

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549**

FORM 10-K

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended April 30, 2020
or

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____
Commission file number 001-5111

THE J. M. SMUCKER COMPANY
(Exact name of registrant as specified in its charter)

Ohio
(State or other jurisdiction of
incorporation or organization)

34-0538550
(I.R.S. Employer
Identification No.)

One Strawberry Lane
Orrville, Ohio
(Address of principal executive offices)

44667-0280
(Zip code)

Registrant's telephone number, including area code (330) 682-3000

Securities registered pursuant to Section 12(b) of the Act:

Title of each class
Common shares, no par value

Trading symbol
SJM

Name of each exchange on which registered
New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act. (Check one):

Large Accelerated Filer	<input checked="" type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>
Emerging growth company	<input type="checkbox"/>		

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by checkmark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

The aggregate market value of the common shares held by nonaffiliates of the registrant at October 31, 2019, was \$11,446,124,922.

As of June 12, 2020, 114,043,184 common shares of The J. M. Smucker Company were issued and outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Certain sections of the registrant's definitive Proxy Statement to be filed in connection with its Annual Meeting of Shareholders to be held on August 19, 2020, are incorporated by reference into Part III of this Annual Report on Form 10-K.

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PART I

Item 1. Business.

The Company: The J. M. Smucker Company (“Company,” “registrant,” “we,” “us,” or “our”), often referred to as Smucker’s (a registered trademark), was established in 1897 and incorporated in Ohio in 1921. We operate principally in one industry, the manufacturing and marketing of branded food and beverage products on a worldwide basis, although the majority of our sales are in the U.S. Our operations outside the U.S. are principally in Canada, although products are exported to other countries as well. Net sales outside the U.S., subject to foreign currency translation, represented approximately 6 percent of consolidated net sales for 2020. Our branded food and beverage products include a strong portfolio of trusted, iconic, market-leading brands that are sold to consumers through retail outlets in North America.

On May 14, 2018, we acquired the equity of Ainsworth Pet Nutrition, LLC (“Ainsworth”) in an all-cash transaction, which was funded by debt and valued at \$1.9 billion. Ainsworth was a leading producer, distributor, and marketer of premium pet food and pet snacks, predominantly within the U.S. For additional information, refer to Note 2: Acquisition.

On August 31, 2018, we sold our U.S. baking business to Brynwood Partners VII L.P. and Brynwood Partners VIII L.P., subsidiaries of Brynwood Partners, an unrelated party. The transaction included products that were primarily sold in U.S. retail channels under the *Pillsbury*[®], *Martha White*[®], *Hungry Jack*[®], *White Lily*[®], and *Jim Dandy*[®] brands, along with all relevant trademarks and licensing agreements, and our manufacturing facility in Toledo, Ohio. This business generated net sales of approximately \$370.0 million in 2018. The transaction did not include our baking business in Canada. For additional information, refer to Note 4: Divestiture.

We have four reportable segments: U.S. Retail Pet Foods, U.S. Retail Coffee, U.S. Retail Consumer Foods, and International and Away From Home. The U.S. retail market segments in total comprised 87 percent of 2020 consolidated net sales and represent a major portion of our strategic focus – the sale of branded food and beverage products with leadership positions to consumers through retail outlets in North America. The International and Away From Home segment represents sales outside of the U.S. retail market segments.

Principal Products: Our principal products as of April 30, 2020, are coffee, dog food, cat food, pet snacks, peanut butter, fruit spreads, frozen handheld products, shortening and oils, portion control products, juices and beverages, and baking mixes and ingredients. Product sales information for the years 2020, 2019, and 2018 is included within Note 5: Reportable Segments.

In the U.S. retail market segments, our products are primarily sold through a combination of direct sales and brokers to food retailers, club stores, discount and dollar stores, food wholesalers, online retailers, pet specialty stores, natural foods stores and distributors, drug stores, military commissaries, and mass merchandisers. In the International and Away From Home segment, our products are distributed domestically and in foreign countries through retail channels and foodservice distributors and operators (e.g., health care operators, restaurants, lodging, hospitality, offices, K-12, colleges and universities, and convenience stores).

Sources and Availability of Raw Materials: The raw materials used in each of our segments are primarily commodities and agricultural-based products. Green coffee, peanuts, animal protein meals, oils and fats, sweeteners, grains, fruit, and other ingredients are obtained from various suppliers. The availability, quality, and costs of many of these commodities have fluctuated, and may continue to fluctuate, over time. Basis, futures, options, and fixed price contracts are used to manage price volatility for a significant portion of our commodity costs. Green coffee, along with certain other raw materials, is sourced solely from foreign countries and its supply and price is subject to high volatility due to factors such as weather, global supply and demand, plant disease, investor speculation, and political and economic conditions in the source countries. We source peanuts, animal protein meals, and oils and fats mainly from North America. The principal packaging materials we use are plastic, glass, metal cans, caps, carton board, and corrugate. For additional information on the commodities we purchase, see “Commodities Overview” within Management’s Discussion and Analysis of Financial Condition and Results of Operations.

Raw materials are generally available from numerous sources, although we have elected to source certain plastic packaging materials from single sources of supply pursuant to long-term contracts. While availability may vary year-to-year, we believe that we will continue to obtain adequate supplies and that alternatives to single-sourced materials are available. We have not historically encountered significant shortages of key raw materials. We consider our relationships with key raw material suppliers to be in good standing.

Trademarks and Patents: Our products are produced under certain patents and marketed under trademarks owned or licensed by us or one of our subsidiaries. Our major trademarks as of April 30, 2020, are listed below.

Primary Reportable Segment	Major Trademark
U.S. Retail Pet Foods	<i>Rachael Ray</i> [®] , <i>Nutrish</i> [®] , <i>Meow Mix</i> [®] , <i>Milk-Bone</i> [®] , <i>Kibbles ‘n Bits</i> [®] , <i>9Lives</i> [®] , <i>Natural Balance</i> [®] , <i>Pup-Peroni</i> [®] , and <i>Nature’s Recipe</i> [®]
U.S. Retail Coffee	<i>Folgers</i> [®] , <i>Dunkin’ Donuts</i> [®] , and <i>Café Bustelo</i> [®]
U.S. Retail Consumer Foods	<i>Jif</i> [®] , <i>Smucker’s</i> [®] , <i>Uncrustables</i> [®] , and <i>Crisco</i> [®]
International and Away From Home	<i>Folgers</i> and <i>Smucker’s</i>

Dunkin’TM and *Dunkin’ Donuts* are trademarks of DD IP Holder LLC used under two licenses (the “Dunkin’ Licenses”) for packaged coffee products, including K-Cup[®] pods, sold in retail channels such as grocery stores, mass merchandisers, club stores, and drug stores. All references to *Dunkin’* in this Annual Report on Form 10-K are deemed to include the *Dunkin’* and *Dunkin’ Donuts* trademarks. The Dunkin’ Licenses do not pertain to *Dunkin’* coffee or other products for sale in *Dunkin’* restaurants. The terms of the Dunkin’ Licenses include the payment of royalties to an affiliate of DD IP Holder LLC and other financial commitments by the Company. The Dunkin’ Licenses are in effect until January 1, 2039.

We utilize Rachael Ray’s image and likeness and related *Rachael Ray* trademarks for premium pet food and pet snacks under an exclusive license which expires in 2063. The terms of the license include the payment of royalties to The Rachael Ray Foundation. *Rachael Ray* is a trademark of Ray Marks II LLC. Keurig[®] and K-Cup[®] are trademarks of Keurig Green Mountain, Inc. (“Keurig”), used with permission. In addition, we and our subsidiaries license the use of several other trademarks, none of which are individually material to our business.

Slogans or designs considered to be important trademarks include, without limitation, “*With A Name Like Smucker’s, It Has To Be Good*[®],” “*The Best Part of Wakin’ Up Is Folgers In Your Cup*[®],” “*Choosy Moms Choose Jif*[®],” “*Purely The Finest*[®],” “*The Only One Cats Ask For By Name*[®],” “*Say It With Milk-Bone*[®],” the *Smucker’s* banner, the Crock Jar shape, the Gingham design, the *Jif* Color Banner design, the *Folgers* Mountain Sunrise design, and the *Smucker’s* Strawberry, *Milk-Bone*, and *9Lives* logos.

We own several hundred patents worldwide in addition to proprietary trade secrets, technology, know-how processes, and other intellectual property rights that are not registered.

We consider all of our owned and licensed intellectual property, taken as a whole, to be essential to our business.

Seasonality: The U.S. Retail Coffee and U.S. Retail Consumer Foods segments have historically been seasonal around the Fall Bake and Holiday period, which generally resulted in higher sales and profits in our second and third quarters. Our success in promoting and merchandising our coffee and baking brands during the Fall Bake and Holiday period has typically had a significant impact on our results for a fiscal year. Additionally, the Back to School period and the Spring Holiday season are important promotional periods. However, as a result of the U.S. baking business divestiture during 2019, the U.S. Retail Consumer Foods segment has experienced less seasonality. Additionally, the U.S. Retail Pet Foods segment, which grew during 2019 as a result of the Ainsworth acquisition, does not experience significant seasonality, further reducing the overall impact of seasonality to the total Company.

Working Capital: Working capital requirements have historically been greatest during the first half of our fiscal year mainly due to the timing of the buildup of coffee, shortening and oils, and baking inventories necessary to support the Fall Bake and Holiday period and the additional buildup of coffee inventory in advance of the Atlantic hurricane season. The impact of seasonality on our overall working capital requirements has been partially reduced by the U.S. Retail Pet Foods segment, which does not experience significant seasonality. The divestiture of the U.S. baking business and the acquisition of Ainsworth during 2019 have further reduced the seasonality of our overall working capital requirements.

Customers: Sales to Walmart Inc. and subsidiaries amounted to 32 percent, 32 percent, and 31 percent of net sales in 2020, 2019, and 2018, respectively. These sales are primarily included in the U.S. retail market segments. No other customer exceeded 10 percent of net sales during 2020, 2019, or 2018.

During 2020, our top 10 customers, collectively, accounted for approximately 60 percent of consolidated net sales. Supermarkets, warehouse clubs, and food distributors continue to consolidate, and we expect that a significant portion of our revenues will continue to be derived from a limited number of customers. Although the loss of any large customer for an extended length of time could negatively impact our sales and profits, we do not anticipate that this will occur to a significant extent due to strong consumer demand for our brands.

Orders: Generally, orders are filled within a few days of receipt, and the backlog of unfilled orders at any particular time has not been material on a historical basis.

Government Business: No material portion of our business is subject to renegotiation of profits or termination of contracts at the election of the government.

Competition: We are the branded market leader in the coffee, dog snacks, peanut butter, fruit spreads, natural shelf stable juices, ice cream toppings, and shortening categories in the U.S. In Canada, we are the branded market leader in the flour, pickles, fruit spreads, canned milk, shortening, and ice cream toppings categories. Our business is highly competitive as all of our brands compete for retail shelf space with other branded products as well as private label products.

In order to remain competitive, companies in the food industry need to consider emerging consumer preferences, technological advances, product and packaging innovations, and the growth of certain retail channels, such as the e-commerce market. The primary ways in which products and brands are distinguished are brand recognition, product quality, price, packaging, new product introductions, nutritional value, convenience, advertising, promotion, and the ability to identify and satisfy consumer preferences. Positive factors pertaining to our competitive position include well-recognized brands, high-quality products, consumer trust, experienced brand and category management, a single national grocery broker in the U.S., varied product offerings, product innovation, good customer service, and an integrated distribution network.

The packaged foods industry has been challenged by a general decline in sales volume in the center of the store. Certain evolving consumer trends have contributed to the decline, such as a heightened focus on health and wellness, an increased desire for fresh foods, and the growing impact of social media and e-commerce on consumer behavior. To address these dynamics, we continue to focus on innovation with an increased emphasis on products that satisfy evolving consumer trends.

In addition, private label continues to be a competitor in many of the categories in which we compete, partially due to improvements in private label quality and the increased emphasis of store brands by retailers in an effort to cultivate customer loyalty. In our total U.S. retail categories, private label held a 16.4 dollar average market share during the 52 weeks ended April 19, 2020, as compared to a 16.6 dollar average market share during the same period in the prior year. We believe that both private label and leading brands play an important role in the categories in which we compete, appealing to different consumer segments. We closely monitor the price gap, or price premium, between our brands and private label brands, with the view that value is about more than price and the expectation that number one brands will continue to be an integral part of consumers' shopping baskets.

Our primary brands and major competitors as of April 30, 2020, are listed below.

Our Primary Products	Our Primary Brands	Competing Brands	Competitors
U.S. Retail Pet Foods			
Mainstream pet food	<i>Meow Mix, Kibbles ‘n Bits, 9Lives, and Nature’s Recipe</i>	<i>Dog Chow ^(A), One, Beneful, Cat Chow ^(A), Friskies, Kit & Kaboodle, and Fancy Feast</i>	Nestlé Purina PetCare Company
		<i>Pedigree, Iams, and Sheba</i>	Mars, Incorporated
Pet snacks	<i>Milk-Bone ^(A) and Pup-Peroni</i>	<i>Beggin’ Strips and Waggin’ Train</i>	Nestlé Purina PetCare Company
		<i>Dentastix and Greenies</i>	Mars, Incorporated
Premium pet food	<i>Rachael Ray Nutrish and Natural Balance</i>	<i>Blue Buffalo ^(A)</i>	General Mills, Inc.
		<i>Nutro</i>	Mars, Incorporated
		<i>Hill’s</i>	Hill’s Pet Nutrition, Inc.
		<i>Pro Plan and Merrick</i>	Nestlé Purina PetCare Company
U.S. Retail Coffee			
Mainstream roast and ground coffee	<i>Folgers ^(A) and Café Bustelo</i>	<i>Maxwell House and Yuban</i>	The Kraft Heinz Company
		Private Label Brands	Various
		<i>McCafe</i>	Keurig Dr. Pepper
		<i>Cafe La Llave</i>	F. Gaviña & Sons, Inc.
Single serve coffee - K-Cup®	<i>Dunkin’, Folgers, Café Bustelo, and 1850™</i>	<i>Green Mountain Coffee ^(A) and McCafe</i>	Keurig Dr. Pepper
		<i>Starbucks</i>	Nestlé S.A.
		Private Label Brands	Various
		<i>Maxwell House and Gevalia</i>	The Kraft Heinz Company
Premium coffee	<i>Dunkin’ and 1850</i>	<i>Starbucks ^(A) and Seattle’s Best Coffee</i>	Nestlé S.A.
		<i>Peet’s Coffee & Tea</i>	JDE Peet’s BV
		Private Label Brands	Various
		<i>Eight O’Clock</i>	Tata Global Beverages Limited
		<i>Gevalia</i>	The Kraft Heinz Company
U.S. Retail Consumer Foods			
Peanut butter and specialty spreads	<i>Jif ^(A)</i>	Private Label Brands	Various
		<i>Skippy</i>	Hormel Foods Corporation
		<i>Nutella</i>	Ferrero SpA
		<i>Peter Pan</i>	Conagra Brands, Inc.
Fruit spreads	<i>Smucker’s ^(A)</i>	Private Label Brands	Various
		<i>Welch’s</i>	Welch Foods Inc.
		<i>Bonne Maman</i>	Andros Foods USA, Inc.
Frozen sandwiches and snacks	<i>Smucker’s Uncrustables ^(A)</i>	<i>Skippy P.B. & Jelly Minis</i>	Hormel Foods Corporation
		<i>Hot Pockets</i>	Nestlé S.A.
		<i>Totino’s</i>	General Mills, Inc.
Shortening and oils	<i>Crisco ^(B)</i>	Private Label Brands ^(B)	Various
		<i>Wesson</i>	Richardson International Ltd.
International and Away From Home			
Foodservice hot beverage	<i>Folgers, 1850, and Café Bustelo</i>	<i>Starbucks</i>	Nestlé S.A.
		Private Label Brands	Various
		<i>Nescafé</i>	Société des Produits Nestlé S.A.
Foodservice portion control	<i>Smucker’s and Jif</i>	Private Label Brands	Various
		<i>Heinz, Welch’s and Private Label Brands</i>	The Kraft Heinz Company
Canada coffee	<i>Folgers</i>	<i>Tim Hortons ^(A)</i>	Restaurant Brands International Inc.
		<i>Maxwell House</i>	The Kraft Heinz Company
		Private Label Brands	Various
Canada flour	<i>Robin Hood® ^(A) and Five Roses®</i>	Private Label Brands	Various

(A) Identifies the current market leader within the product category. In certain categories, the market leader is not identified as two or more brands compete for the largest share.

(B) *Crisco* is the market leader within the shortening category. In the oils category, private label brands, collectively, maintain the largest share.

Environmental Matters: We consider it to be our responsibility as a good corporate citizen to be compliant with environmental regulations and focus on environmental sustainability. As such, we have public goals related to waste diversion, water usage intensity reduction, greenhouse gas emissions intensity reduction, and packaging recyclability. In addition, we have implemented and manage a variety of programs across our operations, including energy optimization, the utilization of renewable energy, water conservation, the reuse of resources, and the support of farmers who implement sustainable practices, in support of our commitment to environmental sustainability. We continue to evaluate and modify our processes on an ongoing basis to further reduce waste and limit our impact on the environment.

Compliance with the provisions of enacted or pending federal, state, and local environmental regulations regarding either the discharge of materials into the environment or the protection of the environment is not expected to have a material effect upon our capital expenditures, earnings, or competitive position in 2021.

Employees: At April 30, 2020, we had approximately 7,300 full-time employees worldwide, of which 24 percent, located at nine manufacturing locations, are covered by union contracts. These contracts vary in term depending on location, with two contracts expiring in 2021, representing 2 percent of our total employees. We believe our relations with our employees are good.

Information about our Executive Officers: The names, ages as of June 15, 2020, and current positions of our executive officers are listed below. All executive officers serve at the pleasure of the Board of Directors, with no fixed term of office.

Name	Age	Years with Company	Position	Served as an Officer Since
Richard K. Smucker	72	47	Executive Chairman ^(A)	1974
Mark T. Smucker	50	22	President and Chief Executive Officer ^(B)	2001
Mark R. Belgya	59	35	Vice Chair ^(C)	1997
John P. Brase	52	—	Chief Operating Officer ^(D)	2020
Amy C. Held	46	7	Chief Strategy and International Officer ^(E)	2018
Jeannette L. Knudsen	50	17	Chief Legal and Compliance Officer and Secretary ^(F)	2009
Tucker H. Marshall	44	8	Chief Financial Officer ^(G)	2020
Jill R. Penrose	47	16	Chief People and Administrative Officer ^(H)	2014
Geoff E. Tanner	46	17	Chief Marketing and Commercial Officer ^(I)	2019

(A) Mr. Richard Smucker was elected to his present position in May 2016, having served as Chief Executive Officer since August 2011.

(B) Mr. Mark Smucker was elected to his present position in May 2016, having served as President and President, Consumer and Natural Foods since April 2015. Prior to that time, he served as President, U.S. Retail Coffee since May 2011.

(C) Mr. Belgya was elected to his present position in May 2020, having served as Vice Chair and Chief Financial Officer since May 2016. Prior to that time, he served as Senior Vice President and Chief Financial Officer since October 2009.

(D) Mr. Brase was elected to his present position in April 2020, having previously served at The Procter & Gamble Company (“P&G”) for 30 years. He was the Vice President and General Manager of P&G’s North American Family Care business from April 2016 through March 2020 and, prior to that time, he served as Vice President and General Manager, Global Family Care, Upstream Innovation since January 2015.

(E) Ms. Held was elected to her present position in November 2019, having served as Senior Vice President, Corporate Strategy, M&A, and International since July 2018. Prior to that time, she served as Senior Vice President, Strategy and M&A since March 2018, Vice President, Corporate Strategy and Development since May 2016, and Director, Corporate Strategy and Development since February 2013.

(F) Ms. Knudsen was elected to her present position in November 2019, having served as Senior Vice President, General Counsel and Secretary since May 2016. Prior to that time, she served as Vice President, General Counsel and Corporate Secretary since August 2010.

(G) Mr. Marshall was elected to his present position in May 2020, having served as Senior Vice President and Deputy Chief Financial Officer since November 2019. Prior to that time, he served as Vice President, Finance since May 2016 and Vice President, Financial Planning and Analysis since June 2014.

- (H) Ms. Penrose was elected to her present position in November 2019, having served as Senior Vice President, Human Resources and Corporate Communications since May 2016. Prior to that time, she served as Vice President, Human Resources since June 2014.
- (I) Mr. Tanner was elected to his present position in November 2019, having served as Senior Vice President, Growth and Consumer Engagement since May 2016. Prior to that time, he served as Vice President, Growth and Innovation since January 2016, and Vice President, Pet Food and Snacks Marketing since July 2015.

Available Information: Access to all of our Securities and Exchange Commission (“SEC”) filings, including our Annual Report on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), is provided, free of charge, on our website (investors.jmsmucker.com/sec-filings) as soon as reasonably practicable after such reports are electronically filed with, or furnished to, the SEC.

Item 1A. Risk Factors.

Our business, operations, and financial condition are subject to various risks and uncertainties. The risk factors described below should be carefully considered, together with the other information contained or incorporated by reference in this Annual Report on Form 10-K and our other filings with the SEC, in connection with evaluating the Company, our business, and the forward-looking statements contained in this Annual Report. Additional risks and uncertainties not presently known to us or that we currently deem immaterial also may affect us. The occurrence of any of these known or unknown risks could have a material adverse impact on our business, financial condition, and results of operations.

The outbreak of the novel coronavirus (“COVID-19”) could negatively impact our business and results of operations.

The continued spread of COVID-19 throughout the United States and the international community has had, and could continue to have, a negative impact on financial markets, economic conditions, and portions of our business and industry. COVID-19 could negatively impact our business and results of operations in a number of ways, including, but not limited to, the following:

- a shutdown or slowdown of one or more of our manufacturing facilities due to illness could significantly disrupt our production capabilities, particularly with respect to our coffee production, substantially all of which takes place in New Orleans, Louisiana;
- a slowdown or stoppage in our supply chain could result from government restrictions or labor shortages due to illness or if our suppliers, vendors, distributors, or third-party manufacturers fail to meet their obligations to us or experience disruptions in their ability to do so;
- a strain on our supply chain could result from increased consumer demand at our retail and e-commerce customers;
- an increase in commodity and other input costs could result from market volatility, particularly with respect to animal protein meals and fats, the supply chain for which has been significantly disrupted by COVID-19;
- a significant portion of our workforce, including our management team, could become unable to work as a result of illness or government restrictions, or the attention of our management team could be diverted if any key employees become ill from COVID-19 and are unable to work;
- an impairment in the carrying value of goodwill or intangible assets or a change in the useful life of definite-lived intangible assets could occur if there are sustained changes in consumer purchasing behaviors, government restrictions, financial results, or a deterioration of macroeconomic conditions;
- a decrease in demand for away from home establishments, resulting from government restrictions and social distancing measures, has adversely affected, and may continue to adversely affect, our away from home operations;
- an increase in working capital needs could occur, caused by an increase in days sales outstanding or an extension of payment terms by our customers or a reduction of payment terms by our suppliers resulting from increased financial pressures;
- a change in demand resulting from restrictions on social interactions could affect customers’ and consumers’ plans to purchase or methods of purchasing our products;
- a change in demand for or availability of our products could result from retailers, distributors, or carriers modifying their restocking, fulfillment, or shipping practices;
- a shift in consumer spending as a result of the economic downturn could result in consumers moving to private label or competitive products or our lower-priced products;
- a change in trade promotions and marketing activities could occur in response to changes in consumer viewing and shopping habits resulting from the cancellation of major events, travel restrictions, and changes in in-store shopping

practices;

- a fluctuation in foreign currency exchange rates or interest rates could result from market uncertainties;
- an increase in the cost or the difficulty to obtain debt or equity financing, or to refinance our debt in the future, could affect our financial condition or our ability to fund operations or future investment opportunities; and
- an increase in regulatory restrictions or continued market volatility could hinder our ability to implement price increases resulting from commodity or other input cost increases or to execute strategic business activities, including acquisitions and divestitures.

We may be unable to grow market share of our products.

We operate in the competitive food industry whose growth potential is positively correlated to population growth. Our success depends in part on our ability to grow our brands faster than the population in general. We consider our ability to build and sustain the equity of our brands critical to our market share growth. If we do not succeed in these efforts, our market share growth may slow, which could have a material impact on our results of operations.

Our proprietary brands, packaging designs, and manufacturing methods are essential to the value of our business, and the inability to protect these could harm the value of our brands and adversely affect our sales and profitability.

The success of our business depends significantly on our brands, know-how, and other intellectual property. We rely on a combination of trademarks, service marks, trade secrets, patents, copyrights, and similar rights to protect our intellectual property. The success of our growth strategy depends on our continued ability to use our existing trademarks and service marks in order to maintain and increase brand awareness and further develop our brands. If our efforts to protect our intellectual property are not adequate, or if any third party misappropriates or infringes on our intellectual property, the value of our brands may be harmed, which could have a material adverse effect on our business. From time to time, we are engaged in litigation to protect our intellectual property, which could result in substantial costs as well as diversion of management attention.

In particular, we consider our proprietary coffee roasting methods essential to the consistent flavor and richness of our coffee products and, therefore, essential to our coffee brands. Because many of the roasting methods we use are not protected by patents, it may be difficult for us to prevent competitors from copying our roasting methods if such methods become known. We also believe that our packaging innovations, such as our *AromaSeal*[™] canisters, are important to the coffee business' marketing and operational efforts. If our competitors copy our roasting or packaging methods or develop more advanced roasting or packaging methods, the value of our coffee brands may be diminished, and we could lose customers to our competitors.

We use a single national broker to represent a portion of our branded products to the retail grocery trade and any failure by the broker to effectively represent us could adversely affect our business.

We use a single national broker in the U.S. to represent a portion of our branded products to the retail grocery trade. Our business would suffer disruption if this broker were to fail to perform brokerage services or to effectively represent us to the retail grocery trade, which could adversely affect our business.

Loss or interruption of supply from single-source suppliers of raw materials and finished goods could have a disruptive effect on our business and adversely affect our results of operations.

We have elected to source certain raw materials, such as packaging for our *Folgers* coffee products, as well as our *Jif* peanut butter and *Crisco* oil products, and finished goods, such as K-Cup[®] pods and our *Pup-Peroni* dog snacks, from single sources of supply. While we believe that, except as set forth below, alternative sources of these raw materials and finished goods could be obtained on commercially reasonable terms, loss or an extended interruption in supplies from a single-source supplier would result in additional costs, could have a disruptive short-term effect on our business, and could adversely affect our results of operations.

Keurig is our single-source supplier for K-Cup[®] pods, which are used in its proprietary *Keurig*[®] K-Cup[®] brewing system. There are a limited number of manufacturers other than Keurig that are making cups that will work in such proprietary brewing system. If Keurig is unable to supply K-Cup[®] pods to us for any reason, it could be difficult to find an alternative supplier for such goods on commercially reasonable terms, which could have a material adverse effect on our results of operations.

Our results may be adversely impacted as a result of increased cost, limited availability, and/or insufficient quality of raw materials, including commodities and agricultural products.

We and our business partners purchase and use large quantities of many different commodities and agricultural products in the manufacturing of our products, including green coffee, peanuts, animal protein meals, oils and fats, sweeteners, grains, and fruit. In addition, we and our business partners utilize significant quantities of plastic, glass, and cardboard to package our products and natural gas and fuel oil to manufacture, package, and distribute our products. The prices of these commodities, agricultural products, and other materials are subject to volatility and can fluctuate due to conditions that are difficult to predict, including global supply and demand, commodity market fluctuations, crop sizes and yield fluctuations, weather, natural disasters, pandemic illness (such as the COVID-19 outbreak), foreign currency fluctuations, investor speculation, trade agreements, political unrest, consumer demand, and changes in governmental agricultural programs. In particular, the supply chain for animal protein meals and fats has been significantly disrupted by the COVID-19 pandemic, and therefore, the price for these commodities has increased and may continue to increase due to such disruptions. We also compete for certain raw materials, notably corn and soy-based agricultural products, with the biofuels industry, which has resulted in increased prices for these raw materials. Additionally, farm acreage currently devoted to other agricultural products we purchase may be utilized for biofuels crops resulting in higher costs for the other agricultural products we utilize. Although we use basis, futures, options, and fixed price contracts to manage commodity price volatility in some instances, commodity price increases ultimately result in corresponding increases in our raw material and energy costs.

Due to the significance of green coffee to our coffee business, combined with our ability to only partially mitigate future price risk through purchasing practices and hedging activities, significant increases or decreases in the cost of green coffee could have an adverse impact on our profitability, as compared to that of our competitors. In addition, if we are not able to purchase sufficient quantities of green coffee due to any of the above factors or to a worldwide or regional shortage, we may not be able to fulfill the demand for our coffee, which could have a material adverse effect on our business, financial condition, and results of operations.

Our efforts to manage commodity, foreign currency exchange, and other price volatility through derivative instruments could adversely affect our results of operations and financial condition.

We use derivative instruments, including commodity futures and options, to reduce the price volatility associated with anticipated commodity purchases. The extent of our derivative position at any given time depends on our assessment of the markets for these commodities. If we fail to take a derivative position and costs subsequently increase, or if we institute a position and costs subsequently decrease, our costs may be greater than anticipated or higher than our competitors' costs and our financial results could be adversely affected. In addition, our liquidity may be adversely impacted by the cash margin requirements of the commodities exchanges or the failure of a counterparty to perform in accordance with a contract.

We currently do not qualify any of our commodity or foreign currency exchange derivatives for hedge accounting. We instead mark-to-market our derivatives through the Statement of Consolidated Income, which results in changes in the fair value of all of our derivatives being immediately recognized in consolidated earnings, resulting in potential volatility in both gross profit and net income. These gains and losses are reported in cost of products sold in our Statement of Consolidated Income but are excluded from our segment operating results and non-GAAP earnings until the related inventory is sold, at which time the gains and losses are reclassified to segment profit and non-GAAP earnings. Although this accounting treatment aligns the derivative gains and losses with the underlying exposure being hedged within segment results, it may result in volatility in our consolidated earnings.

We may be limited in our ability to pass cost increases on to our customers in the form of price increases or may realize a decrease in sales volume to the extent price increases are implemented.

We may not be able to pass some or all of any increases in the price of raw materials, energy, and other input costs to our customers by raising prices. To the extent competitors do not also increase their prices, customers and consumers may choose to purchase competing products or may shift purchases to private label or other lower-priced offerings, which may adversely affect our results of operations.

Consumers may be less willing or able to pay a price differential for our branded products and may increasingly purchase lower-priced offerings and may forego some purchases altogether, especially during economic downturns. Retailers may also increase levels of promotional activity for lower-priced offerings as they seek to maintain sales volumes during times of economic uncertainty. Accordingly, sales volumes of our branded products could be reduced or lead to a shift in sales mix

toward our lower-margin offerings. As a result, decreased demand for our products may adversely affect our results of operations.

Certain of our products are produced at single manufacturing sites.

We have consolidated our production capacity for certain products into single manufacturing sites, including substantially all of our coffee, *Milk-Bone* dog snacks, fruit spreads, toppings, and syrups. We could experience a production disruption at these or any of our manufacturing sites resulting in a reduction or elimination of the availability of some of our products. If we are not able to obtain alternate production capability in a timely manner, our business, financial condition, and results of operations could be adversely affected.

A significant interruption in the operation of any of our supply chain or distribution capabilities could have an adverse effect on our business, financial condition, and results of operations.

Our ability and the ability of our third-party suppliers and service providers, distributors, and contract manufacturers to manufacture, distribute, and sell products is critical to our success. A significant interruption in the operation of any of our manufacturing or distribution capabilities, or the manufacturing or distribution capabilities of our suppliers, distributors, or contract manufacturers, or a service failure by a third-party service provider, whether as a result of adverse weather conditions or a natural disaster, work stoppage, terrorism, pandemic illness (such as the COVID-19 outbreak), or other causes, could significantly impair our ability to operate our business. In particular, substantially all of our coffee production takes place in New Orleans, Louisiana, and is subject to risks associated with hurricane and other weather-related events, and some of our production facilities are located in places where tornadoes or wildfires can frequently occur, such as Alabama, Kansas, and California. In addition, we are actively monitoring COVID-19 and its impact on our supply chain and consolidated results of operations, which could be negatively impacted in a number of ways, as previously noted. Failure to take adequate steps to mitigate the likelihood or potential impact of such events, or to effectively manage such events if they occur, could adversely affect our business, financial condition, and results of operations.

Our business could be harmed by strikes or work stoppages.

As of April 30, 2020, 24 percent of our full-time employees, located at nine manufacturing locations, are covered by collective bargaining agreements. These contracts vary in term depending on location, with two contracts expiring in 2021, representing 2 percent of our total employees. We cannot assure that we will be able to renew these collective bargaining agreements on the same or more favorable terms as the current agreements, or at all, without production interruptions caused by labor stoppages. If a strike or work stoppage were to occur in connection with negotiations of new collective bargaining agreements or as a result of disputes under collective bargaining agreements with labor unions, our business, financial condition, and results of operations could be materially adversely affected.

Our ability to competitively serve customers depends on the availability of reliable transportation. Increases in logistics and other transportation-related costs could adversely impact our results of operations.

Logistics and other transportation-related costs have a significant impact on our earnings and results of operations. We use multiple forms of transportation, including ships, trucks, and railcars, to bring our products to market. Disruption to the timely supply of these services or increases in the cost of these services for any reason, including availability or cost of fuel, regulations affecting the industry, labor shortages in the transportation industry, service failures by third-party service providers, accidents, natural disasters, or a pandemic illness (such as COVID-19), which may impact the transportation infrastructure or demand for transportation services, could have an adverse effect on our ability to serve our customers, and could have a material adverse effect on our business, financial condition, and results of operations.

Our operations are subject to the general risks of the food industry.

The food industry is subject to risks posed by food spoilage and contamination, product tampering, product recall, and consumer product liability claims. Our operations could be impacted by both genuine and fictitious claims regarding our products as well as our competitors' products. In the event of product contamination or tampering, we may need to recall some of our products. A widespread product recall could result in significant loss due to the cost of conducting a product recall, including destruction of inventory and the loss of sales resulting from the unavailability of product for a period of time. We could also suffer losses from a significant product liability judgment against us. A significant product recall or a product

liability judgment, involving either us or our competitors, could also result in a loss of consumer confidence in our food products or the food category, and an actual or perceived loss of value of our brands, materially impacting consumer demand.

Changes in our relationships with significant customers, including the loss of our largest customer, could adversely affect our results of operations.

Sales to Walmart Inc. and subsidiaries amounted to 32 percent of net sales in 2020. These sales are primarily included in the U.S. retail market segments. Trade receivables at April 30, 2020, included amounts due from Walmart Inc. and subsidiaries of \$131.9 million, or 24 percent of the total trade receivables balance. During 2020, our top 10 customers, collectively, accounted for approximately 60 percent of consolidated net sales. We expect that a significant portion of our revenues will continue to be derived from a limited number of customers. Our customers are generally not contractually obligated to purchase from us. These customers make purchase decisions based on a combination of price, promotional support, product quality, consumer demand, customer service performance, their desired inventory levels, and other factors. Changes in customers' strategies, including a reduction in the number of brands they carry or a shift of shelf space to private label products, may adversely affect sales. Customers also may respond to price increases by reducing distribution, resulting in reduced sales of our products. Additionally, our customers may face financial or other difficulties that may impact their operations and their purchases from us, which could adversely affect our results of operations. A reduction in sales to one or more major customers could have a material adverse effect on our business, financial condition, and results of operations.

We operate in the competitive food industry and continued demand for our products may be affected by our failure to effectively compete or by changes in consumer preferences.

We face competition across our product lines from other food companies with the primary methods and factors in competition being product quality, price, packaging, product innovation, nutritional value, convenience, customer service, advertising, and promotion. Continued success is dependent on product innovation, the ability to secure and maintain adequate retail shelf space and to compete in new and growing channels, and effective and sufficient trade merchandising, advertising, and marketing programs. In particular, technology-based systems, which give consumers the ability to shop through e-commerce websites and mobile commerce applications, are also significantly altering the retail landscape in many of our markets. We are committed to expanding our presence in e-commerce, transforming our manufacturing, commercial, and corporate operations through digital technologies, and enhancing our data analytics capabilities to develop new commercial insights. However, if we are unable to effectively compete in the expanding e-commerce market, adequately leverage technology to improve operating efficiencies, or develop the data analytics capabilities needed to generate actionable commercial insights, our business performance may be impacted, which may negatively impact our financial condition and results of operations.

Some of our competitors have substantial financial, marketing, and other resources, and competition with them in our various markets, channels, and product lines could cause us to reduce prices, increase marketing or other expenditures, or lose category share. Category share and growth could also be adversely impacted if we are not successful in introducing new products. Introduction of new products and product extensions requires significant development and marketing investment. If our products fail to meet consumer preferences, or we fail to introduce new and improved products on a timely basis, then the return on that investment will be less than anticipated and our strategy to grow sales and profits through investment in innovation will be less successful. In order to generate future revenues and profits, we must continue to sell products that appeal to our customers and consumers. Specifically, there are a number of trends in consumer preferences that may impact us and the food industry as a whole, including convenience, flavor variety, an emphasis on protein and snacking, and the desire for transparent product labeling and simple and natural ingredients.

The success of our business depends substantially on consumer perceptions of our brands.

We are the branded market leader in several categories both in the U.S. and Canada. We believe that maintaining and continually enhancing the value of our brands is critical to the success of our business. Brand value is based in large part on consumer perceptions. Success in promoting and enhancing brand value depends in large part on our ability to provide high-quality products. Brand value could diminish significantly as a result of a number of factors, such as if we fail to preserve the quality of our products, if we are perceived to act in an irresponsible manner, if the Company or our brands otherwise receive negative publicity, if our brands fail to deliver a consistently positive consumer experience, or if our products become unavailable to consumers. The growing use of social and digital media by consumers increases the speed and extent that information and opinions can be shared. Negative posts or comments about us or our brands or products on social or digital media could damage our brands and reputation. If we are unable to build and sustain brand equity by offering recognizably

superior products, we may be unable to maintain premium pricing over private label products. If our brand values are diminished, our revenues and operating results could be materially adversely affected. In addition, anything that harms the *Dunkin'* or *Rachael Ray* brands could adversely affect the success of our exclusive licensing agreements with the owners of these brands.

We must leverage our brand value to compete against private label products.

