and commodity price risk and the effectiveness of related hedges;

actions of government agencies and changes in laws and regulations affecting the Company;

liability for and anticipated costs of environmental remediation actions;

accuracy of assumptions underlying projections related to goodwill impairment testing, and accuracy of management s assessment of goodwill impairment;

accuracy of assumptions underlying fair value measurements, accuracy of management s assessments of fair value and fluctuations in fair value;

accuracy in valuation of deferred tax assets;

loss of consumer or investor confidence; and

economic disruptions resulting from terrorist activities.

The Company undertakes no obligation to publicly update or revise forward-looking statements, whether as a result of new information, future events or otherwise. In light of these risks, uncertainties and assumptions, the forward-looking events discussed in this Annual Report on Form 10-K might not occur.

References to our website address

References to our website address and domain names throughout this Annual Report on Form 10-K are for informational purposes only, or to fulfill specific disclosure requirements of the Securities and Exchange Commission s rules or the New York Stock Exchange Listing Standards. These references are not intended to, and do not, incorporate the contents of our websites by reference into this Annual Report on Form 10-K.

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PART I

Item 1. Business

(A) General development of business

The Company is a South Carolina corporation founded in Hartsville, South Carolina, in 1899 as the Southern Novelty Company. The name was subsequently changed to Sonoco Products Company (the Company or Sonoco). Sonoco is a manufacturer of industrial and consumer packaging products and a provider of packaging services, with 347 locations in 34 countries.

Information about the Company s acquisitions, dispositions, joint ventures and restructuring activities is provided in Notes 3 and 4 to the Consolidated Financial Statements included in Item 8 of this Annual Report on Form 10-K.

(B) Financial information about segments

The Company reports its financial results in four reportable segments Consumer Packaging, Paper and Industrial Converted Products, Display and Packaging, and Protective Solutions. Effective the fourth quarter of 2012, the Company changed the name of what had been called Packaging Services to Display and Packaging and what had been called Protective Packaging to Protective Solutions to better describe the segments business activities. Information about the Company s reportable segments is provided in Note 16 to the Consolidated Financial Statements included in Item 8 of this Annual Report on Form 10-K.

(C) Narrative description of business

Products and Services The following discussion outlines the principal products produced and services provided by the Company.

Consumer Packaging

The Consumer Packaging segment accounted for approximately 40%, 44% and 44% of the Company s consolidated net sales in 2012, 2011 and 2010, respectively. The operations in this segment consist of 79 plants throughout the world. The products, services and markets of the Consumer Packaging segment are as follows:

Products and Services	*Markets*
Round composite cans, shaped rigid paperboard containers, fiber caulk/adhesive tubes, aluminum, steel and peelable membrane easy-open closures for composite and metal cans; plastic bottles, jars, jugs, cups and trays; printed flexible packaging, rotogravure cylinder engraving, global brand management	Snacks, nuts, cookies, crackers, hard-baked goods, desserts, candy, gum, frozen concentrate, powdered and liquid beverages, non-carbonated beverages, ready-to-drink products, powdered infant formula, coffee, refrigerated dough, frozen entrees, processed food, vegetables, fruit, seafood, poultry, soup, pasta, dairy, sauces, dips, fresh-cut produce, pet food, home and personal care, adhesives

Sonoco s rigid packaging paper-based products is the Company s second largest revenue-producing group of products and services, representing approximately 17%, 19% and 21% of consolidated net sales in 2012, 2011 and 2010, respectively.

Paper and Industrial Converted Products

The Paper and Industrial Converted Products segment accounted for approximately 38%, 42% and 42% of the Company s consolidated net sales in 2012, 2011 and 2010, respectively. This segment serves its markets through 220 plants on five continents. Sonoco s paper operations provide the primary raw material for the Company s fiber-based packaging. Sonoco uses approximately 56% of the paper it manufactures, and the remainder is sold to third parties. This vertical integration strategy is supported by 20 paper mills with 30 paper machines and 49 recycling facilities throughout the world. In 2012, Sonoco had the capacity to manufacture approximately 1.8 million tons of recycled paperboard. The products, services and markets of the Paper and Industrial Converted Products segment are as follows:

Products and Services	*Markets*
Recycled paperboard, chipboard, tubeboard, lightweight corestock, boxboard, linerboard, corrugating medium, specialty grades; paperboard tubes and cores, concrete forms, pallets, molded plugs, reels; collection, processing and recycling of old corrugated containers, paper, plastics, metal, glass and other recyclable materials	Converted paperboard products, spiral winders, beverage insulators, construction, film, flowable products, metal, paper mill, shipping and storage, tape and label, textiles, wire and cable, municipal, residential, customers manufacturing and distribution facilities

Sonoco s tubes and core products are the Company s largest revenue-producing group of products, representing approximately 24%, 25% and 27% of consolidated net sales in 2012, 2011 and 2010, respectively.

Display and Packaging

The Display and Packaging segment accounted for approximately 10%, 10% and 11% of the Company s consolidated net sales in 2012, 2011 and 2010, respectively. The products, services and markets of the Display and Packaging segment are as follows:

Products and Services	*Markets*
Point-of-purchase displays, custom packaging, fulfillment, primary package filling, supply chain management, paperboard specialties	Automotive, beverages, candy, electronics, personal care, baby care, food, cosmetics, fragrances, hosiery, office supplies, toys, home and garden, medical, over-the-counter drugs, sporting goods, hospitality industry, advertising

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Protective Solutions

The Protective Solutions segment accounted for approximately 12%, 4% and 3% of the Company s consolidated net sales in 2012, 2011 and 2010, respectively. The products, services and markets of the Protective Solutions segment are as follows:

Products and Services	*Markets*
Highly engineered, custom-designed protective, temperature-assurance and retail security packaging solutions	Consumer electronics, automotive, appliances, medical devices, temperature-sensitive pharmaceuticals and food, heating and air conditioning, office furnishings, fitness equipment, promotional and palletized distribution

Product Distribution Each of the Company s operating units has its own sales staff, and maintains direct sales relationships with its customers. For those customers that buy from more than one business unit, the Company often assigns a single representative or team of specialists to handle that customer s needs. Some of the units have service staff at the manufacturing facility that interacts directly with customers. The Paper and Industrial Converted Products segment also has a customer service center located in Hartsville, South Carolina, which is the main contact point between its North American business units and its customers. Divisional sales personnel also provide sales management, marketing and product development assistance as needed. Typically, product distribution is directly from the manufacturing plant to the customer, but in some cases, product is warehoused in a mutually advantageous location to be shipped to the customer as needed.

Raw Materials The principal raw materials used by the Company are recovered paper, paperboard, steel, aluminum and plastic resins. Raw materials are purchased from a number of outside sources. The Company considers the supply and availability of raw materials to be adequate to meet its needs.

Patents, Trademarks and Related Contracts Most inventions and product and process innovations are generated by Sonoco s development and engineering staff, and are important to the Company s internal growth. Patents have been granted on many inventions created by Sonoco staff in the United States and other countries. These patents are managed globally by a Sonoco intellectual capital management team through the Company s subsidiary, Sonoco Development, Inc. (SDI). SDI globally manages patents, trade secrets, confidentiality agreements and license agreements. Some patents have been licensed to other manufacturers. Sonoco also licenses a few patents from outside companies and universities. U.S. patents expire after 17 or 20 years, depending on the patent issue date. New patents replace many of the abandoned or expired patents. A second intellectual capital subsidiary of Sonoco, SPC Resources, Inc., globally manages Sonoco s trademarks, service marks, copyrights and Internet domain names. Most of Sonoco s products are marketed worldwide under trademarks such as Sonoco®, Sonotube®, Safe-top®, Sealed-safe®, Duro® and Durox®. Sonoco s registered web domain names such as www.sonoco.com and www.sonotube.com provide information about Sonoco, its people and products. Trademarks and domain names are licensed to outside companies where appropriate.

Seasonality The Company s operations are not seasonal to any significant degree, although the Consumer Packaging and Display and Packaging segments normally report slightly higher sales and operating profits in the second half of the year, when compared with the first half.

Working Capital Practices The Company is not required to carry any significant amounts of inventory to meet customer requirements or to assure itself continuous allotment of goods.

Dependence on Customers On an aggregate basis during 2012, the five largest customers in the Paper and Industrial Converted Products segment, the Consumer Packaging segment and the Protective Solutions segment accounted for approximately 7%, 33% and 22%, respectively, of each segment s net sales. The dependence on a few customers in the Display and Packaging segment is more significant, as the five largest customers in this segment accounted for approximately 64% of that segment s sales.

