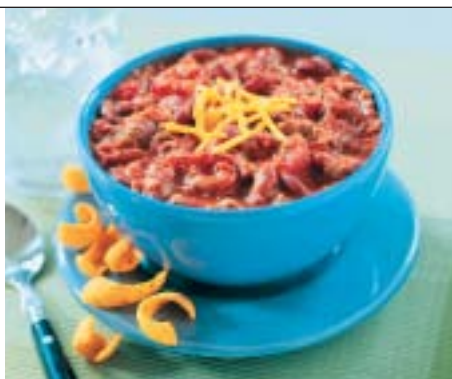


McCormick's industrial business markets blended seasonings, spices and herbs, condiments, compound flavors and extracts, and coating systems to other food processors and to the away-from-home channel, both directly and through distributors and warehouse clubs.

For restaurant customers and other food processors, we develop and deliver consumer-preferred flavors. In fact, new products launched over the last three years accounted for 22% of 2004 sales.



#### COMPOUND FLAVORS

Beverage flavors  
Dairy flavors  
Confectionery flavors

#### PROCESSED FLAVORS

Meat flavors  
Savory flavors

#### SEASONINGS

Seasoning blends  
Salty snack seasonings  
Side dish seasonings  
(rice, pasta, potato)  
Sauces and gravies

#### COATING SYSTEMS

Batters  
Breaders  
Marinades  
Glazes  
Rubs

#### CONDIMENTS

Sandwich sauces  
Ketchup  
Mustards  
Jams and jellies  
Seafood cocktail sauces  
Salad dressings  
Flavored oils

#### INGREDIENTS

Spices and herbs  
Extracts  
Essential oils and oleoresins  
Fruit and vegetable powders  
Tomato powder

## 2004 financial results

Net sales rose 7% in 2004. Volume, price and product mix increased 4%. Favorable foreign exchange added another 3%. Sales growth in the Americas resulted from new product successes, particularly with restaurant customers, as well as higher pricing for higher cost vanilla, dairy products and other raw materials. In Europe, growth in more value-added products was offset by reduced sales of ingredients. This shift in mix was driven by our decision to exit certain lower margin products and regions.

Operating income rose 4%. Higher sales, an improved product mix, and initiatives to reduce costs provided an offset to cost pressure from other areas including fuel and employee benefits. During 2004, we increased product development expense 18%.

## market position

Interest in flavors continues to grow. A report published by The Freedonia Group states that "flavors and flavor enhancers will continue to account for the largest share of overall food additives, due to their extensive use in many processed foods, dairy products, baked goods and candy...opportunities are constantly being created by consumer demand for new flavors based on ethnic cuisines and more intense flavor preparations."

With blended seasonings, spices and herbs, condiments, compound flavors and extracts, and coating systems,



To further improve our productivity, a new formula management system introduced in 2004 will provide a running start on new projects and reduce the new product cycle time for delivery to our customers beginning in 2005.