



McCormick Delivers Strong Third Quarter Financial Results and Increases Outlook for Fiscal Year

September 30, 2010

SPRING, Md., Sep. 30, 2010 (BUSINESS WIRE) – McCormick & Company, Incorporated (NYSE:MKC), today reported a strong increase in profit and solid sales growth for the third quarter of its 2010 fiscal year.

- **Earnings per share were \$0.70.** On a comparable basis, excluding a \$6.7M benefit from the reversal of a significant tax accrual, earnings per share rose 19%.
- **Improved margins were a key driver behind third quarter profit.** COGS had cost savings are now expected to exceed \$45 million in 2010.

• **The Company increased its earnings outlook for the fiscal year.**

Alan D. Wilson, Chairman, President and CEO, commented, "In the face of a global economy that remains challenging, we are growing sales, improving margins and increasing profit. Recent product introductions like Recipe InspirationSM in the U.S., The Naked DonutSM in the UK and The Still House in China are driving sales, along with new flour solutions for industrial customers. Our marketing programs are emphasizing the convenience, value, health and great taste of our leading brands. McCormick employees are improving productivity and reducing costs throughout the business with our Comprehensive Continuous Improvement (CCI) program. CCI had cost savings we now expect to exceed \$45 million in 2010. These savings, together with a more favorable mix of products, increased gross profit margin nearly 2 percentage points in the third quarter. Due in large part to our excellent progress with margin improvement initiatives, we have raised our projected growth rate for 2010 earnings per share."

While third quarter sales rose slightly from the prior year, in local currency sales grew 3% with 2% sales volume and product mix. For the consumer business, sales rose 2% in local currency. Product introductions, sales of ethnic brands and the net sales benefit of lower coupon activity each contributed to the increase. Sales growth was particularly strong in China with a 15% increase in the consumer business. This was offset by some continued weakness in the Company's smaller markets in Europe, the Middle East and Africa (MEA). For the industrial business, third quarter sales rose slightly from the prior year period in local currency. Volume and product mix grew 2% largely by strong sales to quick service restaurants in both EMEA and the Asia-Pacific region. This increase was offset in part by the impact of lower pricing to identified customers in the Americas in response to declines in the cost of dairy ingredients.

The Company achieved a significant increase in gross profit margin in the third quarter, which rose nearly 2 percentage points. COGS had cost savings were a primary driver behind margin improvement, as well as a favorable business mix, particularly within the industrial segment. Marketing and product innovation are being directed toward more value-added, higher margin products.

Income from discontinued operations more than doubled largely due to the Company's joint venture in Mexico which achieved higher sales and continued to benefit from favorable raw material costs. Discrete tax items and a lower underlying tax rate added \$7 million to net income for the third quarter. Of this amount, \$4M reflects interest for the reversal of a significant tax accrual for a prior year. This tax accrual was recorded based on uncertainties about the tax aspects of transactions when the Company reorganized its European operations and dividend capital joint ventures.

Earnings per share were \$0.70 in the third quarter of 2010. The reversal of the significant tax accrual had a favorable impact of \$0.15. Excluding this impact, earnings per share rose \$0.05 from the prior year period, driven by higher operating income, as well as higher income from discontinued operations and the favorable impact of a lower underlying tax rate. Year-to-date cash flow from operations in 2010 was \$145 million compared to \$105 million in the first three quarters of 2009. A \$23 million increase in net income was more than offset by an increase in operating assets and liabilities. Based on its strong year-to-date profit results, the Company raised its projected increase in 2010 earnings per share to 9 - 11% on a comparable basis. This is consistent with its long-term objective for earnings per share growth. For 2010, earnings per share on a GAAP basis are expected to be \$2.67 to \$2.71. On a comparable basis, which excludes a \$0.10 favorable impact from the tax accrual reversal, earnings per share are expected to be \$2.27 to \$2.61. In 2009, the Company reported earnings per share of \$2.27. On a comparable basis, which excludes \$0.08 of unfavorable restructuring charges, 2009 earnings per share were \$2.30.

