THE J.M. SMUCKER Co

NEWS RELEASE

The J. M. Smucker Company Announces Second Quarter Results

11/17/2006

ORRVILLE, Ohio, Nov 17, 2006 /PRNewswire-FirstCall via COMTEX News Network/ -- The J. M. Smucker Company (NYSE: SJM) today announced results for the second quarter ended October 31, 2006, of its 2007 fiscal year.

Second Quarter Results

	Three months ended October 31,		% Increase (Decrease)	
	2006	2005		
	(Dollars in millions, except per share data)			
Net sales	$605.0	$606.3	--	
Net income:				
Income	$45.6	$46.4	(2%)	
Income per common share	$0.80	$0.79	1%	

Net sales increased 4 percent in the 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 Smucker's (R), Jif(R), and Crisco(R) brands as well as strong performance across the special markets

segment resulted in the increase. Higher sales, in addition to a reduction in merger and integration costs, lower selling, distribution, and administrative expenses, and a decrease in shares outstanding, more than offset increases in raw material costs, and resulted in higher earnings per share for the quarter.

Results for last year's second quarter include a favorable adjustment of approximately $6.7 million to net sales and margins, and approximately $4.3 million after-tax to earnings, or $0.07 per diluted share, reflecting a change in estimate of the expected liability for trade merchandising programs ("trade merchandising adjustment").

Net income for the second quarter of 2007 included pretax restructuring charges of $2.9 million, or $0.03 per diluted share, while net income for the second quarter of 2006 included pretax merger and integration costs of $4.1 million, or $0.05 per diluted share, and restructuring charges of $2.1 million, or $0.02 per diluted share. Excluding these costs in both years, the Company's income per diluted share would have been $0.83 in the second quarter of 2007, and $0.86 in the second quarter of 2006, including the trade merchandising adjustment of $6.7 million, or $0.07 per diluted share.

"Our brands experienced sales and share of market growth for the quarter as we completed a successful Back-to-School campaign, and Fall Bake is off to a good start," commented Tim Smucker, chairman and co-chief executive officer. "Consumers are responding to our brands, and new products enhance our growth prospects. Despite escalating raw material costs, we delivered earnings growth consistent with our sales growth. We expect this difficult cost environment to continue, and we remain focused on taking actions to mitigate these costs."

Six-Month Results

	Six months ended October 31,		% Increase (Decrease)
	2006	2005	
	(Dollars in millions, except per share data)		
Net sales	$1,131.5	$1,116.6	1%
Net income:			
Income	$74.3	$76.3	(3%)
Income per common share	$1.30	$1.30	--

Net sales were up 4 percent for the first six months of fiscal 2007 over 2006 after excluding divested businesses.

Net income for the first six months of 2007 included pretax restructuring charges of $10.8 million, or $0.12 per

diluted share, primarily related to the divestiture of the grain-based Canadian operations. Net income for the comparable period in 2006 included pretax merger and integration costs of $7.0 million, or $0.08 per diluted share, and restructuring charges of $3.7 million, or $0.04 per diluted share. Excluding these costs in both years, the Company's income per diluted share would have been $1.42 in the first six months of both years. The trade merchandising adjustment of $6.7 million, or $0.07 per diluted share, was included in the first six months of 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 six-month period is included in the "Financial Highlights" table.

Margins

	Three months ended October 31,		Six months ended October 31,	
	2006	2005	2006	2005
	(% of net sales)			
Gross profit	31.6%	33.6%	30.9%	33.0%
Selling, distribution, and administrative expenses	19.2%	19.8%	19.8%	20.7%
Operating profit	12.3%	12.8%	10.9%	11.4%

The favorable impact of the trade merchandising adjustment included in the prior year, and the increase in restructuring costs in the current quarter compared to last year, accounted for over one-half of the decline in gross margin. The remaining decline this quarter was primarily due to higher manufacturing expense and increased raw material costs, primarily soybean oil, wheat, and certain fruits. Freight related costs were also up over the prior year. The Company continues to take pricing actions to offset a portion of the increased input costs. Due to the timing of these pricing actions, current cost increases have not been fully offset.