In nearly all of our product categories, we compete against branded products as well as private label products. Our products must provide higher value and/or quality to our consumers than alternatives, particularly during periods of economic uncertainty. Consumers may not buy our products if relative differences in value and/or quality between our products and private label products change in favor of competitors' products or if consumers perceive this type of change. If consumers prefer private label products, which are typically sold at lower prices, then we could lose category share or sales volumes or shift our product mix to lower margin offerings, which could have a material effect on our business and consolidated financial position and on the consolidated results of our operations and profitability.

We could be subject to adverse publicity or claims from consumers.

Certain of our products contain ingredients which are the subject of public scrutiny, including the suggestion that consumption may have adverse health effects. Although we strive to respond to consumer preferences and social expectations, we may not be successful in these efforts. An unfavorable report on the effects of ingredients present in our products, product recalls, or negative publicity or litigation could influence consumer preferences, significantly reduce the demand for our products, and adversely affect our profitability.

We may also be subject to complaints from or litigation by consumers who allege food and beverage-related illness, or other quality, health, or operational concerns. Adverse publicity resulting from such allegations could materially adversely affect us, regardless of whether such allegations are true or whether we are ultimately held liable. A lawsuit or claim could result in an adverse decision against us, which could have a material adverse effect on our business, financial condition, and results of operations.

We may not be able to attract, develop, and retain the highly skilled people we need to support our business.

We depend on the skills and continued service of key employees, including our experienced management team. In addition, our ability to achieve our strategic and operating goals depends on our ability to identify, recruit, hire, train, and retain qualified individuals. We compete with other companies both within and outside of our industry for talented people, and we may lose key employees or fail to attract, recruit, train, develop, and retain other talented individuals. Any such loss, failure, or negative perception with respect to these individuals may adversely affect our business or financial results. In addition, activities related to identifying, recruiting, hiring, integrating, and training qualified individuals may require significant time and expense. We may not be able to locate suitable replacements for any key employees who leave or to offer employment to potential replacements on reasonable terms, each of which may adversely affect our business and financial results.

Our operations are subject to the general risks associated with acquisitions and divestitures. Specifically, we may not realize all of the anticipated benefits of the Ainsworth acquisition or those benefits may take longer to realize than expected.

Our stated strategic vision is to own and market a portfolio of food and beverage brands that combines number one and leading brands with emerging, on-trend brands to drive balanced, long-term growth, primarily in North America. We have historically made strategic acquisitions of brands and businesses, including Ainsworth, and intend to do so in the future in support of this strategy. If we are unable to complete acquisitions or to successfully integrate and develop acquired businesses, including the effective management of integration and related restructuring costs, we could fail to achieve the anticipated synergies and cost savings, or the expected increases in revenues and operating results, either of which could have a material adverse effect on our financial results.

In addition, we have made strategic divestitures of brands and businesses, including the sale of our U.S. baking business, and we may do so in the future. If we are unable to complete divestitures or to successfully transition divested businesses, including the effective management of the related separation and stranded overhead costs, our business and financial results could be negatively impacted.

We may not realize the benefits we expect from our cost reduction and other cash management initiatives.

We continuously pursue initiatives to reduce costs, increase effectiveness, and optimize cash flow. We may not realize all or part of the anticipated cost savings or other benefits from such initiatives. Other events and circumstances, such as financial or strategic difficulties, delays, or unexpected costs, may also adversely impact our ability to realize all or part of the anticipated cost savings or other benefits, or cause us not to realize such cost savings or other benefits on the expected timetable. If we are unable to realize the anticipated benefits, our ability to fund other initiatives may be adversely affected. Finally, the complexity of the implementation will require a substantial amount of management and operational resources. Our management team must successfully execute the administrative and operational changes necessary to achieve the anticipated benefits of the initiatives. These and related demands on our resources may divert the organization's attention from other business issues, have adverse effects on existing business relationships with suppliers and customers, and impact employee morale. Any failure to implement these initiatives in accordance with our plans could adversely affect our business and financial results.

Weak financial performance, downgrades in our credit ratings, or disruptions in the financial markets may adversely affect our ability to access capital in the future.

We may need new or additional financing in the future to conduct our operations, expand our business, or refinance existing indebtedness, which would be dependent upon our financial performance. Any downgrade in our credit ratings, particularly our short-term rating, would likely impact the amount of commercial paper we could issue and increase our commercial paper borrowing costs. The liquidity of the overall capital markets and the state of the economy, including the food and beverage industry, may make credit and capital markets more difficult for us to access, even though we have an established revolving credit facility. From time to time, we have relied, and also may rely in the future, on access to financial markets as a source of liquidity for working capital requirements, acquisitions, and general corporate purposes. In particular, our access to funds under our revolving credit facility is dependent on the ability of the financial institutions that are parties to that facility to meet their funding commitments. The obligations of the financial institutions under our revolving credit facility are several and not joint and, as a result, a funding default by one or more institutions does not need to be made up by the others. In addition, long-term volatility and disruptions in the capital and credit markets as a result of uncertainty, changing or increased regulation of financial institutions, reduced alternatives, or the failure of significant financial institutions could adversely affect our access to the liquidity needed for our businesses in the longer term. Such disruptions could require us to take measures to conserve cash until the markets stabilize or until alternative credit arrangements or other funding for our business needs can be arranged. Disruptions in the capital and credit markets could also result in higher interest rates on publicly issued debt securities and increased costs under credit facilities. Continuation of these disruptions would increase our interest expense and capital costs and could adversely affect our results of operations and financial position. Furthermore, as a result of COVID-19, we may experience an increase in the cost of or the difficulty to obtain debt or equity financing, or to refinance our debt in the future, which could also affect our financial condition or our ability to fund operations or future investment opportunities.

Our fixed- and variable-rate debt use the London Interbank Offered Rate ("LIBOR") as a benchmark for establishing interest rates, and we enter into interest rate swaps from time to time that contain a variable element based on LIBOR. The Financial Conduct Authority in the United Kingdom has stated that it will not require banks to submit LIBOR beyond 2021. Once LIBOR ceases to be available, we may need to amend affected agreements, and we cannot predict what alternative index will be negotiated with our counterparties. Although we do not anticipate a significant impact to our financial position as a result of this transition given our current mix of fixed- and variable-rate debt, our interest expense could increase, and our available cash flow for general corporate requirements may be adversely affected.

Our substantial debt obligations could restrict our operations and financial condition. Additionally, our ability to generate cash to make payments on our indebtedness depends on many factors beyond our control.

As of April 30, 2020, we had approximately \$5.6 billion of short-term borrowings and long-term debt, partially as a result of our borrowings in 2019 to finance the Ainsworth acquisition. We may also incur additional indebtedness in the future. Our debt service obligations will require us to use a portion of our operating cash flow to pay interest and principal on indebtedness rather than for other corporate purposes, including funding future expansion of our business and ongoing capital expenditures, which could impede our growth. Our substantial indebtedness could have other adverse consequences, including:

- making it more difficult for us to satisfy our financial obligations;

- increasing our vulnerability to adverse economic, regulatory, and industry conditions, and placing us at a disadvantage compared to our competitors that are less leveraged;
- limiting our ability to compete and our flexibility in planning for, or reacting to, changes in our business and the industry in which we operate;
- limiting our ability to borrow additional funds for working capital, capital expenditures, acquisitions, and general corporate or other purposes; and
- exposing us to greater interest rate risk, including the risk to variable borrowings of a rate increase and the risk to fixed borrowings of a rate decrease.

Our ability to make payments on our indebtedness will depend on our ability to generate cash in the future. Our ability to generate cash is subject to general economic, financial, competitive, legislative, regulatory, and other factors, many of which are beyond our control. Our business may not generate sufficient cash flow from operations, and future borrowings may not be available to us in an amount sufficient to enable us to pay our indebtedness when scheduled payments are due or to fund other liquidity needs. In these circumstances, we may need to refinance all or a portion of our indebtedness on or before maturity. Any refinancing of our debt could be at higher interest rates and may require make-whole payments and compliance with more onerous covenants, which could further restrict our business operations. Our ability to refinance our indebtedness or obtain additional financing would depend on, among other things, our financial condition at the time, restriction in the agreements governing our indebtedness, and the condition of the financial markets and the industry in which we operate. As a result, we may not be able to refinance any of our indebtedness on commercially reasonable terms or at all. Without this financing, we may have to seek additional equity or debt financing or restructure our debt, which could harm our long-term business prospects. Our failure to comply with the terms of any existing or future indebtedness could result in an event of default which, if not cured or waived, could result in the acceleration of the payment of all of our debt.

A material impairment in the carrying value of acquired goodwill or other intangible assets could negatively affect our consolidated operating results and net worth.

A significant portion of our assets is goodwill and other intangible assets, the majority of which are not amortized but are reviewed for impairment at least annually on February 1, and more often if indicators of impairment exist. At April 30, 2020, the carrying value of goodwill and other intangible assets totaled \$12.7 billion, compared to total assets of \$17.0 billion and total shareholders' equity of \$8.2 billion. If the carrying value of these assets exceeds the current estimated fair value, the asset would be considered impaired, and this would result in a noncash charge to earnings, which could be material. Events and conditions that could result in impairment include a sustained drop in the market price of our common shares, increased competition or loss of market share, obsolescence, product claims that result in a significant loss of sales or profitability over the product life, deterioration in macroeconomic conditions, or declining financial performance in comparison to projected results.

As of April 30, 2020, goodwill and indefinite-lived intangible assets totaled \$6.3 billion and 2.9 billion, respectively. The carrying values of the goodwill and indefinite-lived intangible assets were \$2.4 billion and \$1.4 billion, respectively, within the U.S. Retail Pet Foods segment, and \$2.1 billion and \$1.2 billion, respectively, within the U.S. Retail Coffee segment, which represent approximately 75 percent of the total goodwill and indefinite-lived intangible assets as of April 30, 2020. Furthermore, the carrying values of the goodwill and indefinite-lived intangible assets within the U.S. Retail Pet Foods segment are susceptible to future impairment charges due to narrow differences between fair value and carrying value as a result of recent impairment charges and the acquisition of Ainsworth in May 2018. To date, we have recognized \$465.0 million of impairment charges related to the goodwill and indefinite-lived intangible assets acquired as part of the Big Heart Pet Brands ("Big Heart") acquisition in 2015, primarily as a result of reductions in our long-term net sales and profitability projections.

We do not believe that our Pet Foods reporting unit or any of the indefinite-lived assets within the U.S. Retail Pet Foods segment are more likely than not impaired as of April 30, 2020. However, further changes to the assumptions regarding the future performance of the U.S. Retail Pet Foods segment or its brands, an adverse change to macroeconomic conditions, or a change to other assumptions could result in additional impairment losses in the future, which could be significant. As of April 30, 2020, the estimated fair value was substantially in excess of the carrying value for the majority of the remaining reporting units and material indefinite-lived intangible assets, and in all such instances, the estimated fair value exceeded the carrying value by greater than 10 percent.

Furthermore, we continue to evaluate the potential impact of COVID-19 on the fair value of our goodwill and indefinite-lived intangible assets. While we concluded there were no indicators of impairment as of April 30, 2020, any significant sustained

adverse change in consumer purchasing behaviors, government restrictions, financial results, or macroeconomic conditions could result in future impairment, specifically as it relates to the Away From Home reporting unit, which has experienced a significant decline in demand as a result of COVID-19. For additional information, refer to Note 7: Goodwill and Other Intangible Assets.

Changes in tax, environmental, or other regulations and laws, or their application, or failure to comply with existing licensing, trade, and other regulations and laws could have a material adverse effect on our financial condition.

Our operations are subject to various regulations and laws administered by federal, state, and local government agencies in the U.S. as well as to regulations and laws administered by government agencies in Canada and other countries in which we have operations and our products are sold. In particular, the manufacturing, marketing, packaging, labeling, distribution, and sale of food products are each subject to governmental regulation that is increasingly extensive, encompassing such matters as ingredients (including whether a product contains genetically modified ingredients), packaging, pricing, advertising, relations with distributors and retailers, health, safety, data privacy, and the environment. Additionally, we are routinely subject to new or modified tax and securities regulations, other laws and regulations, and accounting and reporting standards.

In the U.S., we are required to comply with federal laws, such as the Food, Drug and Cosmetic Act, the Food Safety Modernization Act, the Occupational Safety and Health Act, the Clean Air Act, the Clean Water Act, the Resource Conservation and Recovery Act, the Tariff Act, laws governing equal employment opportunity, and various other federal statutes and regulations. We are also subject to various state and local statutes and regulations. For instance, the *California Safe Drinking Water and Toxic Enforcement Act of 1986* (better known as “Proposition 65”) requires that a specific warning appear on any product sold in the State of California that contains a substance listed by that state as having been found to cause cancer or birth defects. This law exposes all food and beverage producers to the possibility of having to provide warnings on their products, as well as civil penalties. The detection of even a trace amount of a listed substance can subject an affected product to the requirement of a warning label. Products containing listed substances that occur naturally or that are contributed to such products solely by a municipal water supply are generally exempt from the warning requirement. In particular, we are currently a defendant in *Council for Education and Research on Toxics (“Plaintiff” or “CERT”) v. Brad Barry LLC, et al.*, which alleges that we, in addition to nearly eighty other defendants who manufacture, package, distribute, or sell packaged coffee, failed to warn persons in California that our coffee products expose persons to the chemical acrylamide, which is not added to coffee but is present in all coffee in small amounts (measured in parts per billion) as a byproduct of the coffee bean roasting process, in violation of Proposition 65. If we are required to pay significant statutory penalties or to add warning labels to any of our products or place warnings in certain locations where our products are sold as a result of Proposition 65, our business and financial results could be adversely impacted, and sales of those products could suffer not only in those locations but elsewhere.

We regularly move data across national and state borders to conduct our operations and, consequently, are subject to a variety of laws and regulations in the U.S. and other jurisdictions regarding privacy, data protection, and data security, including those related to the collection, storage, handling, use, disclosure, transfer, and security of personal data. There is significant uncertainty with respect to compliance with such privacy and data protection laws and regulations, because they are continuously evolving and developing and may be interpreted and applied differently from country to country and state to state and may create inconsistent or conflicting requirements.

Complying with new regulations and laws, or changes to existing regulations and laws, or their application could increase our costs or adversely affect our sales of certain products. In addition, our failure or inability to comply with applicable regulations and laws could subject us to civil remedies, including fines, injunctions, recalls or seizures, and potential criminal sanctions, which could have a material adverse effect on our business and financial condition.

Our operations in certain developing markets expose us to regulatory risks.

In many countries outside of the U.S., particularly in those with developing economies, it may be common for others to engage in business practices prohibited by laws and regulations applicable to us, such as the U.S. Foreign Corrupt Practices Act or similar local anti-bribery or anti-corruption laws. These laws generally prohibit companies and their employees, contractors, or agents from making improper payments to government officials for the purpose of obtaining or retaining business. Failure to comply with these laws could subject us to civil and criminal penalties that could have a material adverse effect on our financial condition and results of operations.

Changes in climate or legal, regulatory, or market measures to address climate change may negatively affect our business and operations.

There is significant political and scientific concern that emissions of carbon dioxide and other greenhouse gases may alter the composition of the global atmosphere in ways that are affecting and are expected to continue affecting the global climate. The emission of such greenhouse gases may have an adverse impact on global temperatures, weather patterns, and the frequency and severity of extreme weather and natural disasters. In the event that climate change has a negative effect on agricultural productivity, we may be subject to decreased availability or less favorable pricing for certain commodities that are necessary for our products, such as green coffee, peanuts, animal protein meals, oils and fats, sweeteners, grains, and fruit. We may also be subjected to decreased availability or less favorable pricing for water as a result of such change, which could impact our manufacturing and distribution operations. In addition, natural disasters and extreme weather conditions may disrupt the productivity of our facilities or the operation of our supply chain.

Increasing concern over climate change also may result in more regulatory requirements to reduce or mitigate the effects of greenhouse gases. In the event that such regulations are enacted and are more rigorous than existing regulations, we may experience significant increases in costs of operation and delivery. In particular, increased regulation of utility providers, fuel emissions, or suppliers could substantially increase our operating, distribution, or supply chain costs. We could also face increased costs related to defending and resolving legal claims and other litigation related to climate change. As a result, climate change could negatively affect our results of operations, cash flows, or financial position.

If our information technology systems fail to perform adequately or we are unable to protect such information technology systems against data corruption, cyber-based attacks, or network security breaches, our operations could be disrupted, and we may suffer financial damage or loss because of lost or misappropriated information.

We rely on information technology networks and systems, including the Internet, to process, transmit, and store electronic information, and the importance of such networks and systems has increased due to many of our employees working remotely as a result of the COVID-19 pandemic. In particular, we depend on our information technology infrastructure to effectively manage our business data, supply chain, logistics, finance, and other business processes and for digital marketing activities and electronic communications between Company personnel and our customers and suppliers. If we do not allocate and effectively manage the resources necessary to build, sustain, and protect an appropriate technology infrastructure, or we do not effectively implement system upgrades, our business or financial results could be negatively impacted. We are regularly the target of attempted cyber and other security threats. Therefore, we continuously monitor and update our information technology networks and infrastructure to prevent, detect, address, and mitigate the risk of unauthorized access, misuse, computer viruses, and other events that could have a security impact. We invest in industry standard security technology to protect our data and business processes against the risk of data security breaches and cyber-based attacks. We believe our security technology tools and processes provide adequate measures of protection against security breaches and in reducing cybersecurity risks. Nevertheless, despite continued vigilance in these areas, security breaches or system failures of our infrastructure, whether due to attacks by hackers, employee error, or other causes, can create system disruptions, shutdowns, transaction errors, or unauthorized disclosure of confidential information. If we are unable to prevent such breaches or failures, our operations could be disrupted, or we may suffer financial damage or loss because of lost or misappropriated information. In addition, the cost to remediate any damages to our information technology systems suffered as a result of a cyber-based attack could be significant.

Further, we have outsourced several information technology support services and administrative functions, including benefit plan administration and other functions, to third-party service providers, and may outsource other functions in the future to achieve cost savings and efficiencies. In addition, certain of our processes rely on third-party cloud computing services. If the service providers to which we outsource these functions do not perform effectively, we may not be able to achieve the expected benefits and may have to incur additional costs to correct errors made by such service providers. Depending on the function involved, such errors may also lead to business disruption, processing inefficiencies, inaccurate financial reporting, the loss of or damage to intellectual property through security breach, the loss of sensitive data through security breach, or otherwise.

Item 1B. Unresolved Staff Comments.

None.

Item 2. Properties.

The table below lists all of our manufacturing and processing facilities at April 30, 2020. All of our properties are maintained and updated on a regular basis, and we continue to make investments for expansion and safety and technological improvements. We believe that the capacity at our existing facilities will be sufficient to sustain current operations and the anticipated near-term growth of our businesses.

We own all of the properties listed below, except as noted. Additionally, our principal distribution centers in the U.S. include two that we own and seven that we lease. We also lease our principal distribution center in Canada. Our distribution facilities are in good condition, and we believe that they have sufficient capacity to meet our distribution needs in the near future. We lease eight sales and administrative offices in the U.S. and one in Canada. Our corporate headquarters is located in Orrville, Ohio, and our Canadian headquarters is located in Markham, Ontario.

Locations	Products Produced/Processed/Stored	Primary Reportable Segment
Bloomsburg, Pennsylvania	Wet dog and cat food and dry dog and cat food	U.S. Retail Pet Foods
Buffalo, New York	Dog snacks	U.S. Retail Pet Foods
Chico, California	Fruit and vegetable juices and beverages and grain products	U.S. Retail Consumer Foods
Cincinnati, Ohio	Shortening and oils	U.S. Retail Consumer Foods
Decatur, Alabama	Dry dog and cat food	U.S. Retail Pet Foods
Frontenac, Kansas	Dry dog and cat food	U.S. Retail Pet Foods
Grandview, Washington	Fruit	U.S. Retail Consumer Foods
Havre de Grace, Maryland	Fruit and vegetable juices and beverages	U.S. Retail Consumer Foods
Lawrence, Kansas	Dry dog food	U.S. Retail Pet Foods
Lexington, Kentucky	Peanut butter	U.S. Retail Consumer Foods
Longmont, Colorado	Frozen sandwiches	U.S. Retail Consumer Foods
Meadville, Pennsylvania	Dry dog and cat food	U.S. Retail Pet Foods
Memphis, Tennessee	Peanut butter and fruit spreads	U.S. Retail Consumer Foods
New Bethlehem, Pennsylvania	Peanut butter and combination peanut butter and jelly products	U.S. Retail Consumer Foods
New Orleans, Louisiana (four facilities) ^(A)	Coffee	U.S. Retail Coffee
Orrville, Ohio	Fruit spreads, toppings, and syrups	U.S. Retail Consumer Foods
Oxnard, California	Fruit	U.S. Retail Consumer Foods
Ripon, Wisconsin	Fruit spreads, toppings, syrups, and condiments	U.S. Retail Consumer Foods
Scottsville, Kentucky	Frozen sandwiches	U.S. Retail Consumer Foods
Seattle, Washington ^(A)	Nut mix products	U.S. Retail Consumer Foods
Sherbrooke, Quebec	Canned milk	International and Away From Home
Suffolk, Virginia	Liquid coffee	International and Away From Home
Topeka, Kansas	Dry dog and cat food and dog and cat snacks	U.S. Retail Pet Foods

(A) We lease our coffee silo facility in New Orleans and our facilities in Seattle.

Item 3. Legal Proceedings.

The information required for this Item is incorporated herein by reference to Note 16: Contingencies.

Item 4. Mine Safety Disclosures.

Not applicable.

PART II

Item 5. Market for Registrant’s Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities.

Our common shares are listed on the New York Stock Exchange – ticker symbol SJM. There were approximately 304,821 shareholders of record as of June 12, 2020, of which approximately 35,966 were registered holders of common shares.

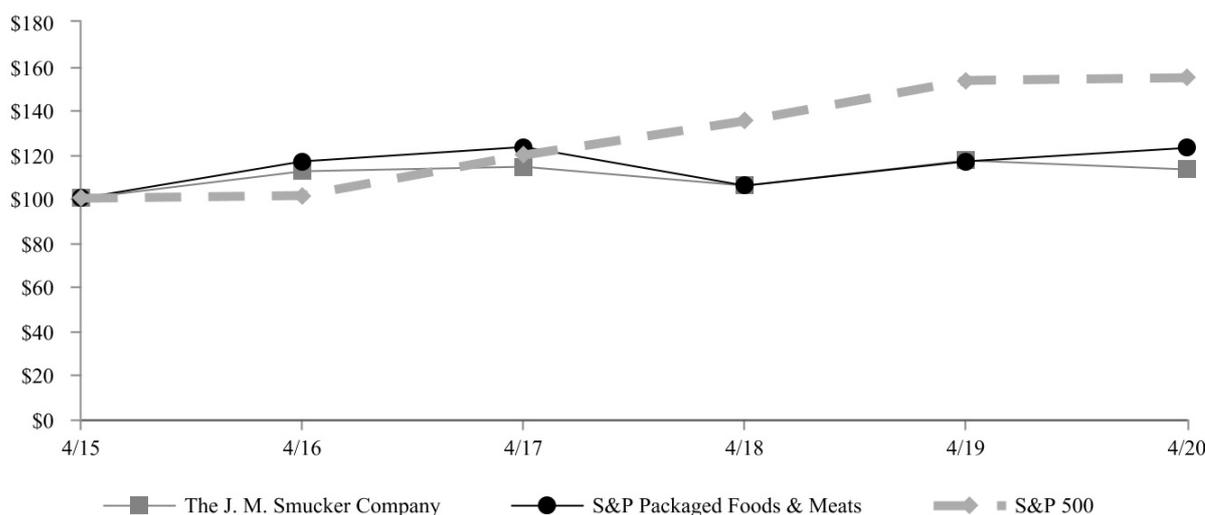
Purchases of Equity Securities by the Issuer and Affiliated Purchasers: The following table presents the total number of shares of common stock purchased during the fourth quarter of 2020, the average price paid per share, the number of shares that were purchased as part of a publicly announced repurchase program, if any, and the approximate dollar value of the maximum number of shares that may yet be purchased under the share repurchase program:

Period	(a)	(b)	(c)	(d)
	Total number of shares purchased	Average price paid per share	Total number of shares purchased as part of publicly announced plans or programs	Maximum number (or approximate dollar value) of shares that may yet be purchased under the plans or programs
February 1, 2020 - February 29, 2020	150	\$ 108.85	—	3,586,598
March 1, 2020 - March 31, 2020	432	102.04	—	3,586,598
April 1, 2020 - April 30, 2020	103	116.67	—	3,586,598
Total	685	\$ 105.73	—	3,586,598

(a) Shares in this column include shares repurchased from stock plan recipients in lieu of cash payments.

(d) As of April 30, 2020, there were 3,586,598 common shares remaining available for future repurchase pursuant to our Board of Directors’ authorizations.

Comparison of Cumulative Total Return: The following graph compares the cumulative total shareholder return for the five years ended April 30, 2020, for our common shares, the Standard & Poor’s (“S&P”) Packaged Foods & Meats Index, and the S&P 500 Index. These figures assume all dividends are reinvested when received and are based on \$100.00 invested in our common shares and the referenced index funds on April 30, 2015.



	April 30,					
	2015	2016	2017	2018	2019	2020
The J. M. Smucker Company	\$ 100.00	\$ 112.05	\$ 114.20	\$ 105.57	\$ 116.96	\$ 113.04
S&P Packaged Foods & Meats	100.00	116.53	123.26	105.60	116.68	122.62
S&P 500	100.00	101.21	119.34	135.17	153.41	154.74

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Item 6. Selected Financial Data.

FIVE-YEAR SUMMARY OF SELECTED FINANCIAL DATA

The following table presents selected financial data for each of the five years in the period ended April 30, 2020. The selected financial data should be read in conjunction with the “Results of Operations” and “Liquidity and Capital Resources” sections within Management’s Discussion and Analysis of Financial Condition and Results of Operations and the consolidated financial statements and notes thereto.

(Dollars and shares in millions, except per share data)	Year Ended April 30,				
	2020	2019	2018	2017	2016
Statements of Income:					
Net sales	\$ 7,801.0	\$ 7,838.0	\$ 7,357.1	\$ 7,392.3	\$ 7,811.2
Gross profit	\$ 3,002.0	\$ 2,915.7	\$ 2,836.1	\$ 2,835.3	\$ 2,967.8
<i>% of net sales</i>	38.5 %	37.2 %	38.5 %	38.4 %	38.0 %
Operating income	\$ 1,223.1	\$ 928.6	\$ 1,044.0	\$ 1,042.6	\$ 1,146.3
<i>% of net sales</i>	15.7 %	11.8 %	14.2 %	14.1 %	14.7 %
Net income	\$ 779.5	\$ 514.4	\$ 1,338.6	\$ 592.3	\$ 688.7
Financial Position:					
Cash and cash equivalents	\$ 391.1	\$ 101.3	\$ 192.6	\$ 166.8	\$ 109.8
Total assets	16,970.4	16,711.3	15,301.2	15,639.7	15,984.1
Total debt	5,621.3	5,910.8	4,832.0	5,398.5	5,430.0
Total shareholders’ equity	8,190.9	7,970.5	7,891.1	6,850.2	7,008.5
Liquidity:					
Net cash provided by operating activities	\$ 1,254.8	\$ 1,141.2	\$ 1,218.0	\$ 1,059.0	\$ 1,461.0
Additions to property, plant, and equipment	269.3	359.8	321.9	192.4	201.4
Free cash flow ^(A)	985.5	781.4	896.1	866.6	1,259.6
Quarterly dividends paid	396.8	377.9	350.3	339.3	316.6
Purchase of treasury shares	4.2	5.4	7.0	437.6	441.1
EBITDA (as adjusted) ^(A)	1,714.8	1,560.9	1,625.1	1,593.7	1,579.1
Share Data:					
Weighted-average shares outstanding	114.0	113.7	113.6	116.0	119.4
Weighted-average shares outstanding – assuming dilution	114.0	113.7	113.6	116.1	119.5
Dividends declared per common share	\$ 3.52	\$ 3.40	\$ 3.12	\$ 3.00	\$ 2.68
Earnings per Common Share:					
Net income	\$ 6.84	\$ 4.52	\$ 11.79	\$ 5.11	\$ 5.77
Net income – assuming dilution	6.84	4.52	11.78	5.10	5.76
Other Non-GAAP Measures: ^(A)					
Adjusted gross profit	\$ 2,982.4	\$ 2,969.9	\$ 2,802.7	\$ 2,868.2	\$ 2,968.0
<i>% of net sales</i>	38.2 %	37.9 %	38.1 %	38.8 %	38.0 %
Adjusted operating income	\$ 1,508.7	\$ 1,492.3	\$ 1,439.7	\$ 1,492.9	\$ 1,490.8
<i>% of net sales</i>	19.3 %	19.0 %	19.6 %	20.2 %	19.1 %
Adjusted income and earnings per share:					
Adjusted income	\$ 999.1	\$ 942.7	\$ 904.6	\$ 895.9	\$ 931.3
Adjusted earnings per share – assuming dilution	8.76	8.29	7.96	7.72	7.79

(A) We use non-GAAP financial measures to evaluate our performance. Refer to “Non-GAAP Financial Measures” within Management’s Discussion and Analysis of Financial Condition and Results of Operations for a reconciliation to the comparable generally accepted accounting principles (“GAAP”) financial measure.

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations.

(Dollars and shares in millions, unless otherwise noted, except per share data)

Company Background

Inspired by more than 120 years of business success and five generations of family leadership, The J. M. Smucker Company makes food that people and pets love. The Company's portfolio of 40+ brands, which are found in 90 percent of U.S. homes and countless away from home dining locations, include iconic products consumers have always loved such as *Folgers*, *Jif*, and *Milk-Bone*, plus new favorites like *Café Bustelo*, *Smucker's Uncrustables*, and *Rachael Ray Nutrish*. Over the past two decades, the Company has grown by thoughtfully acquiring leading and emerging brands, while ensuring the business has a positive impact on its 7,000+ employees, the communities it is a part of, and the planet.

We have four reportable segments: U.S. Retail Pet Foods, U.S. Retail Coffee, U.S. Retail Consumer Foods, and International and Away From Home. The U.S. retail market segments in total comprised 87 percent of net sales in 2020 and represent a major portion of our strategic focus – the sale of branded food and beverage products with leadership positions to consumers through retail outlets in North America. In the U.S. retail market segments, our products are sold primarily to food retailers, club stores, discount and dollar stores, food wholesalers, online retailers, pet specialty stores, natural foods stores and distributors, drug stores, military commissaries, and mass merchandisers. The products included in the International and Away From Home segment are distributed domestically and in foreign countries through retail channels and foodservice distributors and operators (e.g., health care operators, restaurants, lodging, hospitality, offices, K-12, colleges and universities, and convenience stores).

Strategic Overview

We remain rooted in our *Basic Beliefs* of *Quality, People, Ethics, Growth, and Independence* established by our founder and namesake, Jerome Smucker, more than a century ago. Today, these *Basic Beliefs* are the core of our unique corporate culture and serve as a foundation for decision-making and actions. We have been led by five generations of family leadership, having had only six chief executive officers in 123 years. This continuity of management and thought extends to the broader leadership team that embodies the values and embraces the business practices that have contributed to our consistent growth. Our strategic vision is to own and market a portfolio of food and beverage brands that combines number one and leading brands with emerging, on-trend brands to drive balanced, long-term growth, primarily in North America.

Our strategic growth objectives include increasing net sales by 2 to 3 percent and operating income excluding non-GAAP adjustments ("adjusted operating income") by 5 percent on average over the long term. Related to income per diluted share excluding non-GAAP adjustments ("adjusted earnings per share"), our strategic growth objective is to achieve an average increase of 8 percent over the long term. We expect organic growth, including new products, to drive much of our top-line growth, while the contribution from acquisitions will vary from year to year. Our non-GAAP adjustments include amortization expense and impairment charges related to intangible assets, integration and restructuring costs, and unallocated gains and losses on commodity and foreign currency exchange derivatives. Refer to "Non-GAAP Financial Measures" in this discussion and analysis for additional information. Due to the unknown and potentially prolonged impact of COVID-19, we may experience difficulties or be delayed in achieving our long-term strategies; however, we continue to evaluate the effects from COVID-19 on our long-term growth objectives.

Net sales has increased at a compound annual growth rate of 7 percent over the past five years, while adjusted operating income and adjusted earnings per share have increased at a rate of 9 percent and 14 percent, respectively, over the same period. These increases were primarily driven by the acquisitions of Big Heart in 2015 and Ainsworth in 2019. Net cash provided by operating activities has increased at a compound annual growth rate of 11 percent. Our cash deployment strategy is to balance reinvesting in our business through acquisitions and capital expenditures with returning cash to our shareholders through the payment of dividends and share repurchases. Our deployment strategy also includes a significant focus on debt repayment.

On May 14, 2018, we acquired the equity of Ainsworth in an all-cash transaction, which was funded by debt and valued at \$1.9 billion. Ainsworth was a leading producer, distributor, and marketer of premium pet food and pet snacks, predominantly within the U.S. As anticipated, we fully realized approximately \$55.0 of annual cost synergies related to this acquisition by the end of 2020.

On August 31, 2018, we sold our U.S. baking business to Brynwood Partners VII L.P. and Brynwood Partners VIII L.P., subsidiaries of Brynwood Partners, an unrelated party. The transaction included products that were primarily sold in U.S. retail channels under the *Pillsbury*, *Martha White*, *Hungry Jack*, *White Lily*, and *Jim Dandy* brands, along with all relevant trademarks and licensing agreements, and our manufacturing facility in Toledo, Ohio. This business generated net sales of approximately \$370.0 in 2018, primarily in the U.S. Retail Consumer Foods segment. The transaction did not include our baking business in Canada. We received proceeds from the divestiture of \$369.5, which were net of cash transactions costs and included a working capital adjustment. During 2019, we recognized a pre-tax gain of \$27.7 related to this transaction, which was included in other operating expense (income) – net within the Statement of Consolidated Income.

COVID-19

The continued spread of COVID-19 throughout the United States and the international community has had, and could continue to have, a negative impact on financial markets, economic conditions, and portions of our business and industry.

We are committed to supporting our employees and communities, while ensuring people and pets have access to a steady supply of food through the following initiatives:

- Financial assistance provided to employees in the form of a \$1,500 hardship award to front-line employees, up to 12 weeks of full pay and benefits continuation for employees unable to perform their roles, 14 days of paid sick leave to individuals with and/or caring for family members with COVID-19, and an assistance fund seeded with \$100,000 to support employees significantly impacted;
- 100 percent payment of COVID-19 testing for employees and all virtual health screenings conducted by our insurance provider;
- Reinforcement of mental health resources available to our employees;
- Implementation of appropriate physical distancing guidelines and extensive additional sanitation measures and temperature screenings at all of our locations to prevent the spread of COVID-19 and keep employees safe;
- Food and monetary donations to organizations including the Red Cross®, Feeding America®, United Way®, Rescue Bank® and the Akron-Canton Regional Foodbank; and
- 100 percent match of employee donations to more than 20 local and national charities.

We are working closely with our suppliers and customers and have been proactive in taking additional actions to ensure business continuity, maximize product availability, and minimize potential disruptions across our supply chain and operations. We have increased production at all of our facilities and expanded the availability of appointments at distribution centers. All of our production operations remain open and none have experienced significant disruptions or labor reductions related to COVID-19. Furthermore, we have successfully implemented measures to allocate order volumes to ensure a consistent supply across our retail partners during this high period of demand.

During the fourth quarter of 2020, we experienced an increase in orders across our U.S. and international retail businesses, in response to the increased consumer demand for our products related to “stock up” shopping and increased at-home consumption. This benefit was partially offset by the incremental expenses incurred to support the previously mentioned initiatives, which totaled approximately \$13.0. The increase in consumer demand may partially reverse in the coming months as consumer purchasing behavior may change as a result of the length and severity of the pandemic, duration of physical distancing requirements, stay-at-home orders, and macroeconomic implications. In addition, if there is a second surge of the virus, we may experience another temporary increase in orders. However, at the end of 2020, consumer demand and customer orders remain elevated compared to historical seasonal comparisons. We have also experienced a decline in products sold in the away from home channels as a result of COVID-19, which has negatively impacted our net sales in our International and Away From Home reportable segment and we expect to continue to adversely affect our net sales while government restrictions and physical distancing measures are in place. We will continue to evaluate the nature and extent to which COVID-19 will impact our business, consolidated results of operations, financial condition, and liquidity.

Results of Operations

This discussion and analysis deals with comparisons of material changes in the consolidated financial statements for the years ended April 30, 2020 and 2019. For the comparisons of the years ended April 30, 2019 and 2018, see the Management's Discussion and Analysis of Financial Condition and Results of Operations in Part II, Item 7 of our 2019 Annual Report on Form 10-K.

	Year Ended April 30,		
	2020	2019	% Increase (Decrease)
Net sales	\$ 7,801.0	\$ 7,838.0	— %
Gross profit	\$ 3,002.0	\$ 2,915.7	3
% of net sales	38.5 %	37.2 %	
Operating income	\$ 1,223.1	\$ 928.6	32
% of net sales	15.7 %	11.8 %	
Net income:			
Net income	\$ 779.5	\$ 514.4	52
Net income per common share – assuming dilution	\$ 6.84	\$ 4.52	51
Adjusted gross profit ^(A)	\$ 2,982.4	\$ 2,969.9	—
% of net sales	38.2 %	37.9 %	
Adjusted operating income ^(A)	\$ 1,508.7	\$ 1,492.3	1
% of net sales	19.3 %	19.0 %	
Adjusted income: ^(A)			
Income	\$ 999.1	\$ 942.7	6
Earnings per share – assuming dilution	\$ 8.76	\$ 8.29	6

(A) We use non-GAAP financial measures to evaluate our performance. Refer to “Non-GAAP Financial Measures” in this discussion and analysis for a reconciliation to the comparable GAAP financial measure.

Net Sales

	Year Ended April 30,			
	2020	2019	Increase (Decrease)	%
Net sales	\$ 7,801.0	\$ 7,838.0	\$ (37.0)	— %
Ainsworth acquisition	(25.4)	—	(25.4)	—
Baking divestiture	—	(105.9)	105.9	1
Foreign currency exchange	6.8	—	6.8	—
Net sales excluding acquisition, divestiture, and foreign currency exchange ^(A)	\$ 7,782.4	\$ 7,732.1	\$ 50.3	1 %

Amounts may not add due to rounding.

(A) Net sales excluding acquisition, divestiture, and foreign currency exchange is a non-GAAP financial measure used to evaluate performance internally. This measure provides useful information to investors because it enables comparison of results on a year-over-year basis.