Business Segment Results

Consumer Business

	Three Months Ended		Nine Months Ended	
(in millions)	09/30	09/30	09/30	09/30
Net sales	\$464.1	\$455.5	\$1,388.3	\$1,306.2
Operating income	\$5.8	\$5.3	242.8	227.4
Operating income, excluding restructuring charges	\$5.8	\$5.0	242.8	224.9

Consumer business sales rose 1% when compared to the third quarter of 2009 and in local currency, sales rose 2%. The increase was due to the net sales benefit of lower coupon activity as well as favorable volume and product mix.

- Consumer sales in the Americas rose 4% and in local currency, grew 3%. The Company grew volume per product mix by 2% with the launch of new products such as Recipe Inspiration, higher sales of ethnic brands and Laver's, and distribution gains in both the U.S. and Canada. When compared to the prior year period, a reduction in coupon activity also increased sales this quarter.
- Consumer sales in EMEA declined 1% from the third quarter of 2009, and in local currency, declined 1%. The Company grew sales in France and the U.K. as a result of new product introductions and increased consumer demand. However, sales continued to be weak in several smaller markets.
- Third quarter consumer sales in the Asia-Pacific region grew 11%, with a 7% increase in local currency. This was led by a 15% increase in China where category growth, new products and increased market penetration are driving sales.

For the third quarter, operating income excluding restructuring charges for the consumer business rose 8% to \$5.8 million as a result of COGS had cost savings and higher sales. Year-to-date, the Company has increased operating income excluding restructuring charges 4%, which includes the impact of increased brand marketing in the first three quarters.

Industrial Business

	Three Months Ended		Nine Months Ended	
(in millions)	09/30	09/30	09/30	09/30
Net sales	\$348.5	\$341.2	\$987.1	\$951.3
Operating income	\$6.2	\$6.3	86.6	81.6
Operating income, excluding restructuring charges	\$6.2	\$6.5	86.6	82.3

Industrial business sales were about even with the prior year period and in local currency, rose slightly. A 3% increase from favorable volume and product mix was largely offset by lower pricing as the Company passed through lower costs for dairy ingredients.

- Industrial sales in the Americas declined 1% and in local currency, declined 2%. In response to lower commodity costs, primarily dairy ingredients, the Company passed through 3% in reduced pricing for certain products during this period. Sales volume and product mix rose slightly. While new seasonings and flavors grew sales to food manufacturers in the U.S. and Mexico, sales to foodservice customers were weak when compared to strong new product introductions in the prior year period.
- In EMEA, industrial sales declined 2%, but in local currency, grew 2% as a result of favorable volume and product mix. Sales to quick service restaurants remained strong this period and the Company benefited from sales to other food manufacturers as they expanded geographically. In addition, there has been an improvement in sales of branded foodservice products in the U.K. versus the year-ago period.
- In the Asia-Pacific region, industrial sales rose 10% and in local currency, grew 7%. This increase derived by sales of new products developed for quick service restaurants, as well as for leading food manufacturers.

Operating income excluding restructuring charges rose \$2 million to \$6 million in the third quarter. A more favorable business mix and productivity improvements for the industrial business is leading to increased operating income as well as higher margins. Year-to-date, operating income margin has reached 8.1% compared to 8.0% for fiscal year 2009 when restructuring charges are excluded.

Non-GAAP Financial Measures

The non-GAAP information in this press release is a measure that is defined in generally accepted accounting principles ("GAAP"). The non-GAAP information in this press release includes the reversal of a significant tax accrual recorded in the third quarter of 2010 and restructuring charges reported in fiscal year 2009. Management believes the non-GAAP information is important for purposes of comparison to prior periods and development of future projections and earnings growth prospects. This information is also used by management to measure the profitability of our on-going operations and analyze the Company's business performance and trends. Management believes the non-GAAP measure provides a more consistent basis for assessing the Company's performance than the classic GAAP equivalent. Management, therefore, uses the non-GAAP information alongside the more directly comparable GAAP measures in this press release.

