

Fellow Shareholders:

The passion for flavor that each McCormick employee brings to the business is driving our success.



New products launched in the past 3 years added 9% to sales in 2010.

Our latest introductions include Recipe Inspirations® World Flavors in the U.S., Perfect Shake® in the U.K. and Thai Chili Sauce in China.

VISION

McCormick will be the leading global supplier of value-added flavor solutions. Building on strong brands and innovative products, we will be the recognized leader in providing superior quality, value and service to customers and consumers around the world.

Bringing Passion to Flavor

All around the world there is a growing interest in flavor. In the 1950s, the average U.S. household pantry had 10 spices, herbs, extracts, and seasonings. Today, it has about 40. Consumers are also interested in eating well, and our products can be a great way to add taste naturally without salt or high calories. With our leading brands, we have a strong connection to flavor with consumers. And our industrial customers turn to McCormick to deliver innovative flavors that drive their sales.

We have an enviable reputation for quality and safety in the food industry. As consumers remain under economic pressure in many markets, we are also emphasizing the value of our brands to consumers.

But people ultimately want to eat what tastes good. That's what we are all about, and that is why we perform well in a challenging economy.

Delivering High Performance in 2010

We had excellent financial performance in 2010, meeting or exceeding our financial objectives for the year. We achieved a fifth consecutive year of double-digit earnings per share growth on a comparable basis and demonstrated the resiliency of our business during a period of high unemployment, volatile material costs and a difficult retail and foodservice environment.

Earnings per share were \$2.75. On a comparable basis, excluding the impact of the reversal of a significant tax accrual in 2010 and restructuring charges in 2009, this was a 13% increase. This increase was above our long-term objective for the business and ahead of our initial goal for 2010, to grow earnings per share 6 to 8% on a comparable basis.

Underpinning our 2010 profit performance was a 0.9 percentage point increase in gross profit margin, nearly twice that of our initial goal. Our Comprehensive Continuous Improvement program—CCI—delivered \$54 million in cost savings, which was well ahead of our \$35 to \$40 million target for the year. Margins were also boosted by a more favorable mix of products, particularly in our industrial business. Operating income margin for the industrial business ended the year at 8.0% compared to 6.7% in 2009, when measured on a comparable basis excluding restructuring charges recorded in 2009.

For the total Company, we grew net sales 5%, and in local currency the increase was 3%. While consumers remain under pressure in many of our markets, product innovation, higher marketing support and new distribution led to a solid increase in sales volumes. Our growth rate in emerging markets was particularly strong for McCormick and its joint venture partners. This growth included a double-digit increase in China and in our joint venture in Mexico. Partially offsetting our volume growth was the impact of reduced pricing, as lower costs, primarily for dairy ingredients, were passed through to industrial customers. Toward the end of 2010 our material and packaging costs began to increase, and we have responded with higher pricing.

We continue to focus on generating cash from our business and in 2010 reported cash flow from operations of \$388 million. During the year, we completed paying down the debt related to our acquisition of Lawry's in 2008. We also used cash for capital expenditures, an acquisition and a new joint venture. We returned \$221 million of cash to our shareholders in dividends and share repurchases.

In November 2010, your Board approved the 25th consecutive annual increase in our dividend. McCormick is one of fewer than 50 companies in the S&P 500 with this distinctive record of raising shareholder dividends.

The Next Decade of Growth

We have an effective strategy that has endured for the past 10 years and sets the direction for another decade of growth: we invest in the business to drive sales and profits and fuel these investments with improved margins.

There are three engines driving our sales growth.

We are growing our base business through enhanced marketing, category leadership and new distribution. In 2010, we increased our marketing support by \$21 million with an emphasis on products that offer convenience, authentic ethnic flavors, reduced sodium and other features. Consumers trust us to deliver high quality and great taste. As a result, our share of the spice and seasoning category in primary markets is 40% or more—well ahead of the next largest brand competitor. We have tools to help retailers optimize their product assortment, and we continue to expand our channels of distribution. In 2010, we gained new distribution in warehouse clubs in the U.S., convenience stores in the U.K. and traditional “street” markets in China.