Sales to the Company s largest customer represented approximately 9% of consolidated revenues in 2012. This concentration of sales volume resulted in a corresponding concentration of credit, representing approximately 8% of the Company s consolidated trade accounts receivable at December 31, 2012. The Company s next largest customer comprised approximately 5% of the Company s consolidated revenues for the year ended December 31, 2012.

Backlog Most customer orders are manufactured with a lead time of three weeks or less. Therefore, the amount of backlog orders at December 31, 2012, was not material. The Company expects all backlog orders at December 31, 2012, to be shipped during 2013.

Competition The Company sells its products in highly competitive markets, which include paper, textile, film, food, chemical, packaging, construction, and wire and cable. All of these markets are influenced by the overall rate of economic activity and their behavior is principally driven by supply and demand. Because we operate in highly competitive markets, we regularly bid for new and continuing business. Losses and/or awards of business from our largest customers, customer changes to alternative forms of packaging, and the repricing of business, can have a significant effect on our operating results. The Company manufactures and sells many of its products globally. The Company, having operated internationally since 1923, considers its ability to serve its customers worldwide in a timely and consistent manner a competitive advantage. The Company also believes that its technological leadership, reputation for quality, and vertical integration are competitive advantages. Expansion of the Company s product lines and global presence is driven by the rapidly changing needs of its major customers, who demand high-quality, state-of-the-art, environmentally compatible packaging, wherever they choose to do business. It is important to be a low-cost producer in order to compete effectively. The Company is constantly focused on productivity improvements and other cost-reduction initiatives utilizing the latest in technology.

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Research and Development Company-sponsored research and development expenses totaled approximately $20.2 million in 2012, $18.8 million in 2011 and $17.8 million in 2010. Customer-sponsored research and development expenses were not material in any of these periods. Significant projects in Sonoco s Consumer Packaging segment include a broad range of cost-reduction projects, high-value flexible packaging enhancements, rigid plastic containers technology and next-generation composite packaging. During 2012, the Paper and Industrial Converted Products segment continued to invest in efforts to design and develop new products for the construction industry and for the film and tape industries. In addition, efforts were focused on enhancing performance characteristics of the Company s tubes and cores in the textile, film and paper packaging areas, as well as on projects aimed at enhancing productivity. Research and development projects in the Company s Protective Solutions segment were primarily focused on developing new temperature-assurance solutions for the pharmaceuticals market.

Compliance with Environmental Laws Information regarding compliance with environmental laws is provided in Item 7 Management s Discussion and Analysis of Financial Condition and Results of Operations under the caption Risk Management, and in Note 14 to the Consolidated Financial Statements included in Item 8 of this Annual Report on Form 10-K.

Number of Employees Sonoco had approximately 19,900 employees worldwide as of December 31, 2012.

(D) Financial information about

geographic areas

Financial information about geographic areas is provided in Note 16 to the Consolidated Financial Statements included in Item 8 of this Annual Report on Form 10-K, and in the information about market risk in Item 7 Management s Discussion and Analysis of Financial Condition and Results of Operations under the caption Risk Management of this Annual Report on Form 10-K.

(E) Available information

The Company electronically files with the Securities and Exchange Commission (SEC) its annual reports on Form 10-K, its quarterly reports on Form 10-Q, its periodic reports on Form 8-K, and amendments to those reports filed or furnished pursuant to Section 13(a) of the Securities Exchange Act of 1934 (the 1934 Act), and proxy materials pursuant to Section 14 of the 1934 Act. The SEC maintains a site on the Internet, *www.sec.gov*, that contains reports, proxy and information statements, and other information regarding issuers that file electronically with the SEC. Sonoco also makes its filings available, free of charge, through its website, *www.sonoco.com*, as soon as reasonably practical after the electronic filing of such material with the SEC.

Executive Officers of the Registrant

Name	*Age*	*Position and Business Experience for the Past Five Years*
Executive Committee		
Harris E. DeLoach Jr.	68	Chairman of the Board & Chief Executive Officer since 2010. Previously Chairman of the Board, President & Chief Executive Officer 2005-2010; President & Chief Executive Officer 2000-2005; Chief Operating Officer April-July 2000; Sr. Executive Vice President, Global Industrial Products/ Paper/Molded Plastics 1999-2000. Joined Sonoco in 1985. (Retiring as Chief Executive Officer effective March 31, 2013).
M. Jack Sanders	59	President, Chief Operating Officer and Chief Executive Officer-elect since December 2012. Previously President and Chief Operating Officer 2010-2012; Executive Vice President, Consumer January-December 2010; Executive Vice President, Industrial 2008-2010; Sr. Vice President, Global Industrial Products 2006-2008; Vice President, Global Industrial Products January-October 2006; Vice President, Industrial Products, N.A. 2001-2006. Joined Sonoco in 1987.
Vicki B. Arthur	54	Vice President, Protective Solutions since January 2013. Previously Vice President, Protective Packaging, N.A. & Integration Leader 2012-2013; Vice President Global Corporate Accounts 2008-2012; Division Vice President, Global Corporate Accounts 2007-2008; Division Vice President & General Manager-Kraft 2005-2007; Staff Vice President & Treasurer 2002-2005. Joined Sonoco in 1984.
R. Howard Coker	50	Group Vice President, Global Rigid Paper & Plastics since January 2013. Previously Vice President, Global Rigid Paper & Closures 2011-2013; Vice President & General Manager, Rigid Paper & Closures, N.A. 2009-2011; Division Vice President & General Manager, Rigid Paper & Closures 2008-2009; Division Vice President & General Manager, Sonoco Phoenix 2006-2008; Director of Sales 2002-2005. Joined Sonoco in 1985.

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Name	*Age*	*Position and Business Experience for the Past Five Years*
John M. Colyer Jr	52	Sr. Vice President, Global Industrial Products & Protective Solutions since January 2013. Previously Vice President, Global Paper & Industrial Converted Products 2012-2013; Vice President, Global Industrial Converting 2010-2012; Vice President North American Converted Products 2009-2010; Vice President, Industrial Converted Products N.A. 2008-2009; Division Vice President & General Manager, Industrial Products, N.A. 2006-2008; Division Vice President, Manufacturing, Industrial Products 2004-2006. Joined Sonoco in 1983.
Rodger D. Fuller	51	Group Vice President, Paper/Tubes and Cores N.A. since January 2013. Previously Vice President, Global Rigid Plastics & Corporate Customers 2011-2013; Vice President, Global Rigid Paper & Plastics January-October 2011; Vice President, Global Rigid Paper & Closures 2008-2011; Vice President, Rigid Paper & Plastics N.A. 2005-2008; Division Vice President & General Manager, Consumer Products N.A. 2000-2005. Joined Sonoco in 1985.
Ronald G. Leach	55	Vice President, Global Protective Packaging since November 2011. Previously President & Chief Executive Officer, Tegrant Corporation 2007-2011; President, SCA Packaging N.A. 2003-2007; President and Chief Executive Officer, Alloyd Company, Inc., 2002-2003. Joined Sonoco in November 2011. (Retiring effective March 31, 2013).
Allan H. McLeland	46	Vice President, Human Resources since 2011. Previously Staff Vice President, Human Resources, Industrial 2010-2011; Director of Human Resources, Industrial 2009-2010; Director, Talent Management 2006-2009; Director, Organizational Development & Staffing 2002-2006. Joined Sonoco in 1993.
Marty F. Pignone	56	Vice President, Primary Materials Group N.A. since December 2012. Previously Vice President, Global Operating Excellence 2011-2012; Vice President, Global Manufacturing, Industrial 2008-2011; Vice President, Paper N.A. 2005-2008. Joined Sonoco in 1997.
Barry L. Saunders	53	Vice President & Chief Financial Officer since May 2011. Previously Vice President & Corporate Controller & Chief Accounting Officer 2008-2011; Staff Vice President & Corporate Controller & Chief Accounting Officer 2002-2008. Joined Sonoco in 1989.
Robert C. Tiede	54	Sr. Vice President, Global Consumer Packaging & Services since January 2013. Previously Vice President Global Flexibles & Packaging Services 2009-2013; Division Vice President & General Manager, Flexible Packaging 2007-2009; President Sonoco-CorrFlex 2004-2007. Joined Sonoco in 2004.
Other Corporate Officers		
Ritchie L. Bond	56	Vice President, Treasurer & Corporate Secretary since 2011. Previously Staff Vice President, Treasurer & Corporate Secretary 2009-2011; Staff Vice President & Treasurer 2005-2009. Joined Sonoco in 2005.
James A. Harrell III	51	Vice President, Tubes & Cores N.A. since 2010. Previously Vice President & General Manager, Industrial Converted Products 2009-2010; Division Vice President & General Manager, Paper, N.A. 2008-2009; Staff Vice President, Global Operating Excellence, Industrial Products 2007-2008; Division Vice President, Industrial Products/ Paper, Europe 2002-2007. Joined Sonoco in 1985.
Kevin P. Mahoney	57	Sr. Vice President, Corporate Planning since 2011. Previously Vice President, Corporate Planning 2000-2011. Joined Sonoco in 1987.
Robert L. Puechl	57	Vice President, Global Flexible Packaging since 2011. Previously Vice President, Global Rigid Plastics 2010-2011; Division Vice President & General Manager, Molded Plastics 2008-2010; Division Vice President & General Manager, Molded Plastics & Caulk 2002-2008. Joined Sonoco in 1986.

