SMUCKER'S®

ANNUAL REPORT
2001

On Our Cover

"Inn at Crooked Creek" © 1995 Barbara Purcell

Reproduced on this year's cover is a painting in acrylics by California artist Barbara Purcell, who signs her work "Prunella." This whimsical country scene is rendered in the primitive style that is the artist's favored means of conveying the happiness of life's simple moments. It is the newest addition to our corporate art collection, which features still life studies of fruit and scenes of rural and small-town America.

Financial Highlights

The J. M. Smucker Company

(Dollars in thousands, except per share data)	Year Ended April 30, 2001	2000
Net sales[1]	**$651,242**	$641,885
Income before nonrecurring charge and cumulative effect of change in accounting method	**$ 32,972**	$ 35,983
Income per Common Share before nonrecurring charge and cumulative effect of change in accounting method	**$ 1.30**	$ 1.26
Net income	**$ 30,667**	$ 26,357
Income per Common Share	**$ 1.21**	$ 0.92
Common Shares outstanding at year end	**24,359,281**	28,325,280
Number of employees	**2,250**	2,250

(1) Net sales for 2000 reflect accounting reclassifications.

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Shareholders, Employees and Friends:

We at The J. M. Smucker Company are ever alert to the changing dynamics of the food industry, and we continually strive to understand the needs and wants of our customers and consumers. We recognize that consumers of each generation live somewhat differently from their predecessors. They have different thoughts about what is important in life; consequently, they have different purchasing behaviors. We intend to stay in lockstep with our consumers and customers. As they grow and change, we want to be there with them, providing a trusted brand, value-added products, and highly responsive service.

The Year in Review

At the close of fiscal 2001, we welcome the opportunity to once again inform our shareholders and friends about our Company's performance and offer perspective on our strategies for further growth. As always, our mission is to provide high-quality, appropriately priced products that taste good, make life easier, and add a little smile to your day.

Comments From Our Consumers

"I felt compelled to tell you about the comment my five-year-old son made the other day. I recently took advantage of a sale at my supermarket and bought *Smucker's* Concord Grape Jelly. When eating his peanut butter and jelly sandwich (his daily favorite), my son said, 'Wow—this jelly tastes so good!' Ever since, he has been asking for jelly sandwiches (no peanut butter)!!!! I was amazed that such a small child could tell the difference. No more bargain brands for me—*Smucker's* is our new jelly!!!"

Last year at this time we were just embarking on a shareholder enhancement plan designed to:

- simplify our capital structure;
- provide for greater liquidity in the stock;
- repurchase up to $100 million of the equity from shareholders who wished to sell; and
- enhance the overall value of our shares.

The results of these efforts are most gratifying. We repurchased over 4 million shares, and we now trade one class of common shares with more than 24 million shares outstanding instead of two smaller classes. Most important, from the end of last fiscal year—shortly before we announced the plan—to the end of this year, the market value of a common share increased by more than 60 percent.

Overall Results

A review of our overall results for fiscal 2001 reveals that sales were $651,242,000, up just over 1 percent, and earnings per share were $1.30 (before nonrecurring charges and an accounting change), an increase of 3 percent over last year's $1.26. It was a year in which we made investments to support future growth and faced several challenges—particularly from adverse exchange rates in our major international markets and from escalating fuel and energy costs. Fourth-quarter results were strong, and we look forward to continuing that momentum into the new fiscal year.

Performance by Market

Consumer. We are pleased with the very positive sales results in our Consumer area, which is the largest business in our domestic segment. Growth in this area was largely due to initiatives aimed at capitalizing on our brand loyalty and strengthening our product distribution through all market channels. The Consumer area posted good results across product lines and achieved record share-of-market in the fruit spreads category. Sugar-free fruit spreads and natural peanut butters were the strongest contributors to sales growth. Increased fruit spreads sales through the club stores channel also contributed.

Foodservice. The Foodservice area of the domestic segment experienced another year of growth, thanks mainly to increased sales and distribution of our *Uncrustables* product, which we discuss in greater detail elsewhere in this letter. Our core portion control business was soft, however, as a result of the slowing economy and the resulting impact on certain segments of the restaurant industry.

Beverage. Although Beverage sales were essentially flat compared to the previous year, margins in this area remained strong. Beverage introduced a number of new items in fiscal 2001, and we are looking to these and other initiatives to spur top-line growth in the coming year.

Industrial. Sales in our Industrial business were up 1 percent overall with the Brazil and Scotland operations included, but domestic sales alone were down approximately 7 percent from last year. The domestic sales decline was due primarily to two factors. First, the formulated ingredient industry remains under price pressure in the U.S., which led to price reductions on certain of our product lines. Second, we have chosen to discontinue some business that in the current pricing environment is not sufficiently profitable. Industrial has made progress in diversifying its customer base, however, which is one of this business area's highest priorities.

Comments From Our Consumers

"I have never written to tell a company how much I enjoy a product, but you have something wonderful on your hands. A few months ago we bought some *Uncrustables*. They were fantastic. My three-year-old loved them, and my husband and I couldn't get enough of them."

❖

"I think these are the greatest things since peanut butter and jelly was first invented!"

Specialty. Our Specialty business sustained steady growth in its top line, and its margins remained strong. A key goal for Specialty is to continue to grow sales of the *Dickinson's* brand by expanding the distribution of products such as fruit curds, relishes, and a new line of organic fruit spreads.

International. International segment sales grew 3 percent as a result of the new industrial businesses in Brazil and Scotland and a strong performance by our Canadian subsidiary. Sales in the rest of the world were off from the prior year, especially in Australia where competitive pressures and an adverse exchange rate posed challenges. In fact, International sales would have been 10 percent greater overall if exchange rates had remained what they were last year.

Investments in the Future

Strategic Direction

Each year, the food industry becomes increasingly competitive. Slowed growth in a number of market categories has prompted a wide variety of responses from industry players.

A frequently seen reaction is to cut back on investments and sacrifice long-term growth initiatives to boost short-term financial results. To us, that kind of thinking just doesn't make sense. Time and again, good companies have proven that investing in the future and maintaining long-term focus—even when it causes some short-term pain—provide a solid foundation for growth. Our reply to slower-growth markets has been to expand our brand name, launch new products, and stretch into new categories. This continues to be our strategy.

Comments From Our Consumers

"I just wanted to say how happy I am with your *Snackers* product. My son is in kindergarten, and he needs a snack every day. I was starting to run out of ideas that were good for him while he was being confronted with snacks brought in by other kids that weren't very nutritious. *Snackers* solved that problem. He is happy because he has a snack that is neat to eat, and I am happy because I know he is getting one that is nutritious and delicious. Thanks so much!!!"

Another response to the competitive environment is the marked increase in mergers and acquisitions. The trend toward consolidation is evident among manufacturers, brokers that represent manufacturers, and of course, retail and foodservice enterprises. Although consolidations present challenges, these transactions can offer opportunities for financially strong companies like ours. As larger companies review their businesses, attractive brands often become available. We continue to seek fairly priced acquisition candidates that fit our strategies and complement our existing brands and product lines.

New Products and Ventures

Smucker's Uncrustables. We continue to focus on *Uncrustables,* our line of crustless, thaw-and-serve peanut butter and jelly sandwiches. Within the school foodservice market, sales of *Uncrustables* have increased substantially over last year, yet to date we are in fewer than 20 percent of school districts nationally. Reaching a large percentage of children with a branded food item, served as a meal or nutritious snack, is a most exciting prospect for our Company. The *Uncrustables* line was also successful this year in traditional foodservice outlets, especially in the recreation category, where initial placements have included *Walt Disney World* and several major league baseball parks. After a year of testing *Uncrustables* in select retail markets, we are beginning to expand distribution to additional geographic areas. The initial response from consumers has been very encouraging, and we believe that the product offers our Company a sizeable growth platform for the future.

Smucker's Snackers. Our *Snackers* line continues to expand. In addition to our original strawberry and grape peanut butter and jelly combinations, we are now testing several new varieties, including red raspberry jelly and peanut butter with crackers; peanut butter and icing with

SMUCKER'S
Strawberry
Preserves

oatmeal cookies; peanut butter and chocolate dip with oatmeal cookies; and "s'mores" chocolate and marshmallow dips with graham crackers. *Snackers* are a convenient snack choice that meets the changing lifestyle needs of busy consumers of all ages.

***Smucker's* Toppings.** In the coming year, we look for continued growth in our toppings business with the introduction of two exciting products. The first is *Smucker's & 3Musketeers Sundae Syrup,* which is an expansion of our cobranding relationship with M&M/Mars that began with the *Dove* topping line. The second is our *Dulce de Leche* topping. This milk caramel flavor is a traditional South American favorite that continues to gain popularity in the United States.

Beverages. Our beverage business continues to develop products that capitalize on consumers' interest in healthy living and eating. With this in mind, we have expanded our *R. W. Knudsen Family Just Juice* line to provide a complete selection of juices that offer the benefits associated with a particular fruit. Included are *Just Cranberry, Just Blueberry, Just Boysenberry,* and *Just Concord Grape.* We remain the leader in organically produced juices and continue to offer new flavors and sizes. Especially exciting this coming year will be a line of 16-ounce, single-serve organic lemonade beverages, including traditional lemonade, strawberry lemonade, and raspberry lemonade.

International. In the International area, our Henry Jones Foods subsidiary in Australia will continue to focus on building its fruit spreads share-of-market and on expanding distribution of its *Taylor's* marinades and sauces and its *IXL* fruit bars and fruit snacks. Our Canadian business launched an extension of its popular *Grenache* sweet spreads line into the Quebec market, where it has achieved excellent distribution and is selling well.

Direct to Consumer. We continue to refine our efforts to expand our product distribution and simplify our consumers' lives by means of direct-to-consumer selling. In fiscal 2001, we redesigned our website, www.smucker.com, to make it more engaging and user-friendly. The site features new graphics and added help functions, including a wide selection of appealing, easy-to-prepare recipes. To *Simply Smucker's,* our Orrville retail store, we added a test kitchen for in-store recipe development and demonstrations.