Net sales in 2020 decreased \$37.0, reflecting \$105.9 of noncomparable net sales in the prior year related to the U.S. baking business, partially offset by incremental net sales in the current year of \$25.4 related to the Ainsworth acquisition. Net sales excluding acquisition, divestiture, and foreign currency exchange increased \$50.3, or 1 percent. Favorable volume/mix contributed 2 percentage points to net sales, primarily driven by gains for the *Smucker's*, *Dunkin'*, *Milk-Bone*, and *Meow Mix* brands, reflecting approximately \$185.0 of incremental net sales resulting from increased consumer demand related to the COVID-19 pandemic. These gains were partially offset by declines for private label dog food and the *Natural Balance* brand. Lower net price realization impacted net sales by 1 percentage point, primarily due to lower net pricing for coffee and peanut butter.

Operating Income

The following table presents the components of operating income as a percentage of net sales.

	Year Ended April 30,	
	2020	2019
Gross profit	38.5 %	37.2 %
Selling, distribution, and administrative expenses:		
Marketing	3.9 %	3.9 %
Advertising	2.5	3.0
Selling	3.2	3.2
Distribution	3.6	3.3
General and administrative	5.8	5.9
Total selling, distribution, and administrative expenses	18.9 %	19.2 %
Amortization	3.0	3.1
Goodwill impairment charges	—	1.2
Other intangible assets impairment charges	0.7	1.4
Other special project costs	0.2	0.8
Other operating expense (income) – net	—	(0.4)
Operating income	15.7 %	11.8 %

Amounts may not add due to rounding.

Gross profit increased \$86.3, or 3 percent, in 2020, primarily driven by a favorable net impact of lower prices and lower costs, favorable volume/mix, and the noncomparable benefit of Ainsworth, partially offset by the noncomparable impact related to the U.S. baking business divestiture. The favorable net impact of price and cost was mostly driven by a favorable change in the impact of derivative gains and losses.

Operating income increased \$294.5, or 32 percent, primarily due to the \$152.7 decrease in intangible asset impairment charges, a \$47.6 decrease in special project costs, a \$34.3 decrease in selling, distribution, and administrative (“SD&A”) expenses, and the increase in gross profit, partially offset by the noncomparable impact of the \$27.7 pre-tax gain related to the sale of the U.S. baking business in the prior year. During 2020, we recognized a noncash impairment charge of \$52.4 associated with the *Natural Balance* brand within the U.S. Retail Pet Foods segment. For additional information on this charge, refer to “Critical Accounting Estimates and Policies” in this discussion and analysis.

Our non-GAAP adjustments include amortization expense and impairment charges related to intangible assets, integration and restructuring costs, and unallocated gains and losses on commodity and foreign currency exchange derivatives. Refer to “Non-GAAP Financial Measures” in this discussion and analysis for additional information. Gross profit excluding non-GAAP adjustments (“adjusted gross profit”) was comparable to the prior year, further reflecting an unfavorable change related to the exclusion of unallocated derivative gains and losses, as compared to GAAP gross profit. Adjusted operating income increased \$16.4, or 1 percent, as compared to the prior year, further reflecting the exclusion of impairment charges and special project costs, as compared to GAAP operating income.

Interest Expense

Net interest expense decreased \$18.7, or 9 percent, in 2020, primarily as a result of reduced debt, as compared to the prior year. For additional information, see “Capital Resources” in this discussion and analysis.

Income Taxes

Income taxes increased \$60.0, or 32 percent, in 2020, as compared to the prior year. The effective tax rate of 24.1 percent for 2020 varied from the U.S. statutory tax rate of 21.0 percent primarily due to the impact of state income taxes. The effective tax rate of 26.7 percent for 2019 was also unfavorably impacted by the income tax expense associated with the sale of the U.S. baking business and a goodwill impairment charge within the U.S. Retail Consumer Foods segment, partially offset by a noncash deferred tax benefit related to the integration of Ainsworth. We anticipate a full-year effective tax rate for 2021 to be approximately 24.0 percent. For additional information, refer to Note 14: Income Taxes.

Integration Activities

As of April 30, 2020, all integration activities related to the acquisition of Ainsworth were considered complete. We have incurred total cumulative integration costs of \$48.6, of which \$16.5 was incurred in 2020. The majority of these costs were cash charges. For additional information, refer to Note 3: Integration and Restructuring Costs.

Commodities Overview

The raw materials we use are primarily commodities, agricultural-based products, and packaging materials. The most significant of these materials, based on 2020 annual spend, are green coffee, peanuts, animal protein meals, oils and fats, and plastic containers. Green coffee and certain oils are traded on active regulated exchanges, and the price of these commodities fluctuates based on market conditions. Derivative instruments, including futures and options, are used to minimize the impact of price volatility for these commodities.

We source green coffee from more than 20 coffee-producing countries. Its price is subject to high volatility due to factors such as weather, global supply and demand, plant disease, investor speculation, and political and economic conditions in the source countries.

We source peanuts, animal protein meals, and oils and fats mainly from North America. We are one of the largest procurers of peanuts in the U.S. and frequently enter into long-term purchase contracts for various periods of time to mitigate the risk of a shortage of this commodity. The oils we purchase are mainly soybean and canola. The price of peanuts, animal protein meals, and oils are driven primarily by weather, which impacts crop sizes and yield, as well as global demand, especially from large importing countries such as China and India. In particular, the supply chain for animal protein meals and fats has been significantly disrupted by the COVID-19 pandemic, and therefore, the price for these commodities has increased and may continue to increase due to such disruptions. Furthermore, the price of peanuts has been impacted by the recent decrease in crop supply.

We frequently enter into long-term contracts to purchase plastic containers, which are sourced mainly from within the U.S. Plastic resin is made from petrochemical feedstock and natural gas feedstock, and the price can be influenced by feedstock, energy, and crude oil prices as well as global economic conditions.

Excluding the impact of derivative gains and losses, our overall commodity costs in 2020 were lower than in 2019, primarily due to lower costs for green coffee and peanuts.

Segment Results

We have four reportable segments: U.S. Retail Pet Foods, U.S. Retail Coffee, U.S. Retail Consumer Foods, and International and Away From Home. The U.S. Retail Pet Foods segment primarily includes domestic sales of *Rachael Ray Nutrish*, *Meow Mix*, *Milk-Bone*, *Kibbles 'n Bits*, *9Lives*, *Natural Balance*, *Nature's Recipe*, and *Pup-Peroni* branded products; the U.S. Retail Coffee segment primarily includes the domestic sales of *Folgers*, *Dunkin'*, and *Café Bustelo* branded coffee; and the U.S. Retail Consumer Foods segment primarily includes domestic sales of *Smucker's*, *Jif*, and *Crisco* branded products. The International and Away From Home segment comprises products distributed domestically and in foreign countries through retail channels and foodservice distributors and operators (e.g., health care operators, restaurants, lodging, hospitality, offices, K-12, colleges and universities, and convenience stores).

	Year Ended April 30,		
	2020	2019	% Increase (Decrease)
Net sales:			
U.S. Retail Pet Foods	\$ 2,869.5	\$ 2,879.5	— %
U.S. Retail Coffee	2,149.5	2,122.3	1
U.S. Retail Consumer Foods	1,731.7	1,761.5	(2)
International and Away From Home	1,050.3	1,074.7	(2)
Segment profit:			
U.S. Retail Pet Foods	\$ 552.7	\$ 503.4	10 %
U.S. Retail Coffee	691.0	676.3	2
U.S. Retail Consumer Foods	389.7	406.1	(4)
International and Away From Home	173.4	198.5	(13)
Segment profit margin:			
U.S. Retail Pet Foods	19.3 %	17.5 %	
U.S. Retail Coffee	32.1	31.9	
U.S. Retail Consumer Foods	22.5	23.1	
International and Away From Home	16.5	18.5	

U.S. Retail Pet Foods

The U.S. Retail Pet Foods segment net sales decreased \$10.0 in 2020, including the impact of two weeks of incremental Ainsworth sales in the current year. Excluding the incremental Ainsworth business, net sales decreased \$35.4, reflecting a \$59.8 decline related to private label products. Volume/mix decreased net sales by 2 percentage points, primarily driven by declines for private label dog food and the *Natural Balance* brand, partially offset by gains for the *Milk-Bone* and *Meow Mix* brands, which is reflective of the incremental net sales from stock-up purchasing related to the COVID-19 pandemic. Net price realization contributed 1 percentage point, primarily related to the *Meow Mix* and *Kibbles 'n Bits* brands, partially offset by declines for the *Nutrish* brand. The higher net pricing is reflective of list price increases across most brands implemented during the second half of the prior year, partially offset by increased trade spend. Segment profit increased \$49.3, reflecting a \$10.9 unfavorable fair value purchase accounting adjustment in the prior year and the benefit from the incremental Ainsworth sales. Profit improvement was also driven by synergy realization, reduced marketing expense, higher net pricing, and a recovery from a legal settlement related to a prior year supplier issue, partially offset by an increase in SD&A expenses and higher input costs.

U.S. Retail Coffee

The U.S. Retail Coffee segment net sales increased \$27.2 in 2020, reflecting favorable volume/mix, partially offset by lower net price realization. The favorable volume/mix, which increased net sales by 5 percentage points, was driven by the *Dunkin'*, *Folgers*, and *Café Bustelo* brands, reflecting the benefit of incremental net sales resulting from increased at-home coffee consumption related to the COVID-19 pandemic. Lower net pricing, which reduced net sales by 4 percentage points, reflected promotional activity across all brands, mostly supported by lower green coffee costs. Segment profit increased \$14.7, primarily due to favorable volume/mix and decreased marketing expense, partially offset by the net unfavorable impact of lower net pricing and lower green coffee costs and an increase in SD&A expenses.

U.S. Retail Consumer Foods

The U.S. Retail Consumer Foods segment net sales decreased \$29.8 in 2020, driven by a \$102.2 noncomparable impact of the U.S. baking business. Excluding the noncomparable impact of the divested business, net sales increased 4 percent. Favorable

volume/mix contributed 7 percentage points to net sales, primarily related to growth for the *Smucker's* and *Jif* brands, reflecting the benefit of incremental net sales resulting from increased consumer demand related to the COVID-19 pandemic and the associated stay-at-home orders. Lower net price realization reduced net sales by 2 percentage points, primarily driven by the list price decrease on the *Jif* brand, partially offset by decreased trade spend. Segment profit decreased \$16.4, primarily reflecting \$44.3 of segment profit in the prior year related to the divested business, of which \$27.7 represented the pre-tax gain related to the sale. Excluding the impact of the divestiture, segment profit increased 8 percent, driven primarily by the favorable volume/mix and decreased marketing expense, partially offset by the unfavorable net impact of lower pricing and lower input costs, as well as a write-off of equipment related to the discontinuation of *Jif Power Ups*.

International and Away From Home

The International and Away From Home segment net sales decreased \$24.4 in 2020, including a noncomparable impact of \$3.7 of net sales in the prior year related to the divested U.S. baking business. Unfavorable volume/mix reduced net sales by 1 percentage point, primarily driven by declines for the *Folgers* brand and increased shipments in the prior year related to the closing of facilities in Mexico and transition to a distributor export model. These declines were partially offset by gains for the *Smucker's* brand. Lower net price realization reduced net sales by 1 percentage point, primarily related to the *Folgers* brand. Foreign currency exchange had a \$6.8 unfavorable impact on net sales. Segment profit decreased \$25.1, primarily reflecting the unfavorable volume/mix, lower pricing, and higher cost.

LIQUIDITY AND CAPITAL RESOURCES

Liquidity

Our principal source of funds is cash generated from operations, supplemented by borrowings against our commercial paper program and revolving credit facility. Total cash and cash equivalents increased to \$391.1 at April 30, 2020, compared to \$101.3 at April 30, 2019.

The following table presents selected cash flow information.

	Year Ended April 30,	
	2020	2019
Net cash provided by (used for) operating activities	\$ 1,254.8	\$ 1,141.2
Net cash provided by (used for) investing activities	(271.5)	(1,924.2)
Net cash provided by (used for) financing activities	(688.7)	699.0
Net cash provided by (used for) operating activities	\$ 1,254.8	\$ 1,141.2
Additions to property, plant, and equipment	(269.3)	(359.8)
Free cash flow ^(A)	\$ 985.5	\$ 781.4

(A) Free cash flow is a non-GAAP financial measure used by management to evaluate the amount of cash available for debt repayment, dividend distribution, acquisition opportunities, share repurchases, and other corporate purposes.

The \$113.6 increase in cash provided by operating activities in 2020 was primarily driven by higher net income adjusted for noncash items in the current year. The cash required to fund working capital decreased compared to the prior year, excluding the impact of the realization of a \$30.0 income tax refund in 2019. The decrease in working capital requirements was primarily driven by lower payments for accounts payable items driven by working capital initiatives, inclusive of a supplier financing program entered into during 2020. Offsetting these decreases is a \$239.8 settlement of interest rate contracts during 2020. For additional information, refer to Note 10: Derivative Financial Instruments.

Cash used for investing activities in 2020 primarily consisted of \$269.3 in capital expenditures. Cash used for investing activities in 2019 consisted of \$1.9 billion related to the Ainsworth acquisition, \$359.8 in capital expenditures, and a \$29.8 increase in our derivative cash margin account balances, partially offset by net proceeds from the divestiture of the U.S. baking business of \$369.5.

Cash used for financing activities in 2020 consisted primarily of long-term debt repayments of \$900.0, dividend payments of \$396.8, and a \$185.8 net reduction in short-term borrowings, partially offset by \$798.2 in long-term debt proceeds. Cash provided by financing activities in 2019 consisted primarily of \$1.5 billion in long-term debt proceeds and a \$282.0 net increase in short-term borrowings, partially offset by long-term debt repayments of \$700.0 and dividend payments of \$377.9.

Supplier Financing Program

As part of ongoing efforts to maximize working capital, we work with our suppliers to optimize our terms and conditions, which includes the extension of payment terms. Payment terms with our suppliers, which we deem to be commercially reasonable, generally range from 0 to 120 days. During 2020, we entered into an agreement with a third-party administrator to provide an accounts payable tracking system and facilitate a supplier financing program which allows participating suppliers the ability to monitor and voluntarily elect to sell our payment obligations to a designated third-party financial institution. Participating suppliers can sell one or more of our payment obligations at their sole discretion, and our rights and obligations to our suppliers are not impacted. We have no economic interest in a supplier's decision to enter into these agreements. Our obligations to our suppliers, including amounts due and scheduled payment terms, are not impacted by our suppliers' decisions to sell amounts under these arrangements. As of April 30, 2020, \$157.5 of our outstanding payment obligations were elected and sold to a financial institution by participating suppliers. During 2020, we paid \$31.8 to a financial institution for payment obligations that were settled through the supplier financing program.

Contingencies

We, like other food manufacturers, are from time to time subject to various administrative, regulatory, and other legal proceedings arising in the ordinary course of business. We are currently a defendant in a variety of such legal proceedings, including certain lawsuits related to the alleged price-fixing of shelf stable tuna products prior to 2011 by a business previously owned by, but divested prior to our acquisition of, Big Heart, the significant majority of which were settled and paid during the second half of 2019. While we cannot predict with certainty the ultimate results of these proceedings or potential settlements associated with these or other matters, we have accrued losses for certain contingent liabilities that we have determined are probable and reasonably estimable at April 30, 2020. Based on the information known to date, with the exception of the matter discussed below, we do not believe the final outcome of these proceedings will have a material adverse effect on our financial position, results of operations, or cash flows.

In addition to the legal proceedings discussed above, we are currently a defendant in CERT v. Brad Barry LLC, et al., which alleges that we, in addition to nearly eighty other defendants who manufacture, package, distribute, or sell coffee, failed to provide warnings for our coffee products of exposure to the chemical acrylamide as required under Proposition 65. As part of a joint defense group organized to defend against the lawsuit, we dispute these claims. Acrylamide is not added to coffee, but is inherently present in all coffee in small amounts (measured in parts per billion) as a byproduct of the coffee bean roasting process. The outcome and the financial impact of the case, if any, cannot be predicted at this time. Accordingly, no loss contingency has been recorded for this matter as of April 30, 2020, as the likelihood of loss is not considered probable or estimable. However, if we are required to pay significant statutory penalties or to add warning labels to any of our products or place warnings in certain locations where our products are sold as a result of Proposition 65, our business and financial results could be adversely impacted, and sales of those products could suffer not only in those locations but elsewhere. For additional information, see Note 16: Contingencies.

Capital Resources

The following table presents our capital structure.

	April 30,	
	2020	2019
Current portion of long-term debt	\$ —	\$ 798.5
Short-term borrowings	248.0	426.0
Long-term debt, less current portion	5,373.3	4,686.3
Total debt	\$ 5,621.3	\$ 5,910.8
Shareholders' equity	8,190.9	7,970.5
Total capital	\$ 13,812.2	\$ 13,881.3

In March 2020, we completed an offering of \$500.0 and \$300.0 in Senior Notes due March 15, 2030, and March 15, 2050, respectively. A portion of the net proceeds from the offering was used to repay the \$500.0 Senior Notes due March 15, 2020, with the balance being held as a cash equivalent to be used for general corporate purposes.

In April 2018, we entered into a senior unsecured delayed-draw Term Loan Credit Agreement ("Term Loan") with a syndicate of banks and an available commitment amount of \$1.5 billion. The full amount of the Term Loan was drawn on May 14, 2018, to partially finance the Ainsworth acquisition. Borrowings under the Term Loan bear interest on the prevailing U.S. Prime Rate or LIBOR, based on our election, and is payable either on a quarterly basis or at the end of the borrowing term. The Term Loan matures on May 14, 2021, and does not require scheduled amortization payments. Voluntary prepayments are permitted without premium or penalty. As of April 30, 2020, we have prepaid \$800.0 on the Term Loan to

date, including \$100.0 in 2020. The interest rate on the Term Loan at April 30, 2020, was 1.21 percent. In November 2019, we entered into an amendment to the Term Loan that decreased the applicable margins on LIBOR, based on our long-term unsecured debt rating. This amendment did not have a material impact on our consolidated financial statements.

We have available a \$1.8 billion unsecured revolving credit facility with a group of 11 banks that matures in September 2022. Additionally, we participate in a commercial paper program under which we can issue short-term, unsecured commercial paper not to exceed \$1.8 billion at any time. The commercial paper program is backed by our revolving credit facility and reduces what we can borrow under the revolving credit facility by the amount of commercial paper outstanding. Commercial paper will be used as a continuing source of short-term financing for general corporate purposes. As of April 30, 2020, we had \$248.0 of short-term borrowings outstanding, all of which were issued under our commercial paper program, at a weighted-average interest rate of 0.40 percent.

We are in compliance with all of our debt covenants. For additional information on our long-term debt, sources of liquidity, and debt covenants, see Note 8: Debt and Financing Arrangements.

During 2020, we did not repurchase any common shares under a repurchase plan authorized by the Board. At April 30, 2020, approximately 3.6 million common shares remain available for repurchase pursuant to the Board's authorizations. There is no guarantee as to the exact number of shares that may be repurchased or when such purchases may occur.

The following table presents certain cash requirements related to 2021 investing and financing activities based on our current expectations. Although no principal payments are required on our debt obligations in 2021, we may utilize a portion of our cash for debt repayment. Additionally, in 2022, a portion of our Senior Notes will mature, and \$1.9 billion in principal payments will be required that year.

	Projection Year Ending April 30, 2021
Dividend payments – based on current rates and common shares outstanding	\$ 400.0
Capital expenditures	300.0
Interest payments	190.0

Absent any material acquisitions or other significant investments, we believe that cash on hand, combined with cash provided by operations, borrowings available under our commercial paper program and revolving credit facility, and access to capital markets, will be sufficient to meet our cash requirements for the next 12 months, including the payment of quarterly dividends, capital expenditures, and interest payments on debt outstanding. However, as a result of COVID-19, we may experience an increase in the cost or the difficulty to obtain debt or equity financing, or to refinance our debt in the future, which could affect our financial condition or our ability to fund operations or future investment opportunities.

During 2020, we returned \$39.7 of international cash to the U.S., primarily driven by a reduction in our capital investment in certain foreign subsidiaries in conjunction with a restructuring of our international holding and operating entities. No foreign withholding taxes were applicable, and the state income taxes were not significant. As of April 30, 2020, total cash and cash equivalents of \$83.9 was held by our foreign subsidiaries, primarily in Canada. The undistributed earnings of our foreign subsidiaries remain permanently reinvested.

NON-GAAP FINANCIAL MEASURES

We use non-GAAP financial measures including: net sales excluding acquisition, divestiture, and foreign currency exchange; adjusted gross profit; adjusted operating income; adjusted income; adjusted earnings per share; earnings before interest, taxes, depreciation, amortization, and impairment charges related to intangible assets (“EBITDA (as adjusted)”); and free cash flow, as key measures for purposes of evaluating performance internally. We believe that investors’ understanding of our performance is enhanced by disclosing these performance measures. Furthermore, these non-GAAP financial measures are used by management in preparation of the annual budget and for the monthly analyses of our operating results. The Board of Directors also utilizes certain non-GAAP financial measures as components for measuring performance for incentive compensation purposes.

Non-GAAP financial measures exclude certain items affecting comparability that can significantly affect the year-over-year assessment of operating results, which include amortization expense and impairment charges related to intangible assets, integration and restructuring costs (“special project costs”), and unallocated gains and losses on commodity and foreign currency exchange derivatives (“unallocated derivative gains and losses”), as well as the related tax impacts of these exclusions. The special project costs in the following table relate to specific integration and restructuring projects, and the unallocated derivative gains and losses reflect the changes in fair value of our commodity and foreign currency exchange contracts. Additionally, income taxes, as adjusted is calculated using an adjusted effective income tax rate that is applied to adjusted income before income taxes. While this adjusted effective income tax rate does not generally differ materially from our GAAP effective tax rate, certain exclusions from non-GAAP results can significantly impact our adjusted effective income tax rate.

These non-GAAP financial measures are not intended to replace the presentation of financial results in accordance with U.S. GAAP. Rather, the presentation of these non-GAAP financial measures supplements other metrics we use to internally evaluate our businesses and facilitate the comparison of past and present operations and liquidity. These non-GAAP financial measures may not be comparable to similar measures used by other companies and may exclude certain nondiscretionary expenses and cash payments.

The following table reconciles certain non-GAAP financial measures to the comparable GAAP financial measure. See page 22 for a reconciliation of net sales adjusted for certain noncomparable items to the comparable GAAP financial measure.

	Year Ended April 30,				
	2020	2019	2018	2017	2016
Gross profit reconciliation:					
Gross profit	\$ 3,002.0	\$ 2,915.7	\$ 2,836.1	\$ 2,835.3	\$ 2,967.8
Unallocated derivative losses (gains)	(19.6)	54.2	(37.3)	27.2	(12.0)
Cost of products sold – special project costs	—	—	3.9	5.7	12.2
Adjusted gross profit	<u>\$ 2,982.4</u>	<u>\$ 2,969.9</u>	<u>\$ 2,802.7</u>	<u>\$ 2,868.2</u>	<u>\$ 2,968.0</u>
Operating income reconciliation:					
Operating income	\$ 1,223.1	\$ 928.6	\$ 1,044.0	\$ 1,042.6	\$ 1,146.3
Amortization	236.3	240.3	206.8	207.3	208.4
Goodwill impairment charges	—	97.9	145.0	—	—
Other intangible assets impairment charges	52.4	107.2	31.9	133.2	—
Unallocated derivative losses (gains)	(19.6)	54.2	(37.3)	27.2	(12.0)
Cost of products sold – special project costs	—	—	3.9	5.7	12.2
Other special project costs	16.5	64.1	45.4	76.9	135.9
Adjusted operating income	<u>\$ 1,508.7</u>	<u>\$ 1,492.3</u>	<u>\$ 1,439.7</u>	<u>\$ 1,492.9</u>	<u>\$ 1,490.8</u>
Net income reconciliation:					
Net income	\$ 779.5	\$ 514.4	\$ 1,338.6	\$ 592.3	\$ 688.7
Income tax expense (benefit)	247.2	187.2	(477.6)	286.1	289.2
Amortization	236.3	240.3	206.8	207.3	208.4
Goodwill impairment charges	—	97.9	145.0	—	—
Other intangible assets impairment charges	52.4	107.2	31.9	133.2	—
Unallocated derivative losses (gains)	(19.6)	54.2	(37.3)	27.2	(12.0)
Cost of products sold – special project costs	—	—	3.9	5.7	12.2
Other special project costs	16.5	64.1	45.4	76.9	135.9
Adjusted income before income taxes	\$ 1,312.3	\$ 1,265.3	\$ 1,256.7	\$ 1,328.7	\$ 1,322.4
Income taxes, as adjusted	313.2	322.6	352.1	432.8	391.1
Adjusted income	<u>\$ 999.1</u>	<u>\$ 942.7</u>	<u>\$ 904.6</u>	<u>\$ 895.9</u>	<u>\$ 931.3</u>
Weighted-average shares – assuming dilution	114.0	113.7	113.6	116.1	119.5
Adjusted earnings per share – assuming dilution	<u>\$ 8.76</u>	<u>\$ 8.29</u>	<u>\$ 7.96</u>	<u>\$ 7.72</u>	<u>\$ 7.79</u>
EBITDA (as adjusted) reconciliation:					
Net income	\$ 779.5	\$ 514.4	\$ 1,338.6	\$ 592.3	\$ 688.7
Income tax expense (benefit)	247.2	187.2	(477.6)	286.1	289.2
Interest expense – net	189.2	207.9	174.1	163.1	171.1
Depreciation	210.2	206.0	206.3	211.7	221.7
Amortization	236.3	240.3	206.8	207.3	208.4
Goodwill impairment charges	—	97.9	145.0	—	—
Other intangible assets impairment charges	52.4	107.2	31.9	133.2	—
EBITDA (as adjusted)	<u>\$ 1,714.8</u>	<u>\$ 1,560.9</u>	<u>\$ 1,625.1</u>	<u>\$ 1,593.7</u>	<u>\$ 1,579.1</u>
Free cash flow reconciliation:					
Net cash provided by (used for) operating activities	\$ 1,254.8	\$ 1,141.2	\$ 1,218.0	\$ 1,059.0	\$ 1,461.0
Additions to property, plant, and equipment	(269.3)	(359.8)	(321.9)	(192.4)	(201.4)
Free cash flow	<u>\$ 985.5</u>	<u>\$ 781.4</u>	<u>\$ 896.1</u>	<u>\$ 866.6</u>	<u>\$ 1,259.6</u>

OFF-BALANCE SHEET ARRANGEMENTS

We do not have material off-balance sheet arrangements, financings, or other relationships with unconsolidated entities or other persons, also known as variable interest entities. Transactions with related parties are in the ordinary course of business and are not material to our results of operations, financial condition, or cash flows.

CONTRACTUAL OBLIGATIONS

The following table summarizes our contractual obligations by fiscal year at April 30, 2020.

	Total	2021	2022–2023	2024–2025	2026 and beyond
Long-term debt obligations, including current portion ^(A)	\$ 5,400.0	\$ —	\$ 1,850.0	\$ 1,000.0	\$ 2,550.0
Interest payments ^(B)	1,873.9	174.8	282.0	256.6	1,160.5
Operating lease obligations ^(C)	168.5	40.3	71.0	37.4	19.8
Purchase obligations ^(D)	1,914.4	1,517.2	283.1	80.9	33.2
Other liabilities ^(E)	392.0	42.7	51.9	24.5	272.9
Total	<u>\$ 9,748.8</u>	<u>\$ 1,775.0</u>	<u>\$ 2,538.0</u>	<u>\$ 1,399.4</u>	<u>\$ 4,036.4</u>

(A) Long-term debt obligations, including current portion, excludes the impact of offering discounts, make-whole payments, and debt issuance costs.

(B) Interest payments consists of the interest payments on our long-term debt, which reflect estimated payments for our variable-rate debt based on the current interest rate outlook.

(C) Operating lease obligations consists of the minimum rental commitments under non-cancelable operating leases.

(D) Purchase obligations includes agreements that are enforceable and legally bind us to purchase goods or services, which primarily consist of obligations related to normal, ongoing purchase obligations in which we have guaranteed payment to ensure availability of raw materials. We expect to receive consideration for these purchase obligations in the form of materials and services. These purchase obligations do not represent all future purchases expected, but represent only those items for which we are contractually obligated. Amounts included in the table above represent our current best estimate of payments due. Actual cash payments may vary due to the variable pricing components of certain purchase obligations.

(E) Other liabilities consists primarily of projected commitments associated with our defined benefit pension and other postretirement benefit plans, as well as \$6.0 related to financing lease obligations. The liability for unrecognized tax benefits and tax-related net interest of \$15.0 under the Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) 740, *Income Taxes*, is excluded, since we are unable to reasonably estimate the timing of cash settlements with the respective taxing authorities.

CRITICAL ACCOUNTING ESTIMATES AND POLICIES

The preparation of financial statements in conformity with U.S. GAAP requires that we make estimates and assumptions that in certain circumstances affect amounts reported in the accompanying consolidated financial statements. In preparing these financial statements, we have made our best estimates and judgments of certain amounts included in the financial statements, giving due consideration to materiality. We do not believe there is a great likelihood that materially different amounts would be reported under different conditions or using different assumptions related to the accounting policies described below. However, application of these accounting policies involves the exercise of judgment and use of assumptions as to future uncertainties and, as a result, actual results could differ from these estimates.

Trade Marketing and Merchandising Programs: In order to support our products, various promotional activities are conducted through retail, distributors, or directly with consumers, including in-store display and product placement programs, price discounts, coupons, and other similar activities. The costs of these programs are classified as a reduction of sales. We regularly review and revise, when we deem necessary, estimates of costs for these promotional programs based on estimates of what will be redeemed by retail, distributors, or consumers. These estimates are made using various techniques, including historical data on performance of similar promotional programs. Differences between estimated expenditures and actual performance are recognized as a change in estimate in a subsequent period. During 2020, 2019, and 2018, subsequent period adjustments were less than 2 percent of both consolidated pre-tax income and cash provided by operating activities. These promotional expenditures, including amounts classified as a reduction of sales, represented 39 percent of net sales in 2020. The possibility exists that reported results could be different if factors such as the level and success of the promotional programs or other conditions differ from expectations.

Income Taxes: We account for income taxes using the liability method. In the ordinary course of business, we are exposed to uncertainties related to tax filing positions and periodically assess the technical merits of these tax positions for all tax years that remain subject to examination, based upon the latest information available. For material uncertain tax positions, we have recognized a liability for unrecognized tax benefits, including any applicable interest and penalty charges.

We routinely evaluate the likelihood of realizing the benefit of our deferred tax assets and may record a valuation allowance if, based on all available evidence, we determine that it is more likely than not that all or some portion of such assets will not be realized. Valuation allowances related to deferred tax assets can be affected by changes in tax laws, statutory tax rates, and projected future taxable income levels. Changes in estimated realization of deferred tax assets would result in an adjustment to income in the period in which that determination is made, unless such changes are determined to be an adjustment to goodwill within the allowable measurement period under the acquisition method of accounting.

The future tax benefit arising from the net deductible temporary differences and tax carryforwards was \$244.8 and \$163.6 at April 30, 2020 and 2019, respectively. In evaluating our ability to recover our deferred tax assets within the jurisdiction from which they arise, we consider all available positive and negative evidence, including scheduled reversals of deferred tax liabilities, projected future taxable income, tax planning strategies, and results of operations. For those jurisdictions where the expiration date of tax carryforwards or the projected operating results indicate that realization is not likely, a valuation allowance would have been provided.

As of April 30, 2020, the undistributed earnings of our foreign subsidiaries, primarily in Canada, remain permanently reinvested.

Goodwill and Other Indefinite-Lived Intangible Assets: A significant portion of our assets is goodwill and other intangible assets, the majority of which are not amortized but are reviewed at least annually for impairment on February 1, and more often if indicators of impairment exist. At April 30, 2020, the carrying value of goodwill and other intangible assets totaled \$12.7 billion, compared to total assets of \$17.0 billion and total shareholders' equity of \$8.2 billion. If the carrying value of these assets exceeds the current estimated fair value, the asset is considered impaired, and this would result in a noncash charge to earnings. Any such impairment charge would reduce earnings and could be material. Events and conditions that could result in impairment include a sustained drop in the market price of our common shares, increased competition or loss of market share, obsolescence, product claims that result in a significant loss of sales or profitability over the product life, deterioration in macroeconomic conditions, or declining financial performance in comparison to projected results.

To test for goodwill impairment, we estimate the fair value of each of our reporting units using both a discounted cash flow valuation technique and a market-based approach. The impairment test incorporates estimates of future cash flows; allocations of certain assets, liabilities, and cash flows among reporting units; future growth rates; terminal value amounts; and the applicable weighted-average cost of capital used to discount those estimated cash flows. The estimates and projections used in the calculation of fair value are consistent with our current and long-range plans, including anticipated changes in market conditions, industry trends, growth rates, and planned capital expenditures. Changes in forecasted operations and other estimates and assumptions could impact the assessment of impairment in the future.

At April 30, 2020, goodwill totaled \$6.3 billion. Goodwill is substantially concentrated within the U.S. Retail Pet Foods, U.S. Retail Coffee, and U.S. Retail Consumer Foods segments. During 2020, no goodwill impairment was recognized as a result of the evaluations performed throughout the year. The estimated fair value of each of our reporting units for which there is a goodwill balance was substantially in excess of its carrying value as of the annual test date, with the exception of the Pet Foods reporting unit, for which its fair value exceeded its carrying value by approximately 3 percent. A sensitivity analysis was performed for the Pet Foods reporting unit, assuming a hypothetical 50-basis-point decrease in the expected long-term growth rate or a hypothetical 50-basis-point increase in the weighted-average cost of capital, and both scenarios independently yielded an estimated fair value for the Pet Foods reporting unit below carrying value.

Other indefinite-lived intangible assets, consisting entirely of trademarks, are also tested for impairment at least annually and more often if events or changes in circumstances indicate their carrying value may not be recoverable. To test these assets for impairment, we estimate the fair value of each asset based on a discounted cash flow model using various inputs, including projected revenues, an assumed royalty rate, and a discount rate. Changes in these estimates and assumptions could impact the assessment of impairment in the future.

At April 30, 2020, other indefinite-lived intangible assets totaled \$2.9 billion. Trademarks that represent our leading brands comprise approximately 90 percent of the total carrying value of other indefinite-lived intangible assets. As of April 30, 2020,

the estimated fair value was substantially in excess of the carrying value for the majority of these leading brand trademarks, and in all instances, the estimated fair value exceeded the carrying value by greater than 10 percent, with the exception of the *Rachael Ray Nutrish* brand within the U.S. Retail Pet Foods segment. During 2020, we recognized an impairment charge of \$52.4 related to the *Natural Balance* brand within the U.S. Retail Pet Foods segment, representing the extent to which the carrying value exceeded the estimated fair value. We reassessed the long-term strategic expectations for the *Natural Balance* brand and reclassified this brand as a finite-lived intangible asset as of February 1, 2020.

The carrying values of the goodwill and indefinite-lived intangible assets within the U.S. Retail Pet Foods segment were \$2.4 billion and \$1.4 billion, respectively, as of April 30, 2020. These intangible assets remain susceptible to future impairment charges due to narrow differences between fair value and carrying value, which is primarily attributable to recent impairment charges and the acquisition of Ainsworth in May 2018. Any significant adverse change in our near- or long-term projections or macroeconomic conditions could result in future impairment charges which could be material.

Furthermore, we continue to evaluate the potential impact of COVID-19 on the fair value of our goodwill and indefinite-lived intangible assets. While we concluded there were no indicators of impairment as of April 30, 2020, any significant sustained adverse change in consumer purchasing behaviors, government restrictions, financial results, or macroeconomic conditions could result in future impairment, specifically as it relates to the Away From Home reporting unit, which has experienced a significant decline in demand as a result of COVID-19. As of April 30, 2020, the goodwill related to the Away From Home reporting unit represented approximately 65 percent of the goodwill within the International and Away From Home segment. For additional information, see Note 7: Goodwill and Other Intangible Assets.

Pension and Other Postretirement Benefit Plans: To determine the ultimate obligation under our defined benefit pension and other postretirement benefit plans, we must estimate the future cost of benefits and attribute that cost to the time period during which each covered employee works. Various actuarial assumptions must be made in order to predict and measure costs and obligations many years prior to the settlement date, the most significant being the interest rates used to discount the obligations of the plans, the long-term rates of return on the plans' assets, mortality assumptions, assumed pay increases, and the health care cost trend rates. We, along with third-party actuaries and investment managers, review all of these assumptions on an ongoing basis to ensure that the most reasonable information available is being considered.

We utilize a spot rate methodology for the estimation of service and interest cost for our plans by applying specific spot rates along the yield curve to the relevant projected cash flows, to provide a better estimate of service and interest costs. For 2021 expense recognition, we will use weighted-average discount rates for the U.S. defined benefit pension plans of 3.05 percent to determine benefit obligation, 3.34 percent to determine service cost, and 2.54 percent to determine interest cost, and a rate of compensation increase of 3.58 percent. For the Canadian defined benefit pension plans, we will use weighted-average discount rates of 2.95 percent to determine benefit obligation, 3.06 percent to determine service cost, and 2.47 percent to determine interest cost, and a rate of compensation increase of 3.00 percent. In addition, we anticipate using an expected rate of return on plan assets of 4.96 percent and 3.00 percent for the U.S. and Canadian defined benefit pension plans, respectively.

FORWARD-LOOKING STATEMENTS

Certain statements included in this Annual Report on Form 10-K contain forward-looking statements within the meaning of federal securities laws. The forward-looking statements may include statements concerning our current expectations, estimates, assumptions, and beliefs concerning future events, conditions, plans, and strategies that are not historical fact. Any statement that is not historical in nature is a forward-looking statement and may be identified by the use of words and phrases such as "expect," "anticipate," "believe," "intend," "will," "plan," and similar phrases.

