THE J.M. SMUCKER Co

NEWS RELEASE

The J. M. Smucker Company Announces Record Fourth Quarter and Full Year Earnings

6/21/2007

ORRVILLE, Ohio, June 21 /**PRNewswire-FirstCall**/ -- The J. M. Smucker Company (NYSE: SJM) today announced results for the fourth quarter and fiscal year ended April 30, 2007.

Fourth Quarter Results

	Three months ended April 30,		% Increase (Decrease)
(Dollars in millions, except per share data)	2007	2006	
Net sales	$493.5	$501.7	(2%)
Net income:			
Income	$42.5	$35.7	19%
Income per diluted share	$0.75	$0.62	21%

Net sales increased 8 percent in the fourth quarter, excluding the Canadian nonbranded, grain-based foodservice and industrial businesses sold in September 2006 and the U.S. industrial ingredient business ("divested businesses"). Growth in the quarter was led by the Jif(R), Smucker's(R), and Pillsbury(R) brands, strong performance in the foodservice strategic business area, and the contribution of brands acquired earlier in the fiscal year. Due to

a temporary interruption of supply in the market adding to demand for the Company's products, peanut butter had a particularly strong quarter. Higher net sales, gross margin improvements, and a reduction in merger and integration costs, all contributed to an increase in net income per diluted share for the quarter.

Net income per diluted share for the quarter was $0.75, a 21 percent increase over last year's fourth quarter. Net income for the fourth quarter of 2007 included pretax merger and integration costs and restructuring charges of less than $0.01 per diluted share, while net income for the fourth quarter of 2006 included pretax merger and integration costs of $3.2 million, or $0.04 per diluted share, and restructuring charges of $0.9 million, or $0.02 per diluted share. Excluding these costs in both years, the Company's income per diluted share was $0.75 in the fourth quarter of 2007, and $0.68 in the fourth quarter of 2006. During the fourth quarter of 2006, the Company reduced its effective tax rate for the year, resulting in a nonrecurring tax benefit in the quarter of $0.06 per diluted share.

"We achieved record earnings for the quarter and the year, with solid growth across most of our brands," commented Richard Smucker, president and co-chief executive officer. "We had a strong finish to the year and have good momentum as we enter our new year. In addition, we recently completed the acquisition of Eagle Family Foods, the largest producer of canned milk in North America, and look forward to the addition of Eagle Brand(R) to expand our presence in the baking aisle, providing additional joint merchandising opportunities."

"We continue to benefit from the focused execution of our strategy - refining our portfolio, spending behind our brands with marketing support and new product development, and investing in projects to improve our overall profitability," added Tim Smucker, chairman and co-chief executive officer. "The cost environment remains challenging, and we will continue to take actions to mitigate cost increases. We will also invest in our businesses, maintaining our commitment to long-term, profitable growth."

Full Year Results

	Year ended April 30,		%Increase
	2007	2006	(Decrease)
	(Dollars in millions, except per share data)		
Net sales	$2,148.0	$2,154.7	--
Net income:			
Income	$157.2	$143.4	10%
Income per diluted share	$2.76	$2.45	13%

Net sales were up 5 percent for fiscal 2007 compared to 2006 after excluding divested businesses and net income

per diluted share was up 13 percent in the same period. Net income for 2007 included restructuring charges of $12.1 million, or $0.13 per diluted share, primarily related to the divestiture of the Canadian nonbranded businesses. Net income for the comparable period in 2006 included pretax merger and integration costs of $17.9 million, or $0.20 per diluted share, and restructuring charges of $10.0 million, or $0.12 per diluted share. Excluding these costs in both years, the Company's income per diluted share was $2.89 for 2007, and $2.77 for 2006. The Company's operations also generated substantial levels of cash during the year. Cash from operations in 2007 was $273.4 million, an increase of $74.7 million over 2006.

The Company uses income and income per diluted share, excluding restructuring and merger and integration costs, as key performance measures of results of operations for purposes of evaluating performance internally. These non-GAAP measures are not intended to replace the presentation of financial results in accordance with U.S. GAAP. Rather, the presentation of results excluding such charges is consistent with the way management internally evaluates its businesses, facilitates the comparison of past and present operations, and provides a more comprehensive understanding of the financial results. A reconciliation of non-GAAP measures to net income for the current quarter and fiscal year is included in the "Unaudited Financial Highlights" table.