Comments From Our Consumers

"I want to let you know how much I enjoy your creamy Natural Peanut Butter. It is the best I have ever eaten, especially because it doesn't have all kinds of oils and other additives. I have been using it for about a year now and have no intention of ever changing to anything else. My request is that you never quit making it. It is wonderful!"

Technology and Facilities

Over the past four years, we have made significant investments of financial and human resources in revamping our business processes and in acquiring the information technology systems we need to remain competitive and, where possible, gain an edge. Although the process has been lengthy and challenging, we are beginning to reap some of the benefits of these investments.

In fiscal 2001, our new systems helped us improve control of our inventory and working

Comments From Our Consumers

"I recently tried your *Sugar Free* jams. Thank your company for providing a terrific alternative spread. I use them liberally on my pancakes, waffles and toast."

"Thank you! Thank you! I just found the *Sugar Free* jam. It satisfies my hunger for sugar without the sugar. I just can't thank you enough. I will eat this as long as you make it."

capital needs. As a result, we decreased our working capital in 2001 (not including cash) by more than $25 million, or 19 percent. Our new systems and processes have also enabled us to communicate more effectively with our customers and brokers, reduce the average number of days it takes to collect on our receivables, increase our inventory turns, and improve our order accuracy and on-time deliveries.

Our efforts to reengineer our business processes with the help of technology are not complete. We will be making additional investments over the next two years or so, but we now have concrete evidence that our hard work and sizeable dollar investment are worthwhile.

We also continue to make capital improvements at all of our facilities. Quality improvements and energy conservation projects were important in fiscal 2001 and will be a focus in 2002 as well. Other key projects this past year included several investments to increase capacity. We completed the installation of a new roaster and are expanding the warehouse at our New Bethlehem peanut butter plant; we made equipment and facilities additions at our Fargo and Watsonville plants to support increased *Uncrustables* sales; and we added a new portion control line in Orrville.

The Value of People

Fulfilling our growth vision depends on a solid plan, deep commitment, and most important, a great team working in a truly collaborative fashion. Because we have all of these elements, the future is promising indeed.

For the fourth consecutive year, we are honored to report that our Company has earned a place on *Fortune* magazine's list of "The 100 Best Companies to Work For." We are very proud that more than 40 percent of our employees have been with us 10 years or more, and we are deeply gratified that they cite a "close-knit, family feeling," as the best part about working for our Company.

To our dedicated family of employees and to our loyal consumers, customers, suppliers, and shareholders, we extend our deepest thanks.

Tim Smucker

Richard Smucker

Five-Year Summary of Selected Financial Data

(Dollars in thousands, except per share data)	Year Ended April 30, 2001	2000	1999	1998	1997
Statement of Income:					
Net sales[1][2]	**$651,242**	$641,885	$612,662	$574,855	$534,723
Income before cumulative effect of change in accounting method[1][3]	**31,659**	26,357	37,763	36,348	30,935
Cumulative effect of change in accounting method[1][4]	**(992)**	—	—	(2,958)	—
Net income	**30,667**	26,357	37,763	33,390	30,935
Financial Position:					
Long-term debt	**135,000**	75,000	—	—	—
Total assets	**470,469**	466,054	425,881	399,690	381,502
Other Data:					
Earnings per Common Share:					
Income before cumulative effect of change in accounting method[1][3]	**1.25**	0.92	1.30	1.25	1.06
Cumulative effect of change in accounting method[1][4]	**(0.04)**	—	—	(0.10)	—
Net income	**1.21**	0.92	1.30	1.15	1.06
Income before cumulative effect of change in accounting method–assuming dilution[1][3]	**1.23**	0.92	1.29	1.24	1.06
Cumulative effect of change in accounting method–assuming dilution[1][4]	**(0.04)**	—	—	(0.10)	—
Net income–assuming dilution	**1.19**	0.92	1.29	1.14	1.06
Dividends declared per Common Share	**0.64**	0.61	0.57	0.53	0.52

(1) Reflects, in 2001, the impact of adopting the provisions of the Securities and Exchange Commission's Staff Accounting Bulletin No. 101, *Revenue Recognition in Financial Statements* (SAB 101), as discussed in Note A to the consolidated financial statements. Had SAB 101 been retroactively applied to all periods presented, earnings per Common Share would have been $0.01 lower in 1999.

(2) Net sales reflect accounting reclassifications in accordance with adopting the provisions of the Emerging Issues Task Force of the Financial Accounting Standards Board Issue No. 00-10, *Accounting for Shipping and Handling Fees and Costs* (EITF 00-10), and Issue No. 00-14, *Accounting for Certain Sales Incentives* (EITF 00-14), as discussed in Note A to the consolidated financial statements.

(3) Includes, in 2001, a nonrecurring charge of $2,152 ($1,313 after tax) or $0.05 per share relating to the sale of the former *Mrs. Smith's* real estate, and in 2000, nonrecurring charges of $14,492 ($9,626 after tax) or $0.34 per share relating to the impairment of certain long-lived assets, as discussed in Note C to the consolidated financial statements.

(4) Reflects, in 1998, the cumulative effect of adopting the provisions of the Emerging Issues Task Force of the Financial Accounting Standards Board Issue No. 97-13, *Accounting for Costs Incurred in Connection with a Consulting Contract that Combines Business Process Reengineering and Information Technology Transformation* (EITF 97-13).

Summary of Quarterly Results of Operations

The following is a summary of unaudited quarterly results of operations for the years ended April 30, 2001 and 2000.

(Dollars in thousands, except per share data)

	Quarter Ended	Net Sales[2]	Gross Profit[2]	Income Before Cumulative Effect of Change in Accounting Method[3][4]	Net Income	Net Income per Common Share: Income Before Cumulative Effect of Change in Accounting Method[3][4]	Net Income per Common Share: Net Income	Net Income per Common Share–Assuming Dilution: Income Before Cumulative Effect of Change in Accounting Method[3][4]	Net Income per Common Share–Assuming Dilution: Net Income
2001[1]	July 31	$166,328	$55,924	$ 9,558	$ 8,566	$0.34	$0.30	$0.34	$0.30
	October 31	169,837	54,372	6,209	6,209	0.25	0.25	0.24	0.24
	January 31	153,628	52,443	7,039	7,039	0.29	0.29	0.29	0.29
	April 30	161,449	50,023	8,853	8,853	0.37	0.37	0.36	0.36
2000	July 31	$163,724	$55,804	$11,037	$11,037	$0.38	$0.38	$0.38	$0.38
	October 31	166,444	52,718	9,389	9,389	0.33	0.33	0.32	0.32
	January 31	152,630	52,367	4,963	4,963	0.17	0.17	0.17	0.17
	April 30	159,087	48,135	968	968	0.03	0.03	0.03	0.03

(1) Reflects, in 2001, restatements of previously reported quarterly information in accordance with adopting the provisions of the Securities and Exchange Commission's Staff Accounting Bulletin No. 101, *Revenue Recognition in Financial Statements* (SAB 101), accounted for as a cumulative effect of change in accounting method as discussed in Note A to the consolidated financial statements.

(2) Reflects reclassifications in accordance with adopting the provisions of the Emerging Issues Task Force of the Financial Accounting Standards Board Issue No. 00-10, *Accounting for Shipping and Handling Fees and Costs* (EITF 00-10), and Issue No. 00-14, *Accounting for Certain Sales Incentives* (EITF 00-14), as discussed in Note A to the consolidated financial statements.

(3) Includes nonrecurring charges during fiscal 2001 second quarter of $1,313 ($0.05 per share) relating to the sale of the former *Mrs. Smith's* real estate, and fiscal 2000 third and fourth quarters of $3,192 ($0.11 per share) and $6,434 ($0.23 per share), respectively, relating to the impairment of certain long-lived assets as discussed in Note C to the consolidated financial statements.

(4) Fiscal 2001 fourth quarter income was increased by $1,100 ($0.05 per share) resulting from adjustments to the effective income tax rate.

Annual earnings per share may not equal the sum of the individual quarters due to differences in the average number of shares outstanding during the respective periods.

Stock Price Data

The Company's Common Shares are listed on the New York Stock Exchange–ticker symbol SJM. The table below presents the high and low market prices for the shares and the quarterly dividends declared. There were 8,117 shareholders of record as of June 15, 2001.

	Quarter Ended	High	Low	Dividends
2001	July 31	$19.50	$15.75	$0.16
	October 31	25.00	17.88	0.16
	January 31	29.00	21.63	0.16
	April 30	29.00	23.95	0.16
2000	July 31	$25.75	$20.06	$0.15
	October 31	24.19	19.50	0.15
	January 31	21.38	17.00	0.15
	April 30	18.50	15.00	0.16

On August 29, 2000, the Company combined its Class A and Class B Common Shares into a single class of common shares with terms similar to the former Class A Common Shares. The 2001 first quarter information and all 2000 information listed above indicates the high and low reported sales price per share for the former Class A Common Shares. See Note K to the consolidated financial statements.

Results of Operations

Comparison of 2001 with 2000

Sales in fiscal 2001 were $651,242,000, up from $641,885,000 in the prior year. Domestic sales were $557,921,000, up 1% over fiscal 2000, while the international segment realized an increase of $2,760,000 or 3%. Excluding the impact of nonrecurring charges in both years and the cumulative effect of an accounting change in fiscal 2001, earnings for the year were $32,972,000 or $1.30 per share compared to $35,983,000 or $1.26 last year. Including the impact of nonrecurring charges and change in accounting method, earnings were $30,667,000 or $1.21 per share compared to $26,357,000 or $0.92 last year.