Federal securities laws provide a safe harbor for forward-looking statements to encourage companies to provide prospective information. We are providing this cautionary statement in connection with the safe harbor provisions. Readers are cautioned not to place undue reliance on any forward-looking statements, as such statements are by nature subject to risks, uncertainties, and other factors, many of which are outside of our control and could cause actual results to differ materially from such statements and from our historical results and experience. These risks and uncertainties include, but are not limited to, those set forth under the caption "Risk Factors" of this Annual Report on Form 10-K, as well as the following:

- the impact of the COVID-19 outbreak on our business, industry, suppliers, customers, consumers, employees, and communities, particularly with respect to our Away From Home business;
- disruptions or inefficiencies in our operations or supply chain, including any impact of the COVID-19 outbreak;

- our ability to achieve cost savings related to our cost management programs in the amounts and within the time frames currently anticipated;
- our ability to generate sufficient cash flow to continue operating under our capital deployment model, including capital expenditures, debt repayment, dividend payments, and share repurchases;
- volatility of commodity, energy, and other input costs;
- risks associated with derivative and purchasing strategies we employ to manage commodity pricing and interest rate risks;
- the availability of reliable transportation on acceptable terms;
- our ability to implement and realize the full benefit of price changes, and the impact of the timing of the price changes to profits and cash flow in a particular period;
- the success and cost of marketing and sales programs and strategies intended to promote growth in our businesses, including product innovation;
- general competitive activity in the market, including competitors' pricing practices and promotional spending levels;
- the impact of food security concerns involving either our products or our competitors' products;
- the impact of accidents, extreme weather, natural disasters, and pandemics (such as COVID-19);
- the concentration of certain of our businesses with key customers and suppliers, including single-source suppliers of certain key raw materials and finished goods, and our ability to manage and maintain key relationships;
- impairments in the carrying value of goodwill, other intangible assets, or other long-lived assets or changes in useful lives of other intangible assets or other long-lived assets;
- the impact of new or changes to existing governmental laws and regulations and their application, including tariffs;
- the outcome of tax examinations, changes in tax laws, and other tax matters;
- foreign currency exchange rate and interest rate fluctuations; and
- risks related to other factors described under "Risk Factors" in other reports and statements we have filed with the Securities and Exchange Commission.

Readers are cautioned not to unduly rely on such forward-looking statements, which speak only as of the date made, when evaluating the information presented in this Annual Report on Form 10-K. We do not undertake any obligation to update or revise these forward-looking statements to reflect new events or circumstances subsequent to the filing of this Annual Report on Form 10-K.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk.

DERIVATIVE FINANCIAL INSTRUMENTS AND MARKET RISK

The following discussions about our market risk disclosures involve forward-looking statements. Actual results could differ from those projected in the forward-looking statements. We are exposed to market risk related to changes in interest rates, foreign currency exchange rates, and commodity prices.

Interest Rate Risk: The fair value of our cash and cash equivalents at April 30, 2020, approximates carrying value. We are exposed to interest rate risk with regard to existing debt consisting of fixed- and variable-rate maturities. Our interest rate exposure primarily includes U.S. Treasury rates, LIBOR, and commercial paper rates in the U.S. The Financial Conduct Authority in the United Kingdom has stated that it will not require banks to submit LIBOR beyond 2021. We do not anticipate a significant impact to our financial position as a result of this action given our current mix of variable- and fixed-rate debt.

We utilize derivative instruments to manage interest risk associated with anticipated debt transactions, as well as to manage changes in the fair value of our long-term debt. At the inception of an interest rate contract, the instrument is evaluated and documented for qualifying hedge accounting treatment. If the contract is designated as a cash flow hedge, the mark-to-market gains or losses on the contract are deferred and included as a component of accumulated other comprehensive income (loss), and reclassified to interest expense in the period during which the hedged transaction affects earnings. If the contract is designated as a fair value hedge, the contract is recognized at fair value on the balance sheet, and changes in the fair value are recognized in interest expense. Generally, changes in the fair value of the contract are equal to changes in the fair value of the underlying debt and have no net impact on earnings.

We entered into interest rate contracts in November 2018 and June 2018, with notional values of \$300.0 and \$500.0, respectively, to manage our exposure to interest rate volatility associated with anticipated debt financing in 2020. These interest rate contracts were designated as cash flow hedges. In March 2020, we terminated the interest rate contracts concurrent with the pricing of the Senior Notes due March 15, 2030, and March 15, 2050, which resulted in a pre-tax loss of \$239.8. The loss was deferred and included as a component of accumulated other comprehensive income (loss) and is being amortized as interest expense over the life of the debt.

In 2015, we terminated the interest rate swap on the Senior Notes due October 15, 2021, which was designated as a fair value hedge and used to hedge against the changes in the fair value of the debt. As a result of the early termination, we received \$58.1 in cash, which included \$4.6 of accrued and prepaid interest and a \$53.5 benefit that is deferred as a component of the carrying value of the long-term debt and is being recognized ratably as a reduction to interest expense over the remaining life of the related debt. At April 30, 2020, the remaining benefit of \$12.4 was recorded as an increase in the long-term debt balance.

In measuring interest rate risk by the amount of net change in the fair value of our financial liabilities, a hypothetical 100-basis-point decrease in interest rates at April 30, 2020, would increase the fair value of our long-term debt by \$416.6.

Foreign Currency Exchange Risk: We have operations outside the U.S. with foreign currency denominated assets and liabilities, primarily denominated in Canadian currency. Because we have foreign currency denominated assets and liabilities, financial exposure may result, primarily from the timing of transactions and the movement of exchange rates. The foreign currency balance sheet exposures as of April 30, 2020, are not expected to result in a significant impact on future earnings or cash flows.

We utilize foreign currency derivatives to manage the effect of foreign currency exchange fluctuations on future cash payments primarily related to purchases of certain raw materials and finished goods. The contracts generally have maturities of less than one year. We do not qualify instruments used to manage foreign currency exchange exposures for hedge accounting treatment. Therefore, the change in value of these instruments is immediately recognized in cost of products sold. Based on our hedged foreign currency positions as of April 30, 2020, a hypothetical 10 percent change in exchange rates would not materially impact the fair value.

Revenues from customers outside the U.S., subject to foreign currency exchange, represented 6 percent of net sales during 2020. Thus, certain revenues 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.

Commodity Price Risk: We use certain raw materials and other commodities that are subject to price volatility caused by supply and demand conditions, political and economic variables, weather, investor speculation, and other unpredictable factors. To manage the volatility related to anticipated commodity purchases, we use derivatives with maturities of generally less than one year. We do not qualify commodity derivatives for hedge accounting treatment. As a result, the gains and losses on all commodity derivatives are immediately recognized in cost of products sold.

The following sensitivity analysis presents our potential loss of fair value resulting from a hypothetical 10 percent change in market prices related to commodities.

	Year Ended April 30,	
	2020	2019
High	\$ 37.8	\$ 51.6
Low	14.5	25.3
Average	26.9	37.0

The estimated fair value was determined using quoted market prices and was based on our net derivative position by commodity for the previous four quarters. The calculations are not intended to represent actual losses in fair value that we expect to incur. In practice, as markets move, we actively manage our risk and adjust hedging strategies as appropriate. The commodities hedged have a high inverse correlation to price changes of the derivative instrument; thus, we would expect that any gain or loss in the estimated fair value of these derivatives would generally be offset by an increase or decrease in the estimated fair value of the underlying exposures.

Item 8. Financial Statements and Supplementary Data.

THE J. M. SMUCKER COMPANY
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REPORT OF MANAGEMENT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING

Shareholders

The J. M. Smucker Company

Management is responsible for establishing and maintaining adequate accounting and internal control systems over financial reporting, as such term is defined in Rules 13a-15(f) and 15d-15(f) under the Securities and Exchange Act of 1934, as amended. Our internal control system is designed to provide reasonable assurance that we have the ability to record, process, summarize, and report reliable financial information on a timely basis.

Our management, with the participation of the principal financial officer and principal executive officer, assessed the effectiveness of the internal control over financial reporting as of April 30, 2020. In making this assessment, we used the criteria established in *Internal Control – Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 Framework) (“the COSO criteria”).

Based on our assessment of internal control over financial reporting under the COSO criteria, we concluded the internal control over financial reporting was effective as of April 30, 2020.

Ernst & Young LLP, an independent registered public accounting firm, audited the effectiveness of our internal control over financial reporting as of April 30, 2020, and their report thereon is included on page 38 of this report.

Mark T. Smucker
President and
Chief Executive Officer

Tucker H. Marshall
Chief Financial Officer

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM
ON INTERNAL CONTROL OVER FINANCIAL REPORTING

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

Opinion on Internal Control Over Financial Reporting

We have audited The J. M. Smucker Company's internal control over financial reporting as of April 30, 2020, based on criteria established in *Internal Control – Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) ("the COSO criteria"). In our opinion, The J. M. Smucker Company (the "Company") maintained, in all material respects, effective internal control over financial reporting as of April 30, 2020, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) ("PCAOB"), the consolidated balance sheets of the Company as of April 30, 2020 and 2019, the related statements of consolidated income, comprehensive income, shareholders' equity, and cash flows for each of the three years in the period ended April 30, 2020, and the related notes and our report dated June 19, 2020 expressed an unqualified opinion thereon.

Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Report of Management on Internal Control Over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects.

Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control Over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ Ernst & Young LLP

Akron, Ohio
June 19, 2020

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM
ON THE CONSOLIDATED FINANCIAL STATEMENTS

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

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of The J. M. Smucker Company (the “Company”) as of April 30, 2020 and 2019, the related statements of consolidated income, comprehensive income, shareholders’ equity, and cash flows for each of the three years in the period ended April 30, 2020, and the related notes (collectively referred to as the “consolidated financial statements”). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company at April 30, 2020 and 2019, and the results of its operations and its cash flows for each of the three years in the period ended April 30, 2020, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (“PCAOB”), the Company’s internal control over financial reporting as of April 30, 2020, based on criteria established in *Internal Control – Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework), and our report dated June 19, 2020 expressed an unqualified opinion thereon.

Basis for Opinion

These financial statements are the responsibility of the Company’s management. Our responsibility is to express an opinion on the Company’s financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matters

The critical audit matters communicated below are matters arising from the current period audit of the financial statements that were communicated or required to be communicated to the audit committee and that: (1) relate to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matters below, providing separate opinions on the critical audit matters or on the accounts or disclosures to which they relate.

U.S. Retail Pet Foods Goodwill Impairment Evaluation

Description of the Matter

At April 30, 2020, the Company's total goodwill was \$6.3 billion, of that, \$2.4 billion relates to the U.S. Retail Pet Foods segment. Goodwill is assigned to the Company's reporting units as of the acquisition date. As discussed in Note 1 and Note 7 of the consolidated financial statements, goodwill is quantitatively tested at the reporting unit level for impairment at least annually on February 1, or when events or circumstances occur that would more likely than not reduce the fair value of a reporting unit below its carrying amount. The Company uses an income and market approach in its quantitative impairment tests. U.S. Retail Pet Foods goodwill is susceptible to impairment due to the narrow difference between fair value and carrying value.

Auditing the Company's U.S. Retail Pet Foods goodwill impairment evaluation was complex and highly judgmental due to the significant estimation required in determining the fair value of the reporting unit. In particular, the fair value estimate using the income approach was sensitive to significant assumptions such as the weighted average cost of capital, discrete revenue growth rates, terminal period revenue growth rate, and profitability assumptions. Elements of these significant assumptions are forward-looking and could be affected by future economic conditions and/or changes in consumer preferences.

How We Addressed the Matter in Our Audit

We obtained an understanding, evaluated the design and tested the operating effectiveness of controls over the Company's U.S. Retail Pet Foods goodwill impairment review process, including controls over the significant assumptions mentioned above.

To test the estimated fair value used in the Company's U.S. Retail Pet Foods impairment analysis, we performed audit procedures that included, among others, assessing fair value methodologies and testing the significant assumptions discussed above and the underlying data used by the Company in its analysis. For example, we compared the significant assumptions used by management to current industry and economic trends, changes to the Company's business model, customer base or product mix and other relevant factors. We assessed the historical accuracy of management's estimates. We also performed sensitivity analyses of significant assumptions, including the weighted average cost of capital and terminal period revenue growth rate, to evaluate the changes in fair value that would result from changes in the assumptions and the potential impact on the Company's conclusion of whether or not the goodwill was impaired. In addition, we involved our valuation specialist to assist with our evaluation of the methodology used by the Company and significant assumptions, including, among others, the weighted average cost of capital.

U.S. Retail Pet Foods and U.S. Retail Coffee Indefinite-Lived Intangible Assets Impairment Evaluation

Description of the Matter

At April 30, 2020, the Company's total indefinite-lived intangible assets were \$2.9 billion, of that, \$1.4 billion relates to the U.S. Retail Pet Foods segment and \$1.2 billion relates to the U.S. Retail Coffee segment (collectively, the "Pet Foods and Coffee indefinite-lived intangible assets"). As discussed in Note 1 and Note 7 of the consolidated financial statements, indefinite-lived intangible assets are quantitatively tested for impairment at least annually on February 1, or when events or circumstances occur that would more likely than not reduce the fair value of the asset below its carrying amount. The Company uses an income approach in its quantitative impairment tests. Certain Pet Foods and Coffee indefinite-lived intangible assets are individually material, have had recently recognized impairment charges, or are susceptible to future charges due to the narrow differences between fair value and carrying value, or a combination of some or all three of these criteria.

Auditing the Company's Pet Foods and Coffee indefinite-lived intangible assets impairment evaluation was complex and highly judgmental due to the significant estimation required in determining the fair value of the indefinite-lived intangible assets. In particular, the fair value estimate was sensitive to significant assumptions such as the required rate of return, revenue growth rates, terminal period revenue growth rates, and royalty rates. Elements of these significant assumptions are forward-looking and could be affected by future economic conditions and/or changes in consumer preferences.

How We Addressed the Matter in Our Audit We obtained an understanding, evaluated the design and tested the operating effectiveness of controls over the Pet Foods and Coffee indefinite-lived intangible asset impairment review process, including controls over the significant assumptions mentioned above.

To test the estimated fair value used in the Company's Pet Foods and Coffee indefinite-lived intangible assets impairment analyses, we performed audit procedures that included, among others, assessing fair value methodologies and testing the significant assumptions discussed above and the underlying data used by the Company in its analysis. For example, we compared the significant assumptions used by management to current industry and economic trends, changes to the Company's business model, customer base or product mix and other relevant factors. We assessed the historical accuracy of management's estimates. We also performed sensitivity analyses of significant assumptions, including the required rates of return and royalty rates, to evaluate the changes in the fair value of the indefinite-lived intangible assets that would result from changes in the assumptions and the potential impact on the Company's conclusion of whether or not the indefinite-lived intangible assets were impaired. In addition, we involved our valuation specialist to assist with our evaluation of the methodology used by the Company and significant assumptions, including the required rate of return and royalty rate.

/s/ Ernst & Young LLP

We have served as the Company's auditor since 1955.

Akron, Ohio
June 19, 2020

REPORT OF MANAGEMENT ON RESPONSIBILITY
FOR FINANCIAL REPORTING

Shareholders

The J. M. Smucker Company

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 U.S. generally accepted accounting principles and is based on our best estimates and judgments.

We maintain systems of internal accounting controls supported by formal policies and procedures that are communicated throughout the Company. There is a program of audits performed by our internal audit staff designed to evaluate the adequacy of and adherence to these controls, policies, and procedures.

Ernst & Young LLP, an independent registered public accounting firm, has audited our financial statements in accordance with the standards of the Public Company Accounting Oversight Board (United States). Management has made all financial records and related data available to Ernst & Young LLP during its audit.

Our audit committee, comprised of three independent non-employee members of the Board of Directors, meets regularly with the independent registered public accounting firm and management to review the work of the internal audit staff and the work, audit scope, timing arrangements, and fees of the independent registered public accounting firm. The audit committee also regularly satisfies itself as to the adequacy of controls, systems, and financial records. The director of the internal audit department is required to report directly to the audit committee as to internal audit matters.

It is our best judgment that our policies and procedures, our program of internal and independent audits, and the oversight activity of the audit committee work together to provide reasonable assurance that our operations are conducted according to law and in compliance with the high standards of business ethics and conduct to which we subscribe.

Mark T. Smucker
President and
Chief Executive Officer

Tucker H. Marshall
Chief Financial Officer

THE J. M. SMUCKER COMPANY
STATEMENTS OF CONSOLIDATED INCOME

(Dollars in millions, except per share data)	Year Ended April 30,		
	2020	2019	2018
Net sales	\$ 7,801.0	\$ 7,838.0	\$ 7,357.1
Cost of products sold	4,799.0	4,922.3	4,521.0
Gross Profit	3,002.0	2,915.7	2,836.1
Selling, distribution, and administrative expenses	1,474.3	1,508.6	1,362.9
Amortization	236.3	240.3	206.8
Goodwill impairment charges	—	97.9	145.0
Other intangible assets impairment charges	52.4	107.2	31.9
Other special project costs ^(A)	16.5	64.1	45.4
Other operating expense (income) – net	(0.6)	(31.0)	0.1
Operating Income	1,223.1	928.6	1,044.0
Interest expense – net	(189.2)	(207.9)	(174.1)
Other income (expense) – net	(7.2)	(19.1)	(8.9)
Income Before Income Taxes	1,026.7	701.6	861.0
Income tax expense (benefit)	247.2	187.2	(477.6)
Net Income	\$ 779.5	\$ 514.4	\$ 1,338.6
Earnings per common share:			
Net Income	\$ 6.84	\$ 4.52	\$ 11.79
Net Income – Assuming Dilution	\$ 6.84	\$ 4.52	\$ 11.78

(A) Other special project costs includes integration and restructuring costs. For more information, see Note 3: Integration and Restructuring Costs.

See notes to consolidated financial statements.

THE J. M. SMUCKER COMPANY
STATEMENTS OF CONSOLIDATED COMPREHENSIVE INCOME

(Dollars in millions)	Year Ended April 30,		
	2020	2019	2018
Net income	\$ 779.5	\$ 514.4	\$ 1,338.6
Other comprehensive income (loss):			
Foreign currency translation adjustments	(15.0)	(19.1)	26.6
Cash flow hedging derivative activity, net of tax	(145.2)	(37.5)	2.0
Pension and other postretirement benefit plans activity, net of tax	(36.7)	(9.0)	14.3
Available-for-sale securities activity, net of tax	(0.3)	0.5	(1.2)
Total Other Comprehensive Income (Loss)	(197.2)	(65.1)	41.7
Comprehensive Income	\$ 582.3	\$ 449.3	\$ 1,380.3

See notes to consolidated financial statements.

THE J. M. SMUCKER COMPANY
CONSOLIDATED BALANCE SHEETS

(Dollars in millions)	April 30,	
	2020	2019
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 391.1	\$ 101.3
Trade receivables, less allowance for doubtful accounts	551.4	503.8
Inventories:		
Finished products	563.5	590.8
Raw materials	331.8	319.5
Total Inventory	895.3	910.3
Other current assets	134.9	109.8
Total Current Assets	1,972.7	1,625.2
Property, Plant, and Equipment		
Land and land improvements	129.5	122.1
Buildings and fixtures	977.9	903.2
Machinery and equipment	2,398.3	2,185.0
Construction in progress	232.6	321.8
Gross Property, Plant, and Equipment	3,738.3	3,532.1
Accumulated depreciation	(1,768.9)	(1,619.7)
Total Property, Plant, and Equipment	1,969.4	1,912.4
Other Noncurrent Assets		
Operating lease right-of-use assets	148.4	—
Goodwill	6,304.5	6,310.9
Other intangible assets – net	6,429.0	6,718.8
Other noncurrent assets	146.4	144.0
Total Other Noncurrent Assets	13,028.3	13,173.7
Total Assets	\$ 16,970.4	\$ 16,711.3
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current Liabilities		
Accounts payable	\$ 782.0	\$ 591.0
Accrued compensation	99.8	85.0
Accrued trade marketing and merchandising	167.5	142.7
Dividends payable	100.3	96.7
Current portion of long-term debt	—	798.5
Short-term borrowings	248.0	426.0
Current operating lease liabilities	36.5	—
Other current liabilities	153.0	201.6
Total Current Liabilities	1,587.1	2,341.5
Noncurrent Liabilities		
Long-term debt, less current portion	5,373.3	4,686.3
Defined benefit pensions	179.3	139.1
Other postretirement benefits	70.0	65.0
Deferred income taxes	1,351.6	1,398.6
Noncurrent operating lease liabilities	120.0	—
Other noncurrent liabilities	98.2	110.3
Total Noncurrent Liabilities	7,192.4	6,399.3
Total Liabilities	8,779.5	8,740.8
Shareholders' Equity		
Serial preferred shares – no par value:		
Authorized – 6,000,000 shares; outstanding – none	—	—
Common shares – no par value:		
Authorized – 300,000,000 shares; outstanding – 114,072,726 at April 30, 2020, and 113,742,296 at April 30, 2019 (net of 32,425,004 and 32,755,434 treasury shares, respectively), at stated value	29.0	28.9
Additional capital	5,794.1	5,755.8
Retained income	2,746.8	2,367.6
Accumulated other comprehensive income (loss)	(379.0)	(181.8)
Total Shareholders' Equity	8,190.9	7,970.5
Total Liabilities and Shareholders' Equity	\$ 16,970.4	\$ 16,711.3

See notes to consolidated financial statements.

THE J. M. SMUCKER COMPANY
STATEMENTS OF CONSOLIDATED CASH FLOWS

(Dollars in millions)	Year Ended April 30,		
	2020	2019	2018
Operating Activities			
Net income	\$ 779.5	\$ 514.4	\$ 1,338.6
Adjustments to reconcile net income to net cash provided by (used for) operations:			
Depreciation	210.2	206.0	206.3
Amortization	236.3	240.3	206.8
Goodwill impairment charges	—	97.9	145.0
Other intangible assets impairment charges	52.4	107.2	31.9
Share-based compensation expense	26.8	20.7	15.4
Gain on divestiture	—	(27.7)	—
Deferred income tax expense (benefit)	7.6	(93.5)	(803.4)
Loss on disposal of assets – net	13.0	4.5	6.6
Other noncash adjustments – net	8.1	1.2	3.7
Settlement of interest rate contracts	(239.8)	—	—
Defined benefit pension contributions	(5.1)	(29.3)	(39.6)
Changes in assets and liabilities, net of effect from acquisition and divestiture:			
Trade receivables	(49.1)	(53.0)	54.7
Inventories	12.6	(5.3)	54.0
Other current assets	(15.7)	13.3	(5.3)
Accounts payable	181.6	43.7	19.0
Accrued liabilities	48.0	66.7	20.5
Income and other taxes	6.5	51.8	(28.7)
Other – net	(18.1)	(17.7)	(7.5)
Net Cash Provided by (Used for) Operating Activities	1,254.8	1,141.2	1,218.0
Investing Activities			
Business acquired, net of cash acquired	—	(1,903.0)	—
Additions to property, plant, and equipment	(269.3)	(359.8)	(321.9)
Proceeds from divestiture	—	369.5	—
Proceeds from disposal of property, plant, and equipment	2.4	1.1	13.4
Other – net	(4.6)	(32.0)	30.9
Net Cash Provided by (Used for) Investing Activities	(271.5)	(1,924.2)	(277.6)
Financing Activities			
Short-term borrowings (repayments) – net	(185.8)	282.0	(310.0)
Proceeds from long-term debt	798.2	1,500.0	799.6
Repayments of long-term debt	(900.0)	(700.0)	(1,050.3)
Quarterly dividends paid	(396.8)	(377.9)	(350.3)
Purchase of treasury shares	(4.2)	(5.4)	(7.0)
Proceeds from stock option exercises	7.1	—	3.9
Other – net	(7.2)	0.3	(7.9)
Net Cash Provided by (Used for) Financing Activities	(688.7)	699.0	(922.0)
Effect of exchange rate changes on cash	(4.8)	(7.3)	7.4
Net increase (decrease) in cash and cash equivalents	289.8	(91.3)	25.8
Cash and cash equivalents at beginning of year	101.3	192.6	166.8
Cash and Cash Equivalents at End of Year	\$ 391.1	\$ 101.3	\$ 192.6

() Denotes use of cash

See notes to consolidated financial statements.

THE J. M. SMUCKER COMPANY
STATEMENTS OF CONSOLIDATED SHAREHOLDERS' EQUITY

(Dollars in millions)	Common Shares Outstanding	Common Shares	Additional Capital	Retained Income	Accumulated Other Comprehensive Income (Loss)	Total Shareholders' Equity
Balance at May 1, 2017	113,439,553	\$ 28.4	\$ 5,724.7	\$ 1,240.5	\$ (143.4)	\$ 6,850.2
Net income				1,338.6		1,338.6
Other comprehensive income (loss)					41.7	41.7
Comprehensive Income						1,380.3
Purchase of treasury shares	(54,535)	—	(5.8)	(1.2)		(7.0)
Stock plans	187,822	—	21.3			21.3
Cash dividends declared, \$3.12 per common share				(353.7)		(353.7)
Reclassification of stranded tax effects ^(A)				15.0	(15.0)	—
Other		0.5	(0.5)			—
Balance at April 30, 2018	113,572,840	28.9	5,739.7	2,239.2	(116.7)	7,891.1
Net income				514.4		514.4
Other comprehensive income (loss)					(65.1)	(65.1)
Comprehensive Income						449.3
Purchase of treasury shares	(50,723)	—	(5.4)	—		(5.4)
Stock plans	220,179	—	21.5			21.5
Cash dividends declared, \$3.40 per common share				(386.0)		(386.0)
Other		—		—		—
Balance at April 30, 2019	113,742,296	28.9	5,755.8	2,367.6	(181.8)	7,970.5
Net income				779.5		779.5
Other comprehensive income (loss)					(197.2)	(197.2)
Comprehensive Income						582.3
Purchase of treasury shares	(35,588)	—	(4.3)	0.1		(4.2)
Stock plans	366,018	0.1	42.6			42.7
Cash dividends declared, \$3.52 per common share				(400.4)		(400.4)
Other				—		—
Balance at April 30, 2020	114,072,726	\$ 29.0	\$ 5,794.1	\$ 2,746.8	\$ (379.0)	\$ 8,190.9

(A) During 2018, we elected to early adopt Accounting Standards Update (“ASU”) 2018-02, *Income Statement – Reporting Comprehensive Income (Topic 220) Reclassification of Certain Tax Effects from Accumulated Other Comprehensive Income*, which allowed us to reclassify the stranded income tax effects resulting from the U.S. Tax Cuts and Jobs Act (the “Tax Act”) from accumulated other comprehensive income (loss) to retained earnings.

See notes to consolidated financial statements.

THE J. M. SMUCKER COMPANY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(Dollars and shares in millions, unless otherwise noted, except per share data)

Note 1: Accounting Policies

Principles of Consolidation: The consolidated financial statements include the accounts of the Company, its wholly-owned subsidiaries, and its majority-owned investments, if any. Intercompany transactions and accounts are eliminated in consolidation.

Use of Estimates: The preparation of consolidated financial statements in conformity with U.S. GAAP requires that we make certain estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. Significant estimates in these consolidated financial statements include, among others: estimates of future cash flows associated with assets, potential asset impairments, useful lives and residual values of long-lived assets used in determining depreciation and amortization, net realizable value of inventories, accruals for trade marketing and merchandising programs, income taxes, and the determination of discount rates and other assumptions for defined benefit pension and other postretirement benefit expenses. Actual results could differ from these estimates.

Cash and Cash Equivalents: We consider all short-term, highly-liquid investments with an original maturity of three months or less when purchased to be cash equivalents. Based on the short-term nature of these assets, carrying value approximates fair value. Cash equivalents within cash and cash equivalents in the Consolidated Balance Sheet was \$300.2 at April 30, 2020. There were no cash equivalents included in cash and cash equivalents at April 30, 2019.

Revenue Recognition: Most of our revenue is derived from the sale of food and beverage products to food retailers, online retailers, and foodservice distributors and operators. We recognize revenue when obligations under the terms of a contract with a customer have been satisfied. This occurs when control of our products transfers, which typically takes place upon delivery to or pick up by the customer. Amounts due from our customers are classified as trade receivables in the Consolidated Balance Sheets and require payment on a short-term basis.

Transaction price is based on the list price included in our published price list, which is then reduced by the estimated impact of variable consideration, such as trade marketing and merchandising programs, discounts, unsaleable product allowances, returns, and similar items, in the same period that the revenue is recognized. To estimate the impact of these costs, we consider customer contract provisions, historical data, and our current expectations.

Our trade marketing and merchandising programs consist of various promotional activities conducted through retail, distributors, or directly with consumers, including in-store display and product placement programs, price discounts, coupons, and other similar activities. We regularly review and revise, when we deem necessary, estimates of costs for these promotional programs based on estimates of what will be redeemed by retail, distributors, or consumers. These estimates are made using various techniques, including historical data on performance of similar promotional programs. Differences between estimated expenditures and actual performance are recognized as a change in estimate in a subsequent period. During 2020, 2019, and 2018, subsequent period adjustments were less than 2 percent of both consolidated pre-tax income and cash provided by operating activities. Total promotional expenditures, including amounts classified as a reduction of sales, represented 39 percent, 36 percent, and 35 percent of net sales in 2020, 2019, and 2018, respectively. The possibility exists that reported results could be different if factors such as the level and success of the promotional programs or other conditions differ from expectations.

For revenue disaggregated by reportable segment, geographical region, and product category, see Note 5: Reportable Segments.

Shipping and Handling Costs: Transportation costs included in cost of products sold relate to the costs incurred to ship our products. Distribution costs are included in selling, distribution, and administrative ("SD&A") expenses and primarily relate to the warehousing costs incurred to store our products. Total distribution costs recorded within SD&A were \$286.4, \$266.6, and \$245.4 in 2020, 2019, and 2018, respectively.

Advertising Expense: Advertising costs are expensed as incurred. Advertising expense was \$198.6, \$237.5, and \$194.2 in 2020, 2019, and 2018, respectively.

Research and Development Costs: Research and development (“R&D”) costs are expensed as incurred and are included in SD&A in the Statements of Consolidated Income. R&D costs include expenditures for new and existing product and manufacturing process innovation, which are comprised primarily of internal salaries and wages, consulting, testing, and other supplies attributable to time spent on R&D activities. Other costs include the depreciation and maintenance of research facilities. Total R&D expense was \$57.7, \$56.0, and \$56.0 in 2020, 2019, and 2018, respectively.

Share-Based Payments: Share-based compensation expense, including stock options, is recognized on a straight-line basis over the requisite service period, and generally vest over a period of one to four years.

The following table summarizes amounts related to share-based payments.

	Year Ended April 30,		
	2020	2019	2018
Share-based compensation expense included in SD&A	\$ 26.4	\$ 20.1	\$ 13.7
Share-based compensation expense (benefit) included in other special project costs	0.4	0.6	1.7
Total share-based compensation expense	\$ 26.8	\$ 20.7	\$ 15.4
Related income tax benefit	\$ 6.4	\$ 4.9	\$ 4.6

As of April 30, 2020, total unrecognized share-based compensation cost related to nonvested share-based awards was \$45.9. The weighted-average period over which this amount is expected to be recognized is 2.6 years.

Realized excess tax benefits are presented in the Statements of Consolidated Cash Flows as an operating activity and are recognized within income taxes in the Statements of Consolidated Income. For 2020, 2019, and 2018, the excess tax benefits realized upon exercise or vesting of share-based compensation were \$0.9, \$0.5, and \$1.5, respectively. For additional discussion on share-based compensation expense, see Note 13: Share-Based Payments.

Defined Contribution Plans: We offer employee savings plans for domestic and Canadian employees. Our contributions under these plans are based on a specified percentage of employee contributions. Charges to operations for these plans in 2020, 2019, and 2018 were \$39.7, \$37.1, and \$36.3, respectively. For information on our defined benefit plans, see Note 9: Pensions and Other Postretirement Benefits.

Income Taxes: We account for income taxes using the liability method. Accordingly, deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in the applicable tax rate is recognized in income or expense in the period that the change is enacted. A tax benefit is recognized when it is more likely than not to be sustained. A valuation allowance is established when it is more likely than not that all or a portion of a deferred tax asset will not be realized.

We account for the financial statement recognition and measurement criteria of a tax position taken or expected to be taken in a tax return under FASB ASC 740, *Income Taxes*. ASC 740 also provides guidance on derecognition, classification, interest and penalties, accounting in interim periods, and disclosure. In accordance with the requirements of ASC 740, uncertain tax positions have been classified in the Consolidated Balance Sheets as noncurrent, except to the extent payment is expected within one year. We recognize net interest and penalties related to unrecognized tax benefits in income tax expense.

Trade Receivables: In the normal course of business, we extend credit to customers. Trade receivables, less allowances, reflects the net realizable value of receivables and approximates fair value. We evaluate our trade receivables and establish an allowance for doubtful accounts based on a combination of factors. When aware that a specific customer has been impacted by circumstances such as bankruptcy filings or deterioration in the customer’s operating results or financial position, potentially making it unable to meet its financial obligations, we record a specific reserve for bad debt to reduce the related receivable to the amount we reasonably believe is collectible. We also record reserves for bad debt for all other customers based on a variety of factors, including the length of time the receivables are past due, historical collection experience, and an evaluation of current and projected economic conditions at the balance sheet date. Trade receivables are charged off against the allowance after we determine that the potential for recovery is remote. At April 30, 2020 and 2019, the allowance for doubtful accounts was \$3.0 and \$1.8, respectively. We believe there is no concentration of risk with any single customer whose failure or nonperformance would materially affect results other than as discussed in Note 5: Reportable Segments.

Inventories: Inventories are stated at the lower of cost or market, with market being defined as net realizable value, less costs to sell. Cost for all inventories is determined using the first-in, first-out method applied on a consistent basis.

The cost of finished products and work-in-process inventory includes materials, direct labor, and overhead. Work-in-process is included in finished products in the Consolidated Balance Sheets and was \$65.4 and \$72.5 at April 30, 2020 and 2019, respectively.

Derivative Financial Instruments: We account for derivative instruments in accordance with FASB ASC 815, *Derivatives and Hedging*, which requires all derivative instruments to be recognized in the financial statements and measured at fair value, regardless of the purpose or intent for holding them.

We do not qualify commodity derivatives or instruments used to manage foreign currency exchange exposures for hedge accounting treatment, and, as a result, the derivative gains and losses are immediately recognized in earnings. Although we do not perform the assessments required to achieve hedge accounting for derivative positions, we believe all of our derivatives are economic hedges of our risk exposure. The exposures hedged have a high inverse correlation to price changes of the derivative instrument. Thus, we would expect that over time any gain or loss in the estimated fair value of the derivatives would generally be offset by an increase or decrease in the estimated fair value of the underlying exposures.

We utilize derivative instruments to manage interest rate risk associated with anticipated debt transactions, as well as to manage changes in the fair value of our long-term debt. At the inception of an interest rate contract, the instrument is evaluated and documented for qualifying hedge accounting treatment. If the contract is designated as a cash flow hedge, the mark-to-market gains or losses on the contract are deferred and included as a component of accumulated other comprehensive income (loss) and reclassified to interest expense in the period during which the hedged transaction affects earnings. If the contract is designated as a fair value hedge, the contract is recognized at fair value on the balance sheet, and changes in the fair value are recognized in interest expense. Generally, changes in the fair value of the contract are equal to changes in the fair value of the underlying debt and have no net impact on earnings.

Property, Plant, and Equipment: Property, plant, and equipment is recognized at cost and is depreciated on a straight-line basis over the estimated useful life of the asset (3 to 20 years for machinery and equipment, 1 to 7 years for capitalized software costs related to software that we have purchased or has been licensed to us, and 5 to 40 years for buildings, fixtures, and improvements).

We lease certain land, buildings, and equipment for varying periods of time, with renewal options. Lease expense in 2020, 2019, and 2018 totaled \$112.8, \$99.2, and \$95.2, respectively.

In accordance with FASB ASC 360, *Property, Plant, and Equipment*, long-lived assets, other than goodwill and other indefinite-lived intangible assets, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of the assets to future net undiscounted cash flows estimated to be generated by such assets. If such assets are considered to be impaired, the impairment to be recognized is the amount by which the carrying amount of the assets exceeds its estimated fair value of the assets. Assets to be disposed of by sale are recognized as held for sale at the lower of carrying value or fair value less costs to sell. Furthermore, determining fair value is subject to estimates of both cash flows and discount rates, and different estimates could yield different results. There are no events or changes in circumstances of which we are aware of that indicate the carrying value of our long-lived assets may not be recoverable at April 30, 2020.

Goodwill and Other Intangible Assets: Goodwill is the excess of the purchase price paid over the estimated fair value of the net assets of a business acquired. In accordance with FASB ASC 350, *Intangibles – Goodwill and Other*, goodwill and other indefinite-lived intangible assets are not amortized but are reviewed at least annually for impairment. We conduct our annual test for impairment of goodwill and other indefinite-lived intangible assets as of February 1 of each year. A discounted cash flow valuation technique was utilized to estimate the fair value of our reporting units and indefinite-lived intangible assets. We also used a market-based approach to estimate the fair value of our reporting units. The discount rates utilized in the cash flow analyses were developed using a weighted-average cost of capital methodology. In addition to the annual test, we test for impairment if events or circumstances occur that would more likely than not reduce the fair value of a reporting unit or an indefinite-lived intangible asset below its carrying amount. Finite-lived intangible assets are amortized on a straight-line basis over their estimated useful lives, which are evaluated on an annual basis. For additional information, see Note 7: Goodwill and Other Intangible Assets.

Marketable Securities and Other Investments: We maintain funds for the payment of benefits associated with nonqualified retirement plans. These funds include investments considered to be available-for-sale marketable securities. At April 30, 2020 and 2019, the fair value of these investments was \$38.6 and \$40.9, respectively, and was included in other noncurrent assets in the Consolidated Balance Sheets. Included in accumulated other comprehensive income (loss) at April 30, 2020 and 2019, were unrealized pre-tax gains of \$5.0 and \$5.4, respectively.

Equity Method Investments: Investments in common stock of entities other than our consolidated subsidiaries are accounted for under the equity method in accordance with FASB ASC 323, *Investments – Equity Method and Joint Ventures*. Under the equity method, the initial investment is recorded at cost and the investment is subsequently adjusted for its proportionate share of earnings or losses, including consideration of basis differences resulting from the difference between the initial carrying amount of the investment and the underlying equity in net assets. The difference between the carrying amount of the investment and the underlying equity in net assets is primarily attributable to goodwill and other intangible assets.

We have a 20 percent equity interest in Mountain Country Foods, LLC, and a 42 percent equity interest in Numi, Inc. The carrying amount of these investments is included in other noncurrent assets in the Consolidated Balance Sheets. The investments did not have a material impact on the consolidated financial statements or the respective reportable segment to which they relate for the years ended April 30, 2020 and 2019.