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Name	*Age*	*Position and Business Experience for the Past Five Years*
Roger P. Schrum	57	Vice President, Investor Relations & Corporate Affairs since 2009. Previously Staff Vice President, Investor Relations & Corporate Affairs 2005-2009. Joined Sonoco in 2005.
Marcy J. Thompson	51	Vice President, Rigid Paper N.A. since 2011. Previously Division Vice President and General Manager, Sonoco Recycling, Inc. 2009-2011; Division Vice President and General Manager, Industrial Products Division, N.A. 2008-2009; Division Vice President, Sales and Marketing, Industrial, N.A. 2006-2009. Joined Sonoco in 2006.

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Item 1A. Risk factors

Risk factors relating to Sonoco s business

The Company is subject to environmental regulations and liabilities that could weaken operating results.

Federal, state, provincial, foreign and local environmental requirements, including the Comprehensive Environmental Response, Compensation and Liability Act (CERCLA), and particularly those relating to air and water quality, are significant factors in the Company s business and generally increase its costs of operations. The Company may be found to have environmental liability for the costs of remediating soil or water that is, or was, contaminated by the Company or a third party at various sites that are now, or were previously, owned, used or operated by the Company. Legal proceedings may result in the imposition of fines or penalties, as well as mandated remediation programs that require substantial, and in some instances, unplanned capital expenditures.

The Company has incurred in the past, and may incur in the future, fines, penalties and legal costs relating to environmental matters, and costs relating to the damage of natural resources, lost property values and toxic tort claims. The Company has made expenditures to comply with environmental regulations and expects to make additional expenditures in the future. As of December 31, 2012, approximately $75.6 million was reserved for environmental liabilities. Such reserves are established when it is considered probable that the Company has some liability. In part because nearly all of the Company s potential environmental liabilities are joint and severally shared with others, the Company s maximum potential liability cannot be reasonably estimated. However, the Company s actual liability in such cases may be substantially higher than the reserved amount. Additional charges could be incurred due to changes in law, or the discovery of new information, and those charges could have a material adverse effect on operating results.

Changes to laws and regulations dealing with environmental issues, including climate change, are made or proposed with some frequency and some of the proposals, if adopted, might, directly or indirectly, result in a material reduction in the operating results of one or more of the Company s operating units.

General economic conditions in the United States may change, having a negative impact on the Company s earnings.

Domestic sales accounted for approximately 66% of the Company s consolidated revenues in 2012. Even with the Company s diversification across various markets and customers, due to the nature of the Company s products and services, general economic downturns can have an adverse impact on the Company s reported results.

Conditions in foreign countries where the Company operates may reduce earnings.

The Company has operations throughout North and South America, Europe, Australia and Asia, with 347 facilities in 34 countries. In 2012, approximately 34% of consolidated sales came from operations and sales outside of the United States. Accordingly, economic conditions, political situations, and changing laws and regulations in those countries may adversely affect revenues and income.

Raw materials price increases may reduce net income.

Most of the raw materials the Company uses are purchased from third parties. Principal examples are recovered paper, steel, aluminum and resin. Prices for these raw materials are subject to substantial fluctuations that are beyond the Company s control and can adversely affect profitability. Many of the Company s long-term contracts with customers permit limited price adjustments to reflect increased raw material costs. Although both contractual and noncontractual prices may be increased in an effort to offset increases in raw materials costs, such adjustments may not occur quickly enough, or be sufficient to prevent a materially adverse effect on net income and cash flow.

The Company may encounter difficulties integrating acquisitions, restructuring operations or closing or disposing of facilities.

The Company has made numerous acquisitions in recent years, and may actively seek new acquisitions that management believes will provide meaningful opportunities in the markets it serves. Acquired businesses may not achieve the expected levels of revenue, profit or productivity, or otherwise perform as expected.

Acquisitions also involve special risks, including, without limitation, the potential assumption of unanticipated liabilities and contingencies, and difficulties in integrating acquired businesses. While management believes that acquisitions will improve the Company s competitiveness and profitability, no assurance can be given that acquisitions will be successful or accretive to earnings. If actual performance in an acquisition falls significantly short of the projected results, or the assessment of the relevant facts and circumstances changes, it is possible that a noncash impairment charge of any related goodwill would be required.

The Company has closed higher-cost facilities, sold non-core assets and otherwise restructured operations in an effort to improve cost competitiveness and profitability. Some of these activities are ongoing, and there is no guarantee that any such activities will achieve the Company s goals and not divert the attention of management or disrupt the ordinary operations of the Company. Moreover, production capacity, or the actual amount of products produced, may be reduced as a result of these activities.

Energy price increases may reduce net income.

Some of the Company s manufacturing operations require the use of substantial amounts of electricity and natural gas, which may be subject to significant price increases as the result of changes in overall supply and demand. Energy usage is forecasted and monitored, and the Company may, from time to time, use commodity futures or swaps in an attempt to reduce the impact of energy price increases. The Company cannot guarantee success in these efforts, and could suffer adverse effects to net income and cash flow should the Company be unable to pass higher energy costs through to its customers.

Changes in pension plan assets or liabilities may reduce net income and shareholders equity.

The Company has an aggregate projected benefit obligation for its defined benefit plans of approximately $1.8 billion. The calculation of this obligation is sensitive to the underlying discount rate assumption. Reductions in the long-term yield of high-quality debt instruments would result in a higher projected benefit obligation and higher net periodic benefit cost. A higher projected benefit obligation may result in a change in funded status that significantly reduces shareholders equity. The Company has total assets of approximately $1.3 billion funding a portion of the projected benefit obligation. Decreases in fair value of these assets may result in higher net periodic benefit costs and changes in the funded status that significantly reduce shareholders equity.

The Company may not be able to develop new products acceptable to the market.

For many of the Company s businesses, organic growth depends meaningfully on new product development. If new products acceptable to the Company s customers are not developed in a timely fashion, its growth potential may be hindered.

The Company may not be able to locate suitable acquisition candidates.

If significant acquisition candidates that meet the Company s specific criteria are not located, the Company s potential for growth may be restricted.

The Company, or its customers, may not be able to obtain necessary credit or, if so, on reasonable terms.

The Company operates a $350 million commercial paper program, supported by a five-year bank credit facility of an equal amount committed by a syndicate of eight banks until October 2017. In the event that disruptions in global credit markets were to become so severe that the Company was unable to issue commercial paper, it has the contractual right to draw funds directly on the underlying bank credit facility. The Company believes that the lenders have the ability to meet their obligations under the facility. However, if these obligations are not met, the Company may be forced to seek more costly or cumbersome forms of credit. Should such credit be unavailable for an extended time, it would significantly affect the Company s ability to operate its business and execute its plans. In addition, the Company s customers may experience liquidity problems as a result of the current economic environment that could negatively affect the Company s ability to collect receivables and maintain business relationships.

Foreign exchange rate fluctuations may reduce the Company s earnings.

As a result of operating globally, the Company is exposed to changes in foreign exchange rates. Generally, each of the Company s foreign operations both produces and sells in its respective local currency, limiting the Company s exposure to foreign currency transactions. The Company monitors its exposures and, from time to time, may use forward currency contracts to hedge certain forecasted currency transactions or foreign currency denominated assets and liabilities. In addition to potential transaction losses, the Company s reported results of operations and financial position could be negatively affected by exchange rates when the activities and balances of its foreign operations are translated into U.S. dollars for financial reporting purposes.

The Company is subject to cyber-security risks related to certain customer, employee, vendor and other Company data.

The Company uses information technologies to securely manage operations and various business functions and relies upon various technologies to process, store and report on its business and to interact with customers, vendors and employees. Despite its security design and controls, and those of its third party providers, the Company could become subject to cyber attacks which could result in operational disruptions or the misappropriation of sensitive data. There can be no assurance that such disruptions or misappropriations and the resulting repercussions would not be material to its results of operations, financial condition or cash flows.

Item 1B. Unresolved staff comments

There are no unresolved written comments from the SEC staff regarding the Company s periodic or current 1934 Act reports.