In the domestic segment, the Company's consumer business grew 4%, due primarily to an increase in sales of sugar-free fruit spreads and natural peanut butters, along with growth in the warehouse club channel. The Company also saw 4% growth in its foodservice business, driven in large part by the continued success of the *Smucker's Uncrustables* line of thaw-and-serve peanut butter and jelly sandwiches in its schools market. Sales of traditional portion control items were flat compared to last year. The specialty business was up for the year due primarily to new product sales. In the beverage area, sales of *The R. W. Knudsen Family* and *Santa Cruz Organic* products continue to grow. However, overall beverage sales were flat compared to last year due to softness in *After The Fall* brand sales. In the industrial area, domestic sales were below last year, as sales with new customers did not fully offset declines in sales with certain existing customers. The Company continues to place emphasis on diversifying its customer base in this area to minimize the impact of any further decline in sales resulting from ongoing competitive pricing pressures.

In the international segment, the increase came from a full year inclusion of the Company's Brazilian operation. The Company's Canadian business performed well, contributing to overall segment performance for the second consecutive year. Sales were negatively impacted by exchange rates and increased competitive activity in the Company's Australian market. Sales in Mexico and the Company's European and Middle East markets were also down. The impact of a strong U.S. dollar, primarily in comparison to the Australian and Canadian dollars, resulted in fiscal 2001 sales being approximately $6,585,000 less than they would have been had exchange rates been equal to prior year levels. Had exchange rates remained constant, international sales would have been up 10%.

The cost of products sold as a percentage of net sales remained constant with last year at 67.3% versus 67.4%. During the year, the Company benefited from the lower cost of fruit packed during the summer months. However, these savings were partially offset by the impact of revaluing carryover fruit inventories (i.e., fruit packed in the prior fiscal year) to reflect the current lower cost. The savings were also offset by increased energy costs, which were up 20% over fiscal 2000, and higher freight costs. Selling, distribution, and administrative (SD&A) expenses increased at approximately the same rate as sales. Marketing expenses were up 7% over the prior year related to the introduction of new products. This was somewhat offset by a 2% decrease in selling expenses and a less than 1% increase in administrative costs.

During the second quarter, the Company finalized the sale of the former *Mrs. Smith's* real estate in Pottstown, Pennsylvania, resulting in a pretax loss of approximately $2,152,000 or $0.05 per share. This transaction represents the final nonrecurring charge relating to the previously announced financial review of certain businesses and assets by the Company, initiated in fiscal 2000. The total amount of nonrecurring charges taken in connection with the review was $16,644,000, with $14,492,000 of that amount taken in fiscal 2000 and the remainder in the current fiscal year.

Interest expense increased over the prior year due to the long-term debt placement completed during the second quarter of the fiscal year (see Capital Resources and Liquidity). During the year, the

Company capitalized approximately $891,000 of interest, primarily associated with the Company's information technology reengineering (ITR) project.

The effective income tax rate for the year was 36.6% compared to 36.5% in fiscal 2000.

Comparison of 2000 with 1999

Consolidated sales in fiscal 2000 were $641,885,000, up 5% from $612,662,000 in fiscal 1999. Domestic segment sales increased $14,170,000 or 3%, while the international segment was up $15,053,000 or 20%. Excluding the impact of nonrecurring charges, earnings for the year decreased from $37,763,000, or $1.30 per share in fiscal 1999 to $35,983,000, or $1.26 per share. Including the impact of the nonrecurring charges, which is explained below, fiscal 2000 earnings were $26,357,000 or $0.92 per share.

In the domestic segment, the majority of the sales increase came from the foodservice market, primarily as a result of three factors: (i) volume growth in the portion control category; (ii) the addition of *Lea & Perrins* products to the foodservice product line, as a result of a distribution agreement with Lea & Perrins, Inc.; and (iii) sales of the new *Smucker's Uncrustables* peanut butter and jelly sandwich. In the consumer market, overall sales were even with last year, as stronger sales in the warehouse club channel offset a slight decrease in the grocery channel. Despite the slight decline in grocery channel sales, the Company's share of the domestic fruit spreads market hit record levels, passing the 40% share level. The specialty foods business also contributed to overall sales growth, as sales increased 8% over fiscal 1999. Finally, the inclusion of sales from the Company's new retail store, along with an increase in catalog and on-line sales, resulted in an overall increase in the consumer direct market. While sales in the industrial market increased modestly overall, industrial sales in the domestic segment declined approximately 3% from fiscal 1999 due to softness in sales with two large customers.

In the international segment, the increase in sales came from a combination of growth in existing businesses and the addition of production facilities in new geographical regions. The Canadian business contributed significantly to both international sales and profits as sales increased approximately 11% over fiscal 1999. Sales also increased in the Australian market and the export business in Europe. The Company's acquisition in December 1999 of a fruit ingredient business in Brazil and sales from the new production facility in Scotland contributed approximately $6,300,000 in sales. For the second consecutive year, sales in Mexico increased in excess of 40%. The Mexican business also earned a profit for the first time. In addition, the impact of favorable exchange rates contributed $1,953,000 to the increase in international sales.

Gross margin was consistent with fiscal 1999 at 32.6%, as increases in certain fruit costs and manufacturing overhead were offset by improved manufacturing efficiencies and lower costs on certain raw materials. SD&A costs increased at a greater rate than sales due to increased selling expenses in the grocery channel and selling costs associated with expanded distribution of *Uncrustables* into school lunch programs. Distribution costs also were up due to higher operating costs at certain distribution centers and higher fuel costs in the latter part of the year. Marketing expenditures were up approximately 5% due to investments in support of new products and businesses, primarily in the consumer, consumer direct, and international markets. Corporate administrative overhead also contributed to the increase in SD&A, as these expenses increased 11%, primarily due to planned costs associated with the Company's ITR project.

Interest expense increased significantly over fiscal 1999 due to the long-term debt placement completed during the first quarter of the fiscal year. During fiscal 2000, the Company capitalized approximately $1,069,000 of interest associated with the ITR project.

The Company's effective income tax rate for the year was 36.5%, down from 38.7% in fiscal 1999, reflecting increased benefits from tax credits on a lower base of taxable income.

During fiscal 2000, the Company initiated a financial review of its businesses and assets, with a focus on those assets considered nonstrategic or underperforming. This review resulted in a nonrecurring, noncash charge of $14,492,000 ($9,626,000 net of tax) or $0.34 per share. Approximately $10,700,000 of the charge resulted from the write-down of the carrying value of certain intangible assets, primarily goodwill relating to previous acquisitions. In addition, certain capitalized costs associated with unused or abandoned software acquired as part of the Company's ITR project and other abandoned fixed assets were written off.

The write-down of the intangible assets was based on the Company's estimate of fair market value using future discounted cash flows projected to be generated by the respective assets under review, over their estimated useful lives. Based upon the results of this analysis, the expected useful lives of the assets were reduced from periods ranging from five to forty years, to a range of two to ten years.

Capital Resources and Liquidity

The financial position of the Company remains strong with an increase in cash and cash equivalents of $27,352,000 during the year. The increase in cash and cash equivalents reflects cash generated by operations of $88,196,000 together with proceeds from the Company's $60,000,000, senior, unsecured fixed-rate notes, issued in August 2000. The increase in cash generated from operations is partially the result of active management of inventory and accounts receivable levels, down $13,516,000 and $6,532,000, respectively, compared to April 30, 2000.

Fiscal 2001 capital expenditures totaled $29,385,000, including capitalized software and consulting costs in connection with the Company's ongoing ITR project. In addition to capital expenditures, other significant uses of cash during the year included the payment of dividends and the repurchase of Common Shares. Dividends paid on Common Shares increased to $0.64 per share or $16,686,000, while 4,272,524 Common Shares were repurchased at $18.50 per share during the year in conjunction with the Company's shareholder value enhancement plan. The Company funded these repurchases with a combination of proceeds from the debt noted above and available cash. The weighted average interest rate on the notes is 7.83% and is payable each March 1st and September 1st. The notes mature over terms of five to ten years.

Capital expenditures for fiscal 2002 are budgeted at $20,000,000. Assuming there are no material acquisitions or other significant investments, the Company believes that cash on hand, together with cash generated by operations and existing lines of credit, will be sufficient to meet its fiscal 2002 requirements, including the payment of dividends.

Recently Issued Accounting Standards

In 1998, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 133, *Accounting for Derivative Instruments and Hedging Activities* (SFAS 133), which as amended, is effective for the Company in fiscal 2002. Because of the Company's minimal use of derivative financial instruments, the adoption of this statement will not have a material impact on the earnings or financial position of the Company.

Market Risk Disclosures

The following discussions about the Company's market risk disclosures involve forward-looking statements. Actual results could differ from those projected in the forward-looking statements. The Company is exposed to market risk related to changes in interest rates and foreign currency exchange rates.

Interest Rate Risk. The fair value of the Company's cash and short-term investment portfolio, and the fair value of notes receivable and payable at April 30, 2001, approximated carrying value. Exposure to interest rate risk on the Company's long-term debt is mitigated

since it is at a fixed rate until maturity. Market risk, as measured by the change in fair value resulting from a hypothetical 10% change in interest rates, is not material. Based on the Company's overall interest rate exposure as of and during the year ended April 30, 2001, a hypothetical 10% movement in interest rates relating to the Company's variable rate borrowings would not materially affect the Company's results of operations.

Foreign Currency Exchange Risk. After analyzing the risk, the Company has determined its foreign currency exposure on future earnings or cash flows is not significant, and has chosen at this time not to hedge its foreign currency exposure. Therefore, it has not entered into any forward foreign exchange contracts to hedge foreign currency transactions.

The Company has operations outside the United States with foreign currency denominated assets and liabilities, primarily denominated in Australian and Canadian dollars. Because the Company has foreign currency denominated assets and liabilities, financial exposure may result, primarily from the timing of transactions and the movement of exchange rates. The unhedged foreign currency balance sheet exposures as of April 30, 2001, are not expected to result in a significant impact on future earnings or cash flows.

