

COMPANY PROFILE



McCORMICK & COMPANY

We are improving margins, investing, and growing sales and profits. These simple steps have been our recipes for success over the last five years. They are the keys to future growth and increased shareholder value.

Recipes for Success



Company Description

McCormick is the global leader in the manufacture, marketing and distribution of spices, seasonings and flavors to the entire food industry. Customers range from retail outlets and food service providers to food processing businesses. In addition, our packaging group manufactures and markets plastic bottles and tubes for the food, personal care, and other industries. Founded in 1889, McCormick has approximately 9,000 employees.

Investment Features

- leading brands in key markets
- a majority of the top 100 food processors are our customers
- aggressive long-term goals for increased sales earnings per share, and cash flow
- effectively managed assets
- dividends paid every year since 1925 and 16 consecutive years of dividend increases

Historical Highlights

- 1889** Founding of McCormick & Co., Inc.
- 1932** Multiple Management business philosophy established.
- 1947** Acquired Schilling, gaining coast-to-coast distribution in U.S. Joint venture in Mexico formed.
- 1960s** Acquired Canada's largest spice firm. Expansion into Australia, industrial business, real estate business, cake decorating and packaging business.
- 1980s** Acquired leading brand of spices and seasonings in the U.K. Established business in China. Expanded industrial business with acquisition of Stange and packaging business with acquisition of Setco. Sold real estate business.
- 1990s** Expanded consumer business through acquisitions including *Golden Dipt*® in the U.S., *Keen's* in Australia and *Butty* in Switzerland. Fierce competitor impacted financial results in the mid-1990s, but led to rejuvenation of our business and improved sales and profits by 11998.
- 2000** Leading position in Europe gained through acquisition of Ducros S.A.
- 2002** Began implementation of Beyond 2000 (B2K), a global initiative utilizing information technology to increase efficiency and profitability.

Consumer Brands



Industrial Products

Ingredients

Spices and Herbs

Extracts

Essential oils and

Oleoresins

Coating systems

Batters

Breaders

Marinades

Glazes

Rubs

Seasonings

Seasoning blends

Salty snack

seasonings

Side dish seasonings

(rice, pasta, potato)