Item 2. Properties

The Company s corporate offices are owned and operated in Hartsville, South Carolina. There are 102 owned and 85 leased facilities used by operations in the Paper and Industrial Converted Products segment, 33 owned and 46 leased facilities used by operations in the Consumer Packaging segment, four owned and 16 leased facilities used by operations in the Display and Packaging segment, and 12 owned and 34 leased facilities used by the Protective Solutions segment. Europe, the most significant foreign geographic region in which the Company operates, has 51 manufacturing locations.

Item 3. Legal proceedings

The Company has been named as a potentially responsible party (PRP) at several environmentally contaminated sites not owned by the Company. All of the sites are also the responsibility of other parties. The Company s liability, if any, is shared with such other parties, but the Company s share has not been finally determined in most cases. In some cases, the Company has cost-sharing agreements with other PRPs with respect to a particular site. Such agreements relate to the sharing of legal defense costs or cleanup costs, or both. The Company has assumed, for purposes of estimating amounts to be accrued, that the other parties to such cost-sharing agreements will perform as agreed. It appears that final resolution of some of the sites is years away, and actual costs to be incurred for these environmental matters in future periods is likely to vary from current estimates because of the inherent uncertainties in evaluating environmental exposures. Accordingly, the ultimate cost to the Company with respect to such sites cannot be determined. As of December 31, 2012 and 2011, the Company had accrued $75.6 million and $78.6 million, respectively, related to environmental contingencies. The Company periodically re-evaluates the assumptions used in determining the appropriate reserves for environmental matters as additional information becomes available and, when warranted, makes appropriate adjustments.

Fox River

The Company believes the environmental issues regarding the Fox River, which are discussed below in some detail, currently represent the Company s greatest loss exposure for alleged environmental liability. The Company also believes that all of its exposure to such liability for the Fox River is contained within its wholly owned subsidiary, U.S. Paper Mills Corp. (U.S. Mills). Accordingly, regardless of the amount of liability that U.S. Mills may ultimately bear, the Company believes its maximum additional pretax loss for Fox River issues will essentially be limited to the equity position of U.S. Mills, which was approximately $91 million at December 31, 2012.

The extent of U.S. Mills potential liability remains subject to many uncertainties. The Company periodically re-evaluates U.S. Mills potential liability and the appropriate reserves based on information available to it. U.S. Mills eventual liability, which may be paid out over several years, will depend on a number of factors. In general, the most significant factors include: (1) the total remediation costs for the sites for which U.S. Mills is found to have liability and the share of such costs U.S. Mills is required to bear; (2) the total natural resource damages for such sites and the share of such costs U.S. Mills is required to bear; and (3) U.S. Mills costs to defend itself in this matter.

U.S. Mills was officially notified by governmental entities in 2003 that it, together with a number of other companies, had been identified as a PRP for environmental claims under the Comprehensive Environmental Response, Compensation, and Liability Act of 1980 (CERCLA) and other statutes, arising out of the presence of polychlorinated biphenyls (PCBs) in sediments in the lower Fox River and in the bay of Green Bay in Wisconsin. U.S. Mills was named as a PRP because scrap paper purchased by U.S. Mills as a raw material for its paper making processes more than 30 years before allegedly included carbonless copy paper that contained PCBs, some of which were included in wastewater from U.S. Mills manufacturing processes that was discharged into the Fox River. The Company acquired the stock of U.S. Mills in 2001, and the alleged contamination predates the acquisition. Although Sonoco was also notified that it was a PRP, its only involvement is as a subsequent shareholder of U.S. Mills. As such, the Company has responded that it has no separate responsibility apart from U.S. Mills.

The governmental entities making such claims against U.S. Mills and the other PRPs have been coordinating their actions, including the assertion of claims against the PRPs. Additionally, certain claimants have commenced a related natural resource damage lawsuit against U.S. Mills and the other PRPs.

A review of the circumstances leading to U.S. Mills being named a PRP and the current status of the remediation effort and related lawsuits is set forth below.

In July 2003, the U.S. Environmental Protection Agency (EPA) and Wisconsin Department of Natural Resources (WDNR) issued their final cleanup plan (known as a Record of Decision, or ROD) for a portion of the Fox River. The ROD addressed the lower part of the Fox River and portions of Green Bay, where the EPA and WDNR (the Governments) estimate the bulk of the sediments that need to be remediated are located. In two portions of the lower part of the Fox River covered by the ROD Operable Units (OUs) 3 and 4 the Governments selected large-scale dredging as the cleanup approach. OU 3 is the section of the Fox River running downstream from Little Rapids to the De Pere dam, and OU 4 runs from the De Pere dam downstream to the mouth of the Fox River at Green Bay. U.S. Mills De Pere plant is just below the De Pere dam and, prior to 1972, discharged wastewater into the river downstream of the dam in OU 4. In the ROD, the Governments estimated that approximately 6.5 million cubic yards of sediment would be removed from OUs 3 and 4 at an estimated cost of approximately $284 million ($26.5 million for OU 3 and $257.5 million for OU 4). The Governments also identified capping the riverbed with appropriate materials as a contingent remedy to be evaluated during the remedial design process. For Green Bay (OU 5), the Governments selected monitored natural attenuation as the cleanup approach at an estimated cost of approximately $40 million. The Governments also indicated that some limited dredging near the mouth of the river might be required, which would ultimately be determined during the design stage of the project. Earlier, in January 2003, the Governments had issued their ROD for the upper portions of the Fox River OUs 1 and 2. Combining the then current cost estimates from both RODs, it appeared that the Governments expected the selected remedies for all five OUs to cost approximately $400 million, exclusive of contingencies. In March 2004, NCR Corporation (NCR) and Georgia-Pacific Corporation (G-P) entered into an Administrative Order on Consent (AOC) with the Governments to perform engineering design work for the cleanup of OUs 2 5.

In the course of the ongoing design work, additional sampling and data analysis identified elevated levels of PCBs in certain areas of OU 4 near the U.S. Mills De Pere plant (the OU 4 hotspot). In November 2005, the Governments notified U.S. Mills and NCR that they would be required to design and undertake a removal action that would involve dredging, dewatering and disposing of the PCB-contaminated sediments from the OU 4 hotspot. In furtherance of this notification, on April 12, 2006, the United States and the State of Wisconsin sued NCR and U.S. Mills in the U.S. District Court for the Eastern District of Wisconsin in Milwaukee (Civil Action No. 06-C-0484). NCR and U.S. Mills agreed to a Consent Decree with the United States and the State of Wisconsin pursuant to which the site is to be cleaned up on an expedited basis and NCR and U.S. Mills started removing contaminated sediment in May 2007. Although the defendants specifically did not admit liability for the allegations of the complaint, they are bound by the terms of the Consent Decree.

NCR and U.S. Mills reached agreement between themselves that each would fund 50% of the costs of remediation of the OU 4 hotspot, which from 2006, when project implementation began, through the end of 2012 has totalled slightly more than $25 million. U.S. Mills environmental reserve at December 31, 2012, includes $3.2 million for its share of the estimated remaining costs under the funding agreement for remediation of the OU 4 hotspot. The actual

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costs associated with cleanup of this particular site are dependent upon many factors, and it is reasonably possible that remediation costs could be higher than the current estimate of project costs. Under the terms of the agreement, the parties reserved their rights to make claims against each other, as well as third parties, to reallocate the remediation costs of the Site. Accordingly, the Company s ultimate share of the liability for remediation of the Site could be greater or less than 50% of the total cost.

At the time of the Company s acquisition of U.S. Mills in 2001, U.S. Mills and the Company estimated U.S. Mills liability for the Fox River cleanup at a nominal amount based on government reports and conversations with the Governments about the anticipated limited extent of U.S. Mills responsibility, the belief, based on U.S. Mills prior assertions, that no significant amount of PCB-contaminated raw materials had been used at the U.S. Mills plants, and the belief that any PCB contamination in the Fox River, other than a de minimis amount, was not caused by U.S. Mills. It appeared at that time that U.S. Mills and the Governments would be able to resolve the matter and dismiss U.S. Mills as a PRP for a nominal payment. Accordingly, no significant reserve was established at the time. However, the Governments subsequently declined to enter into such a settlement. Nonetheless, U.S. Mills continued to believe that its liability exposure was very small based on its continuing beliefs that no significant amount of PCB-contaminated raw materials had been used at the U.S. Mills plants and that any significant amount of PCB contamination in the section of the Fox River located adjacent to its plant was not caused by U.S. Mills.

In May/June 2005, U.S. Mills first learned of elevated levels of PCBs in the Fox River adjacent to its De Pere plant (the OU 4 hotspot). U.S. Mills, while still not believing its De Pere plant was the source of this contamination, entered into the consent decree to remediate the OU 4 hotspot as discussed above.