Revenues from customers outside the United States represented approximately 14% of net sales during fiscal 2001. As the Company has expanded its international operations, its sales and expenses denominated in foreign currencies have increased. Thus, certain sales and expenses have been, and are expected to be, subject to the effect of foreign currency fluctuations and these fluctuations may have an impact on operating results.

Certain Forward-Looking Statements

This annual report includes certain forward-looking statements that are based on current expectations and are subject to a number of risks and uncertainties that could cause actual results to differ materially. These risks and uncertainties include, but are not limited to, the success and cost of introducing new products, general competitive activity in the market, the ability of business areas to achieve sales targets and the costs associated with attempting to do so, the ability of the Company to successfully effect price increases, the ability to improve sales and earnings performance in the Company's formulated ingredient business, costs associated with the implementation of new business and information systems, raw material and ingredient cost trends, and foreign currency exchange and interest rate fluctuations.

Management's Report on Responsibility for Financial Reporting

Management of The J. M. Smucker Company is responsible for the preparation, integrity, accuracy, and consistency of the consolidated financial statements and the related financial information in this report. Such information has been prepared in accordance with accounting principles generally accepted in the United States and is based on our best estimates and judgments.

The Company maintains systems of internal accounting controls supported by formal policies and procedures which are communicated throughout the Company. There is an extensive program of audits performed by the Company's internal audit staff and independent auditors designed to evaluate the adequacy of and adherence to these controls, policies, and procedures.

Ernst & Young LLP, independent auditors, has audited the Company's financial statements. Management has made all financial records and related data available to Ernst & Young LLP during its audit.

The Company's Audit Committee, comprising three nonemployee members of the Board, meets regularly with the independent auditors and management to review the work of the internal audit staff and the work, audit scope, timing arrangements, and fees of the independent auditors. The Audit Committee also regularly satisfies itself as to the adequacy of controls, systems, and financial records. The manager of the internal audit department is required to report directly to the Chair of the Audit Committee as to internal audit matters.

It is the Company's best judgment that its policies and procedures, its program of internal and independent audits, and the oversight activity of the Audit Committee work together to provide reasonable assurance that the operations of the Company are conducted according to law and in compliance with the high standards of business ethics and conduct to which the Company subscribes.

Timothy P. Smucker
Chairman and Co-Chief Executive Officer

Steven J. Ellcessor
Vice President—Finance and Administration, Secretary, and General Counsel

Report of Independent Auditors

Board of Directors and Shareholders
The J. M. Smucker Company

We have audited the accompanying consolidated balance sheets of The J. M. Smucker Company as of April 30, 2001 and 2000, and the related statements of consolidated income, shareholders' equity, and cash flows for each of the three years in the period ended April 30, 2001. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of The J. M. Smucker Company at April 30, 2001 and 2000, and the consolidated results of its operations and its cash flows for each of the three years in the period ended April 30, 2001, in conformity with accounting principles generally accepted in the United States.

Ernst + Young LLP

Akron, Ohio
June 6, 2001

Statements of Consolidated Income

The J. M. Smucker Company

(Dollars in thousands, except per share data)	Year Ended April 30, 2001	2000	1999
Net sales	**$651,242**	$641,885	$612,662
Cost of products sold	**438,480**	432,861	412,658
Gross Profit	**212,762**	209,024	200,004
Selling, distribution, and administrative expenses	**155,973**	153,297	141,029
Nonrecurring charge	**2,152**	14,492	—
Operating Income	**54,637**	41,235	58,975
Interest income	**2,918**	2,706	1,948
Interest expense	**(7,787)**	(3,111)	(179)
Other income–net	**192**	701	887
Income Before Income Taxes and Cumulative Effect of Change in Accounting Method	**49,960**	41,531	61,631
Income taxes	**18,301**	15,174	23,868
Income Before Cumulative Effect of Change in Accounting Method	**31,659**	26,357	37,763
Cumulative effect of change in accounting method, net of tax benefit of $572	**(992)**	—	—
Net Income	**$ 30,667**	$ 26,357	$ 37,763
Earnings per Common Share:			
Income Before Cumulative Effect of Change in Accounting Method	**$ 1.25**	$ 0.92	$ 1.30
Cumulative effect of change in accounting method	**(0.04)**	—	—
Net Income per Common Share	**$ 1.21**	$ 0.92	$ 1.30
Earnings per Common Share–Assuming Dilution:			
Income Before Cumulative Effect of Change in Accounting Method	**$ 1.23**	$ 0.92	$ 1.29
Cumulative effect of change in accounting method	**(0.04)**	—	—
Net Income per Common Share–Assuming Dilution	**$ 1.19**	$ 0.92	$ 1.29

See notes to consolidated financial statements

CONSOLIDATED BALANCE SHEETS

The J. M. Smucker Company

ASSETS

(Dollars in thousands)	April 30, 2001	2000
Current Assets		
Cash and cash equivalents	**$ 51,125**	$ 23,773
Trade receivables, less allowance for doubtful accounts	**55,986**	62,518
Inventories:		
Finished products	**52,034**	52,653
Raw materials, containers, and supplies	**55,965**	68,862
	107,999	121,515
Other current assets	**13,956**	11,996
Total Current Assets	**229,066**	219,802
Property, Plant, and Equipment		
Land and land improvements	**17,684**	18,479
Buildings and fixtures	**79,862**	87,803
Machinery and equipment	**247,235**	214,012
Construction in progress	**17,072**	29,507
	361,853	349,801
Accumulated depreciation	**(190,283)**	(175,153)
Total Property, Plant, and Equipment	**171,570**	174,648
Other Noncurrent Assets		
Goodwill	**33,788**	36,795
Trademarks and patents	**11,848**	13,490
Other assets	**24,197**	21,319
Total Other Noncurrent Assets	**69,833**	71,604
	$470,469	$466,054

Liabilities and Shareholders' Equity

(Dollars in thousands)	April 30, 2001	2000
Current Liabilities		
Accounts payable	**$ 29,967**	$ 23,190
Salaries, wages, and additional compensation	**15,250**	13,772
Accrued marketing and merchandising	**8,559**	8,718
Income taxes	**414**	1,687
Dividends payable	**3,897**	4,488
Other current liabilities	**9,016**	7,004
Total Current Liabilities	**67,103**	58,859
Noncurrent Liabilities		
Long-term debt	**135,000**	75,000
Postretirement benefits other than pensions	**14,224**	13,593
Deferred income taxes	**4,981**	3,221
Other noncurrent liabilities	**2,050**	1,908
Total Noncurrent Liabilities	**156,255**	93,722
Shareholders' Equity		
Serial Preferred Shares–no par value:		
Authorized–3,000,000 shares; outstanding–none	**—**	—
Common Shares–no par value:		
Authorized–70,000,000 shares; outstanding–24,359,281 in 2001 and 28,325,280 in 2000 (net of 8,065,295 and 4,099,296 treasury shares, respectively), at stated value	**6,090**	7,081
Additional capital	**19,278**	17,190
Retained income	**249,552**	310,843
Less:		
Deferred compensation	**(2,248)**	(3,091)
Amount due from ESOP Trust	**(8,926)**	(9,223)
Accumulated other comprehensive loss	**(16,635)**	(9,327)
Total Shareholders' Equity	**247,111**	313,473
	$470,469	$466,054

See notes to consolidated financial statements

Statements of Consolidated Cash Flows

The J. M. Smucker Company

(Dollars in thousands)	Year Ended April 30, 2001	2000	1999
Operating Activities			
Net income	**$30,667**	$26,357	$37,763
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation	**22,521**	21,674	19,660
Amortization	**4,400**	4,524	3,734
Nonrecurring charge, net of tax benefit	**1,313**	9,626	—
Cumulative effect of change in accounting method, net of tax benefit	**992**	—	—
Deferred income tax expense (benefit)	**2,040**	(3,872)	120
Changes in assets and liabilities, net of effect from business acquisitions:			
Trade receivables	**5,196**	(11,678)	(2,627)
Inventories	**11,858**	(6,924)	(9,332)
Other current assets	**3,830**	(733)	1,587
Accounts payable and accrued items	**10,216**	(8,600)	(4,842)
Income taxes	**923**	2,628	(1,292)
Other–net	**(5,760)**	(731)	(965)
Net Cash Provided by Operating Activities	**88,196**	32,271	43,806
Investing Activities			
Additions to property, plant, and equipment	**(29,385)**	(32,240)	(38,693)
Businesses acquired–net of cash acquired	—	(9,056)	(26,590)
Disposal of property, plant, and equipment	**278**	91	747
Other–net	**1,495**	1,387	1,288
Net Cash Used for Investing Activities	**(27,612)**	(39,818)	(63,248)
Financing Activities			
Proceeds from long-term debt	**60,000**	75,000	—
Proceeds from (repayment of) short-term debt–net	—	(8,966)	8,966
Purchase of treasury shares	**(80,964)**	(17,654)	(811)
Dividends paid	**(16,686)**	(17,212)	(16,246)
Net amount received from ESOP Trust	**297**	303	261
Other–net	**5,028**	(217)	101
Net Cash (Used for) Provided by Financing Activities	**(32,325)**	31,254	(7,729)
Effect of exchange rate changes on cash	**(907)**	(615)	(349)
Net increase (decrease) in cash and cash equivalents	**27,352**	23,092	(27,520)
Cash and cash equivalents at beginning of year	**23,773**	681	28,201
Cash and Cash Equivalents at End of Year	**$51,125**	$23,773	$ 681

