THE J.M. SMUCKER Co

NEWS RELEASE

The J. M. Smucker Company Announces Third Quarter Results

2/16/2007

ORRVILLE, Ohio, Feb. 16 /**PRNewswire-FirstCall**/ -- The J. M. Smucker Company (NYSE: SJM) today announced results for the third quarter ended January 31, 2007, of its 2007 fiscal year.

Third Quarter Results

	Three months ended January 31,		% Increase (Decrease)
	2007	2006	
	(Dollars in millions, except per share data)		
Net sales	$523.1	$536.5	(2%)
Net income:			
Income	$40.4	$31.3	29%
Income per common share	$0.71	$0.54	31%

Net sales increased 6 percent in the third 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, strong performance across the special markets segment, and the contribution of previously acquired brands resulted in the increase. Higher sales, gross

margin improvements, a reduction in restructuring and merger and integration costs, a lower effective tax rate, and a decrease in shares outstanding, all contributed to an increase in earnings per share for the quarter.

Net income for the third quarter of 2007 included pretax restructuring charges of $0.5 million, or approximately $0.01 per diluted share, while net income for the third quarter of 2006 included pretax merger and integration costs of $7.8 million, or $0.08 per diluted share, and restructuring charges of $5.4 million, or $0.06 per diluted share. Excluding these costs in both years, the Company's income per diluted share would have been $0.72 in the third quarter of 2007, and $0.68 in the third quarter of 2006. Included in last year's third quarter earnings was a pretax gain of $5.6 million, or $0.06 per diluted share, related to the sale of the Company's Salinas, California, facility.

The Company's operations also generated substantial levels of cash during the quarter. Cash from operations for the third quarter of 2007 was $104.6 million of which $15.3 million was used to repurchase 322,000 common shares, including shares repurchased to complete the previously announced Rule 10b5-1 plan.

"We achieved good results for the quarter with sales growth and share of market gains across most of our brands," commented Richard Smucker, president and co-chief executive officer. "Earnings grew at an even stronger rate, despite escalating raw material costs, as we are realizing the benefits of previous actions we have taken to offset cost increases and improve our overall profitability. We expect the cost environment to remain difficult and we will continue to take actions to mitigate the cost increases."

Nine-Month Results

	Nine months ended January 31,		% Increase (Decrease)
	2007	2006	
	(Dollars in millions, except per share data)		
Net sales	$1,654.5	$1,653.0	--
Net income:			
Income	$114.7	$107.7	7%
Income per common share	$2.01	$1.83	10%

Net sales were up 5 percent for the first nine months of fiscal 2007 over 2006 after excluding divested businesses.

Net income for the first nine months of 2007 included pretax restructuring charges of $11.3 million, or $0.13 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 $14.8 million, or $0.16 per diluted share, and restructuring charges of $9.1 million, or $0.10 per diluted share. Excluding these costs in both years, the Company's income per diluted share would have been $2.14 for the first nine months of 2007, and $2.09 for the first nine 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 nine-month period is included in the "Unaudited Financial Highlights" table.

Margins

	Three months ended January 31,		Nine months ended January 31,	
	2007	2006	2007	2006
	(% of net sales)			
Gross margin	33.1%	30.5%	31.6%	32.2%
Selling, distribution, and administrative expenses	20.8%	19.3%	20.1%	20.2%
Operating margin	12.3%	8.9%	11.3%	10.6%

The increase in operating margin was primarily due to improvements in gross margin. The impact of the Canadian divestiture earlier in the year, combined with favorable product mix, accounted for the majority of 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 primarily due to higher marketing and administrative expenses compared to the same period last year. Distribution expenses decreased from the prior year.

Segment Performance

Net sales	Three months ended January 31,		%Increase (Decrease)	Nine months ended January 31,		%Increase (Decrease)
	2007	2006		2007	2006	
	(Dollars in millions)					
U.S. retail market	$393.8	$375.8	5%	$1,181.6	$1,147.2	3%
Special markets	$129.3	$160.7	(20%)	$473.0	$505.8	(6%)
Special markets excluding divested businesses	$129.2	$116.0	11%	$394.6	$356.0	11%

U.S. Retail Market

U.S. retail market segment sales for the quarter were up 5 percent, with sales in the consumer strategic business area up 4 percent and sales in the consumer oils and baking strategic business area up 5 percent. Increases in the consumer strategic business area were led by gains in peanut butter, fruit spreads, toppings, and Uncrustables(R). In the consumer oils and baking strategic business area, sales gains in retail oils, frostings, baking ingredients, and the contribution of the White Lily(R) brand acquired earlier in the year offset declines in sales of industrial oils and baking mixes.

For the first nine months, sales in the consumer strategic business area were up 5 percent, and sales in the oils and baking strategic business area were flat.

Special Markets

Sales in the third quarter for the special markets segment, excluding divested businesses, increased 11 percent. All strategic business areas in special markets were up with foodservice up 15 percent, Canada up 10 percent, beverage up 8 percent, and international up 15 percent. Increased sales of traditional portion control products, as well as increases in Uncrustables in the schools market contributed to the foodservice improvement. 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 pickles and relishes.