In June 2006, U.S. Mills first received the results of tests it initiated on the U.S. Mills property that suggested that the De Pere plant may have processed as part of its furnish more than the de minimis amounts of PCB-contaminated paper reflected in the records available to the Company. This information seemed to contradict the Company s previous understanding of the history of the De Pere plant. Based on these most recent findings, it is possible that U.S. Mills might be responsible for a larger portion of the remediation than previously anticipated. The total estimated cost set forth in the ROD for remediation of OU 4 was approximately $257.5 million and the estimated cost of monitoring OU 5 was approximately $40 million (a 2007 amendment to the ROD estimated the cost of OUs 2 5 at $390 million). There are two alleged PRPs located in OU 4 (of which the smaller is the plant owned by U.S. Mills). It is possible that U.S. Mills and the owners of the other plant, together with NCR, the original generator of the carbonless copy paper, could be required to bear a majority of the remediation costs of OU 4, and share with other PRPs the cost of monitoring OU 5. U.S. Mills has discussed possible remediation scenarios with other PRPs who have indicated that they expect U.S. Mills to bear an unspecified but meaningful share of the costs of OU 4 and OU 5.

In February 2007, the EPA and WDNR issued a general notice of potential liability under CERCLA and a request to participate in remedial action implementation negotiations relating to OUs 2 5 to eight PRPs, including U.S. Mills. The notice requested that the PRPs indicate their willingness to participate in negotiations concerning performance of the remaining elements of the remedial action for OUs 2 5 and the resolution of the government entities claims for unreimbursed costs and natural resource damages. On April 9, 2007, U.S. Mills, in conjunction with other PRPs, presented to the EPA and the WDNR a proposed schedule to mediate the allocation issues among eight PRPs, including U.S. Mills. Non-binding mediation began in May 2007 and continued as bilateral/multilateral negotiations although no agreement among the parties occurred.

On November 13, 2007, the EPA issued a unilateral Administrative Order for Remedial Action pursuant to Section 106 of CERCLA. The order requires U.S. Mills and the seven other respondents jointly to take various actions to cleanup OUs 2 5. The order covers planning and design work as well as dredging and disposing of contaminated sediments and the capping of dredged and less contaminated areas of the river bottom. The order also provides for a $32.5 thousand per day penalty for failure by a respondent to comply with its terms as well as exposing a non-complying respondent to potential treble damages. Even though U.S. Mills has reserved its rights to contest liability for any portion of the work, it is cooperating with the other respondents to comply with the order, although its financial contribution will likely be determined by the lawsuit commenced in June 2008 and discussed below.

On June 12, 2008, NCR and Appleton Papers, Inc. (API), as plaintiffs, commenced suit in the United States District Court for the Eastern District of Wisconsin (No. 08-CV-0016-WCG) against U.S. Mills, as one of a number of defendants, seeking a declaratory judgment allocating among all the parties the costs and damages associated with the pollution and cleanup of the Lower Fox River. The suit also seeks damages from the defendants for amounts already spent by the plaintiffs, including natural resource damages, and future amounts to be spent by all parties with regard to the pollution and cleanup of the Lower Fox River. The court limited discovery to information regarding when each party knew, or should have known, that recycling NCR brand carbonless paper would result in the discharge of PCBs to a water body and what action, if any, each party took to avoid the risk of further contamination. On December 16, 2009, the court issued an order which concluded that, under the eq10pt; color: navy; font-weight: bold; text-align: left">) 118,519 Accounts payable 659,370 11,605 Accrued commissions (13,612) 258,473 Billings in excess of costs and estimated earnings (1,224,319) (502,917) Other current liabilities (388,793) 87,423 Net operating activities 2,429,020 (988,449) Investing activities: Acquisition of property and equipment (325,754) (736,843) Other investing activities (11,547) (10,937) Net investing activities (337,301) (747,780) Financing activities: Proceeds from issuance of common stock, net 14,334 124,621 Net change in cash and cash equivalents 2,106,053 (1,611,608) Cash and cash equivalents - beginning 2,858,323 3,324,934 Cash and cash equivalents - ending $4,964,376 $1,713,326 See notes to condensed consolidated financial statements.

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TAYLOR DEVICES, INC.

Notes to Condensed Consolidated Financial Statements

1. The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America for interim financial information and with the instructions to Form 10-Q. Accordingly, they do not include all of the information and footnotes required by accounting principles generally accepted in the United States of America for complete financial statements. In the opinion of the Company, the accompanying unaudited condensed consolidated financial statements contain all adjustments (consisting of only normal recurring accruals) necessary to present fairly the financial position as of November 30, 2018 and May 31, 2018, the results of operations for the three and six months ended November 30, 2018 and 2017, and cash flows for the six months ended November 30, 2018 and 2017. These financial statements should be read in conjunction with the audited financial statements and notes thereto contained in the Company's Annual Report to Shareholders for the year ended May 31, 2018.

2. The Company has evaluated events and transactions for potential recognition or disclosure in the financial statements through the date the financial statements were issued.

3. There is no provision nor shall there be any provisions for profit sharing, dividends, or any other benefits of any nature at any time for this fiscal year.

4. For the six month periods ended November 30, 2018 and 2017, the net income was divided by 3,467,002 and 3,447,383 respectively, which is net of the Treasury shares, to calculate the net income per share. For the three month periods ended November 30, 2018 and 2017, the net income was divided by 3,466,796 and 3,445,429 respectively, which is net of the Treasury shares, to calculate the net income per share.

5. The results of operations for the three and six month periods ended November 30, 2018 are not necessarily indicative of the results to be expected for the full year.

6. In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2014-09, Revenue from Contracts with Customers. ASU 2014-09 is a comprehensive new revenue recognition model that requires a company to recognize revenue to depict the transfer of goods or services to a customer at an amount that reflects the consideration it expects to receive in exchange for those goods or services. ASU 2014-09 also requires additional disclosure about the nature, amount, timing and uncertainty of revenue and cash flows arising from customer contracts, including significant judgments and changes in judgments and assets recognized from costs incurred to obtain or fulfill a contract. ASU 2014-09, as amended, is effective for annual reporting periods, and interim periods within that period, beginning after December 15, 2017 (fiscal year 2019 for the Company). Companies may use either a full retrospective or a modified retrospective approach to adopt ASU 2014-09. We adopted ASU 2014-09 on June 1, 2018 using the modified retrospective method, which required the

recognition of the cumulative effect of the transition as an adjustment to retained earnings. The Company elected to apply the standard only to open contracts as of June 1, 2018. Based on the application of the changes described above, we recognized a transition adjustment of $4,999, which increased our June 1, 2018 retained earnings. ASU 2014-09 is not expected to have a material impact to net earnings for the year ended May 31, 2019. Refer to Note 8 for additional information.

Other recently issued Accounting Standards Codification (ASC) guidance has either been implemented or are not significant to the Company

7. Inventory:

Inventory	November 30, 2018	May 31, 2018
Raw materials	$709,862	$726,852
Work-in-process	10,806,618	9,990,225
Finished goods	665,245	700,698
Gross inventory	12,181,725	11,417,775
Less allowance for obsolescence	100,000	100,000
Net Inventory	$12,081,725	$11,317,775

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8. Revenue Recognition:

As discussed in Note 6, ASU 2014-09 was adopted on June 1, 2018 using the modified retrospective method, which required the recognition of the cumulative effect of the transition as an adjustment to retained earnings.

Revenue is recognized when, or as, the Company transfers control of promised products or services to a customer in an amount that reflects the consideration to which the Company expects to be entitled in exchange for transferring those products or services.

A performance obligation is a promise in a contract to transfer a distinct good or service to the customer, and is the unit of account. A contract's transaction price is allocated to each distinct performance obligation and recognized as revenue when, or as, the performance obligation is satisfied. The majority of our contracts have a single performance obligation as the promise to transfer the individual goods or services is not separately identifiable from other promises in the contracts which are, therefore, not distinct. Promised goods or services that are immaterial in the context of the contract are not separately assessed as performance obligations. In the six months ended November 30, 2018, 47% of revenue was recorded for contracts with a single performance obligation that was satisfied within the period. In the six months ended November 30, 2017, 39% of revenue was recorded for contracts with a single performance obligation that was satisfied within the period.

For contracts with customers in which the Company satisfies a promise to the customer to provide a product that has no alternative use to the Company and the Company has enforceable rights to payment for progress completed to date inclusive of profit, the Company satisfies the performance obligation and recognizes revenue over time, using costs incurred to date relative to total estimated costs at completion to measure progress toward satisfying our performance obligations. Incurred cost represents work performed, which corresponds with, and thereby best depicts, the transfer of control to the customer. Contract costs include labor, material and overhead. In the six months ended November 30, 2018, 53% of revenue was recorded for contracts in which revenue was recognized over time. In the six months ended November 30, 2017, 61% of revenue was recorded for contracts in which revenue was recognized over time.

