



**McCormick Record Results for First Quarter of 2008**

March 27, 2008  
 — Sales increased 11%. Consumer business sales rose 10% and industrial business sales rose 11%. — Earnings per share reached \$0.33. On a comparable basis, excluding restructuring charges, earnings per share increased 11% to \$0.41.  
 SPARKS, Md., Mar. 27, 2008 (BUSINESS WIRE) — McCormick & Company, Incorporated (NYSE:MKC), today reported record results for the first quarter ended February 29, 2008. Earnings per share were \$0.33 compared to \$0.33 in the first quarter of 2007. On a comparable basis with 2007, excluding restructuring charges, the Company increased earnings per share 11% to \$0.41.  
 Alan D. Wilson, President and CEO, commented, "We are off to a good start in fiscal year 2008 with a strong first quarter. Higher pricing and volume and the benefit of favorable foreign exchange rates drove an 11% sales increase. Each segment and region of the business grew sales during the period. With these first quarter results, the addition of Billy Bee Honey Products and our outlook for the next three quarters, we are increasing our 2008 sales growth outlook to 5 to 7% from 4 to 6%. This range includes sales related to the pending acquisition of the Lawry's business.  
 Margins remain under pressure from higher and more volatile commodity costs. However, on fiscal labor pricing actions early in the year and expect to continue to gain the benefit from these actions in future quarters. Cost savings from our restructuring plan and supply chain initiatives are providing an additional shield to higher costs.  
 "We are reaffirming the share gain to include earnings per share of \$1.87 to \$2.01 which includes an estimated \$0.10 of restructuring charges. On a comparable basis with 2007, excluding restructuring charges, this is an increase of 8 to 10%. Our business strategy and performance are delivering great results and providing fuel for investments in brand marketing and other growth initiatives."  
 Sales in the first quarter rose 11%, including the impact of foreign exchange rates which added 4%. Higher pricing, volume increases in branded options and seasonings, and new products contributed to this increase. Operating income rose 17%, which was an increase of 10% excluding restructuring charges. The Company was able to offset a steep increase in commodity costs with pricing actions. Operating income also benefited from cost savings related to the restructuring program and additional expense reductions.  
 Earnings per share were \$0.33 compared to \$0.33 in the first quarter of 2007. Charges related to the Company's restructuring program reduced earnings per share \$0.02 in the first quarter of 2008 compared to a reduction of \$0.04 in the first quarter of 2007. Excluding the impact of restructuring charges, earnings per share rose \$0.04, or 11% increase over the first quarter of 2007. Higher operating income added \$0.04 per share, lower shares outstanding added \$0.01 per share and a reduction in income from unconsolidated operations decreased earnings per share by \$0.01 during the first quarter.  
 Cash from operations was \$24 million compared to negative cash from operations in the first quarter of 2007. This improved result was largely due to receivables collections, the timing of its payments, lower retirement plan contributions and a decrease in payments related to the restructuring plan.

**Business Segment Results**

| Consumer Business<br>(in thousands)              | Three Months Ended    |
|--|-----------------------|
|  | 2/29/08               |
| Net sales  | \$ 410,430 \$ 374,399 |
| Operating income                                 | 64,587 54,842         |
| Operating income excluding restructuring charges | 66,977 60,187         |

For the first quarter, sales for McCormick's consumer business rose 10% and 2% in local currency. This increase was driven by higher volume as well as pricing actions. Consumer sales in the Americas rose 8% due to increased volume from revitalization activity, athletic products and new items, as well as higher prices. Foreign exchange rates added 1% to sales in this region. Consumer sales in Europe increased 12% and 2% in local currency. This increase was driven by higher prices as well as incremental sales from the The Kitchen acquisition, increased marketing support and merchandising improvements. In the Asia-Pacific region, sales rose 4% and 2% in local currency, with gains in China.  
 For the first quarter, consumer business operating income excluding restructuring charges rose to \$67.0 million from \$60.2 million in 2007, an increase of 11%. This increase was due to higher sales and improved operating income margin.