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 expects 2007 sales to increase by approximately 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. Although the cost environment continues to be challenging, the Company's goal remains to increase income per common share for the year in line with the core growth assumption of 4 percent from fiscal 2006 income per common share of $2.65, which excludes restructuring and merger 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, February 16, 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 6495745, and will be available until Friday, February 23, 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 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), White Lily(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 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 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 January 31,		Nine Months Ended January 31,	
	2007	2006	2007	2006
	(Dollars in thousands, except per share data)			
Net sales	$523,081	$536,453	$1,654,545	$1,653,048
Cost of products sold	349,425	371,981	1,122,412	1,120,193
Cost of products sold - restructuring	689	618	9,981	865
Gross Profit	172,967	163,854	522,152	531,990
Selling, distribution, and administrative expenses	108,789	103,610	333,274	334,259
Other restructuring costs	(199)	4,783	1,337	8,248
Merger and integration costs	-	7,764	-	14,784
Operating Income	64,377	47,697	187,541	174,699
Interest income	2,629	1,709	6,625	4,858
Interest expense	(5,656)	(5,984)	(17,681)	(18,116)
Other (expense) income - net	(902)	6,150	(1,210)	6,269
Income Before Income Taxes	60,448	49,572	175,275	167,710
Income taxes	20,021	18,260	60,555	60,057
Net Income	$40,427	$31,312	$114,720	$107,653
Net income per common share	$0.72	$0.54	$2.03	$1.85
Net income per common share - assuming dilution	$0.71	$0.54	$2.01	$1.83
Dividends declared per common share	$0.28	$0.27	$0.84	$0.81
Weighted-average shares outstanding	56,185,039	57,944,604	56,494,799	58,106,913
Weighted-average shares outstanding - assuming dilution	56,787,600	58,486,412	57,060,218	58,708,209

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

	January 31, 2007	April 30, 2006
	(Dollars in thousands)	
ASSETS		
Current Assets:		
Cash and cash equivalents	$152,168	$71,956
Marketable securities	-	14,882
Trade receivables	117,619	148,014
Inventories	277,289	279,088
Assets held for sale (1)	-	90,250
Other current assets	34,850	38,648
Total Current Assets	581,926	642,838
Property, Plant, and Equipment, net	453,274	456,554
Other Noncurrent Assets:		
Goodwill	988,797	940,967
Other intangible assets, net	476,720	472,915
Marketable securities	46,984	34,107
Other assets	108,177	102,363
Total Noncurrent Assets	1,620,678	1,550,352
	$2,655,878	$2,649,744
LIABILITIES & SHAREHOLDERS' EQUITY		
Current Liabilities:		
Accounts payable	$80,619	$88,963
Notes payable	-	28,620
Current portion of long-term debt	33,000	-
Other current liabilities	133,876	117,857
Total Current Liabilities	247,495	235,440
Noncurrent Liabilities:		
Long-term debt, net of current portion	393,383	428,602
Other noncurrent liabilities	259,609	257,643
Total Noncurrent Liabilities	652,992	686,245
Shareholders' Equity, net	1,755,391	1,728,059
	$2,655,878	$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

	Nine Months Ended January 31,	
	2007	2006
	(Dollars in thousands)	
Operating Activities		
Net income	$114,720	$107,653
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	42,387	47,133
Amortization	1,186	74
Asset impairments and other restructuring charges	10,089	865
Share-based compensation expense	8,282	5,889
Gain on sale of assets	-	(5,638)
Working capital	35,378	(31,396)
Net Cash Provided by Operating Activities	212,042	124,580
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	(42,903)	(42,715)
Other - net	2,251	33,321
Net Cash Used for Investing Activities	(17,086)	(640)
Financing Activities		
Dividends paid	(47,820)	(47,044)
Purchase of treasury shares	(51,943)	(30,122)
Other - net	(11,655)	(15,372)
Net Cash Used for Financing Activities	(111,418)	(92,538)
Effect of exchange rate changes	(3,326)	(241)
Net increase in cash and cash equivalents	80,212	31,161
Cash and cash equivalents at beginning of period	71,956	58,085
Cash and cash equivalents at end of period	$152,168	$89,246

( ) Denotes use of cash

The J. M. Smucker Company
Unaudited Financial Highlights

	Three Months Ended January 31,	Nine Months Ended January 31,

	2007	2006	2007	2006
	(Dollars in thousands, except per share data)			
Net sales	$523,081	$536,453	$1,654,545	$1,653,048
Net income and net income per common share:				
Net income	$40,427	$31,312	$114,720	$107,653
Net income per common share -- assuming dilution	$0.71	$0.54	$2.01	$1.83
Income excluding restructuring and merger and integration costs: (1)				
Income	$40,828	$39,711	$122,127	$122,993
Income per common share -- assuming dilution	$0.72	$0.68	$2.14	$2.09
(1) Reconciliation to net income				
Income before income taxes	$60,448	$49,572	$175,275	$167,710
Merger and integration costs	-	7,764	-	14,784
Cost of products sold - restructuring	689	618	9,981	865
Other restructuring costs	(199)	4,783	1,337	8,248
Income excluding income taxes, restructuring, and merger and integration costs	60,938	62,737	186,593	191,607
Income taxes	20,110	23,026	64,466	68,614
Income excluding restructuring and merger and integration costs	$40,828	$39,711	$122,127	$122,993

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.

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