We recognized the cumulative effect of initially applying the new revenue standard as an adjustment to the opening balance of retained earnings. The comparative information has not been restated and continues to be reported under the accounting standards in effect for those periods.

The cumulative effect of the changes made to our consolidated June 1, 2018 balance sheet for the adoption of ASU 2014-09, were as follows:

Balance Sheet	Balance at May 31, 2018	Adjustments Due to ASU 2014-09	Balance at June 1, 2018
Assets			
Inventory	$11,317,775	$1,101,116	$12,418,891
Costs and estimated earnings in excess of billings	$6,356,963	(326,509)	$6,030,454
Liabilities			
Billings in excess of costs and estimated earnings	$2,043,002	(25,105)	$2,017,897

Other accrued expenses	$1,412,502	$794,713	$2,207,215
Equity			
Retained earnings	$26,959,080	$4,999	$26,964,079

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In accordance with the new revenue standard requirements, the disclosure of the impact of adoption of ASU 2014-09 on our consolidated balance sheet and income statement was as follows:

	November 30, 2018		
Balance Sheet	As Reported	Effect of Change Higher/(Lower)	Balances Without Adoption of ASU 2014-09
Assets			
Inventory	$12,081,725	$ —	$12,081,725
Costs and estimated earnings in excess of billings	$5,953,406	$ —	$5,953,406
Other current assets	$481,880	$ —	$481,880
Liabilities			
Other accrued expenses	$1,818,422	$ —	$1,818,422
Equity			
Retained earnings	$28,080,428	$ —	$28,080,428

	For the Six Months ended November 30, 2018		
Income Statement	As Reported	Effect of Change Higher/(Lower)	Balances Without Adoption of ASU 2014-09
Revenues			
Sales, net	$16,793,253	$ 1,096,117	$15,697,136
Costs and Expenses			
Cost of goods sold	$12,337,646	$ 1,101,116	$11,236,530
Provision for income taxes	$259,000	$ —	$259,000
Net income (loss)	$1,116,349	$ (4,999)	$1,121,348

	For the Three Months ended November 30, 2018		
Income Statement	As Reported	Effect of Change Higher/(Lower)	Balances Without Adoption of ASU 2014-09
Revenues			

Sales, net	$9,479,159	$ 1,022,674	$8,456,485
Costs and Expenses			
Cost of goods sold	$7,329,815	$ 1,065,474	$6,264,341
Provision for income taxes	$81,000	$ (8,000)	$89,000
Net income (loss)	$375,517	$ (34,800)	$410,317

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Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Cautionary Statement

The Private Securities Litigation Reform Act of 1995 provides a "safe harbor" for forward-looking statements. Information in this Item 2, "Management's Discussion and Analysis of Financial Condition and Results of Operations," and elsewhere in this 10-Q and its Exhibits that does not consist of historical facts, are "forward-looking statements." Statements accompanied or qualified by, or containing, words such as "may," "will," "should," "believes," "expects," "intends," "plans," "projects," "estimates," "predicts," "potential," "outlook," "forecast," "anticipates," "presume," and "assume" constitute forward-looking statements and, as such, are not a guarantee of future performance. The statements involve factors, risks and uncertainties, the impact or occurrence of which can cause actual results to differ materially from the expected results described in such statements. Risks and uncertainties can include, among others, reductions in capital budgets by our customers and potential customers; changing product demand and industry capacity; increased competition and pricing pressures; advances in technology that can reduce the demand for the Company's products; the kind, frequency and intensity of natural disasters that affect demand for the Company’s products; and other factors, many or all of which are beyond the Company's control. Consequently, investors should not place undue reliance on forward-looking statements as predictive of future results. The Company disclaims any obligation to release publicly any updates or revisions to the forward-looking statements herein to reflect any change in the Company's expectations with regard thereto, or any changes in events, conditions or circumstances on which any such statement is based.

Results of Operations

A summary of the period to period changes in the principal items included in the condensed consolidated statements of income is shown below:

Summary comparison of the six months ended November 30, 2018 and 2017		
	Increase / (Decrease)	
Sales, net	$	5,414,000
Cost of goods sold	$	3,838,000
	$	660,000

Selling, general and administrative expenses		
Income before provision for income taxes	$	919,000
Provision for income taxes	$	157,000
Net income	$	762,000

Sales under certain fixed-price contracts, requiring substantial performance over several periods prior to commencement of deliveries, are accounted for under the percentage-of-completion method of accounting whereby revenues are recognized based on estimates of completion prepared on a ratio of cost to total estimated cost basis. Costs include all material and direct and indirect charges related to specific contracts.

Adjustments to cost estimates are made periodically and any losses expected to be incurred on contracts in progress are charged to operations in the period such losses are determined. However, any profits expected on contracts in progress are recognized over the life of the contract.

For financial statement presentation purposes, the Company nets progress billings against the total costs incurred on uncompleted contracts. The asset, "costs and estimated earnings in excess of billings," represents revenues recognized in excess of amounts billed. The liability, "billings in excess of costs and estimated earnings," represents billings in excess of revenues recognized.

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For the six months ended November 30, 2018 (All figures discussed are for the six months ended November 30, 2018 as compared to the six months ended November 30, 2017).

	Six months ended November 30		Change	
	2018	2017	Amount	Percent
Net Revenue	$16,793,000	$11,379,000	$5,414,000	48 %
Cost of sales	12,338,000	8,500,000	3,838,000	45 %
Gross profit	$4,455,000	$2,879,000	$1,576,000	55 %
… as a percentage of net revenues	27 %	25 %		

The Company's consolidated results of operations showed a 48% increase in net revenues and an increase in net income of 215%. Revenues recorded in the current period for long-term construction projects (“Project(s)”) were 29% more than the level recorded in the prior year. We had 34 Projects in process during the current period as well as during the same period last year. Revenues recorded in the current period for other-than long-term construction projects (non-projects) were 76% more than the level recorded in the prior year. Total sales within the U.S. increased 70% from the same period last year. Total sales to Asia decreased 29% from the same period of the prior year. Sales increases were recorded over the same period last year to customers involved in construction of buildings and bridges (76%), as well as in sales to customers in aerospace / defense (23%). The significant increase in sales to construction customers was the result of several factors including 1.) an increase in domestic spending on infrastructure for seismic protection, and 2.) an increase in domestic buildings being retrofitted for seismic protection. The impact of adoption of accounting regulation ASU 2014-09 increased revenue for the period by $1,096,000 or about 10% of the prior period’s level of revenue. Please refer to the charts, below, which show the breakdown of sales. The gross profit as a percentage of net revenue of 27% in the current period is slightly higher than the 25% recorded in the same period of the prior year.

Sales of the Company’s products are made to three general groups of customers: industrial, construction and aerospace / defense. A breakdown of sales to the three general groups of customers is as follows:

	Six months ended November 30	
	2018	2017
Industrial	6 %	9 %
Construction	60%	50%
Aerospace / Defense	34%	41%

At November 30, 2017, the Company had 139 open sales orders in our backlog with a total sales value of $20.4 million. At November 30, 2018, the Company has slightly less open sales orders in our backlog (130 orders), and the total sales value is $18.0 million.

The Company's backlog, revenues, commission expense, gross margins, gross profits, and net income fluctuate from period to period. The changes in the current period, compared to the prior period, are not necessarily representative of future results.

Net revenue by geographic region, as a percentage of total net revenue for the six month periods ended November 30, 2018 and November 30, 2017 is as follows:

	Six months ended November 30	
	2018	2017
USA	84%	73%
Asia	11%	23%
Other	5 %	4 %

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Selling, General and Administrative Expenses

	Six months ended November 30		Change	
	2018	2017	Amount	Percent
Outside Commissions	$977,000	$589,000	$388,000	66 %
Other SG&A	2,117,000	1,845,000	272,000	15 %
Total SG&A	$3,094,000	$2,434,000	$660,000	27 %
… as a percentage of net revenues	18 %	21 %		

Selling, general and administrative expenses increased by 27% from the prior year. Outside commission expense increased by 66% from last year's level due to higher levels of commissionable sales. Other selling, general and administrative expenses increased 15% from last year to this. This increase is primarily due to increased freight cost associated with the increased shipment of product to customers as well as an increase in accrued incentive compensation resulting from the improved profitability of the Company.

The above factors resulted in operating income of $1,362,000 for the six months ended November 30, 2018, 206% more than the $445,000 in the same period of the prior year.