Margins

	Three months ended April 30,		Year ended April 30,	
	2007	2006	2007	2006
	(% of net sales)			
Gross margin	36.5%	32.1%	32.7%	32.2%
Selling, distribution, and administrative expenses	22.2%	20.8%	20.6%	20.3%
Operating margin	14.1%	10.8%	12.0%	10.6%

Operating income increased by $15.5 million, or 29 percent, compared to the fourth quarter of 2006. The impact of the Canadian divestiture earlier in the year, combined with favorable product mix mainly attributable to increased peanut butter sales, accounted for the improvement in gross margin. Pricing actions taken to date have also contributed to margin improvement. The Company continues to incur high commodity costs impacting both raw material and freight and continues to take pricing actions to offset a portion of the increased costs. Due to the timing of these pricing actions, all cost increases have not been fully offset. Selling, distribution, and administrative expenses as a percentage of net sales increased in the fourth quarter of 2007 primarily due to higher selling and corporate administrative expenses which offset lower distribution expenses compared to the same period last year.

Segment Performance

Net Sales	Three months ended April 30,			Year ended April 30,		
	2007	2006	%Increase (Decrease)	2007	2006	%Increase (Decrease)
	(Dollars in millions)					
U.S. retail market	$365.5	$337.6	8%	$1,547.1	$1,484.9	4%
Special markets	$128.0	$164.0	(22%)	$601.0	$669.9	(10%)
Special markets excluding divested businesses	$128.0	$121.3	6%	$522.6	$477.3	9%

U.S. Retail Market

U.S. retail market segment net sales for the quarter were up 8 percent, with net sales in the consumer strategic business area up 12 percent and net sales in the consumer oils and baking strategic business area up 2 percent. Increases in the consumer strategic business area were led by peanut butter, fruit spreads, toppings, and Uncrustables(R). In the consumer oils and baking strategic business area, sales gains in baking mixes and frostings, and the contribution of the White Lily(R) brand acquired earlier in the year offset declines in sales of oils.

For the year, net sales in the consumer strategic business area were up 7 percent, and net sales in the oils and baking strategic business area were flat as a 3 percent sales increase in retail oils and baking were offset by declines in sales of industrial oils.

Special Markets

Net sales in the fourth quarter for the special markets segment, excluding divested businesses, increased 6 percent. A 21 percent increase in the foodservice strategic business area more than offset modest declines in the Canada, beverage, and international strategic business areas. Increased sales of traditional portion control products, as well as increases in Uncrustables in the schools market contributed to the foodservice improvement.

For the year, net sales in the special markets segment, excluding divested businesses, increased 9 percent over the prior year, with all strategic business areas up.

Financing

On May 31, 2007, the Company issued $400 million in 5.55 percent Senior Notes due April 1, 2022. A portion of the proceeds from the notes was used to repay short-term debt under the revolving credit facility used in financing the Eagle Family Foods Holdings, Inc. acquisition on May 1, 2007. The remainder of the proceeds will be used to finance other strategic and long- term business initiatives.

Outlook

The Company remains committed to its long-term strategic net sales growth goal of 8 percent, one-half of which is to come from its core business and new products, and the remainder from acquisitions. Long-term strategic earnings per share growth would be in line with net sales growth.

Looking forward, the Company expects raw material costs to increase significantly over 2007 levels. Despite these higher costs, the Company expects to increase income per diluted share in line with its long-term growth objective.

Conference Call

The Company will conduct an earnings conference call and webcast on Thursday, June 21, 2007, at 8:30 a.m. E.T. The webcast, as well as a replay in downloadable MP3 format, can be accessed from the Company's website at www.smuckers.com. For those unable to listen to the webcast, an audio replay will be available following the call and can be accessed by dialing 888-203- 1112 or 719-457-0820, with a pass code of 6343621, and will be available until Thursday, June 28, 2007.