**Industrial Business**

| (in thousands)                                   | Three Months Ended    |
|--|-----------------------|
|  | 2/29/08               |
| Net sales  | \$ 213,243 \$ 277,870 |
| Operating income                                 | 13,022 11,509         |
| Operating income excluding restructuring charges | 14,335 14,003         |

For the first quarter, sales for McCormick's industrial business increased 11% and 10% in local currency. Pricing has been and continues to be increased to reflect higher costs of flour, soy oil, cheese and other commodities. A favorable product mix also added to first quarter sales. Industrial sales in the Americas rose 10% and 10% in local currency with increased sales to both food manufacturers and food service customers. In Europe, sales rose 17% and 12% in local currency with continued increases in seasonings for poultry and for snack products. Sales in the Asia-Pacific region rose 24% and 13% in local currency with increases in the meat processing industry as well as other food manufacturers.  
 For the first quarter, industrial business operating income excluding restructuring charges rose to \$14.3 million from \$14.0 million in 2007, an increase of 2%. The gain from higher sales was offset in part by continued increases and volatility in the cost of certain commodities. The Company has made and continues to make progress in working with its strategic customers to contract for future purchases and pass through higher costs with increased prices.

**Non-GAAP Financial Measures**  
 The pro forma information excluding restructuring charges in this press release are measures that we define in generally accepted accounting principles ("GAAP"). Management believes the pro forma 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. Management analyzes the Company's business performance and trends excluding amounts related to the restructuring. These measures provide a more consistent view of performance than the diluted GAAP equivalent for management and investors. Management compensates for this by using these measures in combination with the GAAP measures. The presentation of the non-GAAP measures in this press release are made alongside the most directly comparable GAAP measures.  
 The same information

The Company has provided below certain pro forma financial results excluding amounts related to a restructuring program in 2008 and 2007.

| (in thousands except per share data)  | Three Months Ended  |
|---|---------------------|
|   | 2/29/08             |
| Operating income  | \$ 77,389 \$ 66,351 |
| Less: Impact of restructuring charges   | (5,022) (7,829)     |
| Pro forma operating income  | \$ 81,312 \$ 74,190 |
| % increase versus prior period  | 9.6%                |
| Net income  | \$ 51,423 \$ 44,228 |
| Less: Impact of restructuring charges   | (2,499) (6,421)     |
| Pro forma net income  | \$ 54,022 \$ 49,699 |
| Earnings per share - diluted  | \$ 0.39 \$ 0.33     |
| Less: Impact of restructuring charges   | (0.02) (0.04)       |
| Pro forma earnings per share - diluted  | \$ 0.41 \$ 0.37     |
| % increase versus prior period  | 10.8%               |
| * The impact of restructuring activity on net income includes:<br>Restructuring charges included in Cost of goods sold<br>Restructuring charges \$ (2) \$ (10)<br>Tax impact included in income taxes \$ (436) (1,224)<br>Charges related to unconsolidated operation (2,499) (6,421) |                     |

Lexi Wilson  
 As previously announced, McCormick will hold a conference call with the analysts today at 10:00 a.m. ET. The conference call will be web cast live via the McCormick corporate web site. Go to [mccormick.com](http://mccormick.com) and follow directions to listen to the call and access the accompanying presentation materials. At this 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

Certain 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 be materially affected by external factors such as actions of competitors, customer relationships, ability to realize expected cost savings and margin improvements, market acceptance of new products, actual amount and timing of special charge items, interest and dividend rates, bank regulations of monetary conditions, the impact of the stock market conditions on its share repurchase program, fluctuations in the cost and availability of supply chain resources and global economic conditions, including interest and inflation rates. 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 is the global leader in the manufacture, marketing and distribution of spices, seasonings and flavors to the entire food industry - in foodservice, food manufacturers and retail outlets.

First Quarter Report McCormick & Company, Incorporated

Consolidated Income Statement (Unaudited)  
(in thousands except per-share data)

|   | Three Months Ended |                   |
|---|--------------------|-------------------|
|   | February 29, 2008  | February 28, 2007 |
| Net sales   | \$ 720,602         | \$ 652,839        |
| Cost of goods sold                                      | 430,200            | 388,207           |
| Gross profit  | 290,750            | 264,352           |
| Gross profit margin                                     | 40.3%              | 40.5%             |
| Selling, general and administrative expenses            | 204,125            | 195,637           |
| Restructuring charges                                   | 3,636              | 7,364             |
| Operating income  | 77,389             | 66,351            |
| Interest expense  | 14,227             | 13,853            |
| Other income, net                                       | 3,300              | 1,843             |
| Income from consolidated operations before income taxes | 65,912             | 54,341            |
| Income taxes  | 19,873             | 15,989            |
| Net income from consolidated operations                 | 46,039             | 38,352            |
| Income from unconsolidated operations                   | 5,429              | 6,573             |
| Loss on sale of unconsolidated operations               | (90)               | (90)              |
| Monthly interest  | 263                | (467)             |
| Net income  | \$ 51,423          | \$ 44,228         |
| Earnings per common share - basic                       | \$ 0.40            | \$ 0.34           |
| Earnings per common share - diluted                     | \$ 0.39            | \$ 0.33           |
| Average shares outstanding - basic                      | 127,983            | 130,344           |
| Average shares outstanding - diluted                    | 131,063            | 134,116           |