Summary comparison of the three months ended November 30, 2018 and 2017		
	Increase / (Decrease)	
Sales, net	$	4,667,000
Cost of goods sold	$	3,780,000
Selling, general and administrative expenses	$	493,000
Income before provision for income taxes	$	414,000
Provision for income taxes	$	91,000
Net income	$	323,000

For the three months ended November 30, 2018 (All figures discussed are for the three months ended November 30, 2018 as compared to the three months ended November 30, 2017).

	Three months ended November 30		Change	
	2018	2017	Amount	Percent
Net Revenue	$9,479,000	$4,812,000	$4,667,000	97 %
Cost of sales	7,330,000	3,550,000	3,780,000	106 %
Gross profit	$2,149,000	$1,262,000	$887,000	70 %
… as a percentage of net revenues	23 %	26 %		

The Company's consolidated results of operations showed a 97% increase in net revenues and an increase in net income of 620%. Revenues recorded in the current period for long-term construction projects (“Project(s)”) were double the level recorded in the prior year. We had 26 Projects in process during the current period compared with 31 during the same period last year. Revenues recorded in the current period for other-than long-term construction projects (non-projects) were 93% more than the level recorded in the prior year. Total sales within the U.S. increased 109% from the same period last year. Total sales to Asia increased 30% from the same period of the prior year. Sales increases were recorded over the same period last year to customers involved in construction of buildings and bridges (224%), as well as in sales to industrial customers (26%) and customers in aerospace / defense (5%). The significant increase in sales to construction customers was the result of several factors including 1.) an increase in domestic spending on infrastructure for seismic protection, and 2.) an increase in domestic buildings being retrofitted for seismic protection. The impact of adoption of accounting regulation ASU 2014-09 increased revenue for the period by $850,000 or about 17% of the prior period’s level of revenue.

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Please refer to the charts, below, which show the breakdown of sales. The gross profit as a percentage of net revenue of 23% in the current period is slightly lower than the 26% recorded in the same period of the prior year. The reduction in gross profit as a percentage of revenue is primarily due to the impact of adoption of ASU 2014-09 as the gross profit on the affected revenue was actually a slight loss.

Sales of the Company's products are made to three general groups of customers: industrial, construction and aerospace / defense. A breakdown of sales to the three general groups of customers is as follows:

	Three months ended November 30	
	2018	2017
Industrial	5 %	9 %
Construction	68%	41%
Aerospace / Defense	27%	50%

Net revenue by geographic region, as a percentage of total net revenue for the three month periods ended November 30, 2018 and November 30, 2017 is as follows:

	Three months ended November 30	
	2018	2017
USA	84%	80%
Asia	11%	16%
Other	5 %	4 %

Selling, General and Administrative Expenses

	Three months ended November 30		Change	
	2018	2017	Amount	Percent
Outside Commissions	$627,000	$309,000	$318,000	103 %
Other SG&A	1,092,000	918,000	174,000	19 %
Total SG&A	$1,719,000	$1,227,000	$492,000	40 %
… as a percentage of net revenues	18 %	25 %		

Selling, general and administrative expenses increased by 40% from the prior year. Outside commission expense increased by 103% from last year's level due to higher levels of commissionable sales. Other selling, general and administrative expenses increased 19% from last year to this. This increase is primarily due to increased freight cost associated with the increased shipment of product to customers as well as an increase in accrued incentive compensation resulting from the improved profitability of the Company.

The above factors resulted in operating income of $430,000 for the three months ended November 30, 2018, significantly more than the $35,000 in the same period of the prior year.

Stock Options

The Company has a stock option plan which provides for the granting of nonqualified or incentive stock options to officers, key employees and non-employee directors. Options granted under the plan are exercisable over a ten year term. Options not exercised at the end of the term expire.

The Company expenses stock options using the fair value recognition provisions of the FASB ASC. The Company recognized $57,000 and $56,000 of compensation cost for the six month periods ended November 30, 2018 and 2017.

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The fair value of each stock option grant has been determined using the Black-Scholes model. The model considers assumptions related to exercise price, expected volatility, risk-free interest rate, and the weighted average expected term of the stock option grants. Expected volatility assumptions used in the model were based on volatility of the Company's stock price for the thirty month period ending on the date of grant. The risk-free interest rate is derived from the U.S. treasury yield. The Company used a weighted average expected term.

The following assumptions were used in the Black-Scholes model to estimate the fair market value of the Company's stock option grants:

	November 2018	November 2017
Risk-free interest rate:	2.625 %	2.250 %
Expected life of the options:	3.7 years	3.6 years
Expected share price volatility:	31 %	28 %
Expected dividends:	zero	zero
These assumptions resulted in estimated fair-market value per stock option:	$3.18	$3.01

The ultimate value of the options will depend on the future price of the Company's common stock, which cannot be forecast with reasonable accuracy.

A summary of changes in the stock options outstanding during the six month period ended November 30, 2018 is presented below:

	Number of Options	Weighted-Average Exercise Price
Options outstanding and exercisable at May 31, 2018:	271,750	$11.33
Options granted:	18,000	$11.79
Options exercised:	750	$6.04
Options expired:	60,000	$11.10
Options outstanding and exercisable at November 30, 2018:	229,000	$11.44
Closing value per share on NASDAQ at November 30, 2018:		$12.25

Capital Resources, Line of Credit and Long-Term Debt

The Company's primary liquidity is dependent upon the working capital needs. These are mainly inventory, accounts receivable, costs and estimated earnings in excess of billings, accounts payable, accrued commissions, and billings in excess of costs and estimated earnings. The Company's primary source of liquidity has been operations.

Capital expenditures for the six months ended November 30, 2018 were $326,000 compared to $737,000 in the same period of the prior year. As of November 30, 2018, the Company has commitments for capital expenditures totaling $15,000 during the next twelve months. These costs are primarily related to acquisition of new equipment used to test the function of products prior to shipment to customers.

The Company believes it is carrying adequate insurance coverage on its facilities and their contents.

Effective August 30, 2017, the Company replaced its bank credit facility with a $10,000,000 bank demand line of credit, with interest payable at the Company's option of 30, 60 or 90 day LIBOR rate plus 2.25%. There is no balance outstanding as of November 30, 2018 or as of May 31, 2018. The line is unsecured and includes a negative pledge of substantially all of the Company’s property. This line of credit is subject to the usual terms and conditions applied by the bank, is subject to renewal annually, and is not subject to an express requirement on the bank’s part to lend.

Inventory and Maintenance Inventory

	November 30, 2018		May 31, 2018		Increase /(Decrease)	
Raw materials	$710,000		$727,000		$(17,000)	-2%
Work-in-process	10,807,000		9,990,000		817,000	8 %
Finished goods	565,000		601,000		(36,000)	-6%
Inventory	12,082,000	93 %	11,318,000	93 %	764,000	7 %
Maintenance and other inventory	870,000	7 %	886,000	7 %	(16,000)	-2%
Total	$12,952,000	100%	$12,204,000	100%	$748,000	6 %
Inventory turnover	2.0		1.5			

NOTE: Inventory turnover is annualized for the six month period ended November 30, 2018.

Inventory, at $12,082,000 as of November 30, 2018, is $764,000, or 7%, more than the prior year-end level of $11,318,000. Approximately 89% of the current inventory is work in process, 5% is finished goods, and 6% is raw materials.

Maintenance and other inventory represent stock that is estimated to have a product life cycle in excess of twelve months. This stock represents certain items the Company is required to maintain for service of products sold and items that are generally subject to spontaneous ordering. This inventory is particularly sensitive to technological obsolescence in the near term due to its use in industries characterized by the continuous introduction of new product lines, rapid technological advances and product obsolescence. Management of the Company has recorded an allowance for potential inventory obsolescence. The provision for potential inventory obsolescence was $85,000 and $60,000 for the six month periods ended November 30, 2018 and 2017. The Company continues to rework slow-moving inventory, where applicable, to convert it to product to be used on customer orders.

Accounts Receivable, Costs and Estimated Earnings in Excess of Billings (“CIEB"), and Billings in Excess of Costs and Estimated Earnings ("BIEC")

	November 30, 2018	May 31, 2018	Increase /(Decrease)	
Accounts receivable	$4,994,000	$6,266,000	$(1,272,000)	-20%
CIEB	5,953,000	6,357,000	(404,000)	-6 %

Less: BIEC	794,000	2,043,000	(1,249,000)	-61%
Net	$10,153,000	$10,580,000	$(427,000)	-4%
Number of an average day's sales outstanding in accounts receivable	47	88		

The Company combines the totals of accounts receivable, the current asset, CIEB, and the current liability, BIEC, to determine how much cash the Company will eventually realize from revenue recorded to date. As the accounts receivable figure rises in relation to the other two figures, the Company can anticipate increased cash receipts within the ensuing 30-60 days.