( ) Denotes use of cash

See notes to consolidated financial statements

Statements of Consolidated Shareholders' Equity

The J. M. Smucker Company

(Dollars in thousands)	Common Shares	Additional Capital	Retained Income	Deferred Compen-sation	Amount Due From ESOP Trust	Accumulated Other Compre-hensive Loss	Total Shareholders' Equity
Balance at May 1,1998	$7,286	$14,608	$298,316	$(2,255)	$(9,787)	$ (5,991)	$302,177
Net income			37,763				37,763
Foreign currency translation adjustment						293	293
Comprehensive Income							38,056
Purchase of treasury shares	(8)	(17)	(786)				(811)
Stock plans	12	360	(92)	254			534
Cash dividends declared–$0.57 a share			(16,541)				(16,541)
Other		653			261		914
Balance at April 30, 1999	7,290	15,604	318,660	(2,001)	(9,526)	(5,698)	324,329
Net income			26,357				26,357
Foreign currency translation adjustment						(3,629)	(3,629)
Comprehensive Income							22,728
Purchase of treasury shares	(237)	(566)	(16,851)				(17,654)
Stock plans	28	1,570		(1,090)			508
Cash dividends declared–$0.61 a share			(17,323)				(17,323)
Other		582			303		885
Balance at April 30, 2000	7,081	17,190	310,843	(3,091)	(9,223)	(9,327)	313,473
Net income			30,667				30,667
Foreign currency translation adjustment						(7,308)	(7,308)
Comprehensive Income							23,359
Purchase of treasury shares	(1,074)	(4,027)	(75,863)				(80,964)
Stock plans	83	4,820		843			5,746
Cash dividends declared–$0.64 a share			(16,095)				(16,095)
Other		1,295			297		1,592
Balance at April 30, 2001	**$6,090**	**$19,278**	**$249,552**	**$(2,248)**	**$(8,926)**	**$(16,635)**	**$247,111**

See notes to consolidated financial statements

Note A: Accounting Policies

Principles of Consolidation: The consolidated financial statements include the accounts of the Company and its subsidiaries, all of which are wholly owned. All significant intercompany transactions and accounts are eliminated in consolidation.

Financial Instruments: Financial instruments that potentially subject the Company to significant concentrations of credit risk consist principally of cash investments and accounts receivable. The Company places its cash investments with high quality financial institutions and limits the amount of credit exposure to any one institution. The Company considers all short-term investments with a maturity of three months or less when purchased to be cash equivalents. With respect to accounts receivable, concentration of credit risk is limited due to the large number of customers. The Company does not require collateral from its customers. The fair value of the Company's financial instruments, including long-term debt, approximates the carrying amounts.

Use of Estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Revenue Recognition: In December 1999, the Securities and Exchange Commission issued Staff Accounting Bulletin No. 101, *Revenue Recognition in Financial Statements* (SAB 101), which among other guidance clarified the Staff's view on various revenue recognition and reporting matters. As a result, effective May 1, 2000, the Company adopted a change in the method of accounting for shipments to customers. Under the new accounting method, the Company recognizes revenue on shipments on the date the merchandise is received by the customer and title transfers.

The implementation of the change has been accounted for as a change in accounting method and applied cumulatively as if the change occurred at May 1, 2000. The effect of the change was a one-time, noncash reduction to the Company's earnings of $992,000 (net of tax of $572,000) or approximately $0.04 per share, which is included in operations for the year ended April 30, 2001. The impact of the accounting change on a pro forma basis, assuming the accounting change was made retroactively to prior periods, is not significant in any year presented.

Shipping and Handling Costs: During fiscal 2001, the Company adopted the provisions of the Emerging Issues Task Force of the Financial Accounting Standards Board Issue No. 00-10, *Accounting for Shipping and Handling Fees and Costs* (EITF 00-10). EITF 00-10 addresses the accounting for shipping and handling costs billed to customers and prohibits the netting of such costs against related revenue. The adoption of EITF 00-10 had no impact on the Company's net income. Net sales have been reclassified to conform to the requirements of EITF 00-10. Shipping and handling costs are included in cost of products sold.

Sales Incentives: During fiscal 2001, the Company adopted the provisions of the Emerging Issues Task Force of the Financial Accounting Standards Board Issue No. 00-14, *Accounting for Certain Sales Incentives* (EITF 00-14). EITF 00-14 addresses the classification of sales incentives offered to consumers and requires reporting of cash incentives as a reduction of revenue rather than as a selling expense. The adoption of EITF 00-14 had no impact on the Company's net income. These costs have been reclassified to net sales to conform to the requirements of EITF 00-14.

Stock Compensation: The Company has elected to follow Accounting Principles Board Opinion No. 25, *Accounting for Stock Issued to Employees* (APB 25), and related interpretations in accounting for its employee stock options. Under APB 25, because the exercise price of the Company's employee stock options equals the market price of the underlying stock on the date of grant, no compensation expense is recognized (see Note H).

Inventories: The Company values its inventories at the lower of cost or market, with market defined as replacement value. Cost is determined on the last-in, first-out (LIFO) method for the majority of domestic inventories. Inventories not on the LIFO method are valued principally by the first-in, first-out (FIFO) method. If the FIFO method (which approximates current cost) had been used for all inventories, the balances would have been $6,176,000 and $11,644,000 higher at April 30, 2001 and 2000, respectively.

Goodwill and Other Intangible Assets: Goodwill and other intangible assets, principally trademarks and patents, are being amortized using the straight-line method over periods ranging from 5 to 40 years. The Company continually evaluates whether events or circumstances have occurred which would indicate that the carrying value may not be recoverable or that the useful life warrants revision. When trended downturns in business indicate that goodwill and other intangible assets should be evaluated for possible impairment, the Company analyzes the future recoverability of the asset using an estimate of the related undiscounted future cash flows of the related business, and recognizes any adjustment to the asset's carrying value on a current basis (see Note C). Accumulated amortization of goodwill and other intangible assets at April 30, 2001 and 2000, was $30,300,000 and $26,879,000, respectively.

Property, Plant, and Equipment: Property, plant, and equipment are recorded at cost and are depreciated on a straight-line basis over the estimated useful lives of the assets (3 to 15 years for machinery and equipment, and 10 to 40 years for buildings, fixtures, and improvements).

The Company leases certain land, buildings, and equipment for varying periods of time, with renewal options. Leases of cold storage facilities are continually renewed. Total rental expense in 2001, 2000, and 1999 totaled $14,022,000, $14,042,000, and $12,762,000, respectively. Rental expense for cold storage facilities, that are based on quantities stored, amounted to $5,514,000, $5,283,000, and $4,999,000 in 2001, 2000, and 1999, respectively.

Software Costs: The Company capitalizes significant costs associated with the development and installation of internal use software. Amounts deferred are amortized over the estimated useful lives of the software, ranging from 3 to 7 years, beginning with the project's completion. Net deferred internal use software costs as of April 30, 2001 and 2000, were $29,805,000 and $24,321,000, respectively, of which $7,382,000 and $17,468,000 were included in construction in progress. Interest costs of $891,000, $1,069,000, and $528,000 were capitalized during fiscal 2001, 2000, and 1999, respectively.

Foreign Currency Translation: Assets and liabilities of the Company's foreign subsidiaries are translated using the exchange rates in effect at the balance sheet date, while income and expenses are translated using average rates. Translation adjustments are reported as a component of shareholders' equity in accumulated other comprehensive loss.

Advertising Expense: Advertising costs are expensed as incurred. Advertising expense was $14,178,000, $12,855,000, and $12,685,000 in fiscal 2001, 2000, and 1999, respectively.

Recently Issued Accounting Standards: In 1998, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 133, *Accounting for Derivative Instruments and Hedging Activities* (SFAS 133), which as amended, is effective for the Company in fiscal 2002. Because of the Company's minimal use of derivative financial instruments, the adoption of this statement will not have a material impact on the earnings or financial position of the Company.

Reclassifications: Certain prior year amounts have been reclassified to conform to current year classifications.

Risks and Uncertainties: In the domestic markets, the Company's products are primarily sold through brokers to chain, wholesale, cooperative, independent grocery accounts and other consumer markets, to foodservice distributors and chains including hotels, restaurants, schools and other institutions, and to other food manufacturers. The Company's distribution outside the United States is principally in Canada, Australia, Brazil, Mexico, the Pacific Rim, and Greater Europe. The fruit raw materials used by the Company are generally purchased from independent growers and suppliers. Because of the seasonal nature and volatility of quantities of most of the crops on which the Company depends, it is necessary to prepare and freeze stocks of fruit and fruit juices and to maintain them in cold storage warehouses. The Company believes there is no concentration of risk with any single customer or supplier whose failure or nonperformance would materially affect the Company's results. In addition, the Company insures its business and assets in each country against insurable risks, as and to the extent that it deems appropriate, based upon an analysis of the relative risks and costs. The Company believes that the risk of loss from noninsurable events would not have a material adverse effect on the Company's operations as a whole.

Note B: Operating Segments

The Company operates in one industry: the manufacturing and marketing of food products. The Company has two reportable segments: domestic and international. The domestic segment represents the aggregation of the consumer, foodservice, beverage, specialty foods, and industrial business areas. Food products are distributed through various retail channels including grocery, mass retail, military, warehouse club, health food, and specialty food markets along with restaurants, health care facilities, schools, and other institutions throughout the United States. These products include a variety of fruit spreads, dessert toppings, peanut butters, frozen peanut butter and jelly sandwiches, industrial fruit products, fruit and vegetable juices, beverages, syrups, condiments, and gift packages. The international segment consists of products that are similar in nature to those in the domestic segment but are distributed to geographical markets outside of the United States.