Sauces and Gravies

Condiments

Sandwich sauces

Ketchup

Mustards

Jams and Jellies

Seafood cocktail

sauces

Salad dressings

Flavored oils

Compound Flavors

Beverage flavors

Dairy flavors

Confectionery flavors

Processed Flavors

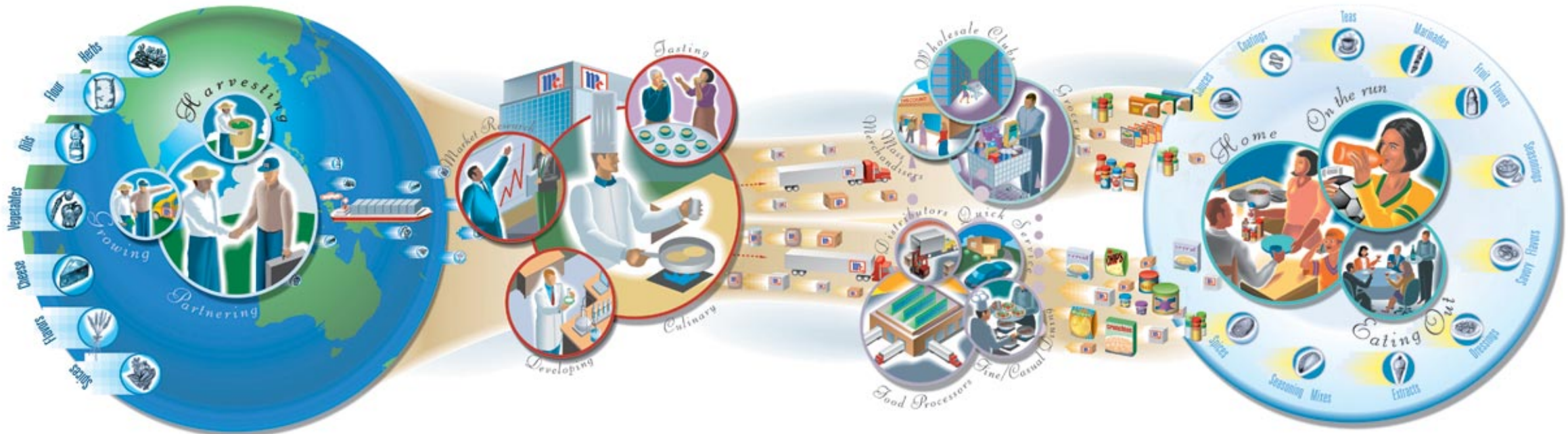
Meat flavors

Savory flavors

McCormick at a Glance

	% Sales	Business description	Market position	2002 financial results	2002 highlights	Strategy and outlook
Consumer Business	47%	■ Markets spices, herbs, extracts, seasoning blends, sauces and marinades to retail outlets such as grocery, drug and mass merchandise stores.	■ Leading market share, exceeding 40% in U.S., 45% in U.K., 50% in France, 50% in Canada. And, leading share in many smaller markets.	■ Sales increased 5%. ■ Operating income increased 2%; excluding U.K. brokerage operation impact, increased in line with sales. ⁽¹⁾	■ New products launched in the last 3 years accounted for 6% of 2002 sales. ■ Installed new promotion system in U.S. to measure effectiveness and optimize spending beginning in 2003. ■ Introduced improved packaging in Europe to make products more visible, contemporary and relevant.	■ Increase sales by leveraging our brands through effective marketing, accelerated innovation, brand acquisition, geographic expansion. ■ Interest in bold and exotic flavors is growing, but food preparation must be quick and easy. McCormick is satisfying this appetite for flavor with leading brands in key markets around the world.
Industrial Business	46%	■ Markets spices, blended seasonings, condiments, coatings, and compound flavors to food processors, restaurant chains, distributors and warehouse clubs.	■ Leading supplier to distributors and warehouse clubs. One of the leading suppliers of blended seasonings to U.S. food processors.	■ Sales increased 6%. ■ Operating income increased 19%. ⁽¹⁾	■ New products launched in the last 3 years accounted for 15% of 2002 sales. ■ Increased global sales of value-added, higher-margin products with an 8% growth in seasonings. ■ Through a better product mix and cost efficiencies, achieved 10.8% in operating margin, up from 9.7% in 2001. ⁽¹⁾	■ Increase sales by expanding global flavor and food service business, building our leadership position in flavors, seasonings and condiments. ■ The desire for flavors continues to grow and customers turn to McCormick to deliver a broad range of consumer-preferred flavors that become marketplace winners.
Packaging Business	7%	■ Markets plastic bottles and tubes to the food, personal care and other industries.	■ One of the leading suppliers of highly specialized packaging in the U.S.	■ Sales decreased 5%. ■ Operating income increased 4%. ⁽¹⁾	■ New products launched in the last 3 years accounted for 19% of 2002 sales. ■ Through a number of initiatives, achieved an operating margin of 9.5% despite reduced market demand for tubes. ⁽¹⁾	■ Increase sales through new products and distribution. Stabilize profit growth stream. ■ McCormick is developing innovative features and using new materials to continue market leadership.

(1) Excluding special charges and goodwill amortization.



WITH INGREDIENTS FROM AROUND THE WORLD...

McCormick works with growers all over the world, to develop reliable sources of the best ingredients.

McCORMICK APPLIES CREATIVITY AND SKILL TO...

Products are developed that consumers prefer beginning with the latest eating trends and following through with expert sensory testing.

PROVIDE ITS MANY CUSTOMERS WITH...

McCormick's reputation for service, innovation and quality builds a partnership with customers to increase sales and profit.

THE FLAVORS THAT WE ENJOY EACH DAY

Every day, no matter what or where you eat, it's likely that you enjoy one or more products flavored by McCormick.

Recipe for higher margins

During the last five years, McCormick has increased gross profit margins from less than 33% to nearly 37%. Over the next five years, we expect to reach a gross profit margin of 40%.

Emphasis on value-added products improves margins. In our consumer business, we are directing our development and promotional resources toward value-added products. In our industrial business, food service customers are seeking products that reduce preparation time and provide consistently great menu items. The percent of sales from value-added products has reached 65% and continues to grow.

Beyond 2000 provides a seamless platform. Beyond 2000 (B2K) is a global program utilizing state-of-the-art information technology to increase the efficiency and profitability of our business processes. In 2002, we began to implement B2K in selected U.S. operations and we will move to B2K in our remaining operations over the next few years.

Focus on supply chain to realize efficiencies. We are achieving cost reductions throughout the supply chain – from procurement of our raw materials to product delivery. With the new capabilities of B2K and a renewed organizational focus, we are positioning ourselves to achieve the highest level of customer satisfaction and cost optimization.

Recipe for innovation

Innovation at McCormick begins with recognizing emerging eating trends and developing great flavors. Both lead to successful new products. New products developed during the last three years accounted for 10% of sales in 2002. We continue to invest in people, facilities and equipment to maintain our competitive edge in flavor innovation.