About The J. M. Smucker Company

The J. M. Smucker Company is the leading marketer and manufacturer of fruit spreads, peanut butter, shortening and oils, ice cream toppings, sweetened condensed milk, and health and natural foods beverages in North America. Its family of brands includes Smucker's(R), Jif(R), Crisco(R), Pillsbury(R), Eagle Brand(R), R.W. Knudsen Family(R), Hungry Jack(R), White Lily(R) and Martha White(R) in the United States, along with Robin Hood(R), Five Roses(R) and Bick's(R) in Canada. The Company remains rooted in the Basic Beliefs of Quality, People, Ethics, Growth and Independence established by its founder and namesake more than a century ago. Since 1998, the Company has appeared on FORTUNE Magazine's annual listing of the 100 Best Companies to Work For in the United States, ranking number one in 2004. For more information about the company, visit www.smuckers.com.

The J. M. Smucker Company Forward-Looking Language

This press release contains forward-looking statements, including statements regarding estimates of future earnings and cash flows that are subject to risks and uncertainties that could cause actual results to differ

materially. Uncertainties that could affect actual results include, but are not limited to, volatility of commodity markets from which raw materials are procured and the related impact on costs, volatility of energy and fuel costs, the success in introducing new products and the competitive response, particularly in the consumer oils and baking area, costs of new marketing and sales programs and strategies intended to promote growth in the Company's businesses, the ability to successfully implement price changes, the timing and amount of restructuring, and merger and integration costs, the timing of acquiring common shares under the Company's share repurchase authorization, and other factors affecting share prices and capital markets generally. Other risks and uncertainties that may materially affect the Company are detailed from time to time in the respective reports filed by the Company with the Securities and Exchange Commission, including Forms 10-Q, 10-K, and 8-K.

The J. M. Smucker Company
Unaudited Condensed Consolidated Statements of Income

	Three Months Ended April 30,		Year Ended April 30,	
	2007	2006	2007	2006
	(Dollars in thousands, except per share data)			
Net sales	$493,472	$501,678	$2,148,017	$2,154,726
Cost of products sold	313,569	339,418	1,435,981	1,459,611
Cost of products sold - restructuring	-	1,398	9,981	2,263
Gross Profit	179,903	160,862	702,055	692,852
Selling, distribution, and administrative expenses	109,540	104,198	442,814	438,457
Other restructuring costs	783	(526)	2,120	7,722
Merger and integration costs	61	3,150	61	17,934
Operating Income	69,519	54,040	257,060	228,739
Interest income	2,600	1,772	9,225	6,630
Interest expense	(5,682)	(5,910)	(23,363)	(24,026)
Other (expense) income - net	(708)	(2,042)	(1,918)	4,227
Income Before Income Taxes	65,729	47,860	241,004	215,570
Income taxes	23,230	12,159	83,785	72,216
Net Income	$42,499	$35,701	$157,219	$143,354
Net income per common share	$0.76	$0.63	$2.79	$2.48
Net income per common share- assuming dilution	$0.75	$0.62	$2.76	$2.45
Dividends declared per common share	$0.30	$0.28	$1.14	$1.09
Weighted-average shares				

outstanding	56,240,696	57,107,708	56,432,839	57,863,270
Weighted-average shares outstanding - assuming dilution	57,044,652	57,566,403	57,056,421	58,425,361

The J. M. Smucker Company
Unaudited Condensed Consolidated Balance Sheets

	April 30, 2007	April 30, 2006
	(Dollars in thousands)	
ASSETS		
Current Assets:		
Cash and cash equivalents	$200,119	$71,956
Marketable securities	-	14,882
Trade receivables	124,048	148,014
Inventories	286,052	279,088
Assets held for sale (1)	-	90,250
Other current assets	29,147	38,648
Total Current Assets	639,366	642,838
Property, Plant, and Equipment, net	454,028	456,554
Other Noncurrent Assets:		
Goodwill	990,771	940,967
Other intangible assets, net	478,194	472,915
Marketable securities	44,117	34,107
Other assets	87,347	102,363
Total Noncurrent Assets	1,600,429	1,550,352
	$2,693,823	$2,649,744
LIABILITIES & SHAREHOLDERS' EQUITY		
Current Liabilities:		
Accounts payable	$93,500	$88,963
Notes payable	-	28,620
Current portion of long-term debt	33,000	-
Other current liabilities	109,968	117,857
Total Current Liabilities	236,468	235,440
Noncurrent Liabilities:		
Long-term debt, net of current portion	392,643	428,602
Other noncurrent liabilities	269,055	257,643
Total Noncurrent Liabilities	661,698	686,245
Shareholders' Equity, net	1,795,657	1,728,059
	$2,693,823	$2,649,744

(1) Accounts related to the Company's Canadian nonbranded, grain-based foodservice and industrial business, which was divested in September 2006.

