

At McCormick, our *passion for flavor* continues to fuel business success. In 2011, we enjoyed particular success in growing our business in existing markets while expanding into several new emerging markets.

Bringing Passion to Flavor

We are determined to save the world from boring food! And that starts with great flavors. All around the world, consumers are exploring new tastes, bold flavors and ethnic cuisines. They are also eating healthier—seeking out foods that are low in salt and calories but rich in enjoyment, satisfaction and taste. With our leading brands of spices, herbs and flavors, McCormick is ideally positioned to meet the needs of these consumers and of our industrial customers who turn to McCormick for innovative flavors that drive sales.

We are acutely aware, however, of the macroeconomic environment. Because consumers remain under economic pressure in many markets, we are emphasizing the value of our brands. Our products are often 10% of the cost of a meal, but 90% of the flavor.

That's why we are able to perform well in a challenging economy.

Solid 2011 Financial Results

Our 2011 financial performance demonstrated our ability to increase sales and profit in a difficult economic environment. We grew sales 11% to a record \$3.7 billion, with a double-digit rate of increase in both our consumer and industrial segments. New products, expanded distribution, additional brand marketing support and acquisitions drove sales higher. We also took pricing actions to offset in part

the impact of steep increases in material costs and benefited from favorable foreign currency exchange rates.

We reported \$2.79 earnings per share in 2011. We were pleased to achieve this level of profitability in the face of significant cost pressures. Underpinning this result was a 6% increase in operating income resulting from higher sales, as well as cost savings. Employees throughout McCormick delivered significant cost savings through our Comprehensive Continuous Improvement program—CCI. We achieved \$65 million of cost savings in 2011, following \$54 million of cost reductions in 2010.

Net cash flow from operating activities was \$340 million in 2011. Higher net income contributed to the generation of cash, but we also had increased inventory this period, largely related to the steep increase in material costs. Our 2011 cash flow and borrowings helped fund a balanced use of cash during the year. We returned \$238 million to our shareholders in dividends and share repurchases, invested \$441 million in acquisitions and joint ventures and used \$97 million for capital expenditures to improve efficiency and support our growth.

In November 2011, your Board approved an 11% increase in the quarterly dividend, the 26th consecutive annual increase. We are proud to be one of approximately 50 companies in the S&P 500 with more than 25 uninterrupted years of dividend increases.

In China, we developed a brand look that is consistent with our global brand platform.



Driving Growth at McCormick

Our strategy for growth is straightforward: we invest in the business to drive sales and profits and fuel these investments through CCI cost savings. This has led to a double-digit compound annual growth rate in earnings per share over the past decade. This performance is consistent with our long-term goal to grow earnings per share 9% to 11%.

Another long-term goal is to grow sales 4% to 6%. Since 2006, we have increased sales 6% on average. We expect this pace of growth to continue based on a three-pronged approach:

» First, we are increasing our base business through brand marketing support, merchandising and expanded distribution.

We have leading brands with strong consumer appeal in all our key markets. As a category leader, we carefully measure the returns of our marketing investments and direct our spending to optimize sales and profitability. Digital marketing has a particularly strong payback, and we nearly doubled this spending in 2011, which was part of a 9% increase in total brand marketing support before the impact of acquisitions.

Through enhanced merchandising, we are making our products easier to find on the store shelf and are driving impulse purchases with secondary displays.

In today's environment, many consumers are shopping in a wider variety of retail channels, and we have been successful in gaining new distribution in 2011 that included dollar stores, warehouse clubs and drug store chains. For our industrial business, we are supporting the geographic expansion of our customers, which contributed to our sales growth in China and Southeast Asia.

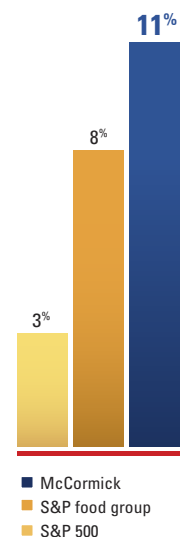
» Another avenue of growth is new products.

We are attracting consumers to the store shelf to discover new flavors, new meal ideas and new packaging. We expect to launch at least 100 new branded products each year, and in 2011 we introduced more than 200. These included authentic Hispanic seasoning mixes in the U.S., Vahiné® brand dessert items in France and value-priced sachets in Australia. With a number of new products, such as Recipe Inspirations®, we are extending our success in one market to other parts of the world.