Developing consumer-preferred flavors. The process begins with recognizing current trends in categories such as ethnic cuisine, easy food preparation, and eating on-the-go. Our research development teams bring together the skills of chefs, flavor chemists and analytical scientists. Sensory evaluation of new products by consumers is the final step in the development process. The result of this multi-staged methodology is that we are able to deliver integrated products that are winners with consumers as well as our retail and industrial customers.

Providing a wide range of flavor solutions. When you enjoy great tasting food you are most likely tasting a McCormick flavor. In our consumer business we are creating zesty flavors that offer convenience. For the food service industry, we can provide an array of flavors to satisfy changing tastes and dining preferences. For a lunchtime chicken sandwich we can create the marinade, coating, sauce and bread topping. Our breadth of flavor solutions is unique in the industry and gives McCormick a competitive advantage.

Investing in enhanced capabilities. McCormick's research and development spending has nearly doubled in the last five years by hiring experts who excel in value-added product development, by adding equipment to analyze flavors and instituting state-of-the-art facility improvements. In 2000 we opened a new culinary center for our research chefs, and in 2002 a new sensory center to support our product analysis.

Recipe for growth

Sales have grown at a 6% average annual growth rate since 1997. An annual sales growth of 3-7% is our target for the next five years. While we are gaining sales with innovative products, further sales growth will be achieved by strengthening customer relationships, expanding geographically, and through further acquisitions.

Strengthening customer relationships to maintain our leadership. McCormick is regarded as a premier supplier and category leader in the spice and seasoning industry. We have built many long-term relationships with industrial customers for whom we play an important role in developing the next unique flavor solution. In our consumer business, we are a supplier of both brand and private label products and our market share in our key markets is well ahead of the next competitor.

Expanding geographically because the desire for flavors knows no boundaries. Since the acquisition of Ducros in 2000, McCormick has established a foundation for growth in Europe. We are prepared for further market penetration in Europe by utilizing new distribution channels, by employing better merchandising and strengthening brand support. In Asia and South America we established new supply sources for industrial customers in 2002. In China, where sales increased 14% in 2002, we are continuing distribution of branded products into new regions and supporting the growth of key industrial customers.

Growing through acquisitions that enhance our portfolio of flavors. We plan to acquire leading consumer brands that deliver flavor as well as industrial businesses that specialize in value-added products. We are concentrating on companies located in geographic areas that offer the best opportunity for growth, namely North America, Europe and parts of Asia. We will be aggressive, yet disciplined in seeking acquisitions.

Five Year Financial Highlights

(millions except for per share data)

	2002	2001	2000	1999	1998
Earnings					
Net Sales under EITF 01-09 ⁽¹⁾	\$ 2,320.0	\$ 2,218.5	\$ 2,041.9		
Net Sales previously reported ⁽¹⁾		2,372.3	2,123.5	\$ 2,006.9	\$ 1,881.1
Percent increase	4.6%	11.7%	5.8%	6.7%	4.4%
Gross profit margin under EITF 01-09 ⁽¹⁾	36.9%	35.9%	34.8%		
Gross profit margin previously reported ⁽¹⁾		40.9%	37.9%	35.7%	34.5%
Operating income ⁽²⁾	277.7	240.6	225.0	170.1	182.1
Net income ⁽²⁾	179.8	146.6	137.5	103.3	103.8
Earnings per share – diluted ⁽³⁾	1.26	1.05	.99	.72	.71
Earnings per share – diluted – excluding amortization ⁽³⁾	1.26	1.13			
Balance sheet					
Total assets	\$ 1,930.8	\$ 1,772.0	\$ 1,659.9	\$ 1,188.8	\$ 1,259.1
Current debt	137.3	210.8	551.9	100.6	163.6
Long-term debt	453.9	454.1	160.2	241.4	250.4
Shareholder's equity	592.3	463.1	359.3	382.4	388.1
Statistics & Ratios					
Depreciation and amortization	\$ 66.8	\$ 73.0	\$ 61.3	\$ 57.4	\$ 54.8
Capital expenditures	110.7	112.1	53.6	49.3	54.8
Economic Value Added (EVA) ⁽⁴⁾	89.6	78.7	68.2	42.3	33.1
Return on invested capital	15.7%	15.4%	17.3%	15.1%	14.8%
Debt-to-total-capital ⁽⁵⁾	49.2%	58.3%	65.8%	47.2%	51.6%
Dividend payout ratio ⁽⁶⁾	32.2%	36.3%	38.3%	40.2%	44.9%
Avg. shares outstanding – diluted ⁽³⁾	142.3	140.2	139.2	144.0	147.6

(1) In 2002, the Company implemented EITF 01-09. Results have been reclassified for 2001 and 2000.