Second, product innovation is leading to higher sales. In locations around the globe, our technical innovation centers work closely with consumers and industrial customers to develop on-trend new products. In 2010, we increased our product development capabilities, which included a major improvement to our U.K. technical innovation center, as well as upgrades in the U.S. and South Africa. Our latest new products, such as McCormick Recipe Inspirations and Schwartz® Flavourful recipe mixes, provide convenient meal preparation with simple ingredients. In China, we introduced Thai Chili Sauce to strengthen our leading position in bottled condiments. For global industrial customers, we recently developed new snack seasonings, beverage flavors and chicken marinades.



Social media and emerging technology offer opportunities to connect with consumers in new ways such as Facebook, cooking videos or this mobile phone app to deliver recipes.

In 2011, we intend to increase support behind social media by at least 150%.



McCormick co-sponsored the Health Pavilion at Baltimore's African American Heritage festival. Employee volunteers demonstrated how to use spices and seasonings to add flavor and antioxidants to everyday meals.



With a tough economy in many of our major markets, we devoted a portion of our marketing to emphasize the value of our leading brands.

And third, McCormick is acquiring businesses that complement and expand our portfolio of flavors. Businesses acquired over the past 10 years accounted for 20% of sales in 2010. At the end of 2010 we entered into a joint venture in India with Eastern Condiments, which markets a line of spices and seasonings in that country as well as other regions with large populations of Indian consumers. We are pleased to be able to partner with the owner of this fast-growing business in an attractive market. We further expanded our business with the acquisition of the El Bravo® brand of authentic Hispanic products in the U.S. With this addition, we expect sales of our Hispanic products in the U.S. to exceed \$100 million in 2011. We have also added leadership resources with responsibility for our Hispanic strategy throughout the Americas. In Turkey, we entered into a joint venture, partnering with a leading food company to launch a brand of spices and seasonings.

As demonstrated in 2010, our employees delivered impressive margin improvements through CCI, our ongoing initiative to improve productivity and reduce cost throughout the organization. Since 2006, we have nearly doubled capacity in our largest production facility, while lowering conversion cost per unit. Our primary manufacturing center in France has lowered its conversion cost per unit 10% from five years ago. With CCI champions in each of our operations, we have a long runway of savings and in 2010, set a goal to achieve \$150 million in cost savings by 2013.

We are also improving margins with a more favorable mix of products, particularly in our industrial business. We have increased operating income margin in this business in recent years by focusing on

strategic partners that offer the best opportunities for growth.

Higher sales and margin improvement are leading to greater profits. Our business generates strong cash flow which we are working to build further by utilizing our working capital more efficiently. We measure the performance of each operating unit using "McCormick Profit"—a program that rewards employees not only for delivering on their profit objectives, but for effective management of working capital.

How We Do Business at McCormick

McCormick shareholders have enjoyed a total return that exceeds that of the S&P 500 Stock Index. We believe that this performance is a reflection of both how we operate and what we achieve. Indeed, the way we do business at McCormick is an integral part of our performance.

For example, our Multiple Management philosophy, established in 1932, is part of the fabric of our business. Through collaboration and participation we create an inclusive environment for all employees that values diversity and individual talents. We are also implementing McCormick's High Performance System, which thrives on teamwork and has led to more effective training, lower turnover and greater efficiency.

The strong culture of respect that we have for one another extends to our suppliers, our customers and our communities. In addition to the Company's support for the communities in which we operate, McCormick employees are also involved in various charitable organizations. We recognize these employees each year, providing several awards that include funds for the organization the employee supports. We also match many of the contributions made by employees, including those

that work an extra day and contribute their pay as part of our Charity Day program.

The quality and safety of our products is also paramount to our success. We are the “taste you trust” and we work to earn that trust every day. For years our global sourcing team has traveled the world to procure the best spices and herbs. McCormick’s management team also serves as industry leaders in organizations such as the Institute of Food Technologists. Our participation in the Healthy Weight Commitment Foundation is just one example of our interest in going beyond quality and safety and responding to consumer interest in health. Many of our products are salt-free, high in antioxidants and, of course, great tasting.