Selling, distribution, and administrative ("SD&A") expenses decreased 3 percent during the second quarter, and declined from 19.8 percent of net sales to 19.2 percent, primarily due to lower marketing and distribution expenses, compared to the same period last year. Also during the quarter, the Company sold its Farmhouse(R)

brand of rice and pasta side dishes, which was acquired as part of the International Multifoods acquisition. The divestiture resulted in a write off of intangible assets of approximately $1 million, or $0.01 per diluted share, which was charged to amortization expense and included in SD&A.

Segment Performance

Net sales	Three months ended October 31,		% Increase (Decrease)	Six months ended October 31,		% Increase (Decrease)
	2006	2005		2006	2005	
	(Dollars in millions)					
U.S. retail market	$434.4	$429.8	1%	$787.8	$771.5	2%
Special markets	$170.5	$176.5	(3%)	$343.7	$345.1	--
Special markets excluding divested businesses	$142.4	$127.2	12%	$265.4	$240.0	11%

U.S. Retail Market

U.S. retail market segment sales for the quarter were up 3 percent, excluding the trade merchandising adjustment, with the sales in the consumer strategic business area up 5 percent and sales in the consumer oils and baking strategic business area essentially flat. Increases in the consumer strategic business area were led by gains in fruit spreads, toppings, peanut butter, and Uncrustables(R). In the consumer oils and baking strategic business area, sales gains were offset by a decline in industrial oil sales and the continued exit of certain less profitable customers.

For the first six months, sales in the consumer strategic business area were up 6 percent, and sales in the oils and baking strategic business area declined 2 percent.

Special Markets

Sales in the second quarter for the special markets segment, excluding divested businesses, increased 12 percent. All strategic business areas in special markets were up with the international business area up 17 percent, beverage up 16 percent, foodservice up 10 percent, and Canada up 11 percent. The increase in Canada was driven by the acquisition of the Five Roses(R) flour brand earlier in the year, the impact of favorable exchange rates, and growth in condiments and fruit spreads.

Outlook

The Company remains committed to its long-term 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 earnings per share growth would be in line with sales growth.

The Company confirms its fiscal 2007 outlook. The Company expects 2007 sales to increase by 4 percent over last year, excluding approximately $100 million in sales related to the divestiture of the Canadian nonbranded, grain-based foodservice and industrial businesses. The Company expects income per common share for the year to increase in line with the core growth assumption of 4 percent from fiscal 2006 income per common share of $2.65 which excludes restructuring and integration costs, the gain on the sale of the Company's Salinas, California, plant, and nonrecurring tax benefits.

Conference Call

The Company will conduct an earnings conference call and webcast on Friday, November 17, 2006, 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 http://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 5044297, and will be available until Friday, November 24, 2006.

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 and health and natural foods beverages in North America. Its family of brands includes Smucker's(R), Jif(R), Crisco(R), Pillsbury(R), R.W. Knudsen Family(R), Hungry Jack(R) and Martha White(R) in the United States, along with Robin Hood(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 2003 and earning a spot in the top 25 since the listing's inception. For more information about the company, visit http://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 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 October 31,		Six Months Ended October 31,	
	2006	2005	2006	2005
	(Dollars in thousands, except per share data)			
Net sales	$604,955	$606,264	$1,131,464	$1,116,595
Cost of products sold	411,645	402,726	772,987	748,212
Cost of products sold - restructuring	2,119	115	9,292	247
Gross Profit	191,191	203,423	349,185	368,136
Selling, distribution, and administrative expenses	116,088	120,025	224,485	230,649
Other restructuring costs	805	1,976	1,536	3,465
Merger and integration costs	-	4,092	-	7,020
Operating Income	74,298	77,330	123,164	127,002
Interest income	2,001	1,329	3,996	3,149
Interest expense	(5,924)	(6,025)	(12,025)	(12,132)
Other income (expense) - net	261	(75)	(308)	119
Income Before Income Taxes	70,636	72,559	114,827	118,138
Income taxes	25,067	26,115	40,534	41,797
Net Income	$45,569	$46,444	$74,293	$76,341
Net income per common share	$0.80	$0.80	$1.31	$1.31
Net income per common share-assuming dilution	$0.80	$0.79	$1.30	$1.30
Dividends declared per common share	$0.28	$0.27	$0.56	$0.54
Weighted-average shares				

outstanding	56,621,695	58,096,308	56,649,681	58,188,067
Weighted-average shares outstanding - assuming dilution	57,198,894	58,695,878	57,196,528	58,819,825