The following table sets forth operating segments information:

	Year Ended April 30,		
(Dollars in thousands)	**2001**	2000	1999
Net sales:			
Domestic	**$557,921**	$551,324	$537,154
International	**93,321**	90,561	75,508
Total net sales	**$651,242**	$641,885	$612,662
Depreciation:			
Domestic	**$ 20,484**	$ 19,789	$ 18,296
International	**2,037**	1,885	1,364
Total depreciation	**$ 22,521**	$ 21,674	$ 19,660
Segment profit:			
Domestic	**$ 87,276**	$ 89,570	$ 94,489
International	**8,415**	10,387	7,134
Total segment profit	**95,691**	99,957	101,623
Interest income	**2,918**	2,706	1,948
Interest expense	**(7,787)**	(3,111)	(179)
Amortization expense	**(4,400)**	(4,524)	(3,734)
Nonrecurring charge	**(2,152)**	(14,492)	—
Corporate administrative expenses	**(39,443)**	(39,371)	(37,912)
Other unallocated income (expenses)	**5,133**	366	(115)
Income before income taxes and cumulative effect of change in accounting method	**$ 49,960**	$ 41,531	$ 61,631
Assets:			
Domestic	**$393,386**	$387,593	$363,401
International	**77,083**	78,461	62,480
Total assets	**$470,469**	$466,054	$425,881
Expenditures for additions to long-lived assets, including acquisitions:			
Domestic	**$ 27,714**	$ 26,012	$ 53,737
International	**1,671**	13,824	10,538
Total expenditures for additions to long-lived assets, including acquisitions	**$ 29,385**	$ 39,836	$ 64,275

Segment profit represents revenue less direct and allocable operating expenses and excludes pretax nonrecurring charges of $2,152,000, relating to the domestic segment in fiscal 2001 and $13,536,000 and $956,000, relating to the domestic and international segments, respectively in 2000 (see Note C).

The following table presents product sales information:

	Year Ended April 30,		
	2001	2000	1999
Fruit spreads	**38%**	39%	41%
Industrial ingredients	**15**	15	17
Portion control	**12**	12	12
Juices and beverages	**10**	10	10
Toppings and syrups	**9**	9	9
Peanut butter	**7**	7	6
Other	**9**	8	5
Total	**100%**	100%	100%

Note C: Nonrecurring Charge

During fiscal 2001, the Company finalized the sale of the former *Mrs. Smith's* real estate in Pottstown, Pennsylvania. In connection with this sale, the Company recorded a nonrecurring, noncash charge of $2,152,000 ($1,313,000 net of tax) or $0.05 per share. This transaction represents the final nonrecurring charge relating to the review of certain businesses and assets as discussed below.

During fiscal 2000, the Company recorded a nonrecurring, noncash charge of $14,492,000 ($9,626,000 net of tax) or $0.34 per share. This charge was the result of a financial review by the Company of its businesses and assets, with a focus on those assets considered nonstrategic or underperforming. Approximately $10,700,000 of the charge resulted from the write-down of the carrying value of certain intangible assets, primarily goodwill, resulting from previous acquisitions principally in the domestic segment. In addition, certain capitalized costs associated with unused or abandoned software acquired as part of the Company's information technology reengineering project and other abandoned fixed assets were written off.

The write-down of the intangible assets was based on the Company's estimate of fair market value using future discounted cash flows projected to be generated by the respective assets under review, over their estimated useful lives. Based upon the results of this analysis, the expected useful lives of the assets were reduced from periods ranging from five to forty years, to a range of two to ten years.

Note D: Earnings per Share

The following table sets forth the computation of earnings per Common Share and earnings per Common Share–assuming dilution:

	Year Ended April 30,		
(Dollars in thousands, except per share data)	**2001**	2000	1999
Numerator:			
Income before cumulative effect of change in accounting method for earnings per Common Share and earnings per Common Share–assuming dilution	**$31,659**	$26,357	$37,763
Denominator:			
Denominator for earnings per Common Share–weighted-average shares	**25,428,117**	28,670,770	29,057,593
Effect of dilutive securities:			
Stock options	**148,698**	56,380	179,679
Restricted stock	**81,442**	23,205	37,447
Denominator for earnings per Common Share–assuming dilution	**25,658,257**	28,750,355	29,274,719
Earnings per Common Share before cumulative effect of change in accounting method	**$ 1.25**	$ 0.92	$ 1.30
Earnings per Common Share before cumulative effect of change in accounting method–assuming dilution	**$ 1.23**	$ 0.92	$ 1.29

Options to purchase 245,800 Common Shares at prices ranging from $27.25 to $31.50 per share were outstanding during fiscal 2001 but were not included in the computation of earnings per Common Share–assuming dilution, as the options' exercise prices were greater than the average market price of the Common Shares and, therefore, the effect would be antidilutive.

Note E: Acquisitions

During fiscal 2000, the Company utilized cash on hand to complete two acquisitions for a total of $9,056,000. During fiscal 1999, the Company completed five acquisitions for an aggregate of $26,590,000, utilizing cash on hand as well as borrowings under the Company's uncommitted lines of credit.

Each of the acquisitions was accounted for as a purchase and the results of operations of the acquired companies were included in the consolidated results of the Company from their respective acquisition dates. As a result of the acquisitions, approximately $2,869,000 and $15,054,000 in goodwill and $2,213,000 and $6,393,000 in trademarks were recorded in 2000 and 1999, respectively, and are being amortized using the straight-line method over periods of 10 to 20 years.

Note F: Pensions and Other Postretirement Benefits

The Company has pension plans covering substantially all of its employees. Benefits are based on the employee's years of service and compensation. The Company's plans are funded in conformity with the funding requirements of applicable government regulations.

In addition to providing pension benefits, the Company sponsors several unfunded defined postretirement plans that provide health care and life insurance benefits to substantially all active and retired domestic

employees not covered by certain collective bargaining agreements, and their covered dependents and beneficiaries. These plans are contributory, with retiree contributions adjusted periodically, and contain other cost-sharing features, such as deductibles and coinsurance. Covered employees generally are eligible for these benefits when they reach age 55 and attain 10 years of credited service.

Net periodic benefit cost included the following components:

(Dollars in thousands)	Defined Benefit Pension Plans			Other Postretirement Benefits		
Year Ended April 30,	**2001**	2000	1999	**2001**	2000	1999
Service cost	**$2,133**	$2,216	$1,841	**$424**	$ 513	$ 490
Interest cost	**5,303**	4,668	4,043	**673**	717	662
Expected return on plan assets	**(6,571)**	(6,053)	(5,703)	—	—	—
Amortization of prior service cost (credit)	**1,086**	927	489	**(61)**	(61)	(61)
Amortization of initial net asset	**(142)**	(91)	(91)	—	—	—
Recognized net actuarial gain	**(823)**	(272)	(322)	**(218)**	(28)	(27)
Net periodic benefit cost	**$ 986**	$1,395	$ 257	**$818**	$1,141	$1,064

The following table sets forth the combined status of the plans as recognized in the consolidated balance sheets at April 30, 2001 and 2000:

	Defined Benefit Pension Plans		Other Postretirement Benefits	
	April 30,		April 30,	
(Dollars in thousands)	**2001**	2000	**2001**	2000
Change in benefit obligation:				
Benefit obligation at beginning of the year	**$67,670**	$67,887	**$ 8,560**	$ 10,442
Service cost	**2,133**	2,216	**424**	513
Interest cost	**5,303**	4,668	**673**	717
Amendments	**30**	2,358	—	—
Actuarial loss (gain)	**2,529**	(6,947)	**522**	(2,789)
Benefits paid	**(2,767)**	(2,512)	**(188)**	(323)
Benefit obligation at end of the year	**$74,898**	$67,670	**$ 9,991**	$ 8,560
Change in plan assets:				
Fair value of plan assets at beginning of the year	**$74,226**	$65,254	**$ —**	$ —
Actual return on plan assets	**510**	7,513	—	—
Asset gain	—	3,061	—	—
Company contributions	**716**	910	**188**	323
Participant contributions	—	—	**188**	175
Benefits paid	**(2,767)**	(2,512)	**(376)**	(498)
Fair value of plan assets at end of the year	**$72,685**	$74,226	**$ —**	$ —
Funded status of the plans	**$ (2,213)**	$ 6,556	**$ (9,991)**	$ (8,560)
Unrecognized net actuarial gain	**(9,208)**	(18,622)	**(3,480)**	(4,219)
Unrecognized prior service cost (credit)	**10,222**	11,278	**(753)**	(814)
Unrecognized initial asset	**(999)**	(1,141)	—	—
Accrued benefit cost	**$ (2,198)**	$ (1,929)	**$(14,224)**	$(13,593)
Weighted average assumptions:				
Discount rate	**7.5%**	8.0%	**7.5%**	8.0%
Expected return on plan assets	**9.0%**	9.0%	—	—
Rate of compensation increase	**4.5%**	5.0%	—	—

For fiscal 2002, the assumed health care cost trend rates are 5.5% for participants under age 65 and 5% for participants age 65 or older. The rate for participants under age 65 is assumed to decrease to 5% in 2003. The health care cost trend rate assumption has a significant effect on the amount of the obligation and periodic cost reported. A one-percentage point annual change in the assumed health care cost trend rate would have the following effect:

	One-Percentage Point	
(Dollars in thousands)	Increase	Decrease
Effect on total service and interest cost components	$ 229	$ (178)
Effect on postretirement benefit obligation	$1,769	$(1,401)

The projected benefit obligation applicable to pension plans with accumulated benefit obligations in excess of plan assets was $11,412,000 and $9,896,000 at April 30, 2001 and 2000, respectively, primarily due to a supplemental retirement benefit plan. The accumulated benefit obligation related to the supplemental retirement benefit plan was $8,907,000 and $7,795,000 at April 30, 2001 and 2000, respectively.

Pension plan assets consist of listed stocks and government obligations, including 336,000 of the Company's Common Shares at April 30, 2001 and 2000. The market value of these shares is $8,790,000 at April 30, 2001. The Company paid dividends of $215,000 on these shares during the year. Prior service costs are being amortized over the average remaining service lives of the employees expected to receive benefits.

The Company also charged to operations approximately $870,000, $854,000, and $808,000 in 2001, 2000, and 1999, respectively, for contributions to foreign pension plans and to plans not administered by the Company on behalf of employees subject to certain labor contracts. These amounts were determined in accordance with foreign actuarial computations and provisions of the labor contracts. The Company is unable to determine its share of either the accumulated plan benefits or net assets available for benefits under such plans.