(2) In 2002, the Company adopted SFAS No. 142, "Goodwill and Other Intangible Assets." Prior year results have not been adjusted.

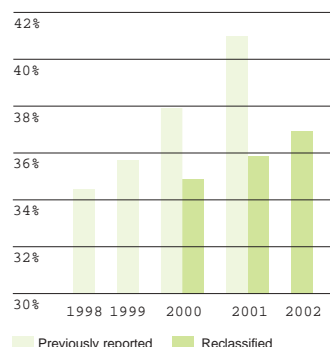
(3) All share data adjusted for 2-for-1 stock split effective April 2002.

(4) An "EVA" mark is owned by Stern Stewart & Co.

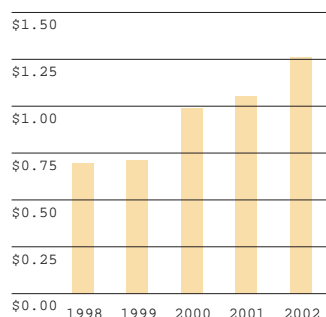
(5) Total capital includes interest bearing debt, minority interest and shareholders' equity.

(6) Includes fourth quarter dividends which, in some years, were declared in December following the close of the fiscal year.

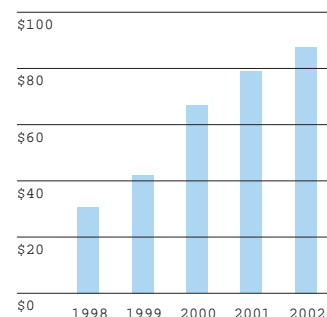
Gross Profit Margin ⁽¹⁾



**Earnings per share –
assuming dilution**



Economic Value Added (EVA)
in millions



(1) McCormick adopted EITF 01-09 in 2002. The graph displays gross profit margin for 2000 and 2001 as reclassified to reflect this change, and as previously reported.

Chairman's Comments

At McCormick we are committed to providing superior returns to our shareholders. In the last five years, we have had a strong performance with an average annual growth rate of 6% for sales and 15% for earnings per share.

Our annual objectives for the next five years are to increase sales 3-7% and earnings per share 10-12%. Cash flow after capital expenditures and dividends, is expected to exceed \$100 million each year.

This growth will be achieved with a simple "recipe" that has been the basis for our success:

Improve margins > Invest in the business > Increase sales and profits

One of the ways we improve margins is by focusing marketing support and development resources on value-added, higher-margin products. Today, value-added products account for 65% of sales with the other 35% coming from ingredients. Through Beyond 2000 (B2K), we are creating a global platform for future profit improvement, more efficient working capital and enhanced relationships with our trading partners. Supply chain management initiatives will expand our opportunities for margin improvements.

We are investing in our business to drive sales. Research and development expenditures have nearly doubled in the last five years. A new sensory center, opened in 2002, is one of many ways we are maintaining our competitive edge in supplying our customers with consumer-preferred flavors. New products developed in the last three years accounted for 10% of 2002 sales. We are also focused on geographic expansion in Europe and China to increase sales. And we are pursuing acquisitions of both industrial businesses and consumer brands that will extend our leadership position in our key markets.

An effective strategy requires great execution. Execution is the result of strong leadership and talented and enthusiastic employees, both trademarks of McCormick. For over 70 years, we have benefited from our Multiple Management philosophy that inspires employee participation and recognition. Our core values define who we are and how we work together. We are committed to a diverse workforce and a spirit of inclusion.

We believe we have a winning strategy for growth, which will lead to the superior financial performance you have come to expect. I am proud of our Company and have the utmost confidence in our ability to deliver increased value to McCormick shareholders.