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

	October 31, 2006	April 30, 2006
	(Dollars in thousands)	
ASSETS		
Current Assets:		
Cash and cash equivalents	$77,701	$71,956
Marketable securities	4,989	14,882
Trade receivables	178,434	148,014
Inventories	300,127	279,088
Assets held for sale (1)	-	90,250
Other current assets	45,752	38,648
Total Current Assets	607,003	642,838
Property, Plant, and Equipment, net	457,863	456,554
Other Noncurrent Assets:		
Goodwill	990,562	940,967
Other intangible assets, net	478,326	472,915
Marketable securities	50,474	34,107
Other assets	105,379	102,363
Total Noncurrent Assets	1,624,741	1,550,352
	$2,689,607	$2,649,744
LIABILITIES & SHAREHOLDERS' EQUITY		
Current Liabilities:		
Accounts payable	$94,085	$88,963
Notes payable	-	28,620
Current portion of long-term debt	33,000	-
Other current liabilities	157,328	117,857
Total Current Liabilities	284,413	235,440
Noncurrent Liabilities:		
Long-term debt, net of current portion	394,122	428,602
Other noncurrent liabilities	256,359	257,643
Total Noncurrent Liabilities	650,481	686,245
Shareholders' Equity, net	1,754,713	1,728,059
	$2,689,607	$2,649,744

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

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

	Six Months Ended October 31,	
	2006	2005
	(Dollars in thousands)	
Operating Activities		
Net income	$74,293	$76,341
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation/Amortization	34,239	35,097
Asset impairments and other restructuring charges	9,292	247
Working capital	(10,403)	(52,437)
Net Cash Provided by Operating Activities	107,421	59,248
Investing Activities		
Business acquired, net of cash acquired	(60,410)	-
Proceeds from sale of business	79,942	-
Additions to property, plant, and equipment	(31,831)	(30,246)
Other - net	(5,184)	19,557
Net Cash Used for Investing Activities	(17,483)	(10,689)
Financing Activities		
Dividends paid	(31,936)	(31,415)
Purchase of treasury shares	(36,683)	(20,823)
Other - net	(15,417)	(11,647)
Net Cash Used for Financing Activities	(84,036)	(63,885)
Effect of exchange rate changes	(157)	(398)
Net increase (decrease) in cash and cash equivalents	5,745	(15,724)
Cash and cash equivalents at beginning of period	71,956	58,085
Cash and cash equivalents at end of period	$77,701	$42,361

( ) Denotes use of cash

The J. M. Smucker Company
Unaudited Financial Highlights

	Three Months Ended October 31,		Six Months Ended October 31,	
	2006	2005	2006	2005
	(Dollars in thousands, except per share data)			
Net sales	$604,955	$606,264	$1,131,464	$1,116,595
Net income and net income per common share:				
Net income	$45,569	$46,444	$74,293	$76,341
Net income per common share -- assuming dilution	$0.80	$0.79	$1.30	$1.30
Income excluding restructuring and merger and integration costs: (1)				
Income	$47,438	$50,401	$81,299	$83,282
Income per common share -- assuming dilution	$0.83	$0.86	$1.42	$1.42

(1) Reconciliation to net income				
Income before income taxes	$70,636	$72,559	$114,827	$118,138
Merger and integration costs	-	4,092	-	7,020
Cost of products sold - restructuring	2,119	115	9,292	247
Other restructuring costs	805	1,976	1,536	3,465
Income excluding income taxes, restructuring, and merger and integration costs	73,560	78,742	125,655	128,870
Income taxes	26,122	28,341	44,356	45,588
Income excluding restructuring and merger and integration costs	$47,438	$50,401	$81,299	$83,282

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.

SOURCE The J. M. Smucker Company

Investors, Mark R. Belgya, Vice President, Chief Financial Officer and Treasurer, or Media, Maribeth Badertscher, Director, Corporate Communications, both of The J. M. Smucker Company, +1-330-682-3000