Industrial customers view product innovation as an important way to build sales and distinguish their products from the competition. We have a robust pipeline of innovation for these customers, with many innovations featuring simple ingredients, natural flavors and other healthy attributes.

Every day, our 400 technical innovation experts around the globe are meeting the demand for new products across both businesses.

Shareholder Return



McCormick's 10-year total annual shareholder return has increased at a double-digit rate and exceeded that of the S&P 500 Stock Index and S&P 500 food group.

Each year, McCormick recognizes employees from worldwide locations who volunteer to support the communities in which we operate.



»» *Acquisitions are our third growth initiative.*

We are using acquisitions to penetrate new markets and extend our portfolio in countries where we have a significant presence. We have a strong interest in emerging markets where rising income levels and a growing middle class are creating increased demand for the convenience and quality of packaged food products.

In the past 12 months we made some exciting additions to our global portfolio of leading brands. Kamis is a leading brand of spices and seasonings, as well as mustards, in Poland. This growing business has annual sales of approximately \$100 million, and, with distribution into Russia and other parts of eastern and central Europe, it is an excellent complement to our current business in western Europe. With an 85% interest, we formed a joint venture to market the Kohinoor brand in India, a leader in basmati rice and other food products. The business is particularly attractive as its products reach approximately 350,000 retail outlets in that country.

As a result of these achievements, we expect our percent of sales from emerging markets to increase from 6% in 2006 to at least 13% in 2012.

We are fueling our sales growth with cost savings from CCI, our ongoing initiative to improve productivity and reduce costs. In 2010, we set a goal to achieve \$150 million in cost savings over four years. In the second year, McCormick employees have already delivered \$119 million in savings toward this goal—including lower procurement costs, increased process reliability and distribution efficiencies—and with at least \$40 million of projected cost savings in 2012, we expect to reach this goal in three years. With CCI champions in each major operation, we have a long runway of savings for 2012 and beyond.

An effective strategy is one that can drive growth in good times and bad. Our solid performance in today's economy demonstrates the effectiveness of our strategy and soundness of our business.

Building Upon a Strong Foundation

McCormick has an enviable record of building shareholder return. A higher stock price together with increasing dividends have led to a ten-year total shareholder return of 11%. This performance exceeds that of the S&P 500 Stock Index and the S&P 500 food group.

Our employees are the foundation of our success. They are driving top-line growth and improving our efficiency. Our Multiple Management philosophy, established in 1932, is the foundation of our culture. This philosophy encourages participation and collaboration at all levels of the organization and is embodied in our Multiple Management Boards, including our recently formed regional and global boards. We foster an inclusive environment that values diversity and the contributions of each individual. Throughout our Company, we are implementing McCormick's global high performance organization, which creates a culture that leverages the power of our people by recognizing the importance of teamwork and increased employee engagement and empowerment.

The way we interact with one another extends beyond the workplace and into the communities in which we operate. Many of our employees volunteer to support those in need. We encourage these activities and recognize their efforts with an annual awards program that includes funds for the organization the employee supports. Charitable donations by employees are matched by the Company, and in the U.S., we arrange an annual Charity Day that allows employees to work an extra day and contribute their pay.

Digital marketing is one of our most cost-efficient ways to connect with consumers whether it is a Facebook® page, iPhone® app or this Grill Mates® Twitter® program allowing fans to appear on a large video screen in Times Square, New York.



Our interest in quality and health extends to our environmental sustainability efforts. We have internal goals and measurements to monitor our environmental impact. In the first phase of our program, we achieved reductions between 17% and 26% in our global water usage, greenhouse gas emissions, solid waste and electricity on a per unit basis, and, in 2011, set goals for the next five years.

McCormick's Board and leadership team are directing our strategy and setting our course for growth. In 2011, we continued to build the skills and talent of our organization.

To recognize the importance of the science behind our flavors, we created the role of Chief Science Officer. Dr. Hamed Faridi was promoted to this role as a result of his vision, leadership and contributions at McCormick. As part of the development of our financial team, Mike Smith was promoted to the executive office of Vice President—Treasury and Investor Relations.



Thanks also to you, our shareholders, for your support and confidence. We share your desire to grow the value of your investment in our Company.

Alan D. Wilson

Alan D. Wilson
Chairman, President & CEO

New products launched in the past three years added 9% to 2011 net sales.