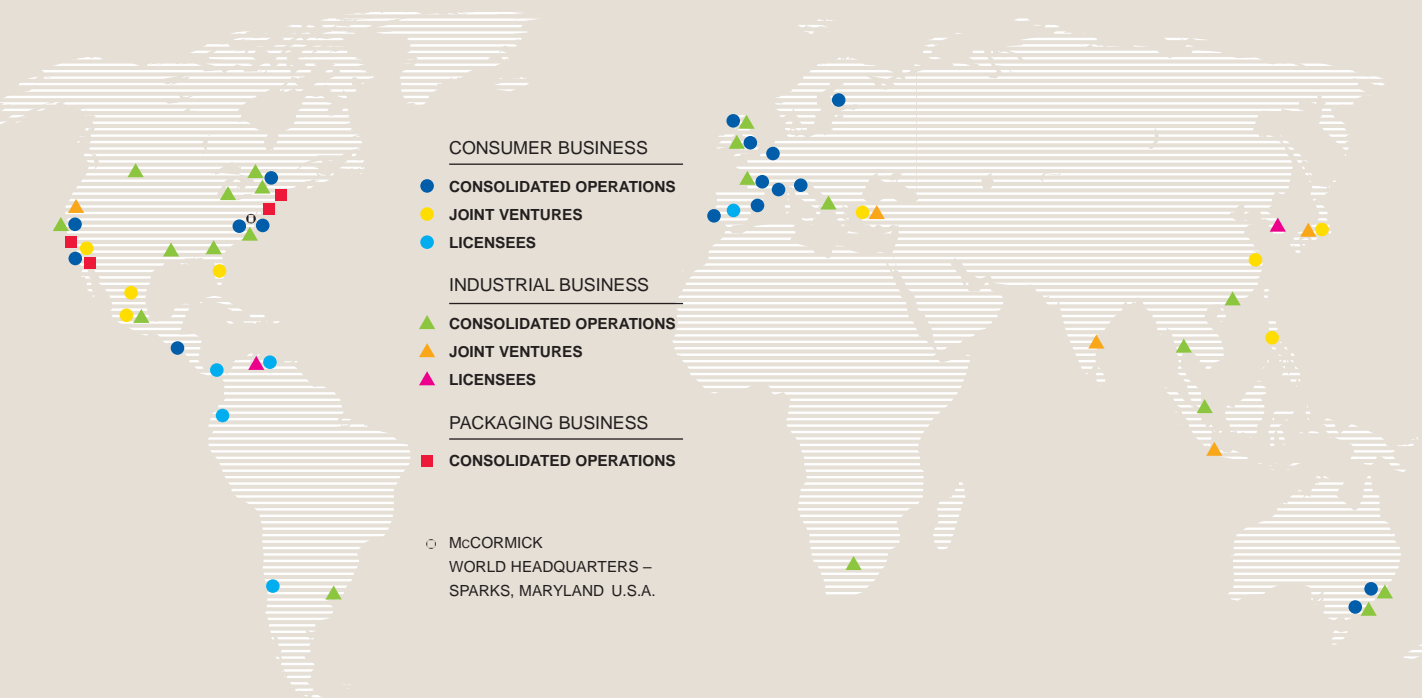


Robert J. Lawless
Chairman, President & CEO

Our Core Values

We believe...

- our people are the most important ingredient of our success.
- our top priority is to continuously add value for our shareholders.
- customers are the reason we exist.
- our business must be conducted honestly and ethically.
- the best way to achieve our goals is through teamwork.



Investor Information

Corporate Address & Website

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Stock Information

New York Stock Exchange
Symbol: MKC



Transfer Agent & Registrar

Wells Fargo Bank Minnesota, N.A.
Shareowner Services
161 North Concord Exchange Street
South St. Paul, MN 55075-1139
(877) 778-6784 or (651) 450-4064
www.wellsfargo.com/shareownerservices

Account access via the Internet
www.shareowneronline.com

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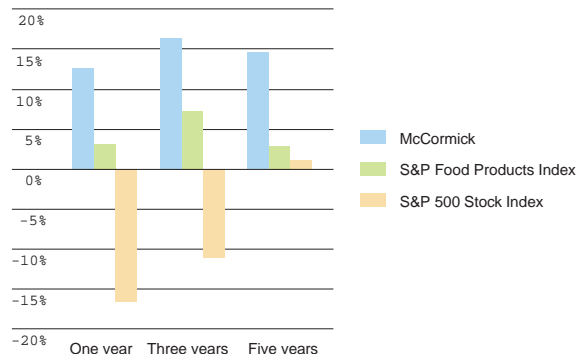
Investor Services Plan (Dividend Reinvestment and Direct Purchase Plan)

The Company offers an Investor Services Plan which provides shareholders of record the opportunity to automatically reinvest dividends, make optional cash purchases of stock through the Company, place stock certificates into safekeeping and sell shares through the Plan. Individuals who are not current shareholders may purchase their initial shares directly from the Plan. All transactions are subject to limitations set forth in the Plan prospectus, which may be obtained by contacting

Wells Fargo Shareowner Services at:
(877) 778-6784 or (651) 450-4064
www.wellsfargo.com/shareownerservices

Total Shareholder Return

Includes Dividends



as of November 30, 2002