Reconciliation of GAAP to Non-GAAP Financial Measures

The Company has provided below a table of non-GAAP financial results excluding amounts related to the reversal of a significant tax accrual recorded in the third quarter of 2010 and restructuring charges which ended in 2009.

	Three Months Ended			Nine Months Ended		
(in millions except per share data)	09/30	09/30	09/30	09/30	09/30	09/30
Operating income	\$16.0	\$16.6	\$34.0	\$136.0	\$134.0	\$308.0
Impact of restructuring charges	-	-	0.2	-	-	0.2
Adjusted operating income	\$16.0	\$16.6	\$34.2	\$136.0	\$134.0	\$308.2
% increase versus prior period	7.2%	9.2%				

Net income	\$10.4	\$75.1	\$238.5	\$183.5
Reversal of significant tax accrual	(13.0)	-	(15.9)	-
Impact of restructuring charges	-	.37	-	5.7
Adjusted net income	\$88.5	\$75.8	\$222.6	\$188.2
% increase versus prior period	18.9%	17.7%		
Earnings per share - diluted	\$76	\$57	\$176	\$130
Reversal of significant tax accrual	(140)	-	(140)	-
Impact of restructuring charges	-	-	-	.04
Adjusted earnings per share - diluted	\$66	\$57	\$166	\$143
% increase versus prior period	18.9%	16.1%		

* The impact of restructuring activity on net income includes:
 Restructuring charges \$1.9
 Tax impact included in income taxes 2.5
 \$1.7

Twelve Months Ended

10/0/00	
Earnings per share - diluted	\$2.27
Impact of restructuring charges	.88
Adjusted earnings per share - diluted	\$3.35

Live Webcast

As previously announced, McCormick will hold a conference call with analysts today at 8:00 a.m. ET. The conference call will be webcast live via the McCormick web site. Go to www.mccormick.com and follow directions to listen to the call and access the accompanying presentation materials. At the same location, a replay of the call will be available following the live call. Past press releases and additional information can be found at this address.

Forward-looking information

Forward-looking information contained in this release, including expected trends in net sales and earnings performance, are "forward-looking statements" within the meaning of Section 21E of the Securities Exchange Act of 1934. Forward-looking statements are based on management's current views and assumptions and involve risks and uncertainties that could significantly affect expected results. Results may be materially affected by external factors such as changes in our reputation or brand names, business interruptions due to natural disasters or similar unexpected events, actions of competitors, customer relationships and financial condition, the ability to achieve expected cost savings and margin improvements, the successful acquisition and integration of new businesses, fluctuations in the cost and availability of raw and packaging materials, and global economic conditions generally which could include the availability of financing, interest and foreign rates as well as foreign currency fluctuations and other risks described in the Company's filings with the Securities and Exchange Commission. Actual results could differ materially from those projected in the forward-looking statements.

The Company undertakes no obligation to update or revise publicly any forward-looking statements, whether as a result of new information, future events or otherwise.

About McCormick

McCormick & Company, Incorporated (www.mccormick.com) is a global leader in the manufacture, marketing and distribution of spices, seasonings, specialty foods and flavors to the entire food industry - retail outlets, food manufacturers and food service businesses.

Third Quarter Report

McCormick & Company, Incorporated

Consolidated Income Statement (Unaudited)

(in millions except per share data)

