

Economic Value Added (EVA[®]) and Return on Invested Capital (ROIC)

We use EVA[®] as a comprehensive way to evaluate business decisions and as a tool to measure the Company's performance. EVA[®] was adopted in 1996 and since that time has had a strong correlation to the creation of long-term value for McCormick shareholders. As such, we use it to evaluate capital expenditures, acquisitions, divestitures and other key business decisions.

In addition, we believe that both EVA[®] and ROIC are performance measures that are used by industry analysts and investors to evaluate financial performance relative to peers and, therefore, when considered in conjunction with the financial statements, are informative. These measures are not defined by United States generally accepted accounting principles and may be calculated differently from similar measures used by other companies.

EVA Calculation

We define EVA[®] as net income from operations, excluding interest and amortization expense (NOPAT), in excess of a capital charge for average capital employed. EVA[®] is a registered trademark of Stern Stewart & Co.

The following table contains selected EVA[®] information for the fiscal years ended November 30.

(in millions)	2007	2006	2005	2004	2003
Net operating profit after taxes (NOPAT)	\$272.2	\$240.3	\$247.3	\$243.1	\$239.3
Capital charge	136.2	119.5	118.3	118.2	110.3
EVA [®]	\$136.0	\$120.8	\$129.0	\$124.8	\$128.9

NOPAT includes the following impact of restructuring activities, and in 2004 the net gain from a special credit (in millions):

2007	2006	2005	2004	2003
\$(24.2)	\$(30.3)	\$ (7.5)	\$ 1.2	\$ (3.6)

In 2003 the Company sold its packaging segment and Jenks Sales Brokerage in the U.K. NOPAT in 2003 included a \$9.0 million gain related to this sale.

A reconciliation of GAAP net income to NOPAT and the calculation of the EVA[®] capital charge follow:

(in millions)	2007	2006	2005	2004	2003
GAAP net income	\$230.1	\$202.2	\$214.9	\$214.5	\$210.8
Interest expense, net of taxes	42.1	38.1	32.4	28.6	28.5
Net operating profit after taxes (NOPAT)	\$272.2	\$240.3	\$247.3	\$243.1	\$239.3

EVA[®] Calculation - Continued

(in millions)	2007	2006	2005	2004	2003
Current debt	\$ 149.6	\$ 81.4	\$ 106.1	\$ 173.2	\$ 171.0
Long-term debt	573.5	569.6	463.9	465.0	448.6
Minority interest	9.9	3.6	29.2	31.0	22.2
Shareholders' equity	1,085.1	933.3	799.9	889.7	755.2
Total capital	\$1,818.1	\$1,587.9	\$1,399.1	\$1,558.9	\$1,397.0
Average total capital*	\$1,703.0	\$1,493.5	\$1,479.0	\$1,478.0	\$1,298.2
Weighted average cost of capital	8.0%	8.0%	8.0%	8.0%	8.5%
Capital charge	136.2	119.5	118.3	118.2	110.3

* Average total capital is the average of the current and prior year total capital.

ROIC Calculation

We define ROIC as net income from operations, excluding interest and amortization expense (NOPAT), divided by the sum of debt and equity, including minority interest (average total capital).

The following table contains selected ROIC information for the fiscal years ended November 30.

(in millions)	2007	2006	2005	2004	2003
Net operating profit after taxes (NOPAT)	\$ 272.2	\$ 240.3	\$ 247.3	\$ 243.1	\$ 239.3
Average total capital	1,703.0	1,493.5	1,479.0	1,478.0	1,298.2
ROIC	16.0%	16.1%	16.7%	16.4%	18.4%

NOPAT includes the following impact of restructuring activities, and in 2004 the net gain from a special credit (in millions):

2007	2006	2005	2004	2003
\$(24.2)	\$(30.3)	\$ (7.5)	\$ 1.2	\$ (3.6)

In 2003 the Company sold its packaging segment and Jenks Sales Brokerage in the U.K. NOPAT in 2003 included a \$9.0 million gain related to this sale.