Supplier Financing Program: During 2020, we entered into an agreement with a third-party administrator to provide an accounts payable tracking system and facilitate a supplier financing program which allows participating suppliers the ability to monitor and voluntarily elect to sell our payment obligations to a designated third-party financial institution. Participating suppliers can sell one or more of our payment obligations at their sole discretion, and our rights and obligations to our suppliers are not impacted. We have no economic interest in a supplier's decision to enter into these agreements. Our obligations to our suppliers, including amounts due and scheduled payment terms, are not impacted by our suppliers' decisions to sell amounts under these arrangements. However, our right to offset balances due from suppliers against our payment obligations is restricted by the agreement for those payment obligations that have been sold by our suppliers. The payment of these obligations is included in cash provided by operating activities in the Consolidated Statement of Cash Flows. Included in accounts payable in the Consolidated Balance Sheet as of April 30, 2020, were \$157.5 of outstanding payment obligations that were elected and sold to a financial institution by participating suppliers.

Foreign Currency Translation: Assets and liabilities of foreign subsidiaries are translated using the exchange rates in effect at the balance sheet dates, while income and expenses are translated using average rates throughout the periods. Translation adjustments are reported as a component of shareholders' equity in accumulated other comprehensive income (loss). Included in accumulated other comprehensive income (loss) at April 30, 2020 and 2019, were foreign currency losses of \$50.5 and \$35.5, respectively.

Recently Issued Accounting Standards: In December 2019, the FASB issued ASU 2019-12, *Income Taxes (Topic 740) Simplifying the Accounting for Income Taxes*, which removes certain exceptions for investments, intraperiod allocations and interim calculations, and adds guidance to reduce complexity in accounting for income taxes. ASU 2019-12 will be effective for us on May 1, 2021, with the option to early adopt at any time prior to the effective date. Accounting for franchise taxes will require adoption on a retrospective or modified retrospective basis through a cumulative-effect adjustment to retained earnings as of the beginning of the fiscal year of adoption. All other applicable provisions will require adoption on a retrospective, modified retrospective, or prospective basis, as required by ASU 2019-12. We do not anticipate that the adoption of this ASU will have a material impact on our financial statements and disclosures.

In August 2018, the FASB issued ASU 2018-15, *Intangibles – Goodwill and Other – Internal-Use Software (Subtopic 350-40) Customer's Accounting for Implementation Costs Incurred in a Cloud Computing Arrangement That Is a Service Contract*. ASU 2018-15 aligns the requirements for capitalizing implementation costs incurred in a hosting arrangement that is a service contract with the requirements for capitalizing implementation costs incurred to develop or obtain internal-use software. ASU 2018-15 is effective for us on May 1, 2020, but we elected to early adopt on May 1, 2019, as permitted, on a prospective basis. During 2020, we capitalized implementation costs related to third-party cloud computing services of \$4.9 which is reflected in other noncurrent assets in the Consolidated Balance Sheet.

In August 2018, the FASB also issued ASU 2018-14, *Compensation – Retirement Benefits – Defined Benefit Plans – General (Subtopic 715-20) Disclosure Framework – Changes to the Disclosure Requirements for Defined Benefit Plans*, which modifies the disclosure requirements for employers that sponsor defined benefit pension or other postretirement benefit plans. The guidance removes disclosures that are no longer considered cost beneficial and adds new, as well as clarifies certain

other, disclosure requirements. ASU 2018-14 will be effective for us on May 1, 2020, and it will require adoption on a retrospective basis. We do not anticipate that the adoption of this ASU will have a material impact on our disclosures.

In February 2016, in an effort to increase transparency and comparability among organizations, the FASB issued ASU 2016-02, *Leases (Topic 842)*, which requires lessees to recognize a right-of-use asset and lease liability for all leases with a term of more than 12 months. We adopted the requirements of ASU 2016-02 and all related amendments on May 1, 2019, utilizing an optional transition method that allows for a cumulative-effect adjustment in the period of adoption with no restatement of prior periods. This transition method also does not require new lease disclosures for periods prior to the effective date. We elected certain practical expedients available under the guidance, including a package of practical expedients which allowed us to not reassess prior conclusions related to existing contracts containing leases, lease classification, and initial direct costs.

Adoption of ASU 2016-02 on May 1, 2019, resulted in the recognition of operating lease right-of-use assets and lease liabilities of \$159.2 and \$166.6, respectively, in our Consolidated Balance Sheet. The difference between the additional lease assets and lease liabilities was primarily due to an existing deferred rent balance that was reclassified to the operating lease liability. The new standard did not materially impact our Statement of Consolidated Income or Statement of Consolidated Cash Flows. The additional disclosures required are presented within Note 12: Leases.

Risks and Uncertainties: The raw materials we use are primarily commodities, agricultural-based products, and packaging materials. The principal packaging materials we use are plastic, glass, metal cans, caps, carton board, and corrugate. Green coffee, peanuts, animal protein meals, oils and fats, sweeteners, grains, fruit, and other ingredients are obtained from various suppliers. The availability, quality, and cost of many of these commodities have fluctuated, and may continue to fluctuate over time. Green coffee is sourced solely from foreign countries, and its supply and price are subject to high volatility due to factors such as weather, global supply and demand, plant disease, investor speculation, and political and economic conditions in the source countries. Raw materials are generally available from numerous sources, although we have elected to source certain plastic packaging materials and finished goods, such as K-Cup[®] pods and our *Pup-Peroni* dog snacks, from single sources of supply pursuant to long-term contracts. While availability may vary from year to year, we believe that we will continue to be able to obtain adequate supplies and that alternatives to single-sourced materials are available. We have not historically encountered significant shortages of key raw materials. We consider our relationships with key raw material suppliers to be in good standing.

We have consolidated our production capacity for certain products, including substantially all of our coffee, *Milk-Bone* dog snacks, fruit spreads, toppings, and syrups, into single manufacturing sites. Although steps are taken at all of our manufacturing sites to reduce the likelihood of a production disruption, an interruption at a single manufacturing site would result in a reduction or elimination of the availability of some of our products for a period of time.

Of our total employees, 24 percent are covered by union contracts at nine manufacturing locations. The contracts vary in term, with two contracts expiring in 2021, representing 2 percent of our total employees.

We insure our business and assets in each country against insurable risks, to the extent that we deem appropriate, based upon an analysis of the relative risks and costs.

Note 2: Acquisition

On May 14, 2018, we acquired the equity of Ainsworth, a leading producer, distributor, and marketer of premium pet food and pet snacks, predominantly within the U.S., in an all-cash transaction valued at \$1.9 billion. The transaction was funded with a bank term loan and borrowings under our commercial paper program of approximately \$1.5 billion and \$400.0, respectively. For additional information on the financing associated with this transaction, refer to Note 8: Debt and Financing Arrangements.

During 2019, the final purchase price was allocated to the underlying assets acquired and liabilities assumed based upon their estimated fair values at the date of acquisition. We determined the estimated fair values based on independent appraisals, discounted cash flow analyses, quoted market prices, and other estimates made by management. The purchase price allocation included total intangible assets of \$1.3 billion. The purchase price exceeded the estimated fair value of the net identifiable tangible and intangible assets acquired and, as a result, the excess was allocated to goodwill. As a result of the acquisition, we recognized total goodwill of \$617.8 within the U.S. Retail Pet Foods segment, which represented the value we expected to achieve through the implementation of operational synergies and growth opportunities as a result of

integrating Ainsworth into our U.S. Retail Pet Foods segment. Of the total goodwill, \$446.0 was deductible for income tax purposes at the acquisition date, of which \$385.8 remains deductible at April 30, 2020. The goodwill and indefinite-lived trademarks within the U.S. Retail Pet Foods segment, inclusive of the recently acquired Ainsworth business, remain susceptible to future impairment charges due to the narrow differences between fair value and carrying value. Any significant adverse change in our near or long-term projections or macroeconomic conditions could result in future impairment charges. For more information, see Note 7: Goodwill and Other Intangible Assets.

Note 3: Integration and Restructuring Costs

Integration and restructuring costs primarily consist of employee-related costs and other transition and termination costs related to certain acquisition or restructuring activities. Employee-related costs include severance, retention bonuses, and relocation costs. Severance costs and retention bonuses are recognized over the estimated future service period of the affected employees, and relocation costs are expensed as incurred. Other transition and termination costs include fixed asset-related charges, contract and lease termination costs, professional fees, and other miscellaneous expenditures associated with the integration or restructuring activities, which are expensed as incurred. These integration and restructuring costs are not allocated to segment profit and are reported in other special project costs in the Statements of Consolidated Income. The obligation related to employee separation costs is included in other current liabilities in the Consolidated Balance Sheets.

Integration Costs: As of April 30, 2020, all integration activities related to the acquisition of Ainsworth were considered complete. The following table summarizes our integration costs incurred related to the Ainsworth acquisition.

	2020	2019	Total Costs Incurred to Date at April 30, 2020
Employee-related costs	\$ 2.4	\$ 15.5	\$ 17.9
Other transition and termination costs	14.1	16.6	30.7
Total integration costs	<u>\$ 16.5</u>	<u>\$ 32.1</u>	<u>\$ 48.6</u>

Noncash charges of \$0.6 and \$4.1 were included in the integration costs incurred during 2020 and 2019, respectively. Cumulative noncash charges incurred to date were \$4.7 and primarily consisted of accelerated depreciation. The obligation related to severance costs and retention bonuses was \$0.5 and \$1.6 at April 30, 2020 and 2019, respectively.

All integration activities related to the acquisition of Big Heart were complete as of April 30, 2018, and as a result, we did not incur any integration costs during 2020 and 2019. During 2018, we incurred total integration costs of \$26.6. Noncash charges of \$2.6 were included in the total integration costs incurred in 2018 and primarily consisted of share-based compensation and accelerated depreciation. The obligation related to severance costs and retention bonuses was fully satisfied at April 30, 2019.

Restructuring Costs: We completed the restructuring activities associated with our organization optimization program as of April 30, 2019, and as a result, we did not incur any related costs during 2020. We incurred restructuring costs of \$32.0 and \$22.7 during 2019 and 2018, respectively. Total restructuring costs of \$74.6 were incurred related to the program, which included \$48.7 and \$25.9 of employee-related costs and other transition and termination costs, respectively. Noncash charges included in the total restructuring costs were \$15.2, of which \$3.3 and \$9.8 were incurred during 2019 and 2018, respectively. Noncash charges primarily consisted of accelerated depreciation. The obligation related to severance costs and retention bonuses was fully satisfied as of April 30, 2020, and was \$0.8 at April 30, 2019.

Note 4: Divestiture

On August 31, 2018, we sold our U.S. baking business to Brynwood Partners VII L.P. and Brynwood Partners VIII L.P., subsidiaries of Brynwood Partners, an unrelated party. The transaction included products that were primarily sold in U.S. retail channels under the *Pillsbury*, *Martha White*, *Hungry Jack*, *White Lily*, and *Jim Dandy* brands, along with all relevant trademarks and licensing agreements, and our manufacturing facility in Toledo, Ohio. This business generated net sales of approximately \$370.0 in 2018. The transaction did not include our baking business in Canada.

The operating results for this business were primarily included in the U.S. Retail Consumer Foods segment prior to the sale. We received proceeds from the divestiture of \$369.5, which were net of cash transaction costs and included a working capital adjustment. Upon completion of the transaction, we recognized a pre-tax gain of \$27.7 during 2019, which is included in other operating expense (income) – net within the Statement of Consolidated Income.

Note 5: Reportable Segments

We operate in one industry: the manufacturing and marketing of food and beverage products. We have four reportable segments: U.S. Retail Pet Foods, U.S. Retail Coffee, U.S. Retail Consumer Foods, and International and Away From Home.

The U.S. Retail Pet Foods segment primarily includes domestic sales of *Rachael Ray Nutrish*, *Meow Mix*, *Milk-Bone*, *Kibbles 'n Bits*, *9Lives*, *Natural Balance*, *Nature's Recipe*, and *Pup-Peroni* branded products; the U.S. Retail Coffee segment primarily includes the domestic sales of *Folgers*, *Dunkin'*, and *Café Bustelo* branded coffee; and the U.S. Retail Consumer Foods segment primarily includes domestic sales of *Smucker's*, *Jif*, and *Crisco* branded products. The International and Away From Home segment comprises products distributed domestically and in foreign countries through retail channels and foodservice distributors and operators (e.g., health care operators, restaurants, lodging, hospitality, offices, K-12, colleges and universities, and convenience stores).

Segment profit represents net sales, less direct and allocable operating expenses, and is consistent with the way in which we manage our segments. However, we do not represent that the segments, if operated independently, would report operating profit equal to the segment profit set forth below, as segment profit excludes certain expenses such as corporate administrative expenses, unallocated gains and losses on commodity and foreign currency exchange derivative activities, as well as amortization expense and impairment charges related to intangible assets.

Commodity and foreign currency exchange derivative gains and losses are reported in unallocated derivative gains and losses outside of segment operating results until the related inventory is sold. At that time, we reclassify the hedge gains and losses from unallocated derivative gains and losses to segment profit, allowing our segments to realize the economic effect of the hedge without experiencing any mark-to-market volatility. We would expect that any gain or loss in the estimated fair value of the derivatives would generally be offset by a change in the estimated fair value of the underlying exposures.

	Year Ended April 30,		
	2020	2019	2018
Net sales:			
U.S. Retail Pet Foods	\$ 2,869.5	\$ 2,879.5	\$ 2,165.3
U.S. Retail Coffee	2,149.5	2,122.3	2,086.8
U.S. Retail Consumer Foods	1,731.7	1,761.5	1,985.6
International and Away From Home	1,050.3	1,074.7	1,119.4
Total net sales	\$ 7,801.0	\$ 7,838.0	\$ 7,357.1
Segment profit:			
U.S. Retail Pet Foods	\$ 552.7	\$ 503.4	\$ 439.4
U.S. Retail Coffee	691.0	676.3	612.4
U.S. Retail Consumer Foods	389.7	406.1	475.3
International and Away From Home	173.4	198.5	200.1
Total segment profit	\$ 1,806.8	\$ 1,784.3	\$ 1,727.2
Amortization	(236.3)	(240.3)	(206.8)
Goodwill impairment charges	—	(97.9)	(145.0)
Other intangible assets impairment charges	(52.4)	(107.2)	(31.9)
Interest expense – net	(189.2)	(207.9)	(174.1)
Unallocated derivative gains (losses)	19.6	(54.2)	37.3
Cost of products sold – special project costs ^(A)	—	—	(3.9)
Other special project costs ^(A)	(16.5)	(64.1)	(45.4)
Corporate administrative expenses	(298.1)	(292.0)	(287.5)
Other income (expense) – net	(7.2)	(19.1)	(8.9)
Income before income taxes	\$ 1,026.7	\$ 701.6	\$ 861.0
Assets:			
U.S. Retail Pet Foods	\$ 7,731.4	\$ 7,847.0	\$ 5,932.3
U.S. Retail Coffee	4,787.4	4,771.9	4,815.4
U.S. Retail Consumer Foods	2,873.1	2,850.8	3,217.5
International and Away From Home	1,048.0	1,019.5	1,043.9
Unallocated ^(B)	530.5	222.1	292.1
Total assets	\$ 16,970.4	\$ 16,711.3	\$ 15,301.2
Depreciation, amortization, and impairment charges:			
U.S. Retail Pet Foods	\$ 243.0	\$ 301.4	\$ 314.8
U.S. Retail Coffee	96.4	98.3	96.6
U.S. Retail Consumer Foods	72.5	162.4	80.2
International and Away From Home	51.9	52.8	57.8
Unallocated ^(C)	35.1	36.5	40.6
Total depreciation, amortization, and impairment charges	\$ 498.9	\$ 651.4	\$ 590.0
Additions to property, plant, and equipment:			
U.S. Retail Pet Foods	\$ 60.1	\$ 136.0	\$ 34.3
U.S. Retail Coffee	62.4	63.9	89.4
U.S. Retail Consumer Foods	107.7	138.9	168.9
International and Away From Home	39.1	21.0	29.3
Total additions to property, plant, and equipment	\$ 269.3	\$ 359.8	\$ 321.9

(A) Special project costs include integration and restructuring costs. For more information, see Note 3: Integration and Restructuring Costs.

(B) Primarily represents unallocated cash and cash equivalents and corporate-held investments.

(C) Primarily represents unallocated corporate administrative expense, mainly depreciation and software amortization.

The following table presents certain geographical information.

	Year Ended April 30,		
	2020	2019	2018
Net sales:			
United States	\$ 7,247.9	\$ 7,298.0	\$ 6,786.5
International:			
Canada	\$ 445.3	\$ 421.9	\$ 431.8
All other international	107.8	118.1	138.8
Total international	\$ 553.1	\$ 540.0	\$ 570.6
Total net sales	\$ 7,801.0	\$ 7,838.0	\$ 7,357.1
Assets:			
United States	\$ 16,547.6	\$ 16,338.0	\$ 14,828.2
International:			
Canada	\$ 421.3	\$ 362.1	\$ 428.7
All other international	1.5	11.2	44.3
Total international	\$ 422.8	\$ 373.3	\$ 473.0
Total assets	\$ 16,970.4	\$ 16,711.3	\$ 15,301.2
Long-lived assets (excluding goodwill and other intangible assets):			
United States	\$ 2,209.9	\$ 2,037.5	\$ 1,869.8
International:			
Canada	\$ 54.3	\$ 18.9	\$ 17.4
All other international	—	—	0.3
Total international	\$ 54.3	\$ 18.9	\$ 17.7
Total long-lived assets (excluding goodwill and other intangible assets)	\$ 2,264.2	\$ 2,056.4	\$ 1,887.5

The following table presents product category information.

	Year Ended April 30,			Primary Reportable Segment ^(A)
	2020	2019	2018	
Coffee	\$ 2,475.4	\$ 2,479.4	\$ 2,469.7	U.S. Retail Coffee
Dog food	1,217.6	1,313.1	756.8	U.S. Retail Pet Foods
Cat food	869.2	812.8	702.5	U.S. Retail Pet Foods
Pet snacks	849.7	815.1	767.2	U.S. Retail Pet Foods
Peanut butter	730.6	756.6	745.1	U.S. Retail Consumer Foods
Fruit spreads	370.3	341.6	353.8	U.S. Retail Consumer Foods
Frozen handheld	365.0	289.0	254.1	U.S. Retail Consumer Foods
Shortening and oils	262.3	253.6	258.1	U.S. Retail Consumer Foods
Portion control	153.3	162.7	160.3	International and Away From Home
Juices and beverages	125.7	123.9	140.8	U.S. Retail Consumer Foods
Baking mixes and ingredients	89.9	185.2	437.9	International and Away From Home ^(B)
Other	292.0	305.0	310.8	International and Away From Home
Total net sales	\$ 7,801.0	\$ 7,838.0	\$ 7,357.1	

(A) The primary reportable segment generally represents at least 75 percent of total net sales for each respective product category.

(B) During 2019 and 2018, the primary reportable segment was U.S. Retail Consumer Foods, as the majority of the net sales within this category were related to the divested U.S. baking business. For more information, see Note 4: Divestiture.

Sales to Walmart Inc. and subsidiaries amounted to 32 percent, 32 percent, and 31 percent of net sales in 2020, 2019, and 2018, respectively. These sales are primarily included in our U.S. retail market segments. No other customer exceeded 10 percent of net sales for any year. Trade receivables at April 30, 2020 and 2019, included amounts due from Walmart Inc. and subsidiaries of \$131.9 and \$137.7, respectively.

Note 6: Earnings Per Share

The following table sets forth the computation of net income per common share and net income per common share – assuming dilution under the two-class method.

	Year Ended April 30,		
	2020	2019	2018
Net income	\$ 779.5	\$ 514.4	\$ 1,338.6
Less: Net income allocated to participating securities	4.4	2.6	6.8
Net income allocated to common stockholders	\$ 775.1	\$ 511.8	\$ 1,331.8
Weighted-average common shares outstanding	113.4	113.1	113.0
Add: Dilutive effect of stock options	—	—	—
Weighted-average common shares outstanding – assuming dilution	113.4	113.1	113.0
Net income per common share	\$ 6.84	\$ 4.52	\$ 11.79
Net income per common share – assuming dilution	\$ 6.84	\$ 4.52	\$ 11.78

Note 7: Goodwill and Other Intangible Assets

A summary of changes in goodwill by reportable segment is as follows:

	U.S. Retail Pet Foods	U.S. Retail Coffee	U.S. Retail Consumer Foods	International and Away From Home	Total
Balance at May 1, 2018	\$ 1,824.5	\$ 2,090.9	\$ 1,600.4	\$ 426.4	\$ 5,942.2
Acquisition	617.8	—	—	—	617.8
Divestiture	—	—	(144.3)	—	(144.3)
Impairment charge ^(A)	—	—	(97.9)	—	(97.9)
Other ^(B)	—	—	—	(6.9)	(6.9)
Balance at April 30, 2019	\$ 2,442.3	\$ 2,090.9	\$ 1,358.2	\$ 419.5	\$ 6,310.9
Other ^(B)	—	—	—	(6.4)	(6.4)
Balance at April 30, 2020	\$ 2,442.3	\$ 2,090.9	\$ 1,358.2	\$ 413.1	\$ 6,304.5

(A) We have recognized accumulated goodwill impairment charges of \$242.9 as of April 30, 2020.

(B) The amounts classified as other represent foreign currency exchange adjustments.

The following table summarizes our other intangible assets and related accumulated amortization and impairment charges, including foreign currency exchange adjustments.

	April 30, 2020			April 30, 2019		
	Acquisition Cost	Accumulated Amortization/ Impairment Charges/ Foreign Currency Exchange	Net	Acquisition Cost	Accumulated Amortization/ Impairment Charges/ Foreign Currency Exchange	Net
Finite-lived intangible assets subject to amortization:						
Customer and contractual relationships	\$ 4,471.1	\$ 1,353.0	\$ 3,118.1	\$ 4,471.1	\$ 1,156.8	\$ 3,314.3
Patents and technology	168.5	138.4	30.1	168.5	127.4	41.1
Trademarks	662.0	311.0	351.0	499.9	166.9	333.0
Total intangible assets subject to amortization	\$ 5,301.6	\$ 1,802.4	\$ 3,499.2	\$ 5,139.5	\$ 1,451.1	\$ 3,688.4
Indefinite-lived intangible assets not subject to amortization:						
Trademarks	\$ 3,158.1	\$ 228.3	\$ 2,929.8	\$ 3,321.1	\$ 290.7	\$ 3,030.4
Total other intangible assets	\$ 8,459.7	\$ 2,030.7	\$ 6,429.0	\$ 8,460.6	\$ 1,741.8	\$ 6,718.8

Amortization expense for finite-lived intangible assets was \$235.3, \$239.1, and \$204.8 in 2020, 2019, and 2018, respectively. The weighted-average useful lives of the customer and contractual relationships, patents and technology, and trademarks are 24 years, 15 years, and 16 years, respectively. The weighted-average useful life of total finite-lived intangible assets is 23 years. Based on the carrying amount of intangible assets subject to amortization at April 30, 2020, the estimated amortization expense is \$238.7 for 2021, \$232.8 for 2022, \$225.5 for 2023, \$220.8 for 2024, and \$217.3 for 2025.

We review goodwill and other indefinite-lived intangible assets at least annually on February 1 for impairment and more often if indicators of impairment exist.

During the third quarter of 2020, we began our annual planning cycle, which was not complete at the end of the quarter; however, certain brand-level decisions were made that we evaluated to determine whether the carrying value of certain indefinite-lived intangible assets more likely than not exceeded fair value. As a result, we recognized an impairment charge of \$52.4 during the third quarter of 2020, related to the *Natural Balance* brand within the U.S. Retail Pet Foods segment due to a decline in current year and long-term net sales expectations and the royalty rate used in the interim analysis, primarily driven by the market environment and re-positioning of this brand within the Pet Foods brand portfolio. This charge was included as a noncash charge in our Statement of Consolidated Income. Additionally, we reassessed the long-term strategic expectations for the *Natural Balance* brand and reclassified this brand as a finite-lived intangible asset as of February 1, 2020.

As of February 1, 2020, we completed the annual impairment review, in which goodwill impairment was tested at the reporting unit level for our six reporting units with goodwill. As part of our annual evaluation, we did not recognize any additional impairment charges related to our goodwill and indefinite-lived intangible assets. The estimated fair value was substantially in excess of the carrying value for the majority of the reporting units and material indefinite-lived intangible assets, and in all instances, the estimated fair value exceeded the carrying value by greater than 10 percent, with the exception of the Pet Foods reporting unit and the *Rachael Ray Nutrish* brand within the U.S. Retail Pet Foods segment. The carrying values of the goodwill and indefinite-lived intangible assets within the U.S. Retail Pet Foods segment were \$2.4 billion and \$1.4 billion, respectively, as of April 30, 2020. These intangible assets remain susceptible to future impairment charges due to narrow differences between fair value and carrying value, which is primarily attributable to the recent impairment charges and the acquisition of Ainsworth in May 2018. Additional sensitivity analyses were performed for the Pet Foods reporting unit, assuming a hypothetical 50-basis-point decrease in the expected long-term growth rate or a hypothetical 50-basis-point increase in the weighted-average cost of capital. Both scenarios independently yielded an estimated fair value for the Pet Foods reporting unit below carrying value. Therefore, any significant adverse change in our near or long-term projections or macroeconomic conditions could result in future impairment charges, which could be material.

Following the completion of our annual impairment review, we further evaluated the potential impact of COVID-19 on the fair value of our goodwill and indefinite-lived intangible assets. While we concluded there were no indicators of impairment

as of April 30, 2020, any significant sustained adverse change in consumer purchasing behaviors, government restrictions, financial results, or macroeconomic conditions could result in future impairment, specifically as it relates to the Away From Home reporting unit, which has experienced a significant decline in demand as a result of COVID-19. We will continue to evaluate the nature and extent to which COVID-19 could impact our business and our goodwill and other intangible assets. As of April 30, 2020, the goodwill related to the Away From Home reporting unit represented approximately 65 percent of the goodwill within the International and Away From Home segment.

During 2019, we recognized impairment charges of \$97.9 related to the goodwill of the Natural Foods reporting unit within the U.S. Retail Consumer Foods segment and \$107.2 related to certain indefinite-lived intangible assets within the U.S. Retail Pet Foods segment. These charges were primarily the result of reductions in our long-term net sales and profitability projections and were included as noncash charges in our Statement of Consolidated Income.

Note 8: Debt and Financing Arrangements

The following table summarizes the components of our long-term debt.

	April 30, 2020		April 30, 2019	
	Principal Outstanding	Carrying Amount ^(A)	Principal Outstanding	Carrying Amount ^(A)
2.20% Senior Notes due December 6, 2019	\$ —	\$ —	\$ 300.0	\$ 299.5
2.50% Senior Notes due March 15, 2020	—	—	500.0	499.0
3.50% Senior Notes due October 15, 2021	750.0	761.1	750.0	768.4
3.00% Senior Notes due March 15, 2022	400.0	398.7	400.0	398.0
3.50% Senior Notes due March 15, 2025	1,000.0	996.0	1,000.0	995.2
3.38% Senior Notes due December 15, 2027	500.0	496.7	500.0	496.2
2.38% Senior Notes due March 15, 2030	500.0	495.2	—	—
4.25% Senior Notes due March 15, 2035	650.0	643.9	650.0	643.5
4.38% Senior Notes due March 15, 2045	600.0	586.5	600.0	586.0
3.55% Senior Notes due March 15, 2050	300.0	295.7	—	—
Term Loan Credit Agreement due May 14, 2021	700.0	699.5	800.0	799.0
Total long-term debt	\$ 5,400.0	\$ 5,373.3	\$ 5,500.0	\$ 5,484.8
Current portion of long-term debt	—	—	800.0	798.5
Total long-term debt, less current portion	\$ 5,400.0	\$ 5,373.3	\$ 4,700.0	\$ 4,686.3

(A) Represents the carrying amount included in the Consolidated Balance Sheets, which includes the impact of capitalized debt issuance costs, offering discounts, and terminated interest rate contracts.

In March 2020, we completed an offering of \$800.0 in Senior Notes due March 15, 2030, and March 15, 2050. The Senior Notes included \$7.4 of capitalized debt issuance costs and \$1.8 of offering discounts to be amortized to interest expense over the life of the debt. A portion of the net proceeds from the offering was used to repay the \$500.0 Senior Notes due March 15, 2020, with the balance being held as a cash equivalent to be used for general corporate purposes. Concurrent with the pricing of these Senior Notes, we terminated the interest rate contracts entered into in November 2018 and June 2018, resulting in a pre-tax loss of \$239.8, which was deferred and included as a component of accumulated other comprehensive income (loss) and is being amortized as interest expense over the life of the debt. For additional information, see Note 10: Derivative Financial Instruments.

All of our Senior Notes outstanding at April 30, 2020, are unsecured, and interest is paid semiannually, with no required scheduled principal payments until maturity. We may prepay all or part of the Senior Notes at 100 percent of the principal amount thereof, together with the accrued and unpaid interest, and any applicable make-whole amount.

In April 2018, we entered into a Term Loan with a syndicate of banks and an available commitment amount of \$1.5 billion. The full amount of the Term Loan was drawn on May 14, 2018, to partially finance the Ainsworth acquisition, as discussed in Note 2: Acquisition. Borrowings under the Term Loan bear interest on the prevailing U.S. Prime Rate or LIBOR, based on our election, and is payable either on a quarterly basis or at the end of the borrowing term. The Term Loan does not require scheduled amortization payments. Voluntary prepayments are permitted without premium or penalty. As of April 30, 2020, we have prepaid \$800.0 on the Term Loan to date, including \$100.0 in 2020. The interest rate on the Term Loan at April 30, 2020, was 1.21 percent. In November 2019, we entered into an amendment to the Term Loan that decreased the applicable

margins on LIBOR, based on our long-term unsecured debt rating. This amendment did not have a material impact on our consolidated financial statements.

We have available a \$1.8 billion unsecured revolving credit facility with a group of 11 banks that matures in September 2022. Borrowings under the revolving credit facility bear interest on the prevailing U.S. Prime Rate, LIBOR, or Canadian Dealer Offered Rate, based on our election. Interest is payable either on a quarterly basis or at the end of the borrowing term. We did not have a balance outstanding under the revolving credit facility at both April 30, 2020 and 2019.

We participate in a commercial paper program under which we can issue short-term, unsecured commercial paper not to exceed \$1.8 billion at any time. The commercial paper program is backed by our revolving credit facility and reduces what we can borrow under the revolving credit facility by the amount of commercial paper outstanding. Commercial paper will be used as a continuing source of short-term financing for general corporate purposes. As of April 30, 2020 and 2019, we had \$248.0 and \$426.0 of short-term borrowings outstanding, respectively, which were issued under our commercial paper program at weighted-average interest rates of 0.40 percent and 2.75 percent, respectively.

Interest paid totaled \$193.4, \$213.3, and \$158.9 in 2020, 2019, and 2018, respectively. This differs from interest expense due to the amortization of debt issuance costs and discounts, effect of interest rate contracts, capitalized interest, payment of other debt fees, and timing of interest payments.

Our debt instruments contain certain financial covenant restrictions, including a leverage ratio and an interest coverage ratio. We are in compliance with all covenants.

Note 9: Pensions and Other Postretirement Benefits

We have defined benefit pension plans covering certain U.S. and Canadian employees. Pension benefits are based on the employee's years of service and compensation levels. Our plans are funded in conformity with the funding requirements of applicable government regulations.

In addition to providing pension benefits, we sponsor several unfunded postretirement plans that provide health care and life insurance benefits to certain retired U.S. and Canadian employees. 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 have attained 10 years of credited service.

The following table summarizes the components of net periodic benefit cost and the change in accumulated other comprehensive income (loss) related to the defined benefit pension and other postretirement plans.

Year Ended April 30,	Defined Benefit Pension Plans			Other Postretirement Benefits		
	2020	2019	2018	2020	2019	2018
Service cost	\$ 1.6	\$ 2.1	\$ 5.2	\$ 1.8	\$ 1.9	\$ 2.0
Interest cost	20.9	23.2	21.6	2.3	2.3	2.1
Expected return on plan assets	(24.1)	(26.8)	(28.8)	—	—	—
Amortization of prior service cost (credit)	0.9	0.9	0.9	(1.1)	(1.3)	(1.4)
Amortization of net actuarial loss (gain)	7.9	8.3	11.5	(0.3)	(0.6)	(0.3)
Curtailment loss (gain)	—	0.3	—	—	—	—
Settlement loss (gain)	0.1	7.1	2.3	—	—	—
Termination benefit cost	0.2	—	—	—	0.2	—
Net periodic benefit cost	\$ 7.5	\$ 15.1	\$ 12.7	\$ 2.7	\$ 2.5	\$ 2.4

Other changes in plan assets and benefit liabilities recognized in accumulated other comprehensive income (loss) before income taxes:

Prior service credit (cost) arising during the year	\$ —	\$ —	\$ —	\$ —	\$ (2.0)	\$ (0.2)
Net actuarial gain (loss) arising during the year	(51.6)	(22.9)	3.5	(4.4)	(2.8)	5.5
Amortization of prior service cost (credit)	0.9	0.9	0.9	(1.1)	(1.3)	(1.4)
Amortization of net actuarial loss (gain)	7.9	8.3	11.5	(0.3)	(0.6)	(0.3)
Curtailment loss (gain)	—	0.3	—	—	—	—
Settlement loss (gain)	0.1	7.1	2.3	—	—	—
Foreign currency translation	1.1	1.2	(1.8)	—	—	(0.1)
Net change for year	\$ (41.6)	\$ (5.1)	\$ 16.4	\$ (5.8)	\$ (6.7)	\$ 3.5

Weighted-average assumptions used in determining net periodic benefit costs:

U.S. plans:						
Discount rate used to determine benefit obligation	3.99 %	4.17 %	3.95 %	3.91 %	4.13 %	3.86 %
Discount rate used to determine service cost	4.20	4.29	4.20	4.07	4.23	4.06
Discount rate used to determine interest cost	3.61	3.87	3.38	3.47	3.79	3.24
Expected return on plan assets	5.28	5.66	6.27	—	—	—
Rate of compensation increase	3.56	3.59	3.78	—	—	—
Canadian plans:						
Discount rate used to determine benefit obligation	3.21 %	3.57 %	3.22 %	3.19 %	3.55 %	3.19 %
Discount rate used to determine service cost	3.29	3.64	3.39	3.44	3.77	3.70
Discount rate used to determine interest cost	2.86	3.23	2.60	2.86	3.23	2.58
Expected return on plan assets	5.00	5.25	5.00	—	—	—
Rate of compensation increase	3.00	3.00	3.00	—	—	—

We amortize gains and losses for our postretirement plans over the average expected future period of vested service. For plans that consist of less than 5 percent of participants that are active, average life expectancy is used instead of the average expected useful service period.

We use a measurement date of April 30 to determine defined benefit pension and other postretirement benefit plans' assets and benefit obligations. The following table sets forth the combined status of the plans as recognized in the Consolidated Balance Sheets.

April 30,	Defined Benefit Pension Plans		Other Postretirement Benefits	
	2020	2019	2020	2019
Change in benefit obligation:				
Benefit obligation at beginning of year	\$ 615.5	\$ 639.7	\$ 70.1	\$ 65.9
Service cost	1.6	2.1	1.8	1.9
Interest cost	20.9	23.2	2.3	2.3
Amendments	—	—	—	2.0
Actuarial loss (gain)	61.8	17.0	4.4	2.8
Benefits paid	(39.6)	(33.9)	(3.8)	(4.7)
Curtailement	—	(1.3)	—	—
Settlement	(4.9)	(27.7)	—	—
Termination benefit cost	0.2	—	—	0.2
Foreign currency translation adjustments	(3.2)	(3.6)	(0.3)	(0.3)
Benefit obligation at end of year	<u>\$ 652.3</u>	<u>\$ 615.5</u>	<u>\$ 74.5</u>	<u>\$ 70.1</u>
Change in plan assets:				
Fair value of plan assets at beginning of year	\$ 480.3	\$ 497.0	\$ —	\$ —
Actual return on plan assets	34.3	19.6	—	—
Company contributions	5.1	29.3	3.8	4.7
Benefits paid	(39.6)	(33.9)	(3.8)	(4.7)
Settlement	(4.9)	(27.7)	—	—
Foreign currency translation adjustments	(3.6)	(4.0)	—	—
Fair value of plan assets at end of year	<u>\$ 471.6</u>	<u>\$ 480.3</u>	<u>\$ —</u>	<u>\$ —</u>
Funded status of the plans	<u>\$ (180.7)</u>	<u>\$ (135.2)</u>	<u>\$ (74.5)</u>	<u>\$ (70.1)</u>
Defined benefit pensions	\$ (179.3)	\$ (139.1)	\$ —	\$ —
Other noncurrent assets	11.6	8.0	—	—
Accrued compensation	(13.0)	(4.1)	(4.5)	(5.1)
Other postretirement benefits	—	—	(70.0)	(65.0)
Net benefit liability	<u>\$ (180.7)</u>	<u>\$ (135.2)</u>	<u>\$ (74.5)</u>	<u>\$ (70.1)</u>

The following table summarizes amounts recognized in accumulated other comprehensive income (loss) in the Consolidated Balance Sheets, before income taxes.

April 30,	Defined Benefit Pension Plans		Other Postretirement Benefits	
	2020	2019	2020	2019
Net actuarial gain (loss)	\$ (199.7)	\$ (157.2)	\$ 5.5	\$ 10.2
Prior service credit (cost)	(2.6)	(3.5)	4.7	5.8
Total recognized in accumulated other comprehensive income (loss)	<u>\$ (202.3)</u>	<u>\$ (160.7)</u>	<u>\$ 10.2</u>	<u>\$ 16.0</u>

During 2021, we expect to recognize amortization of net actuarial losses and prior service credit of \$11.7 and \$0.1, respectively, in net periodic benefit cost.

The following table sets forth the weighted-average assumptions used in determining the benefit obligations.

April 30,	Defined Benefit Pension Plans		Other Postretirement Benefits	
	2020	2019	2020	2019
U.S. plans:				
Discount rate	3.05 %	3.99 %	2.98 %	3.91 %
Rate of compensation increase	3.58	3.56	—	—
Canadian plans:				
Discount rate	2.95 %	3.21 %	2.93 %	3.19 %
Rate of compensation increase	3.00	3.00	—	—

For 2021, the assumed health care trend rates are 6.3 percent and 4.5 percent for the U.S. and Canadian plans, respectively. The rate for participants under age 65 is assumed to decrease to 5.0 percent in calendar 2026 for the U.S. plan and remain at 4.5 percent for the Canadian plan. The health care cost trend rate assumption impacts the amount of the other postretirement benefits obligation and periodic other postretirement benefits cost reported. A one percentage point annual change in the assumed health care cost trend rate would have the following effect as of April 30, 2020:

	One Percentage Point	
	Increase	Decrease
Effect on total service and interest cost components	\$ —	\$ —
Effect on benefit obligation	1.1	1.1

The following table sets forth selective information pertaining to our Canadian pension and other postretirement benefit plans, which is included in the consolidated information presented on pages 60 and 61.