	Three Months Ended		Nine Months Ended	
	August 31, 2010	August 31, 2009	August 31, 2010	August 31, 2009
Net sales	\$ 794.6	\$ 791.7	\$ 2,327.4	\$ 2,287.5
Cost of goods sold	458.8	472.7	1,385.7	1,362.0
Gross profit	335.8	319.0	941.7	925.5
Gross profit margin	42.1	40.3	41.2	39.9
Selling, general and administrative expense	208.8	201.5	647.3	608.3
Restructuring charges	-	-	0.9	0.2
Operating income	127.0	117.5	294.4	287.0
Interest expense	12.4	12.8	37.8	41.2
Other income, net	0.3	1.9	1.8	1.8
Income from unconsolidated operations before income taxes	114.9	104.1	258.4	256.6
Income taxes	18.3	32.1	71.4	77.2
Net income from unconsolidated operations	96.6	72.0	217.0	179.4
Income from unconsolidated operations	6.8	3.1	18.5	10.1
Net income	\$ 103.4	\$ 75.1	\$ 235.5	\$ 189.5
Earnings per common share - basic	\$ 0.27	\$ 0.07	\$ 1.78	\$ 1.40
Earnings per common share - diluted	\$ 0.26	\$ 0.07	\$ 1.76	\$ 1.39
Average shares outstanding - diluted	155.9	130.9	133.9	136.6
Average shares outstanding - diluted	155.9	130.4	134.4	131.1

Third Quarter Report
 McCormick & Company, Incorporated

Consolidated Balance Sheet (Unaudited)

(in millions)

	August 31, 2010	August 31, 2009
Assets		
Current assets		
Cash and cash equivalents	\$ 21.6	\$ 27.9
Trade accounts receivable, net	239.7	238.6
Inventories	483.1	447.4
Prepaid expenses and other current assets	23.2	19.5
Total current assets	867.6	833.4
Property, plant and equipment, net	484.8	472.7
Goodwill, net	1,388.7	1,459.2
Intangible assets, net	23.9	22.7
Investments and other assets	223.3	227.4
Total assets	\$ 2,988.3	\$ 3,015.4
Liabilities and shareholders' equity		
Current liabilities		
Short-term borrowings and current portion of long-term debt	\$ 187.7	\$ 288.6
Trade accounts payable	248.9	238.6
Other accrued liabilities	301.9	327.2
Total current liabilities	738.5	854.4
Long-term debt	779.5	870.9
Other long-term liabilities	269.0	245.0
Total liabilities	1,887.0	1,970.3
Shareholders' equity		
Common stock	788.4	688.2
Retained earnings	739.6	542.2
Accumulated other comprehensive (loss)/income	(27.9) 191.7
Noncontrolling interests	6.8	8.6
Total shareholders' equity	1,101.9	1,368.3
Total liabilities and shareholders' equity	\$ 2,988.9	\$ 3,338.6

Third Quarter Report
 McCormick & Company, Incorporated

Consolidated Statement of Cash Flows (Unaudited)

(in millions)

	Nine Months Ended	
	August 31, 2010	August 31, 2009
Cash flows from operating activities		
Net income	\$ 235.5	\$ 189.5
Adjustments to reconcile net income to net cash flow from operating activities:		
Depreciation and amortization	79.1	89.6
Stock based compensation	9.7	10.1
Income from unconsolidated operations	(18.5)	(10.1)
Changes in operating assets and liabilities	(198.2)	(84.1)
Dividends from unconsolidated affiliates	8.4	5.7
Net cash flow from operating activities	148.3	156.1
Cash flows from investing activities		
Capital expenditures	(55.5)	(53.8)
Proceeds from sale of property, plant and equipment	6.4	0.5
Net cash flow used in investing activities	(49.1)	(53.3)
Cash flows from financing activities		
Short-term borrowings, net	(5.4)	(29.2)
Long-term debt maturities	(14.3)	(20.2)
Proceeds from exercised stock options	45.9	13.7
Common stock repurchased by purchase	(88.2)	-
Dividends paid	(182.7)	(144.0)
Net cash flow used in financing activities	(119.7)	(119.7)
Effect of exchange rate changes on cash and cash equivalents	(2.8)	6.9
Decrease in cash and cash equivalents	(15.3)	(11.0)
Cash and cash equivalents at beginning of period	26.9	38.9
Cash and cash equivalents at end of period	\$ 11.6	\$ 27.9

SOURCE: McCormick & Company, Incorporated

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