In addition, certain of the Company's active employees participate in multiemployer plans which provide defined postretirement health care benefits. The aggregate amount contributed to these plans, including the charge for net periodic postretirement benefit costs, totaled $1,719,000, $1,687,000, and $1,569,000 in 2001, 2000, and 1999, respectively.

Note G: Savings Plans

ESOP: The Company sponsors an Employee Stock Ownership Plan and Trust (ESOP) for domestic, nonrepresented employees. The Company has entered into loan agreements with the Trustee of the ESOP for purchases by the ESOP of the Company's Common Shares in amounts not to exceed a total of 1,200,000 unallocated Common Shares of the Company at any one time. These shares are to be allocated to participants over a period of not less than 20 years. ESOP loans bear interest at 1/2% over prime and are payable as shares are allocated to participants. Interest incurred on ESOP debt was $768,000, $846,000, and $821,000 in 2001, 2000, and 1999, respectively. Contributions to the plan are made annually in amounts sufficient to fund ESOP debt repayment. Dividends on unallocated shares are used to reduce expense and were $362,000, $363,000, and $361,000 in 2001, 2000, and 1999, respectively. The principal payments received from the ESOP in 2001, 2000, and 1999 were $297,000, $303,000, and $261,000, respectively.

The Company measures compensation expense based upon the fair value of the shares committed to be released to plan participants in accordance with Statement of Position 93-6, *Employers' Accounting for Employee Stock Ownership Plans* (SOP 93-6). As permitted by SOP 93-6, the Company does not apply the statement to shares purchased prior to December 31, 1992. Since all shares currently held by the ESOP were acquired prior to 1993, the Company will continue to recognize future compensation expense using the cost basis. At April 30, 2001, the ESOP held 565,048 unallocated shares. All shares held by the ESOP were considered outstanding in earnings per share calculations for all periods presented.

401(k) Plan: The Company offers employee savings plans under Section 401(k) of the Internal Revenue Code for all domestic employees not covered by certain collective bargaining agreements. The Company's contributions under these plans are based on a specified percentage of employee contributions. Charges to operations for these plans in 2001, 2000, and 1999 were $1,421,000, $1,193,000, and $1,098,000, respectively.

Note H: Stock Benefit Plans

The Company provides for equity-based incentives to be awarded to key employees through its 1998 Equity and Performance Incentive Plan, the Restricted Stock Bonus Plan adopted in 1979, and the 1987 Stock Option Plan.

1998 Equity and Performance Incentive Plan: This plan provides for the issuance of stock options and restricted stock, which may include performance criteria, as well as stock appreciation rights, deferred shares, and performance shares. At April 30, 2001, there are 800,332 Common Shares available for future issuance under this plan. Of this total amount available for issuance, the amount of restricted stock available for issuance is limited to 450,000 Common Shares. Restricted stock issued under this plan is subject to a risk of forfeiture for at least three years in the event of termination of employment or failure to meet performance criteria, if any. Options granted under this plan become exercisable at the rate of one-third per year, beginning one year after the date of grant, and the option price is equal to the market value of the shares on the date of the grant.

Restricted Stock Bonus Plan: Shares awarded under this plan contain certain restrictions for four years relating, among other things, to forfeiture in the event of termination of employment and to transferability. Shares awarded are issued as of the date of the award and a deferred compensation liability is recorded at the market value of the shares on the date of the award. A corresponding deferred compensation charge is recognized over the period during which restrictions are in effect. There are 49,200 Common Shares available for issuance under the plan at April 30, 2001. In fiscal 2000, 82,000 Common Shares were awarded under this plan. No awards were granted in 2001 and 1999.

1987 Stock Option Plan: Options granted under this plan become exercisable at the rate of one-third per year, beginning one year after the date of grant, and the option price is equal to the market value of the shares on the date of the grant. There are 523,692 Common Shares available for future grant under this plan.

As permitted by Statement of Financial Accounting Standards No. 123, *Accounting for Stock Based Compensation* (SFAS 123), the Company has elected to account for the stock options under Accounting Principles Board Opinion No. 25, *Accounting for Stock Issued to Employees* (APB 25). If compensation costs for the stock options granted in fiscal 2001, 2000, and 1999 had been determined based on the fair market value method of SFAS 123, the Company's earnings per share would have been $0.03 to $0.05 less than amounts determined using the intrinsic method of APB 25.

The fair value of each option grant was estimated at the date of grant using the Black-Scholes option pricing model with the following weighted-average assumptions:

	Year Ended April 30,		
	2001	2000	1999
Average expected term (years)	**5**	5	5
Risk-free interest rate	**5.75%**	6.20%	4.75%
Dividend yield	**2.60%**	2.50%	2.50%
Volatility	**27.00%**	26.00%	26.60%
Fair value of options granted	**$6.13**	$5.22	$5.32

A summary of the Company's stock option activity, and related information follows:

	Options	Weighted-Average Exercise Price
Outstanding at May 1, 1998	2,330,472	$21.10
Granted	339,000	21.40
Exercised	(133,102)	15.86
Forfeited	(10,668)	22.04
Outstanding at April 30, 1999	2,525,702	$21.41
Granted	409,000	18.22
Exercised	(245,734)	18.50
Forfeited	(47,000)	18.78
Outstanding at April 30, 2000	2,641,968	$21.24
Granted	411,000	23.63
Exercised	(562,261)	18.45
Forfeited	(178,324)	23.93
Outstanding at April 30, 2001	**2,312,383**	**$22.13**
Exercisable at April 30, 1999	1,887,702	$21.29
Exercisable at April 30, 2000	1,918,301	$21.66
Exercisable at April 30, 2001	**1,558,282**	**$22.41**

The following table summarizes the range of exercise prices and weighted-average exercise prices for options outstanding and exercisable at April 30, 2001, under the Company's stock benefit plans:

Range of Exercise Prices	Outstanding	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Life (years)	Exercisable	Weighted-Average Exercise Price
$15.94–$23.00	1,184,915	$19.10	6.6	837,814	$19.09
$23.01–$31.50	1,127,468	$25.32	5.6	720,468	$26.27

Note I: Long-term Debt and Financing Arrangements

The Company has uncommitted lines of credit providing up to $65,000,000 for short-term borrowings. No amounts were outstanding at April 30, 2001. The interest rate to be charged on any outstanding balance is based on prevailing market rates.

Long-term debt consists of the following:

	April 30,	
(Dollars in thousands)	**2001**	2000
6.77% Senior Notes due June 1, 2009	**$ 75,000**	$ 75,000
7.70% Series A Senior Notes due September 1, 2005	**17,000**	—
7.87% Series B Senior Notes due September 1, 2007	**33,000**	—
7.94% Series C Senior Notes due September 1, 2010	**10,000**	—
Total long-term debt	**$135,000**	$ 75,000

The notes are unsecured and interest is paid semiannually. Among other restrictions, the note purchase agreements contain certain covenants relating to liens, consolidated net worth, and sale of assets as defined in the agreements. The Company is in compliance with all covenants.

Interest paid totaled $8,328,000, $2,293,000, and $751,000 in fiscal 2001, 2000, and 1999, respectively.

Note J: Income Taxes

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax reporting. Significant components of the Company's deferred tax assets and liabilities are as follows:

	April 30,	
(Dollars in thousands)	**2001**	2000
Deferred tax liabilities:		
Depreciation	**$12,639**	$12,326
Other (each less than 5% of total liabilities)	**3,900**	2,251
Total deferred tax liabilities	**16,539**	14,577
Deferred tax assets:		
Postretirement benefits other than pensions	**6,034**	5,778
Other employee benefits	**4,679**	4,196
Intangible assets	**3,396**	3,818
Other (each less than 5% of total assets)	**4,003**	4,744
Total deferred tax assets	**18,112**	18,536
Valuation allowance for deferred tax assets	**(1,522)**	(1,728)
Total deferred tax assets less allowance	**16,590**	16,808
Net deferred tax asset	**$ 51**	$ 2,231

The Company has recorded a valuation allowance related to certain foreign deferred tax assets due to the uncertainty of their realization.

Domestic income and foreign withholding taxes have not been recorded on undistributed earnings of foreign subsidiaries since these amounts are considered to be permanently reinvested. Any additional taxes payable on the earnings of foreign subsidiaries, if remitted, would be partially offset by domestic tax credits and deductions for foreign taxes already paid.

Income before income taxes and cumulative effect of change in accounting method is as follows:

	Year Ended April 30,		
(Dollars in thousands)	**2001**	2000	1999
Domestic	**$46,277**	$36,716	$57,778
Foreign	**3,683**	4,815	3,853
Income before income taxes and cumulative effect of change in accounting method	**$49,960**	$41,531	$61,631

The components of the provision for income taxes are as follows:

	Year Ended April 30,		
(Dollars in thousands)	**2001**	2000	1999
Current:			
Federal	**$12,688**	$15,048	$19,706
Foreign	**1,938**	2,048	1,445
State and local	**1,635**	1,950	2,597
Deferred	**2,040**	(3,872)	120
Total income tax expense	**$18,301**	$15,174	$23,868

A reconciliation of the statutory federal income tax rate and the effective income tax rate follows:

Percent of Pretax Income	Year Ended April 30,		
(Dollars in thousands)	**2001**	2000	1999
Statutory federal income tax rate	**35.0%**	35.0%	35.0%
Increase (decrease) in income taxes resulting from:			
State and local income taxes, net of federal income tax benefit	**2.1**	3.1	2.7
Research credits	**(0.8)**	(1.6)	(0.8)
Other items	**0.3**	—	1.8
Effective income tax rate	**36.6%**	36.5%	38.7%
Income taxes paid	**$17,792**	$19,761	$23,542

Note K: Common Shares

Reclassification of Common Shares: In August 2000, the Company combined its Class A and Class B Common Shares into a single class of common shares with terms similar to the former Class A Common Shares. In conjunction with this combination, on August 28, 2000, the Company repurchased 4,272,524 Common Shares at $18.50 per share. The Company incurred approximately $1,363,000 of cost related to the combination and repurchase of Common Shares. Such costs were recorded as a reduction of shareholders' equity. Prior year share information has been reclassified to conform to current year classification.