Finally, we are committed to operating in an environmentally sustainable manner. Our Sustainability Committee and teams at many locations have made excellent progress. Since 2005, we have reduced our global water usage 26%, greenhouse gas emissions 23%, solid waste 22% and electricity 17%. These are impressive results and ahead of our goals. Based on this progress we have set new 5-year goals for further reductions.

Acknowledgements

We have a Board and leadership team at McCormick with the right experience and skills to take us into the next decade of growth. We continue to build our skills and add appropriate resources.

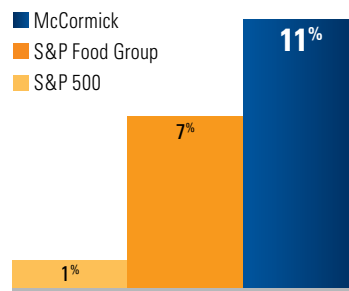
In 2010, we were pleased to have Patricia Little, Executive Vice President and Chief Financial Officer of Kelly Services, join our Board of Directors. We also elected Gordon Stetz, Executive Vice President & Chief Financial Officer of McCormick, to the Board. Early in 2011, Paul Beard, former Senior Vice President—Finance & Treasurer, was appointed President Asia/Pacific. Paul brings to this new role not only a background in finance but as a leader of our global restaurant business. This is one of several moves we have made to build our resources in the Asia/Pacific region.

I want to recognize all of our employees for their efforts behind our results. Their talent and agility have allowed us to successfully navigate a tough economy and continue to achieve growth.

Thanks also to each of our shareholders for your support. We appreciate your trust and confidence, and we work each day to grow the value of your investment in our Company.

Alan D. Wilson
Chairman, President & CEO

Shareholder Return



Our stock price performance and steady dividend payments have led to a 10-year total annual shareholder return which exceeds that of the S&P 500 Stock Index and S&P 500 Food Products Index.



Ask Alan

At the outset of fiscal year 2011, there are some exciting growth opportunities for our business, as well as a few challenges. We wanted to share some of the discussion Alan has had with investors on these topics...

Q. I understand that the cost of many agricultural products has increased. Has this affected your input costs? How will it impact your business?

McCormick uses dairy products, wheat, soybean oil and other commodities in the manufacture of products for our industrial customers. We have arrangements with these customers to pass through increases or decreases in the cost of major commodities with price adjustments. As a result, fluctuations in commodity costs affect our net sales, but have a minimal impact on profit.

The costs of many spices and herbs began to rise in 2010. While we are working to offset a portion of these increases with our CCI cost savings, we have also increased our pricing for many products in both our consumer and industrial business.

Q. How have you adapted your business to the macro-economic environment?

In this economy, people are preparing more meals at home. Our products are well-suited for time-pressed consumers who are seeking convenience and value.

New products like Recipe Inspirations and Perfect Pinch in the U.S. help families prepare great tasting food conveniently. In international markets, our homemade dessert products and recipe mixes help consumers economize by preparing food at home.

Q. Some of the best opportunities for growth seem to be in emerging markets. To what extent are you participating in this growth?

There are attractive growth opportunities for both our consumer and industrial businesses in a number of emerging markets.

Through a joint venture that dates back to 1947, McCormick brand mayonnaise, marmalades and teas, as well as spices, are category leaders in Mexico. This business has had impressive growth and 2010 was no exception with sales up 12%. We launched a consumer brand in China nearly 20 years ago and have a leading position in several product categories in the largest cities. Our consumer sales in China have increased at a 20% compound annual growth rate in the past five years. We have small operations in other countries including South Africa, El Salvador and Thailand. During 2010, we were also pleased to form joint ventures in India and Turkey, both of which are fast-growing markets.

Our industrial business customers include leading food manufacturers and quick service restaurants that are expanding globally. As a valued supplier, we are supporting their geographic expansion which over time has included China, South America, and, in 2010, Eastern Europe and Russia.

All around the world, we are bringing passion to flavor.

“There are attractive growth opportunities for both our consumer and industrial businesses in a number of emerging markets.”