Year Ended April 30,	Defined Benefit Pension Plans		Other Postretirement Benefits	
	2020	2019	2020	2019
Benefit obligation at end of year	\$ 80.1	\$ 84.8	\$ 6.8	\$ 7.1
Fair value of plan assets at end of year	91.0	92.1	—	—
Funded status of the plans	\$ 10.9	\$ 7.3	\$ (6.8)	\$ (7.1)
Components of net periodic benefit cost:				
Service cost	\$ 0.1	\$ 0.1	\$ —	\$ —
Interest cost	2.3	2.7	0.2	0.2
Expected return on plan assets	(4.4)	(4.8)	—	—
Amortization of net actuarial loss (gain)	1.1	0.9	—	—
Termination benefit cost	0.2	—	—	—
Net periodic benefit cost (credit)	\$ (0.7)	\$ (1.1)	\$ 0.2	\$ 0.2
Changes in plan assets:				
Company contributions	\$ 0.1	\$ 0.1	\$ 0.3	\$ 0.5
Benefits paid	(6.8)	(6.5)	(0.3)	(0.5)
Actual return on plan assets	9.2	6.1	—	—
Foreign currency translation	(3.6)	(3.9)	—	—

The following table sets forth additional information related to our defined benefit pension plans.

	April 30,	
	2020	2019
Accumulated benefit obligation for all pension plans	\$ 642.8	\$ 605.6
Plans with an accumulated benefit obligation in excess of plan assets:		
Accumulated benefit obligation	\$ 563.4	\$ 521.5
Fair value of plan assets	380.6	388.2
Plans with a projected benefit obligation in excess of plan assets:		
Projected benefit obligation	\$ 572.9	\$ 531.4
Fair value of plan assets	380.6	388.2

We employ a total return on investment approach for the defined benefit pension plans' assets. A mix of equity, fixed-income, and alternative investments is used to maximize the long-term rate of return on assets for the level of risk. In determining the expected long-term rate of return on the defined benefit pension plans' assets, we consider the historical rates of return, the nature of investments, the asset allocation, and expectations of future investment strategies. The actual rate of return was 7.8 percent and 3.8 percent for the years ended April 30, 2020 and 2019, respectively, which excludes administrative and investment expenses.

Our current investment policy is to invest approximately 65 percent of assets in fixed-income securities, with the remaining invested primarily in equity securities.

The following tables summarize the major asset classes for the U.S. and Canadian defined benefit pension plans and the levels within the fair value hierarchy for those assets measured at fair value.

	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Plan Assets at April 30, 2020
Cash and cash equivalents ^(A)	\$ 2.1	\$ —	\$ —	\$ 2.1
Equity securities:				
U.S. ^(B)	51.2	—	—	51.2
International ^(C)	65.9	—	—	65.9
Fixed-income securities:				
Bonds ^(D)	212.1	—	—	212.1
Fixed income ^(E)	93.4	—	—	93.4
Other types of investments ^(F)	—	41.8	—	41.8
Total financial assets measured at fair value	<u>\$ 424.7</u>	<u>\$ 41.8</u>	<u>\$ —</u>	<u>\$ 466.5</u>
Total financial assets measured at net asset value ^(G)				5.1
Total plan assets				<u>\$ 471.6</u>

	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Plan Assets at April 30, 2019
Cash and cash equivalents ^(A)	\$ 0.5	\$ —	\$ —	\$ 0.5
Equity securities:				
U.S. ^(B)	65.7	1.8	—	67.5
International ^(C)	74.3	9.2	—	83.5
Fixed-income securities:				
Bonds ^(D)	220.6	—	—	220.6
Fixed income ^(E)	51.8	—	—	51.8
Other types of investments ^(F)	—	46.3	—	46.3
Total financial assets measured at fair value	\$ 412.9	\$ 57.3	\$ —	\$ 470.2
Total financial assets measured at net asset value ^(G)				10.1
Total plan assets				\$ 480.3

(A) This category includes money market holdings with maturities of three months or less and are classified as Level 1 assets. Based on the short-term nature of these assets, carrying value approximates fair value.

(B) This category is invested in a diversified portfolio of common stocks and index funds that primarily invest in U.S. stocks with broad market capitalization ranges similar to those found in the S&P 500 Index and/or the various Russell Indices and are traded on active exchanges. The Level 1 assets are valued using quoted market prices for identical securities in active markets. The Level 2 asset in 2019 was comprised of a pooled fund that consists of equity securities traded on active exchanges.

(C) This category is invested primarily in common stocks and other equity securities traded on active exchanges of foreign issuers located outside the U.S. The fund invests primarily in developed countries, but may also invest in emerging markets. The Level 1 assets are valued using quoted market prices for identical securities in active markets. The Level 2 asset in 2019 was comprised of a pooled fund that consists of equity securities traded on active exchanges.

(D) This category is primarily comprised of bond funds, which seek to duplicate the return characteristics of high-quality U.S. and foreign corporate bonds with a duration range of 10 to 13 years, as well as various U.S. Treasury Separate Trading of Registered Interest and Principal holdings, with wide-ranging maturity dates. These assets are valued using quoted market prices for identical securities in active markets and are classified as Level 1 assets.

(E) This category is comprised of fixed-income funds that invest primarily in government-related bonds of non-U.S. issuers and include investments in the Canadian, as well as emerging markets. These assets are valued using quoted market prices for identical securities in active markets and are classified as Level 1 assets.

(F) This category is comprised of a real estate fund whereby the underlying investments are contained in the Canadian market, and a common collective trust fund investing in direct commercial property funds. The real estate fund and the collective trust fund investing in direct commercial property are classified as Level 2 assets, whereby the underlying securities are valued utilizing quoted market prices for identical securities in active markets and based on the quoted market prices of the underlying investments in the common collective trust, respectively.

(G) This category is comprised of a private equity fund that consists primarily of limited partnership interests in corporate finance and venture capital funds, as well as a private limited investment partnership. The fair value estimates of the private equity fund and private limited investment partnership are based on the underlying funds' net asset values. Furthermore, as a practical expedient equivalent to our defined benefit plan's ownership interest in the partners' capital, a proportionate share of the net assets is attributed and further corroborated by our review. The private equity fund and private limited investment partnership are non-redeemable, and the return of principal is based on the liquidation of the underlying assets. In accordance with ASU 2015-07, the private equity fund and private limited investment partnership are removed from the total financial assets measured at fair value and disclosed separately.

In 2021, we expect to make contributions of approximately \$1.0, while making direct benefit payments of approximately \$13.5, primarily related to our defined benefit pension plans. Further, we expect the following payments to be made from the defined benefit pension and other postretirement benefit plans: \$43.7 in 2021, \$45.9 in 2022, \$45.6 in 2023, \$45.2 in 2024, \$45.4 in 2025, and \$213.3 in 2026 through 2030.

Multi-Employer Pension Plan: We participate in one multi-employer pension plan, the Bakery and Confectionery Union and Industry International Pension Fund ("Bakery and Confectionery Union Fund") (52-6118572), which provides defined benefits to certain union employees. During 2020 and 2019, a total of \$2.2 and \$2.3 was contributed to the plan, respectively, and we anticipate contributions of \$2.5 in 2021.

The risks of participating in multi-employer pension plans are different from the risks of participating in single-employer pension plans. For instance, the assets contributed to the multi-employer plan by one employer may be used to provide benefits to employees of other participating employers, and if a participating employer stops contributing to the plan, the unfunded obligations of the plan allocable to the withdrawing employer may be the responsibility of the remaining participating employers. Additionally, if we stop participating in the multi-employer pension plan, we may be required to pay the plan an amount based on our allocable share of the underfunded status of the plan, referred to as a withdrawal liability.

The Pension Protection Act of 2006 ranks the funded status of multi-employer pension plans depending upon a plan's current and projected funding. A plan is in the Red Zone (Critical) if it has a current funded percentage less than 65 percent. A plan is in the Yellow Zone (Endangered) if it has a current funded percentage of less than 80 percent or projects a credit balance deficit within seven years. A plan is in the Green Zone (Healthy) if it has a current funded percentage greater than 80 percent and does not have a projected credit balance deficit within seven years. The zone status is based on the plan's year-end, not our fiscal year-end. The zone status is based on information that we received from the plan and is certified by the plan's actuary. During calendar year 2019, the Bakery and Confectionery Union Fund was in Red Zone status, as the current funding status was 50.4 percent. A funding improvement plan, or rehabilitation plan, has been implemented.

Note 10: Derivative Financial Instruments

We are exposed to market risks, such as changes in commodity prices, foreign currency exchange rates, and interest rates. To manage the volatility related to these exposures, we enter into various derivative transactions. We have policies in place that define acceptable instrument types we may enter into and establish controls to limit our market risk exposure.

Commodity Price Management: We enter into commodity derivatives to manage the price volatility and reduce the variability of future cash flows related to anticipated inventory purchases of key raw materials, notably green coffee, corn, edible oils, soybean meal, and wheat. We also enter into commodity derivatives to manage price risk for energy input costs, including diesel fuel and natural gas. Our derivative instruments generally have maturities of less than one year.

We do not qualify commodity derivatives for hedge accounting treatment, and as a result, the derivative gains and losses are immediately recognized in earnings. Although we do not perform the assessments required to achieve hedge accounting for derivative positions, we believe all of our commodity derivatives are economic hedges of our risk exposure.

The commodities hedged have a high inverse correlation to price changes of the derivative instrument. Thus, we would expect that over time any gain or loss in the estimated fair value of the derivatives would generally be offset by an increase or decrease in the estimated fair value of the underlying exposures.

Foreign Currency Exchange Rate Hedging: We utilize foreign currency derivatives to manage the effect of foreign currency exchange fluctuations on future cash payments primarily related to purchases of certain raw materials and finished goods. The contracts generally have maturities of less than one year. We do not qualify instruments used to manage foreign currency exchange exposures for hedge accounting treatment.

Interest Rate Hedging: We utilize derivative instruments to manage interest rate risk associated with anticipated debt transactions, as well as to manage changes in the fair value of our long-term debt. At the inception of an interest rate contract, the instrument is evaluated and documented for qualifying hedge accounting treatment. If the contract is designated as a cash flow hedge, the mark-to-market gains or losses on the contract are deferred and included as a component of accumulated other comprehensive income (loss) and reclassified to interest expense in the period during which the hedged transaction affects earnings. If the contract is designated as a fair value hedge, the contract is recognized at fair value on the balance sheet and changes in the fair value are recognized in interest expense. Generally, changes in the fair value of the contract are equal to changes in the fair value of the underlying debt and have no net impact on earnings.

We entered into interest rate contracts in November 2018 and June 2018, with notional values of \$300.0 and \$500.0, respectively, to manage our exposure to interest rate volatility associated with anticipated debt financing in 2020. These interest rate contracts were designated as cash flow hedges. In March 2020, we terminated the interest rate contracts concurrent with the pricing of the Senior Notes due March 15, 2030, and March 15, 2050, which resulted in a pre-tax loss of \$239.8. The loss was deferred and included as a component of accumulated other comprehensive income (loss) and is being amortized as interest expense over the life of the debt.

In 2018, we terminated a treasury lock concurrent with the pricing of the Senior Notes due December 15, 2027, which was designated as a cash flow hedge and used to manage our exposure to interest rate volatility. The termination resulted in a pre-tax gain of \$2.7, which was deferred and included as a component of accumulated other comprehensive income (loss) and is being amortized as a reduction to interest expense over the life of the debt.

In 2015, we terminated the interest rate swap on the Senior Notes due October 15, 2021, which was designated as a fair value hedge and used to hedge against the changes in the fair value of the debt. As a result of the early termination, we received \$58.1 in cash, which included \$4.6 of accrued and prepaid interest. The gain on termination was recorded as an increase in the long-term debt balance and is being recognized over the remaining life of the underlying debt as a reduction of interest expense. To date, we have recognized \$41.1 of the gain, of which \$8.1, \$8.0, and \$7.8 were recognized in 2020, 2019, and 2018, respectively. The remaining gain will be recognized as follows: \$8.4 in 2021 and \$4.0 in 2022.

The following tables set forth the gross fair value amounts of derivative instruments recognized in the Consolidated Balance Sheets.

	April 30, 2020			
	Other Current Assets	Other Current Liabilities	Other Noncurrent Assets	Other Noncurrent Liabilities
Derivatives not designated as hedging instruments:				
Commodity contracts	\$ 14.7	\$ 33.2	\$ —	\$ —
Foreign currency exchange contracts	2.4	0.1	—	—
Total derivative instruments	\$ 17.1	\$ 33.3	\$ —	\$ —
	April 30, 2019			
	Other Current Assets	Other Current Liabilities	Other Noncurrent Assets	Other Noncurrent Liabilities
Derivatives designated as hedging instruments:				
Interest rate contracts	\$ —	\$ 49.1	\$ —	\$ —
Total derivatives designated as hedging instruments	\$ —	\$ 49.1	\$ —	\$ —
Derivatives not designated as hedging instruments:				
Commodity contracts	\$ 4.8	\$ 25.8	\$ —	\$ —
Foreign currency exchange contracts	1.4	0.2	—	—
Total derivative not designated as hedging instruments	\$ 6.2	\$ 26.0	\$ —	\$ —
Total derivative instruments	\$ 6.2	\$ 75.1	\$ —	\$ —

We have elected to not offset fair value amounts recognized for our exchange-traded derivative instruments and our cash margin accounts executed with the same counterparty that are generally subject to enforceable netting agreements. We are required to maintain cash margin accounts in connection with funding the settlement of our open positions. At April 30, 2020 and 2019, we maintained cash margin account balances of \$43.2 and \$40.7, respectively, included in other current assets in the Consolidated Balance Sheets. The change in the cash margin account balances is included in other – net, investing activities in the Statements of Consolidated Cash Flows. In the event of default and immediate net settlement of all of our open positions with individual counterparties, all of our derivative liabilities would be fully offset by either our derivative asset positions or margin accounts based on the net asset or liability position with our individual counterparties.

Interest expense – net, as presented in the Statements of Consolidated Income, was \$189.2, \$207.9, and \$174.1 in 2020, 2019, and 2018, respectively. The following table presents information on the pre-tax gains and losses recognized on interest rate contracts designated as cash flow hedges.

	Year Ended April 30,		
	2020	2019	2018
Gains (losses) recognized in other comprehensive income (loss)	\$ (190.7)	\$ (49.1)	\$ 2.7
Less: Gains (losses) reclassified from accumulated other comprehensive income (loss) to interest expense	(2.1)	(0.4)	(0.5)
Change in accumulated other comprehensive income (loss)	\$ (188.6)	\$ (48.7)	\$ 3.2

Included as a component of accumulated other comprehensive income (loss) at April 30, 2020 and 2019, were deferred net pre-tax losses of \$241.1 and \$52.5, respectively, related to the terminated interest rate contracts. The related net tax benefit recognized in accumulated other comprehensive income (loss) was \$55.5 and \$12.1 at April 30, 2020 and 2019, respectively. Approximately \$13.9 of the net pre-tax loss will be recognized over the next 12 months related to the terminated interest rate contracts.

The following table presents the net gains and losses recognized in cost of products sold on derivatives not designated as hedging instruments.

	Year Ended April 30,		
	2020	2019	2018
Gains (losses) on commodity contracts	\$ (31.4)	\$ (98.6)	\$ 6.5
Gains (losses) on foreign currency exchange contracts	2.3	3.0	(5.9)
Total gains (losses) recognized in costs of products sold	\$ (29.1)	\$ (95.6)	\$ 0.6

Commodity and foreign currency exchange derivative gains and losses are reported in unallocated derivative gains and losses outside of segment operating results until the related inventory is sold. At that time, we reclassify the hedge gains and losses from unallocated derivative gains and losses to segment profit, allowing our segments to realize the economic effect of the hedge without experiencing any mark-to-market volatility. The following table presents the activity in unallocated derivative gains and losses.

	Year Ended April 30,		
	2020	2019	2018
Net gains (losses) on mark-to-market valuation of unallocated derivative positions	\$ (29.1)	\$ (95.6)	\$ 0.6
Less: Net gains (losses) on derivative positions reclassified to segment operating profit	(48.7)	(41.4)	(36.7)
Unallocated derivative gains (losses)	\$ 19.6	\$ (54.2)	\$ 37.3

The net cumulative unallocated derivative gains and losses at April 30, 2020 and 2019, were losses of \$32.9 and \$52.5, respectively.

The following table presents the gross notional value of outstanding derivative contracts.

	Year Ended April 30,	
	2020	2019
Commodity contracts	\$ 890.1	\$ 544.8
Foreign currency exchange contracts	65.6	144.9
Interest rate contracts	—	800.0

Note 11: Other Financial Instruments and Fair Value Measurements

Financial instruments, other than derivatives, that potentially subject us to significant concentrations of credit risk consist principally of cash investments, short-term borrowings, and trade receivables. The carrying value of these financial instruments approximates fair value. Our remaining financial instruments, with the exception of long-term debt, are recognized at estimated fair value in the Consolidated Balance Sheets.

The following table provides information on the carrying amounts and fair values of our financial instruments.

	April 30, 2020		April 30, 2019	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Marketable securities and other investments	\$ 38.6	\$ 38.6	\$ 40.9	\$ 40.9
Derivative financial instruments – net	(16.2)	(16.2)	(68.9)	(68.9)
Total long-term debt	(5,373.3)	(5,740.6)	(5,484.8)	(5,504.0)

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Valuation techniques are based on observable and unobservable inputs.

Observable inputs reflect readily obtainable data from independent sources, while unobservable inputs reflect our market assumptions.

The following tables summarize the fair values and the levels within the fair value hierarchy in which the fair value measurements fall for our financial instruments.

	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Fair Value at April 30, 2020
Marketable securities and other investments: ^(A)				
Equity mutual funds	\$ 8.7	\$ —	\$ —	\$ 8.7
Municipal obligations	—	24.2	—	24.2
Money market funds	5.7	—	—	5.7
Derivative financial instruments: ^(B)				
Commodity contracts – net	(18.3)	(0.2)	—	(18.5)
Foreign currency exchange contracts – net	0.2	2.1	—	2.3
Total long-term debt ^(C)	(5,032.0)	(708.6)	—	(5,740.6)
Total financial instruments measured at fair value	\$ (5,035.7)	\$ (682.5)	\$ —	\$ (5,718.2)

	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Fair Value at April 30, 2019
Marketable securities and other investments: ^(A)				
Equity mutual funds	\$ 8.7	\$ —	\$ —	\$ 8.7
Municipal obligations	—	31.7	—	31.7
Money market funds	0.5	—	—	0.5
Derivative financial instruments: ^(B)				
Commodity contracts – net	(20.7)	(0.3)	—	(21.0)
Foreign currency exchange contracts – net	(0.1)	1.3	—	1.2
Interest rate contracts	—	(49.1)	—	(49.1)
Total long-term debt ^(C)	(4,646.6)	(857.4)	—	(5,504.0)
Total financial instruments measured at fair value	\$ (4,658.2)	\$ (873.8)	\$ —	\$ (5,532.0)

(A) Marketable securities and other investments consist of funds maintained for the payment of benefits associated with nonqualified retirement plans. The funds include equity securities listed in active markets, municipal obligations valued by a third-party using valuation techniques that utilize inputs that are derived principally from or corroborated by observable market data, and money market funds with maturities of three months or less. Based on the short-term nature of these money market funds, carrying value approximates fair value. As of April 30, 2020, our municipal obligations are scheduled to mature as follows: \$1.0 in 2021, \$1.5 in 2022, \$3.5 in 2024, and the remaining \$18.2 in 2025 and beyond. We do not have any municipal obligations scheduled to mature in 2023. For additional information, see Marketable Securities and Other Investments in Note 1: Accounting Policies.

(B) Level 1 commodity and foreign currency exchange derivatives are valued using quoted market prices for identical instruments in active markets. Level 2 commodity and foreign currency exchange derivatives are valued using quoted prices for similar assets or liabilities in active markets. The Level 2 interest rate contracts were valued using standard valuation techniques, the income approach, and observable Level 2 market expectations at the measurement date to convert future amounts to a single discounted present value. Level 2 inputs for the valuation of the interest rate contracts are limited to prices that are observable for the asset or liability. For additional information, see Note 10: Derivative Financial Instruments.

(C) Long-term debt is composed of public Senior Notes classified as Level 1 and the Term Loan classified as Level 2. The public Senior Notes are traded in an active secondary market and valued using quoted prices. The fair value of the Term Loan is based on the net present value of each interest and principal payment calculated utilizing an interest rate derived from an estimated yield curve obtained from independent pricing sources for similar types of term loan borrowing arrangements. For additional information, see Note 8: Debt and Financing Arrangements.

We recognized impairment charges of \$52.4 during 2020, related to the *Natural Balance* brand in the U.S. Retail Pet Foods segment. During 2019, we recognized impairment charges of \$205.1, of which \$97.9 and \$107.2 related to the goodwill of the Natural Foods reporting unit within the U.S. Retail Consumer Foods segment and certain indefinite-lived trademarks in the U.S. Retail Pet Foods segment, respectively. These adjustments were included as noncash charges in our Statements of Consolidated Income. We utilized Level 3 inputs based on management's best estimates and assumptions to estimate the fair value of the reporting unit and indefinite-lived trademarks. For additional information, see Goodwill and Other Intangible Assets in Note 1: Accounting Policies and Note 7: Goodwill and Other Intangible Assets.

Note 12: Leases

We lease certain warehouses, manufacturing facilities, office space, equipment, and vehicles, primarily through operating lease agreements. We have elected to not recognize leases with a term of 12 months or less on the balance sheet. Instead, we recognize the related lease expense on a straight-line basis over the lease term.

Although the majority of our right-of-use asset and lease liability balances consist of leases with renewal options, we generally are not reasonably certain to exercise them, and therefore, the optional periods do not typically impact the lease term. Certain leases also include termination provisions or options to purchase the leased property. Since we are not reasonably certain to exercise these types of options, minimum lease payments do not include any amounts related to these termination or purchase options. Our lease agreements generally do not contain residual value guarantees or restrictive covenants that are material.

We determine if an agreement is or contains a lease at inception by evaluating whether an identified asset exists that we control over the term of the arrangement. A lease commences when the lessor makes the identified asset available for our use. We generally account for lease and non-lease components as a single lease component. Minimum lease payments do not include variable lease payments other than those that depend on an index or rate.

For the majority of our leases, the interest rate implicit in the lease cannot be readily determined, so we utilize our incremental borrowing rate to present value lease payments using information available at the lease commencement date. We consider our credit rating and the current economic environment in determining this collateralized rate. For the initial implementation of the lease standard, the incremental borrowing rate at May 1, 2019, was used to calculate all operating lease liabilities.

The following table sets forth the right-of-use assets and lease liabilities recognized in the Consolidated Balance Sheet.

	April 30, 2020
Operating lease right-of-use assets	\$ 148.4
Operating lease liabilities:	
Current operating lease liabilities	\$ 36.5
Noncurrent operating lease liabilities	120.0
Total operating lease liabilities	\$ 156.5
Finance lease right-of-use assets:	
Machinery and equipment	\$ 11.6
Accumulated depreciation	(5.9)
Total property, plant, and equipment	\$ 5.7
Finance lease liabilities:	
Other current liabilities	\$ 2.2
Other noncurrent liabilities	3.5
Total finance lease liabilities	\$ 5.7

The following table summarizes the components of lease expense.

	April 30, 2020
Operating lease cost	\$ 51.7
Finance lease cost:	
Amortization of right-of-use assets	2.8
Interest on lease liabilities	0.2
Variable lease cost	22.9
Short-term lease cost	35.2
Sublease income	(4.3)
Net lease cost	<u>\$ 108.5</u>

The following table sets forth cash flow and noncash information related to leases.

	April 30, 2020
Cash paid for amounts included in the measurement of lease liabilities:	
Operating cash flows from operating leases	\$ 50.8
Operating cash flows from finance leases	0.2
Financing cash flows from finance leases	2.8
Right-of-use assets obtained in exchange for new lease liabilities:	
Operating leases	57.0
Finance leases	2.6

The following table summarizes the maturity of our lease liabilities by fiscal year.

	April 30, 2020	
	Operating Leases	Finance Leases
2021	\$ 40.3	\$ 2.3
2022	36.8	1.7
2023	34.2	1.0
2024	22.7	0.7
2025	14.7	0.3
2026 and beyond	19.8	—
Total undiscounted minimum lease payments	<u>\$ 168.5</u>	<u>\$ 6.0</u>
Less: Imputed interest	12.0	0.3
Lease liabilities	<u>\$ 156.5</u>	<u>\$ 5.7</u>

As of April 30, 2019, our minimum operating lease obligations were as follows: \$43.0 in 2020, \$36.7 in 2021, \$30.5 in 2022, \$24.8 in 2023, and \$12.3 in 2024.

The following table sets forth the weighted average remaining lease term and discount rate.

	April 30, 2020
Weighted average remaining lease term (in years):	
Operating leases	4.7
Finance leases	3.4
Weighted average discount rate:	
Operating leases	3.1 %
Finance leases	2.9 %

Note 13: Share-Based Payments

We provide for equity-based incentives to be awarded to key employees and non-employee directors. Currently, these incentives consist of restricted shares, restricted stock units (which may also be referred to as deferred stock units), performance units, and stock options. These awards are administered primarily through the 2010 Equity and Incentive Compensation Plan initially approved by our shareholders in August 2010 and re-approved in August 2015. Awards under this plan may be in the form of stock options, stock appreciation rights, restricted shares, restricted stock units, performance shares, performance units, incentive awards, and other share-based awards. Awards under this plan may be granted to our non-employee directors, consultants, officers, and other employees. Deferred stock units granted to non-employee directors vest immediately and, along with dividends credited on those deferred stock units, are paid out in the form of common shares upon termination of service as a non-employee director. At April 30, 2020, there were 4,781,736 shares available for future issuance under this plan.

Under the 2010 Equity and Incentive Compensation Plan, we have the option to settle share-based awards by issuing common shares from treasury, issuing new Company common shares, or issuing a combination of common shares from treasury and new Company common shares.

Stock Options: Under the 2010 Equity and Incentive Compensation Plan, we granted 193,831 options during 2020 and granted no stock options during 2019 and 2018. Stock options granted in 2020 vest ratably over a period of three years. The exercise price of all stock options granted was equal to the market value of the shares on the date of grant, and all stock options granted and outstanding have a contractual term of 10 years.

The fair value of each stock option is estimated on the date of grant using a Black-Scholes option-pricing model with the following weighted-average assumptions for stock options granted in 2020:

	2020
Expected volatility (%)	20.1 %
Dividend yield (%)	2.8 %
Risk-free interest rate (%)	1.9 %
Expected life of stock options (years)	6.0

Expected volatility was calculated in accordance with the provisions of FASB ASC 718, *Compensation – Stock Compensation*, based on consideration of both historical and implied volatilities. The expected life of a stock option represents the period from the grant date through the expected exercise date of the option. This was calculated using a simplified method whereby the midpoint between the vesting date and the end of the contractual term is utilized to compute the expected term.

The following table is a summary of our stock option activity.

	Number of Stock Options	Weighted-Average Exercise Price
Outstanding at May 1, 2019	400,000	\$ 113.24
Granted	193,831	121.93
Exercised	(62,750)	111.66
Cancelled	(42,026)	120.67
Outstanding at April 30, 2020	489,055	\$ 116.25
Exercisable at April 30, 2020	314,750	\$ 113.21

The intrinsic value of a stock option is the amount by which the market value of the underlying stock exceeds the exercise price of the stock option. The total intrinsic value for stock options outstanding and exercisable was \$1.0 and \$0.8 at April 30, 2020, respectively, with an average remaining contractual term of 6.5 years and 5.0 years, respectively. The total intrinsic value of stock options exercised during 2020 and 2018 was \$0.2 and \$0.6, respectively, and there were no stock options exercised in 2019. The closing market price of our common stock on the last trading day of 2020 was \$114.91 per share. The stock options granted during 2020 have a weighted-average grant date fair value of \$17.82 per option.

Compensation cost related to stock options is recognized ratably over the service period from the grant date through the end of the requisite service period. During 2020, we recognized compensation cost of \$1.3, and during 2019, we did not recognize

any compensation cost, as the requisite service period for the previous options granted ended on April 30, 2018. The compensation expense for stock option awards totaled \$0.4 for the year ended April 30, 2018, which was included in other special project costs in the Statement of Consolidated Income. The tax benefit related to the stock option expense was \$0.3 and \$0.1 for 2020 and 2018, respectively. As of April 30, 2020, we had unrecognized compensation cost of \$1.8 related to the stock options that were granted in 2020.

Cash received from stock option exercises was \$7.1 and \$3.9 for the years ended April 30, 2020 and 2018, respectively. There were no stock options exercised in 2019.

Other Equity Awards: The following table is a summary of our restricted shares, deferred stock units, and performance units.

	Restricted Shares and Deferred Stock Units	Weighted-Average Grant Date Fair Value	Performance Units	Weighted-Average Conversion Date Fair Value
Outstanding at May 1, 2019	583,576	\$ 118.44	85,154	\$ 123.68
Granted	245,945	121.19	168,212	123.68
Converted	85,154	123.68	(85,154)	123.68
Vested	(123,714)	119.13	—	—
Forfeited	(54,277)	117.30	(14,995)	123.68
Outstanding at April 30, 2020	736,684	\$ 119.93	153,217	\$ 123.68

The weighted-average grant date fair value of equity awards other than stock options that vested in 2020, 2019, and 2018 was \$14.7, \$17.0, and \$17.1, respectively. The vesting date fair value of equity awards other than stock options that vested in 2020, 2019, and 2018 was \$14.5, \$17.0, and \$20.7, respectively. The weighted-average grant date fair value of restricted shares, deferred stock units, and performance units is the average of the high and the low share price on the date of grant. The following table summarizes the weighted-average fair values of the equity awards granted.

<u>Year Ended April 30,</u>	Restricted Shares and Deferred Stock Units	Weighted-Average Grant Date Fair Value	Performance Units	Weighted-Average Conversion Date Fair Value
2020	245,945	\$ 121.19	168,212	\$ 123.68
2019	194,932	104.33	85,154	123.68
2018	136,127	126.80	84,051	103.86

The restricted shares and deferred stock units granted in 2020 under our new long-term incentive compensation program vest ratably over a three-year period from date of grant. The remaining restricted shares and deferred stock units generally vest over four years from the date of grant or upon the attainment of a defined age and years of service, subject to certain retention requirements. The performance units granted in 2020 vest over three years from the date of grant and are converted to restricted shares upon vest based on the performance achieved during the service period. During 2019 and 2018, the performance units granted represented the number of restricted shares received by certain executive officers, subsequent to year-end, upon conversion of the performance units earned during the one year period.

Note 14: Income Taxes

Income before income taxes is as follows:

	Year Ended April 30,		
	2020	2019	2018
Domestic	\$ 986.7	\$ 659.2	\$ 828.6
Foreign	40.0	42.4	32.4
Income before income taxes	\$ 1,026.7	\$ 701.6	\$ 861.0

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

	Year Ended April 30,		
	2020	2019	2018
Current:			
Federal	\$ 188.7	\$ 227.9	\$ 277.9
Foreign	8.5	16.0	7.9
State and local	42.4	36.8	40.0
Deferred:			
Federal	7.1	(73.6)	(802.3)
Foreign	0.6	(0.1)	0.5
State and local	(0.1)	(19.8)	(1.6)
Total income tax expense (benefit)	\$ 247.2	\$ 187.2	\$ (477.6)

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

(Percent of Pre-tax Income)	Year Ended April 30,		
	2020	2019	2018
Statutory federal income tax rate	21.0 %	21.0 %	30.4 %
Tax reform – net impact on U.S. deferred tax assets and liabilities	—	—	(92.0)
Tax reform – transition tax	—	(0.5)	3.0
Goodwill impairment charges	—	2.9	5.5
Sale of the U.S. baking business	—	2.4	—
State and local income taxes	3.3	2.7	1.9
Domestic manufacturing deduction	—	—	(3.0)
Deferred tax benefit from integration	—	(2.4)	—
Other items – net	(0.2)	0.6	(1.3)
Effective income tax rate	24.1 %	26.7 %	(55.5) %
Income taxes paid	\$ 227.1	\$ 250.9	\$ 336.8

The income tax expense of \$187.2 for 2019 included the permanent tax impacts associated with the sale of the U.S. baking business and a goodwill impairment charge, partially offset by a noncash deferred tax benefit related to the integration of Ainsworth into the Company.

U.S. Tax Reform: On December 22, 2017, the U.S. government enacted the Tax Act, legislating comprehensive tax reform that reduced the U.S. federal statutory corporate tax rate from 35.0 percent to 21.0 percent effective January 1, 2018, broadened the U.S. federal income tax base, required companies to pay a one-time transition tax, and created new taxes on certain foreign-sourced earnings as part of a new territorial tax regime.

During 2019, we finalized our accounting for the income tax effects of enactment of the Tax Act, as required by ASU 2018-05, *Amendments to SEC Paragraphs Pursuant to SEC Staff Accounting Bulletin No. 118*, which resulted in an immaterial adjustment to the net provisional benefit of \$765.8 previously recorded during 2018. The net benefit included the revaluation of net deferred tax liabilities at the reduced federal income tax rate, offset in part by the estimated impact of the one-time transition tax.

Despite the completion of our accounting for the Tax Act, the amounts recorded may change as a result of future guidance and interpretation from the Internal Revenue Service (“IRS”) and various other taxing jurisdictions, all of which are continuing to analyze the complexities and interdependencies of the provisions within the Tax Act. Any future legislative and interpretive actions could result in additional income tax impacts which could be material in the period any such changes are enacted. During 2020, the Coronavirus Aid, Relief, and Economic Security Act was enacted, which included rollbacks of certain provisions of the Tax Act. While these specific rollbacks did not impact us, future legislative actions in response to COVID-19 could further modify provisions of the Tax Act, and such changes will need to be analyzed for their respective impacts on our income taxes at that time.

We are a voluntary participant in the Compliance Assurance Process (“CAP”) program offered by the IRS and are currently under a CAP examination for the tax years ended April 30, 2020 and 2019. Through the contemporaneous exchange of information with the IRS, this program is designed to identify and resolve tax positions with the IRS prior to the filing of a tax return, which allows us to remain current with our IRS examinations. The IRS has completed the CAP examinations for the tax years ended April 30, 2018 and 2017. The tax years prior to 2017 are no longer subject to U.S. federal tax examination. With limited exceptions, we are no longer subject to examination for state and local jurisdictions for the tax years prior to 2016 and for the tax years prior to 2013 for foreign jurisdictions.

Deferred income taxes reflect the 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 our deferred tax assets and liabilities are as follows:

	April 30,	
	2020	2019
Deferred tax liabilities:		
Intangible assets	\$ 1,399.7	\$ 1,428.3
Property, plant, and equipment	151.3	120.5
Leases	30.3	—
Other	15.1	13.4
Total deferred tax liabilities	\$ 1,596.4	\$ 1,562.2
Deferred tax assets:		
Post-employment and other employee benefits	\$ 100.3	\$ 84.9
Tax credit and loss carryforwards	28.1	10.0
Intangible assets	16.9	17.2
Hedging transactions	59.5	15.6
Leases	31.9	—
Other	37.8	39.4
Total deferred tax assets	\$ 274.5	\$ 167.1
Valuation allowance	(29.7)	(3.5)
Total deferred tax assets, less allowance	\$ 244.8	\$ 163.6
Net deferred tax liability	\$ 1,351.6	\$ 1,398.6

We evaluate the realizability of deferred tax assets for each of the jurisdictions in which we operate. The total valuation allowance increased by a net amount of \$26.2 during the year, primarily related to the foreign tax credit deferred tax assets that were determined to not be realizable.

During 2020, we returned \$39.7 of international cash to the U.S., primarily driven by a reduction in our capital investment in certain foreign subsidiaries in conjunction with a restructuring of our international holding and operating entities. No foreign withholding taxes were applicable. The state income taxes were not significant and have been included in income tax expense. Deferred income taxes have not been provided on approximately \$29.7 of remaining temporary differences related to our investments in foreign subsidiaries since these amounts remain permanently reinvested. It is not practical to estimate the amount of additional taxes that might be payable on these basis differences because of the numerous methods by which these differences could reverse.

Our unrecognized tax benefits were \$13.1, \$15.0, and \$32.3, of which \$10.5, \$12.0, and \$21.5 would affect the effective tax rate, if recognized, as of April 30, 2020, 2019, and 2018, respectively. Our accrual for tax-related net interest and penalties totaled \$1.9, \$3.3, and \$4.0 as of April 30, 2020, 2019, and 2018, respectively. The amount of tax related to net interest and penalties credited to earnings totaled \$0.1 and \$0.8 for 2020 and 2019, respectively, and charged to earnings totaled \$0.1 during 2018.

Within the next 12 months, it is reasonably possible that we could decrease our unrecognized tax benefits by an estimated \$2.6, primarily as a result of the expiration of statute of limitation periods.

A reconciliation of our unrecognized tax benefits is as follows:

	2020	2019	2018
Balance at May 1,	\$ 15.0	\$ 32.3	\$ 40.4
Increases:			
Current year tax positions	1.4	0.9	1.1
Prior year tax positions	0.2	0.3	0.5
Decreases:			
Settlement with tax authorities	—	9.0	3.0
Expiration of statute of limitations periods	3.5	9.5	6.7
Balance at April 30,	<u>\$ 13.1</u>	<u>\$ 15.0</u>	<u>\$ 32.3</u>

Note 15: Accumulated Other Comprehensive Income (Loss)

The components of accumulated other comprehensive income (loss), including the reclassification adjustments for items that are reclassified from accumulated other comprehensive income (loss) to net income, are shown below.