The J. M. Smucker Company
Unaudited Condensed Consolidated Statements of Cash Flow

	Year Ended April 30,	
	2007	2006
Operating Activities		
Net income	$157,219	$143,354
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	57,346	62,452
Amortization	1,528	190
Asset impairments and other restructuring charges	10,089	2,264
Share-based compensation expense	11,257	7,255
Gain on sale of assets	-	(5,638)
Working capital	35,985	(11,188)
Net Cash Provided by Operating Activities	273,424	198,689
Investing Activities		
Business acquired, net of cash acquired	(60,488)	-
Proceeds from sale of business	84,054	8,754
Additions to property, plant, and equipment	(57,002)	(63,580)
Other - net	6,395	38,571
Net Cash Used for Investing Activities	(27,041)	(16,255)
Financing Activities		
Dividends paid	(63,632)	(62,656)
Purchase of treasury shares	(52,125)	(81,717)
Other - net	(1,868)	(24,756)
Net Cash Used for Financing Activities	(117,625)	(169,129)
Effect of exchange rate changes	(595)	566
Net increase in cash and cash equivalents	128,163	13,871
Cash and cash equivalents at beginning of period	71,956	58,085
Cash and cash equivalents at end of period	$200,119	$71,956

The J. M. Smucker Company
Unaudited Financial Highlights

	Three Months Ended April 30,		Year Ended April 30,	
	2007	2006	2007	2006
	(Dollars in thousands, except per share data)			
Net sales	$493,472	$501,678	$2,148,017	$2,154,726
Net income and net income per common share:				
Net income	$42,499	$35,701	$157,219	$143,354
Net income per common share -- assuming dilution	$0.75	$0.62	$2.76	$2.45
Income excluding restructuring and merger and integration costs: (1)				
Income	$43,025	$38,927	$165,152	$161,920
Income per common share -- assuming dilution	$0.75	$0.68	$2.89	$2.77
(1)Reconciliation to net income				
Income before income taxes	$65,729	$47,860	$241,004	$215,570
Merger and integration costs	61	3,150	61	17,934
Cost of products sold - restructuring	-	1,398	9,981	2,263
Other restructuring costs	783	(526)	2,120	7,722
Income excluding income taxes, restructuring, and merger and integration costs	66,573	51,882	253,166	243,489
Income taxes	23,548	12,955	88,014	81,569
Income excluding restructuring and merger and integration costs	$43,025	$38,927	$165,152	$161,920

The Company uses income and income per diluted share, excluding restructuring and merger and integration costs, as key performance measures of results of operations for purposes of evaluating performance internally. These non-GAAP measures are not intended to replace the presentation of financial results in accordance with U.S. GAAP. Rather, the presentation of results excluding such charges is consistent with the way management internally evaluates its businesses, facilitates the comparison of past and present operations and provides a more comprehensive understanding of the financial results.

The J. M. Smucker Company
Unaudited Reportable Segments

	Three Months Ended April 30,		Year Ended April 30,	
	2007	2006	2007	2006
	(Dollars in thousands, except per share data)			
Net sales:				
U.S. retail market	$365,508	$337,633	$1,547,064	$1,484,873
Special markets	127,964	164,045	600,953	669,853
Total net sales	$493,472	$501,678	$2,148,017	$2,154,726
Segment profit:				
U.S. retail market	$82,999	$70,834	$319,795	$305,121
Special markets	20,526	16,834	72,974	68,033
Total segment profit	$103,525	$87,668	$392,769	$373,154

SOURCE The J. M. Smucker Company

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