

McCormick & Company, Inc.
Total Debt to Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA)

We use total debt to EBITDA as a measure of leverage. EBITDA and the ratio of total debt to EBITDA are both non-GAAP financial measures. This ratio measures our ability to repay outstanding debt obligations. Our target debt to EBITDA is a meaningful metric to investors in evaluating our financial leverage and may be different than the method used by other companies to calculate total debt to EBITDA.

EBITDA Calculation

We define EBITDA as net income plus expenses of interest, income taxes, depreciation and amortization.

The following table reconciles our EBITDA to our net income for the fiscal years ended November 30.

(in millions)	2012	2011	2010	2009	2008
Net income	\$407.8	\$374.2	\$370.2	\$299.8	\$255.8
Depreciation and amortization	102.8	98.3	95.1	94.3	85.6
Interest expense	54.6	51.2	49.3	52.8	56.7
Income tax expense	139.8	142.6	118.0	133.0	100.6
EBITDA	\$705.0	\$666.3	\$632.6	\$579.9	\$498.7
Total debt	1,171.8	1,252.1	880.3	991.1	1,239.2
Total debt/EBITDA	1.66	1.88	1.39	1.71	2.48