	Foreign Currency Translation Adjustment	Net Gains (Losses) on Cash Flow Hedging Derivatives ^(A)	Pension and Other Postretirement Liabilities ^(B)	Unrealized Gain (Loss) on Available-for-Sale Securities	Accumulated Other Comprehensive Income (Loss)
Balance at May 1, 2017	\$ (43.0)	\$ (4.4)	\$ (100.0)	\$ 4.0	\$ (143.4)
Reclassification adjustments	—	0.5	10.7	—	11.2
Current period credit (charge)	26.6	2.7	9.2	(1.7)	36.8
Income tax benefit (expense)	—	(1.2)	(5.6)	0.5	(6.3)
Reclassification of stranded tax effects ^(C)	—	(0.5)	(15.3)	0.8	(15.0)
Balance at April 30, 2018	\$ (16.4)	\$ (2.9)	\$ (101.0)	\$ 3.6	\$ (116.7)
Reclassification adjustments	—	0.4	7.3	—	7.7
Current period credit (charge)	(19.1)	(49.1)	(19.1)	0.7	(86.6)
Income tax benefit (expense)	—	11.2	2.8	(0.2)	13.8
Balance at April 30, 2019	\$ (35.5)	\$ (40.4)	\$ (110.0)	\$ 4.1	\$ (181.8)
Reclassification adjustments	—	2.1	7.4	—	9.5
Current period credit (charge)	(15.0)	(190.7)	(54.8)	(0.4)	(260.9)
Income tax benefit (expense)	—	43.4	10.7	0.1	54.2
Balance at April 30, 2020	<u>\$ (50.5)</u>	<u>\$ (185.6)</u>	<u>\$ (146.7)</u>	<u>\$ 3.8</u>	<u>\$ (379.0)</u>

(A) The reclassification from accumulated other comprehensive income (loss) to interest expense was related to terminated interest rate contracts. The current period charge in 2020 and 2019 relates to losses on the interest rate contracts entered into in November 2018 and June 2018 that were terminated in 2020. The current period credit in 2018 relates to the gain on the interest rate contract terminated in 2018. For additional information, see Note 10: Derivative Financial Instruments.

(B) Amortization of net losses and prior service costs was reclassified from accumulated other comprehensive income (loss) to other income (expense) – net.

(C) During 2018, we adopted ASU 2018-02, *Income Statement – Reporting Comprehensive Income (Topic 220) Reclassification of Certain Tax Effects from Accumulated Other Comprehensive Income*, which allowed us to reclassify the stranded income tax effects resulting from the Tax Act from accumulated other comprehensive income (loss) to retained earnings.

Note 16: Contingencies

We, like other food manufacturers, are from time to time subject to various administrative, regulatory, and other legal proceedings arising in the ordinary course of business. We are currently a defendant in a variety of such legal proceedings, including certain lawsuits related to the alleged price-fixing of shelf stable tuna products prior to 2011 by a business previously owned by, but divested prior to our acquisition of, Big Heart, the significant majority of which we settled and paid during the second half of 2019. While we cannot predict with certainty the ultimate results of these proceedings or potential settlements associated with these matters, we have accrued losses for certain contingent liabilities that we have determined are probable and reasonably estimable at April 30, 2020. Based on the information known to date, with the exception of the

matter discussed below, we do not believe the final outcome of these proceedings will have a material adverse effect on our financial position, results of operations, or cash flows.

On May 9, 2011, CERT filed a lawsuit in the Superior Court of the State of California, County of Los Angeles, against us and additional defendants who manufacture, package, distribute, or sell packaged coffee. The lawsuit is CERT v. Brad Barry LLC, et al., and was a tag along to a 2010 lawsuit against companies selling “ready-to-drink” coffee based on the same claims. Both cases have since been consolidated and now include nearly eighty defendants, which constitute the great majority of the coffee industry in California. The Plaintiff alleges that we and the other defendants failed to provide warnings for our coffee products of exposure to the chemical acrylamide as required under Proposition 65. The Plaintiff seeks equitable relief, including providing warnings to consumers of coffee products, as well as civil penalties in the amount of the statutory maximum of \$2,500.00 per day per violation of Proposition 65. The Plaintiff asserts that every consumed cup of coffee, absent a compliant warning, is equivalent to a violation under Proposition 65.

As part of a joint defense group organized to defend against the lawsuit, we dispute the claims of the Plaintiff. Acrylamide is not added to coffee but is inherently present in all coffee in small amounts (measured in parts per billion) as a byproduct of the coffee bean roasting process. We have asserted multiple affirmative defenses. Trial of the first phase of the case commenced on September 8, 2014, and was limited to three affirmative defenses shared by all defendants. On

September 1, 2015, the trial court issued a final ruling adverse to the defendants on all Phase 1 defenses. Trial of the second phase of the case commenced in the fall of calendar year 2017. On March 28, 2018, the trial court issued a proposed ruling adverse to the defendants on the Phase 2 defense, our last remaining defense to liability. The trial court finalized and affirmed its Phase 2 ruling on May 7, 2018, and therefore, the trial on the third phase regarding remedies issues was scheduled to commence on October 15, 2018. The trial did not proceed on the scheduled date as further described below.

On June 15, 2018, the state agency responsible for administering the Proposition 65 program, the California Office of Environmental Health Hazard Assessment (“OEHHA”), issued a proposed regulation clarifying that cancer warnings are not required for coffee under Proposition 65. The California Court of Appeals granted defendants’ requests to stay the trial on remedies until a final determination was made on OEHHA’s proposed regulation. During the interim period, the California Office of Administrative Law approved the proposed regulation on June 3, 2019, and the regulation went into effect on October 1, 2019. In response to CERT’s objection, the defendants amended their answer to raise the regulation as a complete defense to the claims. CERT unsuccessfully challenged the defendants’ right to assert the regulation as an affirmative defense but continues to challenge the validity of the regulation. During the third quarter of 2020, CERT filed several motions seeking judgment in its favor as a matter of law, and the defendants also filed their own motion. The hearing on the motions has been pushed back until at least July 22, 2020, due to COVID-19. This past quarter, CERT issued discovery requests seeking information regarding acrylamide in coffee flavorings, thereby introducing a new theory into the lawsuit, over the objection of the defendants.

At this stage of the proceedings, prior to and without knowing whether the regulation will stand as a defense or the trial on remedies issues will move forward in light of the challenge, we are unable to predict or reasonably estimate the potential loss or effect on our operations. Accordingly, no loss contingency has been recorded for this matter as of April 30, 2020, as the likelihood of loss is not considered probable or estimable. The trial court has discretion to impose zero penalties against us or to impose significant statutory penalties if the case proceeds. Significant labeling or warning requirements that could potentially be imposed by the trial court may increase our costs and adversely affect sales of our coffee products, as well as involve substantial expense and operational disruption, which could have a material adverse impact on our financial position, results of operations, or cash flows. Furthermore, a future appellate court decision could reverse the earlier trial court rulings should the regulation be held invalid. The outcome and the financial impact of settlement, the trial, or the appellate court rulings of the case, if any, cannot be predicted at this time.

Note 17: Common Shares

Voting: The Amended Articles of Incorporation (“Articles”) provide that each holder of a common share outstanding is entitled to one vote on each matter submitted to a vote of the shareholders, except for the following specific matters:

- any matter that relates to or would result in the dissolution or liquidation of the Company;
- the adoption of any amendment to the Articles or Amended Regulations, or the adoption of amended Articles, other than the adoption of any amendment or amended Articles that increases the number of votes to which holders of our common shares are entitled or expands the matters to which time-phased voting applies;

- any proposal or other action to be taken by our shareholders relating to any successor plan to the Rights Agreement, dated as of May 20, 2009, between the Company and Computershare Trust Company, N.A, which expired on June 25, 2018;
- any matter relating to any stock option plan, stock purchase plan, executive compensation plan, executive benefit plan, or other similar plan, arrangement, or agreement;
- the adoption of any agreement or plan of or for the merger, consolidation, or majority share acquisition of us or any of our subsidiaries with or into any other person, whether domestic or foreign, corporate or noncorporate, or the authorization of the lease, sale, exchange, transfer, or other disposition of all, or substantially all, of our assets;
- any matter submitted to our shareholders pursuant to Article Fifth (which relates to procedures applicable to certain business combinations) or Article Seventh (which relates to procedures applicable to certain proposed acquisitions of specified percentages of our outstanding common shares) of the Articles, as they may be further amended, or any issuance of our common shares for which shareholder approval is required by applicable stock exchange rules; and
- any matter relating to the issuance of our common shares or the repurchase of our common shares that the Board determines is required or appropriate to be submitted to our shareholders under the Ohio Revised Code or applicable stock exchange rules.

On the matters listed above, common shares are entitled to 10 votes per share if they meet the requirements set forth in the Articles. Common shares which would be entitled to 10 votes per share must meet one of the following criteria:

- common shares for which there has not been a change in beneficial ownership in the past four years; or
- common shares received through our various equity plans that have not been sold or otherwise transferred.

In the event of a change in beneficial ownership, the new owner of that common share will be entitled to only one vote with respect to that share on all matters until four years pass without a further change in beneficial ownership of the share.

Repurchase Programs: We did not repurchase any common shares under a repurchase plan authorized by the Board during 2020 and 2019. At April 30, 2020, approximately 3.6 million common shares remain available for repurchase pursuant to the Board's authorizations.

Note 18: Quarterly Results of Operations (Unaudited)

The following tables summarize the unaudited quarterly results of operations for the years ended April 30, 2020 and 2019.

	2020			
	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
Net sales	\$ 1,778.9	\$ 1,957.8	\$ 1,972.3	\$ 2,092.0
Gross profit	699.6	754.0	760.0	788.4
Net income	154.6	211.2	187.4	226.3
Earnings per common share ^(A) :				
Net income	\$ 1.36	\$ 1.85	\$ 1.64	\$ 1.98
Net income – assuming dilution	1.36	1.85	1.64	1.98
Dividends declared per common share	0.88	0.88	0.88	0.88

	2019			
	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
Net sales	\$ 1,902.5	\$ 2,021.5	\$ 2,011.9	\$ 1,902.1
Gross profit	678.2	771.3	773.8	692.4
Net income	133.0	188.5	121.4	71.5
Earnings per common share ^(A) :				
Net income	\$ 1.17	\$ 1.66	\$ 1.07	\$ 0.63
Net income – assuming dilution	1.17	1.66	1.07	0.63
Dividends declared per common share	0.85	0.85	0.85	0.85

(A) Annual net income per common share may not equal the sum of the individual quarters due to differences in the average number of shares outstanding during the respective periods, primarily due to share repurchases.

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure.

None.

Item 9A. Controls and Procedures.

Evaluation of Disclosure Controls and Procedures: Management, including the principal executive officer and principal financial officer, evaluated the effectiveness of our disclosure controls and procedures (as defined in Rule 13a-15(e) or 15d-15(e) under the Exchange Act), as of April 30, 2020 (the “Evaluation Date”). Based on that evaluation, the principal executive officer and principal financial officer have concluded that, as of the Evaluation Date, our disclosure controls and procedures were effective in ensuring that information required to be disclosed in reports that we file or submit under the Exchange Act is (1) recorded, processed, summarized, and reported within the time periods specified in SEC rules and forms, and (2) accumulated and communicated to management, including the chief executive officer and chief financial officer, as appropriate to allow timely decisions regarding required disclosure.

Changes in Internal Controls: There were no changes in internal control over financial reporting that occurred during the fourth quarter ended April 30, 2020, that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Item 9B. Other Information.

None.

PART III

Item 10. Directors, Executive Officers and Corporate Governance.

The information required by this Item as to the directors of the Company, the Audit Committee, the Audit Committee financial expert, and compliance with Section 16(a) of the Exchange Act is incorporated herein by reference to the information set forth under the captions “Election of Directors,” “Corporate Governance,” “Board and Committee Meetings,” and “Ownership of Common Shares” in our definitive Proxy Statement for the Annual Meeting of Shareholders to be held on August 19, 2020. The information required by this Item as to the executive officers of the Company is incorporated herein by reference to Part I, Item 1 in this Annual Report on Form 10-K.

The Board of Directors has adopted a Code of Business Conduct and Ethics, last revised January 2018, which applies to our directors, principal executive officer, and principal financial and accounting officer. The Board of Directors has adopted charters for each of the Audit, Executive Compensation, and Nominating, Governance, and Corporate Responsibility committees and has also adopted Corporate Governance Guidelines. Copies of these documents are available on our website (investors.jmsmucker.com/governance-documents).

Item 11. Executive Compensation.

The information required by this Item is incorporated herein by reference to the information set forth under the captions “Executive Compensation,” “Board and Committee Meetings,” and “Compensation Committee Interlocks and Insider Participation” in our definitive Proxy Statement for the Annual Meeting of Shareholders to be held on August 19, 2020.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters.

The information required by this Item is incorporated herein by reference to the information set forth under the captions “Ownership of Common Shares” and “Equity Compensation Plan Information” in our definitive Proxy Statement for the Annual Meeting of Shareholders to be held on August 19, 2020.

Item 13. Certain Relationships and Related Transactions, and Director Independence.

The information required by this Item is incorporated herein by reference to the information set forth under the captions “Corporate Governance” and “Related Party Transactions” in our definitive Proxy Statement for the Annual Meeting of Shareholders to be held on August 19, 2020.

Item 14. Principal Accountant Fees and Services.

The information required by this Item is incorporated herein by reference to the information set forth under the captions “Service Fees Paid to the Independent Registered Public Accounting Firm” and “Audit Committee Pre-Approval Policies and Procedures” in our definitive Proxy Statement for the Annual Meeting of Shareholders to be held on August 19, 2020.

PART IV

Item 15. Exhibits and Financial Statement Schedules.

- (a)(1) Financial Statements:
See the Index to Financial Statements on page 36 of this Annual Report on Form 10-K.
- (a)(2) Financial Statement Schedules:
Financial statement schedules are omitted because they are not applicable or because the information required is set forth in the Consolidated Financial Statements or notes thereto.
- (a)(3) Exhibits:
The following exhibits are either attached or incorporated herein by reference to another filing with the U.S. Securities and Exchange Commission.

<u>Exhibit Number</u>	<u>Exhibit Description</u>
2.1	Stock Purchase Agreement and Plan of Merger, dated as of April 4, 2018, by and among NU Pet Company, PR Merger Sub I, LLC, Ainsworth Pet Nutrition Parent, LLC, CP APN, Inc., CP APN, L.P., and, solely for the limited purpose set forth therein, The J. M. Smucker Company.
2.2	First Amendment to Stock Purchase Agreement and Plan of Merger and Side Letter, dated as of May 14, 2018, by and among NU Pet Company, PR Merger Sub I, LLC, Ainsworth Pet Nutrition Parent, LLC, CP APN, Inc., CP APN, L.P., and, solely for the limited purpose set forth therein, The J. M. Smucker Company.
3.1	Amended Articles of Incorporation of The J. M. Smucker Company.
3.2	Amended Regulations of the J. M. Smucker Company (as Amended January 17, 2020)
4.1	Description of Capital Stock
4.2	Indenture, dated as of October 18, 2011, between the Company and U.S. Bank National Association
4.3	First Supplemental Indenture, dated as of October 18, 2011, among the Company, the guarantors party thereto, and U.S. Bank National Association
4.4	Indenture, dated as of March 20, 2015, between the Company and U.S. Bank National Association, as trustee
4.5	First Supplemental Indenture, dated as of March 20, 2015, by and among the Company, the guarantors party thereto and U.S. Bank National Association, as trustee
4.6	Second Supplemental Indenture, dated as of December 7, 2017, between the Company and U.S. Bank National Association, as trustee
4.7	Third Supplemental Indenture, dated as of March 9, 2020, between the Company and U.S. Bank National Association.
4.8	Third Amended and Restated Intercreditor Agreement, dated June 11, 2010, among the administrative agents and other parties identified therein
10.1	Nonemployee Director Stock Plan dated January 1, 1997*
10.2	The J. M. Smucker Company Top Management Supplemental Retirement Benefit Plan, restated as of January 1, 2018*
10.3	The J. M. Smucker Company Voluntary Deferred Compensation Plan, Amended and Restated as of December 1, 2012*
10.4	The J. M. Smucker Company 2006 Equity Compensation Plan, effective August 17, 2006*
10.5	The J. M. Smucker Company 2010 Equity and Incentive Compensation Plan*
10.6	Amendment No. 1 to The J. M. Smucker Company 2010 Equity and Incentive Compensation Plan*
10.7	Form of Restricted Stock Agreement*
10.8	Form of Deferred Stock Units Agreement*
10.9	Form of Special One-Time Grant of Restricted Stock Agreement*
10.10	Form of Restricted Stock Agreement*
10.11	Form of Special One-Time Grant of Restricted Stock Agreement*

<u>Exhibit Number</u>	<u>Exhibit Description</u>
10.12	Form of Special One-Time Grant of Deferred Stock Units Agreement*
10.13	Form of Restricted Stock Agreement*
10.14	Form of Deferred Stock Units Agreement*
10.15	Form of Performance Units Agreement*
10.16	Form of Restricted Stock Agreement*
10.17	Form of Deferred Stock Units Agreement*
10.18	Form of Deferred Stock Units Agreement*
10.19	Form of Special One-Time Grant of Restricted Stock Agreement (5-year Cliff Vest)*
10.20	Form of Special One-Time Grant of Restricted Stock Agreement (4-year Cliff Vest)*
10.21	Form of Special One-Time Grant of Restricted Stock Agreement (3-year Cliff Vest)*
10.22	Form of Special One-Time Grant of Restricted Stock Agreement (Age 60 Vest)*
10.23	Form of Performance Units Agreement*
10.24	Form of Nonstatutory Stock Option Agreement*
10.25	Form of Nonstatutory Stock Option Agreement*
10.26	Form of Nonstatutory Stock Option Agreement between the Company and the Optionee (three-year vesting)*
10.27	Employment Offer, dated February 28, 2020, between the Company and John P. Brase*
10.28	Separation Agreement, effective as of January 4, 2020, between the Company and Kevin G. Jackson*
10.29	Separation Agreement, effective as of January 10, 2020, between the Company and David J. Lemmon*
10.30	The J. M. Smucker Company Nonemployee Director Deferred Compensation Plan (Amended and Restated Effective January 1, 2007)*
10.31	The J. M. Smucker Company Nonemployee Director Deferred Compensation Plan (Amended and Restated Effective January 1, 2014)*
10.32	The J. M. Smucker Company Defined Contribution Supplemental Executive Retirement Plan, Restated Effective May 1, 2015*
10.33	Amendment No. 1 to The J. M. Smucker Company Defined Contribution Supplemental Executive Retirement Plan, dated as of December 31, 2016*
10.34	Amendment No. 2 to The J. M. Smucker Company Defined Contribution Supplemental Executive Retirement Plan, dated as of May 1, 2017*
10.35	The J. M. Smucker Company Restoration Plan, Amended and Restated Effective January 1, 2013*
10.36	Amendment No. 1 to The J. M. Smucker Company Restoration Plan, dated as of May 1, 2015*
10.37	Amendment No. 2 to The J. M. Smucker Company Restoration Plan, dated as of December 31, 2016*
10.38	Amendment No. 3 to The J. M. Smucker Company Restoration Plan, dated as of January 1, 2017*
10.39	The J. M. Smucker Company Executive Severance Plan*
10.40	Form of Amended and Restated Change in Control Severance Agreement between the Company and the Officer party thereto*
10.41	Form of Indemnity Agreement between the Company and the Officer party thereto*
10.42	The J. M. Smucker Company 1998 Equity and Performance Incentive Plan (Amended and Restated Effective June 6, 2005)*
10.43	Tax Matters Agreement between The Procter & Gamble Company, The Folgers Coffee Company, and the Company, dated November 6, 2008
10.44	Intellectual Property Matters Agreement between The Procter & Gamble Company and The Folgers Coffee Company, dated November 6, 2008
10.45	Revolving Credit Agreement, dated as of September 1, 2017, by and among the Company, Smucker Foods of Canada Corp., a federally incorporated Canadian corporation, Bank of America, N.A., as administrative agent, and the several financial institutions from time to time party thereto

<u>Exhibit Number</u>	<u>Exhibit Description</u>
10.46	Amendment No. 1 to Credit Agreement dated as of April 27, 2018, to the Revolving Credit Agreement, dated as of September 1, 2017, among the Company and Smucker Foods of Canada Corp., as borrowers, the lenders party thereto, and Bank of America, N.A., as administrative agent
10.47	Form of Commercial Paper Dealer Agreement between the Company, as Issuer, and the Dealer party thereto
10.48	Term Loan Credit Agreement, dated as of April 27, 2018, among the Company, as borrower, the lenders party thereto, and Bank of America, N.A., as administrative agent
10.49	Amendment No. 1 to Credit Agreement dated as of November 14, 2019, to the Term Loan Credit Agreement, dated as of April 27, 2018, among the Company, as borrower, the lenders party thereto, and Bank of America, N.A., as administrative agent
21	Subsidiaries of the Registrant
23	Consent of Independent Registered Public Accounting Firm
24	Powers of Attorney
31.1	Certifications of Mark T. Smucker pursuant to Rule 13a-14(a) and Rule 15d-14(a) of the Securities Exchange Act, as amended
31.2	Certifications of Tucker H. Marshall pursuant to Rule 13a-14(a) and Rule 15d-14(a) of the Securities Exchange Act, as amended
32	Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of The Sarbanes-Oxley Act of 2002
101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema Document
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
101.LAB	XBRL Taxonomy Extension Label Linkbase Document
104	The cover page of this Annual Report on Form 10-K for the year ended April 30, 2020, formatted in Inline XBRL

* Identifies exhibits that consist of a management contract or compensatory plan or arrangement.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Date: June 19, 2020

The J. M. Smucker Company

/s/ Tucker H. Marshall

By: Tucker H. Marshall

Chief Financial Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

*

Mark T. Smucker	President and Chief Executive Officer and Director (Principal Executive Officer)	June 19, 2020
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/s/ Tucker H. Marshall

Tucker H. Marshall	Chief Financial Officer (Principal Financial Officer and Principal Accounting Officer)	June 19, 2020
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Timothy P. Smucker	Chairman Emeritus	June 19, 2020
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Richard K. Smucker	Executive Chairman	June 19, 2020
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Kathryn W. Dindo	Director	June 19, 2020
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Paul J. Dolan	Director	June 19, 2020
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Jay L. Henderson	Director	June 19, 2020
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Gary A. Oatey	Director	June 19, 2020
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Kirk L. Perry	Director	June 19, 2020
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Sandra Pianalto	Director	June 19, 2020
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Nancy Lopez Russell	Director	June 19, 2020
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Alex Shumate	Director	June 19, 2020
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Dawn C. Willoughby	Director	June 19, 2020
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* The undersigned, by signing her name hereto, does sign and execute this report pursuant to the powers of attorney executed by the above-named officers and directors of the registrant, which are being filed herewith with the Securities and Exchange Commission on behalf of such officers and directors.

Date: June 19, 2020

/s/ Jeannette L. Knudsen

By: Jeannette L. Knudsen Attorney-in-Fact

DESCRIPTION OF CAPITAL STOCK

The following description of the capital stock of The J. M. Smucker Company (the "Company") is only a summary and does not purport to be complete and is qualified in its entirety by reference to the Company's Amended Articles of Incorporation (the "Articles of Incorporation") and the Company's Amended Regulations (the "Regulations").

Authorized Capital Stock

The Company's authorized capital stock consists of 306,000,000 shares, including:

- 300,000,000 common shares, without par value; and
- 6,000,000 serial preferred shares, without par value.

Common Shares

The Articles of Incorporation permit the issuance of up to 300,000,000 common shares. This amount can be amended by the Company's board of directors (the "Board") without shareholder approval, to the extent permitted by Chapter 1701 of the Ohio Revised Code.

Voting Rights

The Articles of Incorporation provide that, except as set forth below, each outstanding common share entitles the holder to one vote on each matter properly submitted to the shareholders for their approval, including any vote or consent for the election or removal of the Company's directors.

Notwithstanding the foregoing, holders of the Company's outstanding common shares who have held their common shares for at least four years without a change in beneficial ownership are entitled to ten votes on each of the following matters properly submitted to the shareholders, to the extent those matters are required to be submitted to the shareholders under Ohio law, the Articles of Incorporation or the Regulations, stock exchange rules, or are otherwise submitted or presented to the Company's shareholders for their vote, consent, waiver, or other action:

- any matter that relates to or would result in the dissolution or liquidation of the Company, whether voluntary or involuntary, and whether pursuant to Section 1701.86 or 1701.91 of the Ohio Revised Code or otherwise;
- the adoption of any amendment to the Articles of Incorporation or the Regulations or the adoption of amended Articles of Incorporation, other than the adoption of any amendment or amended Articles of Incorporation that increases the number of votes to which holders of the Company's common shares are entitled or expands the matters to which the time-phase voting provisions of the Articles of Incorporation apply;
- any proposal or other action to be taken by the Company's shareholders, whether or not proposed by the Company's shareholders, and whether proposed by authority of the Board or otherwise, relating to any successor plan to the Rights Agreement, dated as of May 20, 2009, between the Company and Computershare Trust Company, N.A., which expired on June 25, 2018;
- any matter relating to any stock option plan, stock purchase plan, executive compensation plan, executive benefit plan, or other similar plan, arrangement, or agreement;

- adoption of any agreement or plan of or for the merger, consolidation, or majority share acquisition of the Company or any of its subsidiaries with or into any other person, whether domestic or foreign, corporate or noncorporate, or the authorization of the lease, sale, exchange, transfer, or other disposition of all, or substantially all, of the Company's assets;
- any matter submitted to the Company's shareholders pursuant to Article Fifth (interested shareholder provision) or Article Seventh (control share provision) of the Articles of Incorporation, as they may be further amended, or any issuance of the Company's common shares for which shareholder approval is required by applicable stock exchange rules; and
- any matter relating to the issuance of the Company's common shares or the repurchase of the Company's common shares that the Board determines is required or appropriate to be submitted to the Company's shareholders under Ohio law or applicable stock exchange rules.

Upon any change of beneficial ownership of the Company's common shares, the new holder will be entitled to only one vote on the matters listed above until that holder has held the shares for four years without a further change in beneficial ownership. Furthermore, no holder of the Company's common shares will be entitled to exercise more than one vote on any matter listed above if the aggregate voting power that holder otherwise would be entitled to exercise (disregarding the voting power of any holder on August 20, 1985 or acquired by the holder in a transaction not involving a change in beneficial ownership as determined pursuant to the Articles of Incorporation) would constitute one-fifth or more of the Company's voting power and the Company's common shareholders have not authorized the ownership of common shares by that holder as and to the extent contemplated by Article Seventh (control share provision) of the Articles of Incorporation.

Dividend Rights

Subject to the rights of holders of serial preferred shares, if any, holders of the Company's common shares are entitled to receive dividends as, when, and if dividends are declared by the Board out of assets legally available for the payment of dividends.

Liquidation Rights

In the event of a liquidation, dissolution, or winding up of the Company, whether voluntary or involuntary, after payment of liabilities and obligations to creditors and holders of serial preferred shares, if any, the Company's remaining assets are to be distributed ratably among the holders of common shares.

Preemptive Rights

The Company's shareholders will not have any preemptive rights to purchase or subscribe for shares of any class or any other security of the Company.

Redemption Rights

The Company's common shares are not subject to redemption by the Company or by the holder of the common shares.

Conversion Rights

The Company's common shares are not convertible into shares of any other class or any other security of the Company.

Repurchase

Under the Articles of Incorporation, the Company, by action of the Board and without action by its shareholders, may purchase its common shares in accordance with Ohio law. The Board may authorize such purchases to be made in the open market or through a private or public sale and at such price as the Board determines.

Liability to Further Calls or Assessments

The Company's outstanding common shares are, and any common shares issued will be, duly authorized, validly issued, fully paid, and nonassessable.

Sinking Fund Provisions

The Company's common shares have no sinking fund provisions.

Serial Preferred Shares

The Articles of Incorporation authorize 6,000,000 serial preferred shares. No serial preferred shares are currently issued and outstanding. The Board has, however, established a series designated as Series A Junior Participating Preferred Shares and authorized 1,500,000 of such shares.

The Board may establish and issue one or more series of serial preferred shares from time to time with such powers, preferences, rights, qualifications, limitations, and restrictions that are permitted by the Articles of Incorporation, and as the Board fixes by resolution, including:

- dividend rights;
- redemption rights and price;
- sinking fund requirements;
- voting rights;
- conversion rights;
- liquidation rights, preferences, and price; and
- restrictions on the issuance of shares of any class or series.

The rights of holders of the Company's serial preferred shares will be subordinate to the rights of the Company's general creditors. Serial preferred shares that the Company issues will be duly authorized and validly issued, fully paid, and nonassessable. Holders of the Company's serial preferred shares will not be entitled to preemptive rights unless otherwise specified. Holders of the Company's common shares will not have preemptive rights to participate in any issuance of serial preferred shares.

The Board believes that the serial preferred shares will provide flexibility for future financings and acquisitions by the Company. Although there currently are no plans to issue serial preferred shares, it is contemplated that from time to time the Company may consider transactions involving the issuance of serial preferred shares. Because the Articles of Incorporation give the Board flexibility in determining the terms of the serial preferred shares, the Board is able to issue serial preferred shares with terms suitable to existing market conditions at the time of issuance or to meet the needs of a particular transaction.

The ability of the Board to issue serial preferred shares could enable it to render more difficult or discourage an attempt by another person or entity to obtain control of the Company. The serial preferred shares could be issued

by the Board in a public or private sale, merger, or similar transaction, increasing the number of outstanding shares and thereby diluting the equity interest and voting power, if the serial preferred shares were convertible into the Company's common shares, of a party attempting to obtain control of the Company.

Anti-Takeover Matters

Certain provisions of the Articles of Incorporation and the Regulations, which are summarized in the following paragraphs, may have an anti-takeover effect and may delay, defer, or prevent a tender offer or takeover attempt that a shareholder might consider in its best interest, including those attempts that might result in a premium over the market price for the shares held by shareholders.

Certain Provisions of the Articles of Incorporation and Regulations

No Cumulative Voting. Holders of the Company's common shares do not have cumulative voting rights.

Election of Board of Directors. The Articles of Incorporation provide that in an uncontested election of directors, a candidate will be elected as a director only if the votes cast for the candidate exceed the votes cast against the candidate. Abstentions will not be counted as votes cast for or against a candidate. If, however, the Board determines that the number of candidates exceeds the number of directors to be elected in that year, a plurality voting standard will apply, and the candidates receiving the greatest number of votes will be elected.

Removal of Directors. The Company's directors may be removed, only for cause, by the affirmative vote of the holders of a majority of the Company's voting power with respect to the election of directors.

Control Share Acquisitions

The Articles of Incorporation provide for the opting out of Ohio's control share acquisition law. The Company has, however, adopted similar provisions in the Articles of Incorporation requiring that notice and informational filings and special shareholder meetings and voting procedures must be followed prior to consummation of a proposed "control share acquisition." In general, a control share acquisition is the acquisition, directly or indirectly, by any person of the Company's shares that, when added to all other shares of the Company in respect of which that person, directly or indirectly, may exercise or direct the exercise of voting power as provided in the Articles of Incorporation, would entitle the person, immediately after the acquisition, directly or indirectly, to exercise or direct the exercise of the voting power in the election of directors of a number of the Company's outstanding shares (as distinguished from the number of votes to which the holder of the shares is entitled) within any of the following ranges:

- one-fifth or more but less than one-third of outstanding shares;
- one-third or more but less than a majority of outstanding shares; and
- a majority or more of outstanding shares.

Assuming compliance with the notice and information filings, the proposed control share acquisition may be made only if both of the following occur:

- shareholders who hold shares entitling them to vote in the election of directors authorize the acquisition at a special meeting held for that purpose at which a quorum is present by an affirmative vote of a majority of the Company's voting power in the election of directors represented at the meeting in person or by proxy and a majority of the portion of the voting power excluding the voting power of interested shares represented at the meeting in person or by proxy; and

- the acquisition is consummated, in accordance with the terms authorized, not later than 360 days following shareholder authorization of the control share acquisition.

In general, “interested shares” means shares of which any of the following persons may exercise or direct the exercise of the Company’s voting power in the election of directors:

- the acquiring person;
- any officer elected by Board, except shares beneficially owned by such officer for four years or more;
- any employee who is also a director, except shares beneficially owned by such employee for four years or more;
- any person that acquires shares during the period beginning with the first public disclosure of the proposed control share acquisition and ending with the record date established for the special meeting, if either of the following applies:
 - the aggregate consideration paid by such person, and any persons acting in concert therewith, exceeds \$250,000; or
 - the number of shares acquired by such person, and any persons acting in concert therewith, exceeds one-half of one percent (1/2%) of the Company’s outstanding shares entitled to vote in the election of directors; and
- any person who transfers shares after the record date for the special meeting, if accompanied by voting power in the form of a blank proxy, an agreement to vote as instructed by the transferee or otherwise.

Transactions with Interested Shareholders

The Company is subject to Chapter 1704 of the Ohio Revised Code, which generally prohibits certain business combinations and transactions with “interested shareholders” for a period of three years after (i) the interested shareholder acquired ten percent or more of the voting power of the corporation in the election of directors or (ii) at any time within the three years prior, such interested shareholder held ten percent or more of the voting power of the corporation in the election of directors, unless prior to the interested shareholder’s acquisition of ten percent or more of the corporation’s shares, the directors of the corporation approved the business combination or other transaction or the purchase of shares by the interested shareholder on the date the shareholder acquired ten percent or more of the corporation’s shares.

In general, subsequent to the three-year period, a transaction subject to Chapter 1704 may take place provided that at least one of the following is satisfied:

- prior to the date the interested shareholder acquired ten percent or more of the corporation’s shares, the board of directors approved the purchase of shares by the interested shareholder;
- the transaction is approved, at a meeting held for that purpose, by the affirmative vote of the holders of shares of the corporation entitling them to exercise at least two-thirds of the voting power of the corporation in the election of directors, or of such different proportion as the articles of incorporation may provide, provided that the transaction is also approved by the affirmative vote of the holders of at least a majority of the disinterested shares; or
- the transaction results in shareholders, other than the interested shareholder, receiving a fair price (as described in Chapter 1704) plus interest for their shares.

In addition, the Articles of Incorporation provide that any business combination between the Company and any person that beneficially owns more than 30% of the Company’s shares entitled to vote in the election of

directors (or at any time owned more than 30% of the Company's shares entitled to vote in the election of directors) must be approved by the affirmative vote of 85% of all shares entitled to vote in the election of directors. The 85% voting requirement is not applicable if:

- the cash, or fair market value of other consideration, to be received per share by the Company's common shareholders in the business combination is at least an amount equal to the highest per share price paid by the other entity in acquiring any of its holdings of the Company's common shares plus the aggregate amount, if any, by which 5% per annum of the per share price exceeds the aggregate amount of all dividends paid in cash, in each case since the date on which the other entity acquired the 30% interest;
- after the other entity has acquired a 30% interest and prior to the consummation of the business combination, (1) the other entity has taken steps to ensure that the Board included at all times representation by continuing directors proportionate to the shareholdings of the public holders of the Company's common shares not affiliated with the other entity (with a continuing director to occupy any resulting fractional Board position), (2) the other entity has not acquired any newly issued shares, directly or indirectly, from the Company (except upon conversion of convertible securities acquired by it prior to obtaining a 30% interest or as a result of a pro rata share dividend or share split), and (3) the other entity has not acquired any additional outstanding common shares or securities convertible into the Company's common shares except as part of the transaction that resulted in the other entity's acquiring its 30% interest;
- the other entity has not (1) received the benefit, directly or indirectly (except proportionately as a shareholder), of any loans, advances, guarantees, pledges, or other financial assistance or tax credits provided by the Company or (2) made any major change in the Company's business or equity capital structure without in either case the approval of at least a majority of all the directors and at least two-thirds of the continuing directors, in either case prior to the consummation of the business combination; and
- a proxy statement responsive to the requirements of the Securities Exchange Act of 1934 has been mailed to the Company's public shareholders for the purpose of soliciting shareholder approval of the business combination and contained at the front, in a prominent place, any recommendations as to the advisability (or inadvisability) of the business combination that the continuing directors, or any of them, may choose to state and, if deemed advisable by a majority of the continuing directors, an opinion of a reputable investment banking firm as to the fairness (or not) of the terms of the business combination, from the point of view of the Company's remaining public shareholders (the investment banking firm to be selected by a majority of the continuing directors and to be paid a reasonable fee for their services by the Company upon receipt of the opinion).

Continuing directors are directors elected by shareholders prior to the time when such entity acquired more than 5% of the shares entitled to vote in the election of directors, or a person recommended to succeed a continuing director or by a majority of continuing directors.

Mergers, Acquisitions, Share Purchases and Certain Other Transactions

The Ohio Revised Code requires approval of mergers, dissolutions, dispositions of all or substantially all of a corporation's assets, and majority share acquisitions and combinations involving issuance of shares representing one-sixth or more of the voting power of the corporation immediately after the consummation of the transaction (other than so-called "parent-subsiary" mergers), by two-thirds of the voting power of a corporation, unless the articles of incorporation specify a different proportion (but not less than a majority). The Articles of Incorporation do not specify a voting power proportion different than that specified by Ohio law in connection with the approval of these transactions.

Amendments to Constituent Documents

Ohio law permits the adoption of amendments to articles of incorporation if those amendments are approved at a meeting held for that purpose by the holders of shares entitling them to exercise two-thirds of the voting power of the corporation, or a lesser, but not less than a majority, or greater vote as specified in the articles of incorporation. The Articles of Incorporation specify that amendments relating to transactions with interested persons require the affirmative vote of the holders of 85% of the common shares entitled to vote in the election of directors, except that the 85% vote will not be required for any amendment to that provision recommended to the Company's shareholders if the recommendation was approved by at least a majority of the Company's directors and at least two-thirds of the Company's continuing directors.

Ohio law permits adoption of amendments to regulations by an affirmative vote of the majority of shares entitled to vote or by written consent from holders of two-thirds of the shares entitled to vote or by written consent or vote of a greater or lesser proportion as provided in the articles of incorporation or regulations but not less than the majority of voting power. The Regulations may be amended by (i) the Board to the extent permitted by Ohio law or (ii) the Company's shareholders by the affirmative vote of a majority of the Company's voting power at a meeting held for that purpose, or without a meeting by the affirmative written consent of two-thirds of the Company's voting power.

THE J. M. SMUCKER COMPANY

DEFERRED STOCK UNITS AGREEMENT

WHEREAS, _____ (the “Grantee”) is an employee of The J. M. Smucker Company, an Ohio corporation (the “Company”), or one of its Subsidiaries; and

WHEREAS, the execution of an agreement in the form hereof (this “Agreement”) has been authorized by a resolution of the Executive Compensation Committee (the “Committee”) of the Board, pursuant to The J. M. Smucker Company 2010 Equity and Incentive Compensation Plan (the “Plan”), as of _____ (the “Date of Grant”);

NOW, THEREFORE, the Company hereby grants to the Grantee _____ shares of Deferred Stock Units (the “Deferred Stock Units”), effective as of the Date of Grant, subject to the terms and conditions of the Plan and the following additional terms, conditions, limitations and restrictions.

ARTICLE I

DEFINITIONS

All terms used herein with initial capital letters and not otherwise defined herein that are defined in the Plan shall have the meanings assigned to them in the Plan.