First Quarter Report McCormick & Company, Incorporated

Consolidated Balance Sheet (Unaudited)  
(in thousands)

|                                    | For the period ending |                   |
|------------------------------------|-----------------------|-------------------|
|                                    | February 29, 2008     | February 28, 2007 |
| <b>Assets</b>                      |                       |                   |
| Current assets                     |                       |                   |
| Cash and cash equivalents          | \$ 24,436             | \$ 38,582         |
| Receivables, net                   | 422,361               | 579,789           |
| Inventories                        | 449,583               | 411,840           |
| Prepaid expenses and other         | 1,000                 | 1,000             |
| Current assets                     | 53,144                | 57,116            |
| Total current assets               | 95,344                | 887,327           |
| Property, plant and equipment, net | 496,648               | 465,948           |
| Goodwill, net                      | 947,147               | 898,228           |
| Intangible assets, net             | 227,369               | 191,021           |
| Prepaid expenses                   | 45,473                | 49,123            |
| Investments and other assets       | 199,295               | 160,267           |
| Total assets                       | \$ 2,858,276          | \$ 2,561,894      |

|   | For the period ending |                   |
|---|-----------------------|-------------------|
|   | February 29, 2008     | February 28, 2007 |
| <b>Liabilities and shareholders' equity</b>                 |                       |                   |
| Current liabilities   |                       |                   |
| Short-term borrowings and current portion of long-term debt | \$ 179,861            | \$ 337,023        |
| Trade accounts payable                                      | 251,354               | 218,193           |
| Other accrued liabilities                                   | 366,500               | 340,525           |
| Total current liabilities                                   | 737,126               | 695,741           |
| Long-term debt  | 676,666               | 416,006           |
| Other long-term liabilities                                 | 279,382               | 205,393           |
| Total liabilities   | 1,693,174             | 1,516,866         |
| Monthly interest  | 6,126                 | 4,030             |
| Shareholders' equity  | 512,794               | 466,613           |
| Common stock  | 363,568               | 311,951           |
| Accumulated other comprehensive income                      | 282,220               | 140,180           |
| Total shareholders' equity                                  | 1,155,572             | 967,804           |
| Total liabilities and shareholders' equity                  | \$ 2,858,276          | \$ 2,561,894      |

First Quarter Report McCormick & Company, Incorporated

Consolidated Cash Flow Statement (Unaudited)  
(in thousands)

|  | Three Months Ended |                   |
|--|--------------------|-------------------|
|  | February 29, 2008  | February 28, 2007 |
| <b>Cash flows from operating activities</b>                                    |                    |                   |
| Net income   | \$ 51,423          | \$ 44,228         |
| Adjustments to reconcile net income to net cash flow from operating activities |                    |                   |
| Depreciation and amortization  | 22,449             | 19,882            |
| Stock based compensation   | 3,251              | 4,820             |
| Income from unconsolidated operations  | 5,429              | 6,573             |
| Changes in operating assets and liabilities                                    | 67,941             | (137,430)         |
| Dividends from unconsolidated affiliates                                       | 377                |                   |
| Net cash flow from operating activities  | 24,369             | (75,091)          |
| <b>Cash flows from investing activities</b>                                    |                    |                   |
| Acquisitions of businesses   | (76,402)           | (3,041)           |
| Capital expenditures   | (17,292)           | (24,046)          |
| Proceeds from sale of property, plant and equipment                            | 108                | 50                |
| Net cash flow from investing activities  | (59,574)           | (18,447)          |
| <b>Cash flows from financing activities</b>                                    |                    |                   |
| Short-term borrowings, net   | (29,739)           | 105,152           |
| Long-term debt borrowings  | 246,276            | 175,996           |
| Proceeds from exercised stock options  | 6,015              | 16,884            |
| Common stock acquired by purchase  | (10,967)           |                   |
| Dividends paid   | (24,140)           | (24,102)          |
| Net cash flow from financing activities  | 46,307             | 84,685            |
| <b>Effect of exchange rate changes on cash and cash equivalents</b>            |                    |                   |
| Income/(decrease) in cash and cash equivalents                                 | (1,448)            | (10,443)          |
| Cash and cash equivalents at beginning of period                               | 45,876             | 49,043            |
| Cash and cash equivalents at end of period                                     | \$ 24,436          | \$ 38,582         |

SOURCE: McCormick & Company, Incorporated

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