Voting: The Company's Amended Articles of Incorporation provide that, but for certain exceptions, parties acquiring the Company's Common Shares will be entitled to cast one vote per share on matters requiring shareholder approval until they have held their shares for four years, after which time they will be entitled to cast ten votes per share.

Shareholders' Rights Plan: Pursuant to a shareholders' rights plan established during fiscal 1999, each of the Company's Common Shares outstanding carries a share purchase right issued as a result of a dividend distribution declared by the Company's Board of Directors in April 1999 and distributed to shareholders of record on May 14, 1999.

Under the plan, the rights will initially trade together with the Company's Common Shares and will not be exercisable. In the absence of further action by the directors, the rights generally will become exercisable and allow the holder to acquire the Company's Common Shares at a discounted price if a person or group acquires 10% or more of the outstanding Common Shares. Rights held by persons who exceed the applicable thresholds will be void. Shares held by members of the Smucker family are not subject to the thresholds. If exercisable, each right entitles the shareholder to buy one Common Share at a discounted price. Under certain circumstances, the rights will entitle the holder to buy shares in an acquiring entity at a discounted price.

The plan also includes an exchange option. In general, if the rights become exercisable, the directors may, at their option, effect an exchange of part or all of the rights—other than rights that have become void—for Common Shares. Under this option, the Company would issue one Common Share for each right, in each case subject to adjustment in certain circumstances.

The Company's directors may, at their option, redeem all rights for $0.01 per right, generally at any time prior to the rights becoming exercisable. The rights will expire May 14, 2009, unless earlier redeemed, exchanged, or amended by the directors.

Directors, Officers, and General Managers

Directors

Vincent C. Byrd
Vice President and General Manager, Consumer Market
The J. M. Smucker Company

Kathryn W. Dindo
Vice President
FirstEnergy Corp.
Akron, Ohio

Fred A. Duncan
Vice President and General Manager, Industrial Market
The J. M. Smucker Company

Elizabeth Valk Long
Executive Vice President
Time Inc.
New York, New York

Russell G. Mawby
Chairman Emeritus
W. K. Kellogg Foundation
Battle Creek, Michigan

Charles S. Mechem, Jr.
Retired Chairman
Convergys Corporation
Cincinnati, Ohio

Timothy P. Smucker
Chairman and Co-Chief Executive Officer
The J. M. Smucker Company

Richard K. Smucker
President and Co-Chief Executive Officer
The J. M. Smucker Company

William H. Steinbrink
Former President and Chief Executive Officer
CSM Industries, Inc.
Cleveland, Ohio

William Wrigley, Jr.
President and Chief Executive Officer
Wm. Wrigley Jr. Company
Chicago, Illinois

Officers & General Managers

Timothy P. Smucker
Chairman and Co-Chief Executive Officer

Richard K. Smucker
President and Co-Chief Executive Officer

Mark R. Belgya
Treasurer

Vincent C. Byrd
Vice President and General Manager, Consumer Market

K. Edwin Dountz
Vice President–Sales

Fred A. Duncan
Vice President and General Manager, Industrial Market

Steven J. Ellcessor
Vice President–Finance and Administration, Secretary, and General Counsel

Robert E. Ellis
Vice President–Human Resources

Donald D. Hurrle, Sr.
Vice President–Sales, Grocery Market

Richard G. Jirsa
Vice President–Information Services and Corporate Controller

John D. Milliken
Vice President–Logistics

Steven T. Oakland
Vice President and General Manager, Foodservice Market

Richard F. Troyak
Vice President–Operations

H. Reid Wagstaff
Vice President–Government and Environmental Affairs

John W. Denman
Assistant Corporate Controller

M. Ann Harlan
Assistant Secretary and Assistant General Counsel

Debra A. Marthey
Assistant Treasurer

Kenneth A. Miller
General Manager, Specialty Foods Market

Julia L. Sabin
General Manager, Beverage Market

Properties

Corporate Offices:
Orrville, Ohio

Domestic Manufacturing Locations:
Orrville, Ohio
Salinas, California
Memphis, Tennessee
Ripon, Wisconsin
Chico, California
Havre de Grace, Maryland
New Bethlehem, Pennsylvania
West Fargo, North Dakota*

Fruit Processing Locations:
Watsonville, California
Woodburn, Oregon
Grandview, Washington
Oxnard, California

International Manufacturing Locations:
Ste-Marie, Quebec, Canada
Kyabram, Victoria, Australia
Livingston, Scotland
São José do Rio Pardo, Brazil

Sales Offices:*
Toronto, Ontario, Canada
Carlton, Victoria, Australia
Mexico City, Mexico
Staffordshire, England
São Paulo, Brazil

*Leased properties

Shareholder Information

The J. M. Smucker Company

Company's Principal Place of Business

The J. M. Smucker Company, Strawberry Lane, Orrville, Ohio 44667, (330) 682-3000.

Annual Meeting

The annual meeting will be held at 11:00 a.m. Eastern Daylight Time, Tuesday, August 14, 2001, in the Fisher Auditorium at the Ohio Agricultural Research and Development Center, 1680 Madison Avenue, Wooster, Ohio.

Form 10-K

A copy of the Company's Form 10-K is available without cost to shareholders who request it by writing to: The J. M. Smucker Company, Strawberry Lane, Orrville, Ohio 44667, Attention: Secretary.

Transfer Agent and Registrar for the Company's Shares

The transfer agent and registrar for the Company's Common Shares is Computershare Investor Services, LLC, 2 North LaSalle Street, P.O. Box A3504, Chicago, Illinois 60602-3504, (800) 942-5909. The transfer agent has primary responsibility for share transfers and the cancellation and issuance of share certificates.

Stock Listing

The J. M. Smucker Company's Common Shares are listed on the New York Stock Exchange—ticker symbol SJM.

Dividends

The Company's Board of Directors normally declares a cash dividend each quarter. Dividends are generally payable on the first business day of March, June, September, and December. The record date is two weeks before the payment date. The Company's dividend disbursement agent is Computershare Investor Services, LLC.

Shareholder Inquiries

Inquiries regarding dividend payments, loss or nonreceipt of a dividend check, address changes, stock transfers (including name changes, gifts, and inheritances), lost share certificates, and Form 1099 information should be addressed to: Computershare Investor Services, LLC, 2 North LaSalle Street, P.O. Box A3504, Chicago, Illinois 60602-3504, (800) 942-5909.

All questions, inquiries, remittances, and other correspondences related to dividend reinvestment services should be addressed to: Computershare Investor Services, LLC, 2 North LaSalle Street, P.O. Box A3309, Chicago, Illinois 60602-3309, (800) 942-5909.

All other inquiries may be directed to: The J. M. Smucker Company, Shareholder Relations, Strawberry Lane, Orrville, Ohio 44667, (330) 682-3000.

For Additional Information

To learn more about The J. M. Smucker Company, visit us at www.smucker.com

Independent Auditors

Ernst & Young LLP, 222 South Main Street, Akron, Ohio 44308

This annual report includes certain forward-looking statements that are based on current expectations and are subject to a number of risks and uncertainties. Please reference "Certain Forward-Looking Statements" located on page 13 in the Management's Discussion and Analysis section.

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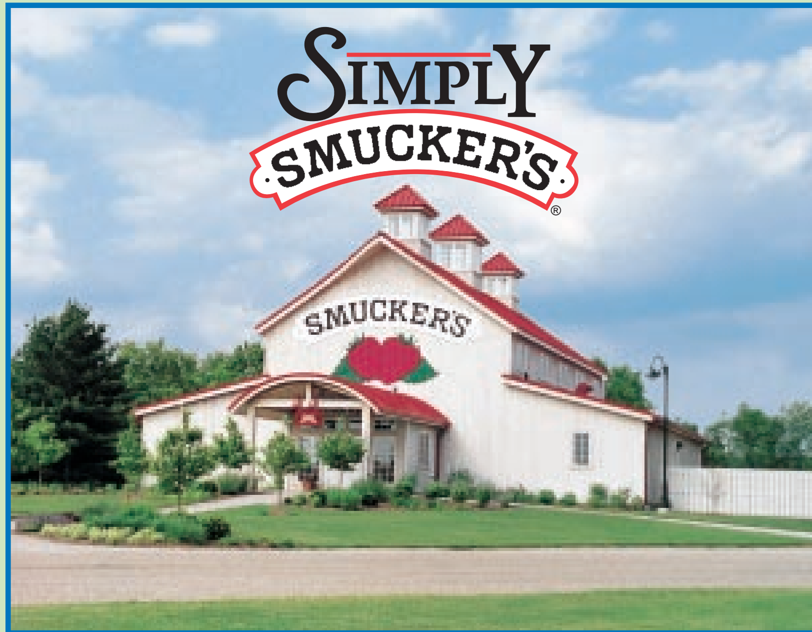

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You've come to love our delicious jams, jellies, and toppings.
Now there's a store with a whole lot more. It's *Simply Smucker's,*
a showcase store brimming with all of your favorites.
We have over 350 different flavors and varieties,
including some of those "hard to find" products,
as well as a wide array of household accessories,
specialty gifts and gift baskets. We're just south of Orrville,
so stop by when you're in the neighborhood, or learn more
about us online at **www.smucker.com.**

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(Rt. 57, 1/4 mile north of Rt. 30)
Orrville, Ohio 44667
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Monday–Saturday 9:00 a.m. to 6:00 p.m.
Closed Sunday

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