Accounts receivable of $4,994,000 as of November 30, 2018 includes approximately $1,029,000 of amounts retained by customers on Projects. It is expected that amounts retained by customers under contracts will be released in the normal course of the business in accordance with the related contracts. Accounts receivable also includes $110,000 of an allowance for doubtful accounts ("Allowance"). The accounts receivable balance as of May 31, 2018 of $6,266,000 included an Allowance of $110,000.

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The number of an average day's sales outstanding in accounts receivable (“DSO”) decreased significantly from 88 days at May 31, 2018 to 47 at November 30, 2018. The DSO is a function of 1.) the level of sales for an average day (for example, total sales for the past three months divided by 90 days) and 2.) the level of accounts receivable at the balance sheet date. The level of sales for an average day in the second quarter of the current fiscal year is 48% more than in the fourth quarter of the prior year. The level of accounts receivable at the end of the current fiscal quarter is 20% less than the level at the end of the prior year. The significant decrease in the level of accounts receivable combined with the increase in the level of an average day’s sales caused the DSO to decrease from last year end to this quarter-end. The primary reasons for the decrease in the level of accounts receivable from last year end to this quarter-end was significantly lower billings for Projects in November 2018 ($1.2 million) compared to May 2018 ($2.6 million). The Company expects to collect the net accounts receivable balance, including the retainage, during the next twelve months.

As noted above, CIEB represents revenues recognized in excess of amounts billed. Whenever possible, the Company negotiates a provision in sales contracts to allow the Company to bill, and collect from the customer, payments in advance of shipments. Unfortunately, such provisions are often not possible. The $5,953,000 balance in this account at November 30, 2018 is 6% less than the prior year-end balance. This decrease is the result of normal flow of the projects through production with billings to the customers as permitted in the related contracts. The Company expects to bill the entire amount during the next twelve months. 19% of the CIEB balance as of the end of the last fiscal quarter, August 31, 2018, was billed to those customers in the current fiscal quarter ended November 30, 2018. The remainder will be billed as the Projects progress, in accordance with the terms specified in the various contracts.

The balances in this account are comprised of the following components:

	November 30, 2018	May 31, 2018
Costs	$10,319,000	$9,939,000
Estimated Earnings	3,091,000	3,529,000
Less: Billings to customers	7,457,000	7,111,000
CIEB	$5,953,000	$6,357,000
Number of Projects in progress	16	19

As noted above, BIEC represents billings to customers in excess of revenues recognized. The $794,000 balance in this account at November 30, 2018 is down 61% from the $2,043,000 balance at the end of the prior year.

The balance in this account fluctuates in the same manner and for the same reasons as the account “costs and estimated earnings in excess of billings”, discussed above. Final delivery of product under these contracts is expected to occur during the next twelve months.

The balances in this account are comprised of the following components:

	November 30, 2018	May 31, 2018
Billings to customers	$4,776,000	$6,246,000
Less: Costs	2,676,000	2,574,000
Less: Estimated Earnings	1,306,000	1,629,000
BIEC	$794,000	$2,043,000
Number of Projects in progress	5	7

Summary of factors affecting the balances in CIEB and BIEC:

	November 30, 2018		May 31, 2018	
Number of Projects in progress	21		26	
Aggregate percent complete	64	%	72	%
Average total sales value of Projects in progress	$1,215,000		$942,000	
Percentage of total value invoiced to customer	47	%	55	%

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The Company's backlog of sales orders at November 30, 2018 is $18.0 million, 22% less than the $23.1 million at the end of the prior year. $9.1 million of the current backlog is on Projects already in progress.

Other Balance Sheet Items

Accounts payable, at $2,120,000 as of November 30, 2018, is 45% more than the prior year-end. This significant increase reflects a significant increase in material purchases in November 2018 over May 2018 in order to manufacture product for customer orders. Commission expense on applicable sales orders is recognized at the time revenue is recognized. The commission is paid following receipt of payment from the customers. Accrued commissions as of November 30, 2018 are $970,000, down 1% from the $983,000 accrued at the prior year-end. Other current liabilities increased 29% from the prior year-end, to $1,818,000. The Company expects the current accrued amounts to be paid during the next twelve months.

Management believes the Company's cash flows from operations and borrowing capacity under the bank line of credit are sufficient to fund ongoing operations and capital improvements for the next twelve months.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

Smaller reporting companies are not required to provide the information called for by this item.

Item 4. Controls and Procedures

(a) *Evaluation of disclosure controls and procedures.*

The Company's principal executive officer and principal financial officer have evaluated the Company's disclosure controls and procedures as of November 30, 2018 and have concluded that as of the evaluation date, the disclosure controls and procedures were effective to ensure that information required to be disclosed in the reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the Commission’s rules and forms and that information required to be disclosed in the reports we file or submit under the Exchange Act is accumulated and communicated to our management, including our chief executive officer and chief financial officer to allow timely decisions regarding required disclosure.

(b) *Changes in internal control over financial reporting*.

There have been no changes in the Company's internal controls over financial reporting that occurred during the fiscal quarter ended November 30, 2018 that have materially affected, or are reasonably likely to materially affect, the Company's control over financial reporting.

Part II - Other Information

ITEM 1 Legal Proceedings

There are no other legal proceedings except for routine litigation incidental to the business.

ITEM 1A Risk Factors

Smaller reporting companies are not required to provide the information called for by this item.

ITEM 2 Unregistered Sales of Equity Securities and Use of Proceeds

(a) The Company sold no equity securities during the fiscal quarter ended November 30, 2018 that were not registered under the Securities Act.

(b) Use of proceeds following effectiveness of initial registration statement: Not Applicable

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(c) Repurchases of Equity Securities – Quarter Ended November 30, 2018

Period	*(a) Total Number of Shares Purchased*	*(b) Average Price Paid Per Share*	*(c) Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs*	*(d) Maximum Number (or Approximate Dollar Value) of Shares that May Yet Be Purchased Under the Plans or Programs*
September 1, 2018 - September 30, 2018	-	-	-	-
October 1, 2018 - October 31, 2018	-	-	-	-
November 1, 2018 - November 30, 2018	-	-	-	-
Total	-	-	-	-

ITEM 3 Defaults Upon Senior Securities

None

ITEM 4 Mine Safety Disclosures

Not applicable

ITEM 5 Other Information

(a) Information required to be disclosed in a Report on Form 8-K, but not reported

None

(b) Material changes to the procedures by which Security Holders may recommend nominees to the Registrant's Board of Directors

None

ITEM 6 Exhibits

20	News from Taylor Devices, Inc. Shareholder Letter, Winter 2018-2019
31(i)	Rule 13a-14(a) Certification of Chief Executive Officer.
31(ii)	Rule 13a-14(a) Certification of Chief Financial Officer.
32(i)	Section 1350 Certification of Chief Executive Officer.
32(ii)	Section 1350 Certification of Chief Financial Officer.
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	XBRL Taxonomy Extension Label Linkbase Document
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document

Report of Independent Registered Public Accounting Firm

The Board of Directors and Stockholders

Taylor Devices, Inc.

Results of Review of Interim Financial Information

We have reviewed the accompanying condensed consolidated balance sheet of Taylor Devices, Inc. and Subsidiary (the Company) as of November 30, 2018, and the related condensed consolidated statements of income for the three and six months ended November 30, 2018 and 2017 and cash flows for the six months ended November 30, 2018 and 2017, and the related notes (collectively referred to as the interim financial information). Based on our reviews, we are not aware of any material modifications that should be made to the condensed consolidated financial statements referred to above for them to be in conformity with accounting principles generally accepted in the United States of America.

We have previously audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated balance sheet of the Company as of May 31, 2018, and the related consolidated statements of income, stockholders' equity, and cash flows for the year then ended (not presented herein); and in our report dated August 9, 2018, we expressed an unqualified opinion on those consolidated financial statements. In our opinion, the information set forth in the accompanying condensed consolidated balance sheet as of May 31, 2018, is fairly stated, in all material respects, in relation to the consolidated balance sheet from which it has been derived.

Basis for Review Results

These financial statements are the responsibility of the Company's management. We conducted our review in accordance with the standards of the PCAOB. A review of interim financial information consists principally of applying analytical procedures and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with the standards of the PCAOB, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Lumsden & McCormick, LLP

Buffalo, New York

January 4, 2019

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TAYLOR DEVICES, INC.

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.

TAYLOR DEVICES, INC.
(Registrant)

Date: January 4, 2019 /s/Alan R. Klembczyk

Alan R. Klembczyk

President

(Principal Executive Officer)

Date: January 4, 2019 /s/Mark V. McDonough

Mark V. McDonough

Chief Financial Officer