“Disability” means the occurrence of either of the following: (i) the Grantee becoming unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment that can be expected to result in death or can be expected to last for a continuous period of not less than 12 months or (ii) the Grantee is, by reason of any medically determinable physical or mental impairment that can be expected to result in death or can be expected to last for a continuous period of not less than 12 months, receiving income replacement benefits for a period of not less than three months under the Company’s accident and health plan for employees of the Company.

“Retirement Eligible” means the Grantee has attained, or would attain prior to the applicable vesting date, age 60 or older with at least ten years of service with the Company or its Subsidiaries.

ARTICLE II

CERTAIN TERMS OF THE DEFERRED STOCK UNITS

1. Grant of the Deferred Stock Units. The Deferred Stock Units covered by this Agreement are granted to the Grantee effective on the Date of Grant and are subject to and granted upon the terms, conditions, and restrictions set forth in this Agreement and in the Plan. The Deferred Stock Units shall become vested in accordance with Article II, Section 3 hereof. Each Deferred Stock Unit shall represent the right to receive one Common Share (or cash equal to the Market Value per Share) when the Deferred Stock Unit vests and shall at all times be equal in value to one hypothetical Common Share (or the Market Value per Share if settled in cash). The Deferred Stock Units shall be credited to the Grantee in an account established for the Grantee until payment in accordance with Article II, Section 4 hereof.

2. Restrictions on Transfer of the Deferred Stock Units. Neither the Deferred Stock Units granted hereby, nor any interest therein or in the Common Shares related thereto, shall be transferable prior to payment other than by will or pursuant to the laws of descent and distribution (or to a designated beneficiary in the event of the Grantee’s death).

3. Vesting of the Deferred Stock Units. Subject to the terms of this Agreement and the Grantee's compliance with the provisions set forth in the Restrictive Covenant Agreement attached hereto as Exhibit A (the "Restrictive Covenant Agreement"), the Deferred Stock Units conditionally vest as follows:

(a) The Deferred Stock Units covered by this Agreement shall vest in three installments, one-third of the Deferred Stock Units shall vest on each of the first anniversary and second anniversary of the Date of Grant (or, if such date is not a business day, then on the next succeeding business day) and the remainder shall vest on the third anniversary of the Date of Grant (or, if such date is not a business day, then on the next succeeding business day), subject to the Grantee's continuous service with the Company or a Subsidiary ("Continuous Service") on each of these dates.

(b) Notwithstanding the provisions of Article II, Section 3(a), with respect to any Grantee who is or becomes Retirement Eligible, all of the Deferred Stock Units covered by this Agreement shall vest on the later of (i) the first anniversary of the Date of Grant or (ii) the date the Grantee becomes Retirement Eligible (or, if any of the above such dates is not a business day, then on the next succeeding business day).

(c) Notwithstanding the provisions of Article II, Section 3(a), if the Grantee leaves the employ of the Company or a Subsidiary following two years after the Date of Grant under circumstances determined by the Committee to be for the convenience of the Company, all of the Deferred Stock Units covered by this Agreement shall vest on such date.

(d) Notwithstanding the provisions of Article II, Section 3(a), if the following occur: (i) the death of the Grantee, (ii) the Grantee's Continuous Service is terminated by the Company or a Subsidiary for Disability, or (iii) the occurrence of a Change in Control, then all of the Deferred Stock Units covered by this Agreement shall vest on such applicable date.

4. Settlement of the Deferred Stock Units.

(a) The Company shall issue to the Grantee the Common Shares underlying the vested Deferred Stock Units or, in the Committee's discretion, shall pay the Grantee cash equal to the Market Value per Share on the vesting date of each Common Share underlying the vested Deferred Stock Units, as soon as practicable, but not later than 10 days, after such shares have vested in accordance with Article II, Section 3 above.

(b) Except to the extent permitted by the Company and the Plan, no Common Shares may be issued, and no cash may be paid with respect to the Deferred Stock Units, to the Grantee at a time earlier than otherwise expressly provided in this Agreement.

(c) The Company's obligations to the Grantee with respect to the Deferred Stock Units shall be satisfied in full upon the issuance of the Common Shares or the payment of cash equal to the Market Value per Share for each Common Share corresponding to such Deferred Stock Units.

5. Dividend, Voting and Other Rights.

(a) The Grantee shall have no rights of ownership in the Deferred Stock Units and shall have no right to dividends and no right to vote the Deferred Stock Units until the date on which the Deferred Stock Units are settled in Common Shares pursuant to Article II, Section 4 above.

(b) The obligations of the Company under this Agreement shall be merely that of an unfunded and unsecured promise of the Company to deliver Common Shares or cash in the future, and the rights of the Grantee shall be no greater than that of an unsecured general creditor. No assets of the Company shall be held or set aside as security for the obligations of the Company under this Agreement.

6. Forfeiture of Shares. The Deferred Stock Units shall be forfeited, except as otherwise provided in Article II, Section 3 above, if the Grantee ceases to be in Continuous Service prior to the third anniversary of the Date of Grant or in the event the Committee determines the Grantee has engaged in Detrimental Activity, as such term is defined in the Plan.

ARTICLE III

GENERAL PROVISIONS

7. Compliance with Law. The Company shall make reasonable efforts to comply with all applicable federal, state, and foreign securities laws; provided, however, notwithstanding any other provision of this Agreement, the Company shall not be obligated to issue any Common Shares pursuant to this Agreement if the issuance thereof would result in a violation of any such law.

8. Withholding Taxes. To the extent that the Company or any Subsidiary is required to withhold federal, state, local, or foreign taxes in connection with the Deferred Stock Units or any delivery of Common Shares or payment of cash pursuant to this Agreement, and the amounts available to the Company or such Subsidiary for such withholding are insufficient, it shall be a condition to the receipt of the Deferred Stock Units or such delivery of Common Shares or payment of cash that the Grantee make arrangements satisfactory to the Company for payment of the balance of such taxes required to be withheld. The Grantee hereby elects to satisfy this withholding obligation by having withheld, from the Common Shares otherwise deliverable to the Grantee, Common Shares having a value equal to the minimum amount of taxes required to be withheld. The Common Shares so retained shall be credited against such withholding requirement at the Market Value per Share on the date of such retention. The Company may, at the request of the Grantee, withhold Common Shares for payment of taxes in excess of the minimum amount of taxes required to be withheld; provided, however, that in no event shall the Company withhold Common Shares for payment of taxes in excess of the maximum statutory individual tax rate in the jurisdiction(s) applicable to the Grantee.

9. Continuous Service. For purposes of this Agreement, the Continuous Service of the Grantee with the Company or a Subsidiary shall not be deemed to have been interrupted, and the Grantee shall not be deemed to have ceased to be an employee of the Company or Subsidiary, by reason of the (a) transfer of his or her employment among the Company and its Subsidiaries or (b) a leave of absence approved by a duly constituted officer of the Company or a Subsidiary.

10. Right to Terminate Employment. No provision of this Agreement shall limit in any way whatsoever any right that the Company or a Subsidiary may otherwise have to terminate the employment of the Grantee at any time. Nothing herein shall be deemed to create a contract or a right to employment with respect to the Grantee.

11. Relation to Other Benefits. Any economic or other benefit to the Grantee under this Agreement or the Plan shall not be taken into account in determining any benefits to which the Grantee may be entitled under any profit-sharing, retirement, or other benefit or compensation plan maintained by the Company or a Subsidiary and shall not affect the amount of any life insurance coverage available to any beneficiary under any life insurance plan covering employees of the Company or a Subsidiary.

12. Amendments. Any amendment to the Plan shall be deemed to be an amendment to this Agreement to the extent that the amendment is applicable hereto; provided, however, that no amendment shall impair the rights of the Grantee under this Agreement without the Grantee's consent; further provided, however, that the Grantee's consent shall not be required to an amendment that is deemed necessary by the Company to ensure compliance with (or exemption from) Section 409A of the Code or the Dodd-Frank Wall Street Reform and Consumer Protection Act or any regulations promulgated thereunder.

13. Severability. In the event that one or more of the provisions of this Agreement shall be invalidated for any reason by a court of competent jurisdiction, any provision so invalidated shall be deemed to be separable from the other provisions hereof, and the remaining provisions hereof shall continue to be valid and fully enforceable.

14. Relation to Plan. This Agreement is subject to the terms and conditions of the Plan. In the event of any inconsistency between the provisions of this Agreement and the Plan, the Plan shall govern. The Committee acting pursuant to the Plan, as constituted from time to time, shall, except as expressly provided otherwise herein, have the right to determine any questions which arise in connection with the grant of the Deferred Stock Units.

15. Nature of Grant. The Grantee agrees that: (a) the Plan is established voluntarily by the Company, it is discretionary in nature, and it may be modified, amended, suspended, or terminated by the Company at any time; (b) the grant of the Deferred Stock Units is voluntary and occasional and does not create any contractual or other right to receive future grants of deferred stock units, or benefits in substitution of deferred stock units, even if deferred stock units have been granted repeatedly in the past; (c) all decisions with respect to future deferred stock units grants shall be at the sole discretion of the Company; (d) participation in the Plan is voluntary; (e) the Deferred Stock Units are not a part of normal or expected pay package for any purposes; (f) if the Grantee is a Covered Employee within the meaning of the Company's Clawback of Incentive Compensation Policy (the "Policy"), he or she acknowledges and accepts the terms and conditions of the Policy as in effect on the Date of Grant; and (g) in consideration of the grant of the Deferred Stock Units, no claim or entitlement to compensation or damages shall be created by any forfeiture or other termination of the Deferred Stock Units or diminution in value of the Deferred Stock Units, and the Grantee releases the Company and its Subsidiaries from any such claim that may arise. If any such claim is found by a court of competent jurisdiction to have been created, then, by signing this Agreement, the Grantee shall be deemed irrevocably to have waived the Grantee's entitlement to pursue such claim.

16. Restrictive Covenants. By executing this Agreement, the Grantee hereby agrees to the terms and conditions set forth in the Restrictive Covenant Agreement.

17. Electronic Delivery. The Company may, in its sole discretion, deliver any documents related to the Deferred Stock Units and the Grantee's participation in the Plan, or future awards that may be granted under the Plan, by electronic means or request the Grantee's consent to participate in the Plan by electronic means. The Grantee consents to receive such documents by electronic delivery and, if requested, agrees to participate in the Plan through an on-line or electronic system established and maintained by the Company or another third party designated by the Company.

18. Governing Law. This Agreement is made under, and shall be governed by and construed in accordance with the internal substantive laws of, the State of Ohio, without giving effect to the choice of law principles thereof.

19. Transfer Restrictions. The Deferred Stock Units shall be subject to the provisions of Section 16 of the Plan relating to the prohibition on the assignment or transfer of the rights granted hereunder.

20. Professional Advice. The acceptance of the Deferred Stock Units may have consequences under federal and state tax and securities laws that may vary depending upon the individual circumstances of the Grantee. Accordingly, the Grantee acknowledges that the Grantee has been advised to consult his or her personal legal and tax advisors in connection with this Agreement and the Deferred Stock Units.

21. Notices. Any notice hereunder by the Grantee shall be given to the Company in writing and such notice shall be deemed duly given only upon receipt thereof by the Corporate Secretary of the Company at the Company's principal executive offices. Any notice hereunder by the Company shall be given to the Grantee in writing at the most recent address as the Grantee may have on file with the Company.

22. Data Privacy. The Grantee explicitly and unambiguously consents to the collection, use, and transfer, in electronic or other form, of the Grantee's personal data as described in this Agreement by and among the

Company and its Subsidiaries for the exclusive purpose of implementing, administering, and managing the Grantee's participation in the Plan. The Grantee understands that the Company and its Subsidiaries hold (but only process or transfer to the extent required or permitted by local law) the following personal information about the Grantee: the Grantee's name, home address and telephone number, date of birth, social insurance number or other identification number, salary, nationality, job title, any Common Shares or directorships held in the Company, details of all options or any other entitlement to Common Shares awarded, canceled, exercised, vested, unvested, or outstanding in the Grantee's favor, for the purpose of implementing, administering, and managing the Plan ("Data"). The Grantee understands that Data may be transferred to third parties assisting in the implementation, administration, and management of the Plan, including [**List administrator(s)**], that these recipients may be located in the Grantee's country or elsewhere, and that the recipient's country may have different data privacy laws and protections than those that apply in the Grantee's country. The Grantee understands that the Grantee may request a list with the names and addresses of any potential recipients of the Data by contacting the Grantee's local human resources representative. The Grantee authorizes these recipients to receive, possess, use, retain, and transfer the Data, in electronic or other form, for the purposes of implementing, administering, and managing the Grantee's participation in the Plan, including any requisite transfer of such Data as may be required to a broker or other third party with whom the Grantee may elect to deposit any shares acquired upon the vesting of the Deferred Stock Units. The Grantee understands that Data shall be held only as long as is necessary to implement, administer, and manage the Grantee's participation in the Plan and in accordance with local law. The Grantee understands that the Grantee may, at any time, view Data, request additional information about the storage and processing of Data, require any necessary amendments to Data, or refuse or withdraw the consents herein, in any case without cost, by contacting in writing the Grantee's local human resources representative. The Grantee understands, however, that refusing or withdrawing the Grantee's consent may affect the Grantee's ability to participate in the Plan. For more information on the consequences of the Grantee's refusal to consent or withdrawal of consent, the Grantee hereby understands that the Grantee may contact the Grantee's local human resources representative.

23. Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed to be an original but all of which together shall constitute one and the same instrument.

24. Binding Effect. This Agreement shall inure to the benefit of and be binding upon the parties hereto and their respective heirs, executors, administrators, successors, and assigns.

25. Entire Agreement. This Agreement, the Plan, and the Restrictive Covenant Agreement constitute the entire agreement between the parties hereto with respect to the subject matter hereof and thereof, merging any and all prior agreements.

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This Agreement is executed by the Company as of the _____ day of _____.

THE J. M. SMUCKER COMPANY

By: _____

Name:

Title:

The undersigned hereby acknowledges receipt of an executed original of this Agreement, together with a copy of the prospectus for the Plan, dated _____, summarizing key provisions of the Plan, and accepts the award of the Deferred Stock Units granted hereunder on the terms and conditions set forth herein and in the Plan.

Date: _____ . Grantee:

Exhibit A

Restrictive Covenant Agreement

As a condition to the Grantee's receipt of the Deferred Stock Units awarded to the Grantee under the terms of the Deferred Stock Units Agreement between the Grantee and The J. M. Smucker Company, an Ohio corporation (the "Company"), dated as of _____ (the "Award Agreement"), the Grantee agrees to be subject to the terms and conditions of this Restrictive Covenant Agreement (this "Agreement").

1. Definitions.

All terms used herein with initial capital letters and not otherwise defined herein shall have the meanings assigned to them in the Award Agreement (including any definitions incorporated by reference to the Plan).

"Affiliated Company" means any organization controlling, controlled by, or under common control with the Company.

"Confidential Information" means the Company's technical or business or personnel information not readily available to the public or generally known in the trade, including inventions, developments, trade secrets and other confidential information, knowledge, data and know-how of the Company or any Affiliated Company, whether or not they originated with the Grantee, or information which the Company or any Affiliated Company received from third parties under an obligation of confidentiality.

"Conflicting Product" means any product, process, machine, or service of any person or organization, other than the Company or any Affiliated Company, in existence or under development (i) that resembles or competes with a product, process, machine, or service upon or with which the Grantee shall have worked during the two years prior to the Grantee's termination of service with the Company or any Affiliated Company or (ii) with respect to which during that period of time the Grantee, as a result of his or her job performance and duties, shall have acquired knowledge of Confidential Information, and whose use or marketability could be enhanced by application to it of Confidential Information. For purposes of this section, it shall be conclusively presumed that the Grantee has knowledge of information to which he or she has been directly exposed through actual receipt or review of memoranda or documents containing such information or through actual attendance at meetings at which such information was discussed or disclosed.

"Conflicting Organization" means any person or organization that is engaged in or about to become engaged in research on or development, production, marketing, or selling of a Conflicting Product.

"Look-back Period" means a 12-month period prior to a breach of the applicable section of this Agreement.

"Restricted Period" means (a) if the Grantee is or becomes Retirement Eligible, the period beginning on the Date of Grant and continuing until the fourth anniversary of the Date of Grant and (b) if the Grantee has not become Retirement Eligible, the period during which the Grantee is employed by the Company or a Subsidiary plus one year after the date the Grantee's Continuous Service is terminated.

2. Right to Retain Common Shares Contingent on Protection of Confidential Information.

The Grantee agrees that at all times, both during and after the term of the Grantee's service with the Company or any Affiliated Company, to hold in the strictest confidence, and not to use (except for the benefit of the Company at the Company's direction) or disclose (except for the benefit of the Company at the Company's direction), regardless of when disclosed to the Grantee, any and all Confidential Information of the Company or any Affiliated Company. The Grantee understands that for purposes of this Section 2, Confidential Information further includes, but is not limited to, information pertaining to any aspect of the business of the Company or any Affiliated Company which is either information not known (or known as a result of a wrongful act of the Grantee or of others who were under confidentiality obligations as to the item or items involved) by actual or potential competitors of the

Company or other third parties not under confidentiality obligations to the Company. If, during the Restricted Period, the Grantee discloses or uses, or threatens to disclose or use, any Confidential Information other than in the course of performing authorized services for the Company (or any Affiliated Company), the Deferred Stock Units, whether vested or not, shall be immediately forfeited and cancelled, and (x) if the Grantee is at such time Retirement Eligible, the Grantee shall immediately return to the Company the Common Shares or the pre-tax cash amount received in connection with the settlement of the Deferred Stock Units or the pre-tax income derived from any disposition of the Common Shares and (y) if the Grantee has not become Retirement Eligible, the Grantee shall immediately return to the Company the Common Shares or the pre-tax cash amount received in connection with any settlement of the Deferred Stock Units during the Look-back Period or the pre-tax income derived from any disposition of the Common Shares during the Look-back Period.

3. No Interference with Customers or Suppliers.

In order to forestall the disclosure or use of Confidential Information as well as to deter the Grantee's intentional interference with the contractual relations of the Company or any Affiliated Company, the Grantee's intentional interference with prospective economic advantage of the Company or any Affiliated Company and to promote fair competition, the Grantee agrees that the Grantee's right to the Common Shares or cash upon vesting of the Deferred Stock Units is contingent upon the Grantee refraining, during the Restricted Period, for himself or herself or any third party, directly or indirectly, from using Confidential Information to (i) divert or attempt to divert from the Company (or any Affiliated Company) any business of any kind in which it is engaged, or (ii) intentionally solicit its customers with which it has a contractual relationship as to Conflicting Products, or to interfere with the contractual relationship with any of its suppliers or customers (collectively, "Interfere"). If, during the Restricted Period, the Grantee breaches his or her obligation not to Interfere, the Grantee's right to the Common Shares or cash upon vesting of the Deferred Stock Units shall not have been earned and the Deferred Stock Units, whether vested or not, shall be immediately forfeited and cancelled, and (x) if the Grantee is at such time Retirement Eligible, the Grantee shall immediately return to the Company the Common Shares or the pre-tax cash amount received in connection with the settlement of the Deferred Stock Units or the pre-tax income derived from any disposition of the Common Shares and (y) if the Grantee has not become Retirement Eligible, the Grantee shall immediately return to the Company the Common Shares or the pre-tax cash amount received in connection with any settlement of the Deferred Stock Units during the Look-back Period or the pre-tax income derived from any disposition of the Common Shares during the Look-back Period. For avoidance of doubt, the term "Interfere" shall not include any advertisement of Conflicting Products through the use of media intended to reach a broad public audience (such as television, cable, or radio broadcasts, or newspapers or magazines) or the broad distribution of coupons through the use of direct mail or through independent retail outlets. THE GRANTEE UNDERSTANDS THAT THIS SECTION 3 IS NOT INTENDED TO AND DOES NOT PROHIBIT THE CONDUCT DESCRIBED BUT PROVIDES FOR THE CANCELLATION OF THE DEFERRED STOCK UNITS AND (X) IF THE GRANTEE IS AT SUCH TIME RETIREMENT ELIGIBLE, A RETURN TO THE COMPANY OF THE COMMON SHARES OR THE GROSS CASH PROCEEDS OR THE GROSS TAXABLE PROCEEDS OF ANY DISPOSITION OF THE COMMON SHARES AND (Y) IF THE GRANTEE HAS NOT BECOME RETIREMENT ELIGIBLE, A RETURN TO THE COMPANY OF THE COMMON SHARES OR THE GROSS CASH PROCEEDS RECEIVED IN CONNECTION WITH ANY SETTLEMENT OF THE DEFERRED STOCK UNITS DURING THE LOOK-BACK PERIOD OR THE GROSS TAXABLE PROCEEDS OF ANY DISPOSITION OF THE COMMON SHARES DURING THE LOOK-BACK PERIOD IF THE GRANTEE SHOULD CHOOSE TO VIOLATE THIS "NO INTERFERENCE WITH CUSTOMERS OR SUPPLIERS" PROVISION DURING THE RESTRICTED PERIOD.

4. No Solicitation of Employees.

In order to forestall the disclosure or use of Confidential Information, as well as to deter the Grantee's intentional interference with the contractual relations of the Company or any Affiliated Company, the Grantee's intentional interference with prospective economic advantage of the Company or any Affiliated Company, and to promote fair competition, the Grantee agrees that the Grantee's right to the Common Shares or cash upon vesting of the Deferred Stock Units is contingent upon the Grantee refraining, during the Restricted Period, for himself or herself or any third party, directly or indirectly, from soliciting for employment any person employed by the Company, or by any Affiliated Company, during the period of the solicited person's employment and for a period of

one year after the termination of the solicited person's employment with the Company or any Affiliated Company (collectively, "Solicit"). If, during the Restricted Period, the Grantee breaches his or her obligation not to Solicit, the Grantee's right to the Common Shares or cash upon vesting of the Deferred Stock Units shall not have been earned and the Deferred Stock Units, whether vested or not, shall be immediately forfeited and cancelled, and (x) if the Grantee is at such time Retirement Eligible, the Grantee shall immediately return to the Company the Common Shares or the pre-tax cash amount received in connection with the settlement of the Deferred Stock Units or the pre-tax income derived from any disposition of the Common Shares and (y) if the Grantee has not become Retirement Eligible, the Grantee shall immediately return to the Company the Common Shares or the pre-tax cash amount received in connection with any settlement of the Deferred Stock Units during the Look-back Period or the pre-tax income derived from any disposition of the Common Shares during the Look-back Period. THE GRANTEE UNDERSTANDS THAT THIS SECTION 4 IS NOT INTENDED TO AND DOES NOT PROHIBIT THE CONDUCT DESCRIBED BUT PROVIDES FOR THE CANCELLATION OF THE DEFERRED STOCK UNITS AND (X) IF THE GRANTEE IS AT SUCH TIME RETIREMENT ELIGIBLE, A RETURN TO THE COMPANY OF THE COMMON SHARES OR THE GROSS CASH PROCEEDS OR THE GROSS TAXABLE PROCEEDS OF ANY DISPOSITION OF THE COMMON SHARES AND (Y) IF THE GRANTEE HAS NOT BECOME RETIREMENT ELIGIBLE, A RETURN TO THE COMPANY OF THE COMMON SHARES OR THE GROSS CASH PROCEEDS RECEIVED IN CONNECTION WITH ANY SETTLEMENT OF THE DEFERRED STOCK UNITS DURING THE LOOK-BACK PERIOD OR THE GROSS TAXABLE PROCEEDS OF ANY DISPOSITION OF THE COMMON SHARES DURING THE LOOK-BACK PERIOD IF THE GRANTEE SHOULD CHOOSE TO VIOLATE THIS "NO SOLICITATION OF EMPLOYEES" PROVISION DURING THE RESTRICTED PERIOD.

5. Right to Retain Common Shares Contingent on Continuing Non-Conflicting Employment.

In order to forestall the disclosure or use of Confidential Information, as well as to deter the Grantee's intentional interference with the contractual relations of the Company or any Affiliated Company, the Grantee's intentional interference with prospective economic advantage of the Company or any Affiliated Company, and to promote fair competition, the Grantee agrees that the Grantee's right to the Common Shares or cash upon vesting of the Deferred Stock Units is contingent upon the Grantee refraining, during the Restricted Period, from rendering services, directly or indirectly, as director, officer, employee, agent, consultant, or otherwise, to any Conflicting Organization, except a Conflicting Organization whose business is diversified and that, as to that part of its business to which the Grantee renders services, is not a Conflicting Organization, provided that the Company shall receive separate written assurances satisfactory to the Company from the Grantee and the Conflicting Organization that the Grantee shall not render services during such period with respect to a Conflicting Product. If, during the Restricted Period, the Grantee shall render services to any Conflicting Organization other than as expressly permitted herein, the Grantee's right to the Common Shares or cash upon vesting of the Deferred Stock Units shall not have been earned and the Deferred Stock Units, whether vested or not, shall be immediately forfeited and cancelled, and (x) if the Grantee is at such time Retirement Eligible, the Grantee shall immediately return to the Company the Common Shares or the pre-tax cash amount received in connection with the settlement of the Deferred Stock Units or the pre-tax income derived from any disposition of the Common Shares and (y) if the Grantee has not become Retirement Eligible, the Grantee shall immediately return to the Company the Common Shares or the pre-tax cash amount received in connection with any settlement of the Deferred Stock Units during the Look-back Period or the pre-tax income derived from any disposition of the Common Shares during the Look-back Period. THE GRANTEE UNDERSTANDS THAT THIS SECTION 5 IS NOT INTENDED TO AND DOES NOT PROHIBIT THE GRANTEE FROM RENDERING SERVICES TO A CONFLICTING ORGANIZATION BUT PROVIDES FOR THE CANCELLATION OF THE DEFERRED STOCK UNITS AND (X) IF THE GRANTEE IS AT SUCH TIME RETIREMENT ELIGIBLE, A RETURN TO THE COMPANY OF THE COMMON SHARES OR THE GROSS CASH PROCEEDS OR THE GROSS TAXABLE PROCEEDS OF ANY DISPOSITION OF THE COMMON SHARES AND (Y) IF THE GRANTEE HAS NOT BECOME RETIREMENT ELIGIBLE, A RETURN TO THE COMPANY OF THE COMMON SHARES OR THE GROSS CASH PROCEEDS RECEIVED IN CONNECTION WITH ANY SETTLEMENT OF THE DEFERRED STOCK UNITS DURING THE LOOK-BACK PERIOD OR THE GROSS TAXABLE PROCEEDS OF ANY DISPOSITION OF THE COMMON SHARES DURING THE LOOK-BACK PERIOD IF THE GRANTEE SHOULD CHOOSE TO RENDER SUCH SERVICES DURING THE RESTRICTED PERIOD.

6. Injunctive and Other Available Relief.

To the extent not prohibited by law, any cancellation of the Deferred Stock Units pursuant to any of Sections 2 through 5 above shall not restrict, abridge, or otherwise limit in any fashion the types and scope of injunctive and other available relief to the Company. Notwithstanding any provision of this Agreement to the contrary, nothing under this Agreement shall limit, abridge, modify, or otherwise restrict the Company (or any Affiliated Company) from pursuing any or all legal, equitable, or other appropriate remedies to which the Company may be entitled under any other agreement with the Grantee, any other plan, program, policy, or arrangement of the Company (or any Affiliated Company) under which the Grantee is covered or participates, or any applicable law, all to the fullest extent not prohibited under applicable law.

7. Permitted Reporting and Disclosure.

Notwithstanding any language in this Agreement to the contrary, nothing in this Agreement prohibits the Grantee from reporting possible violations of federal law or regulation to any governmental agency or governmental entity, or making other disclosures that are protected under federal law or regulation; provided, that, in each case such communications and disclosures are consistent with applicable law. Notwithstanding the foregoing, under no circumstance is the Grantee authorized to disclose any information covered by the Company's attorney-client privilege or attorney work product or the Company's trade secrets without prior written consent of the Company's General Counsel. Any reporting or disclosure permitted under this Section 7 shall not result in the cancellation of the Deferred Stock Units. The Grantee is entitled to certain immunities from liability under state and federal law for disclosing trade secrets if the disclosure was made to report or investigate an alleged violation of law, subject to certain conditions.

8. Severability.

If any provisions of this Agreement is determined to be invalid or unenforceable for any reason, that provision shall be modified rather than voided, if possible, in order to achieve the intent of the parties to the extent possible. If any provision in this Agreement is held to be invalid or unenforceable for any non-material reason, and cannot be modified to make it enforceable, the remaining provisions shall be construed as if the invalid or unenforceable provision had not been included. In any event, all other provisions of this Agreement shall be deemed valid and enforceable to the fullest extent possible.

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THE J. M. SMUCKER COMPANY

RESTRICTED STOCK AGREEMENT

WHEREAS, _____ (the “Grantee”) is an employee of The J. M. Smucker Company, an Ohio corporation (the “Company”), or one of its Subsidiaries; and

WHEREAS, the execution of an agreement in the form hereof (this “Agreement”) has been authorized by a resolution of the Executive Compensation Committee of the Board or its designee (the “Committee”), pursuant to The J. M. Smucker Company 2010 Equity and Incentive Compensation Plan (the “Plan”), as of _____ (the “Date of Grant”);

NOW, THEREFORE, the Company hereby grants to the Grantee _____ shares of Restricted Stock (the “Restricted Stock”), effective as of the Date of Grant, subject to the terms and conditions of the Plan and the following additional terms, conditions, limitations and restrictions.

ARTICLE I

DEFINITIONS

All terms used herein with initial capital letters and not otherwise defined herein that are defined in the Plan shall have the meanings assigned to them in the Plan.

“Disability” means the occurrence of either of the following: (i) the Grantee becoming unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment that can be expected to result in death or can be expected to last for a continuous period of not less than 12 months or (ii) the Grantee is, by reason of any medically determinable physical or mental impairment that can be expected to result in death or can be expected to last for a continuous period of not less than 12 months, receiving income replacement benefits for a period of not less than three months under the Company’s accident and health plan for employees of the Company.

ARTICLE II

CERTAIN TERMS OF THE RESTRICTED STOCK

1. Issuance of the Restricted Stock. The Restricted Stock covered by this Agreement shall be issued to the Grantee effective upon the Date of Grant. The Restricted Stock shall be registered in the Grantee’s name and shall be fully paid and nonassessable. Any certificates or evidence of award shall bear an appropriate legend referring to the restrictions hereinafter set forth.

2. Restrictions on Transfer of the Restricted Stock. The Restricted Stock may not be sold, exchanged, assigned, transferred, pledged, encumbered, or otherwise disposed of by the Grantee, except to the Company, unless the Restricted Stock has become nonforfeitable as

provided in Article II, Section 3 hereof; provided, however, that the Grantee's rights with respect to such Restricted Stock may be transferred by will or pursuant to the laws of descent and distribution. Any purported transfer or encumbrance in violation of the provisions of this Article II, Section 2 shall be void, and the other party to any such purported transaction shall not obtain any rights to or interest in such Restricted Stock. The Committee in its sole discretion, when and as permitted by the Plan, may waive the restrictions on transferability with respect to all or a portion of the Restricted Stock.

3. Vesting of the Restricted Stock. Subject to the terms of this Agreement and the Grantee's compliance with the provisions set forth in the Restrictive Covenant Agreement attached hereto as Exhibit A (the "Restrictive Covenant Agreement"), the Restricted Stock conditionally vests as follows:

(a) The Restricted Stock covered by this Agreement shall vest and become nonforfeitable on the third anniversary of the Date of Grant (or, if such date is not a business day, then on the next succeeding business day), subject to the Grantee's continuous service with the Company or a Subsidiary ("Continuous Service") during that three-year period.

(b) Notwithstanding the provisions of Article II, Section 3(a), if the following occur: (i) the death of the Grantee, (ii) the Grantee's Continuous Service is terminated by the Company or a Subsidiary for Disability, or (iii) the occurrence of a Change in Control, then all of the Restricted Stock covered by this Agreement shall become nonforfeitable or transferable, as applicable.

(c) Notwithstanding the provisions of Article II, Section 3(a), if the Grantee leaves the employ of the Company or a Subsidiary within three years from the Date of Grant under circumstances determined by the Committee to be for the convenience of the Company, the Committee may, when, and as permitted by the Plan, determine that all of the Restricted Stock covered by this Agreement shall become nonforfeitable or transferable, as applicable.

4. Forfeiture of Shares. The Restricted Stock shall be forfeited, except as otherwise provided in Article II, Section 3 above, if the Grantee ceases to be in Continuous Service prior to the third anniversary of the Date of Grant or in the event the Committee determines the Grantee has engaged in Detrimental Activity as such term is defined in the Plan. In the event of a forfeiture, any certificate(s) representing the Restricted Stock or any evidence of direct registration of the Restricted Stock covered by this Agreement shall be cancelled.

5. Dividend, Voting and Other Rights. Except as otherwise provided herein, from and after the Date of Grant, the Grantee shall have all of the rights of a shareholder with respect to the Restricted Stock covered by this Agreement, including the right to vote such Restricted Stock; provided, however, that the Grantee shall have no right to any dividends (whether in the form of cash, Common Shares, or other securities) that are declared prior to the date the applicable Restricted Stock vests.

6. Retention of Restricted Stock in Book Entry Form. The Restricted Stock shall be held at the Company's transfer agent in book entry form with appropriate restrictions relating to the transfer of such Restricted Stock until all restrictions thereon shall have lapsed.

ARTICLE III

GENERAL PROVISIONS

7. Compliance with Law. The Company shall make reasonable efforts to comply with all applicable federal, state, and foreign securities laws; provided, however, notwithstanding any other provision of this Agreement, the Company shall not be obligated to issue any Common Shares pursuant to this Agreement if the issuance thereof would result in a violation of any such law.

8. Withholding Taxes. To the extent that the Company or any Subsidiary is required to withhold federal, state, local, or foreign taxes in connection with the Restricted Stock or any delivery of Common Shares pursuant to this Agreement, and the amounts available to the Company or such Subsidiary for such withholding are insufficient, it shall be a condition to the receipt of the Restricted Stock or such delivery that the Grantee make arrangements satisfactory to the Company for payment of the balance of such taxes required to be withheld. The Grantee hereby elects to satisfy this withholding obligation by having withheld, from the Common Shares otherwise deliverable to the Grantee, Common Shares having a value equal to the minimum amount of taxes required to be withheld (except where the Grantee has made an election under Section 83(b) of the Code with respect to the Common Shares subject to delivery). The Common Shares so retained shall be credited against such withholding requirement at the Market Value per Share on the date of such retention. The Company may, at the request of the Grantee, withhold Common Shares for payment of taxes in excess of the minimum amount of taxes required to be withheld; provided, however, that in no event shall the Company withhold Common Shares for payment of taxes in excess of the maximum statutory individual tax rate in the jurisdiction(s) applicable to the Grantee.

9. Continuous Service. For purposes of this Agreement, the Continuous Service of the Grantee with the Company or a Subsidiary shall not be deemed to have been interrupted, and the Grantee shall not be deemed to have ceased to be an employee of the Company or Subsidiary, by reason of the (a) transfer of his or her employment among the Company and its Subsidiaries or (b) a leave of absence approved by a duly constituted officer of the Company or a Subsidiary.

10. Right to Terminate Employment. No provision of this Agreement shall limit in any way whatsoever any right that the Company or a Subsidiary may otherwise have to terminate the employment of the Grantee at any time. Nothing herein shall be deemed to create a contract or a right to employment with respect to the Grantee.

11. Relation to Other Benefits. Any economic or other benefit to the Grantee under this Agreement or the Plan shall not be taken into account in determining any benefits to which the Grantee may be entitled under any profit-sharing, retirement, or other benefit or

compensation plan maintained by the Company or a Subsidiary and shall not affect the amount of any life insurance coverage available to any beneficiary under any life insurance plan covering employees of the Company or a Subsidiary.

12. Amendments. Any amendment to the Plan shall be deemed to be an amendment to this Agreement to the extent that the amendment is applicable hereto; provided, however, that no amendment shall impair the rights of the Grantee under this Agreement without the Grantee's consent; further provided, however, that the Grantee's consent shall not be required to an amendment that is deemed necessary by the Company to ensure compliance with (or exemption from) Section 409A of the Code or the Dodd-Frank Wall Street Reform and Consumer Protection Act or any regulations promulgated thereunder.

13. Severability. In the event that one or more of the provisions of this Agreement shall be invalidated for any reason by a court of competent jurisdiction, any provision so invalidated shall be deemed to be separable from the other provisions hereof, and the remaining provisions hereof shall continue to be valid and fully enforceable.

14. Relation to Plan. This Agreement is subject to the terms and conditions of the Plan. In the event of any inconsistency between the provisions of this Agreement and the Plan, the Plan shall govern. The Committee acting pursuant to the Plan, as constituted from time to time, shall, except as expressly provided otherwise herein, have the right to determine any questions which arise in connection with the grant of the Restricted Stock.

15. Nature of Grant. The Grantee agrees that: (a) the Plan is established voluntarily by the Company, it is discretionary in nature, and it may be modified, amended, suspended, or terminated by the Company at any time; (b) the grant of the Restricted Stock is voluntary and occasional and does not create any contractual or other right to receive future grants of restricted stock, or benefits in substitution of restricted stock, even if restricted stock have been granted repeatedly in the past; (c) all decisions with respect to future restricted stock grants shall be at the sole discretion of the Company; (d) participation in the Plan is voluntary; (e) the Restricted Stock are not a part of normal or expected pay package for any purposes; (f) if the Grantee is a Covered Employee within the meaning of the Company's Clawback of Incentive Compensation Policy (the "Policy"), he or she acknowledges and accepts the terms and conditions of the Policy as in effect on the Date of Grant; and (g) in consideration of the grant of the Restricted Stock, no claim or entitlement to compensation or damages shall be created by any forfeiture or other termination of the Restricted Stock or diminution in value of the Restricted Stock, and the Grantee releases the Company and its Subsidiaries from any such claim that may arise. If any such claim is found by a court of competent jurisdiction to have been created, then, by signing this Agreement, the Grantee shall be deemed irrevocably to have waived the Grantee's entitlement to pursue such claim.

16. Restrictive Covenants. By executing this Agreement, the Grantee hereby agrees to the terms and conditions set forth in the Restrictive Covenant Agreement.

17. Electronic Delivery. The Company may, in its sole discretion, deliver any documents related to the Restricted Stock and the Grantee's participation in the Plan, or future

awards that may be granted under the Plan, by electronic means or request the Grantee's consent to participate in the Plan by electronic means. The Grantee consents to receive such documents by electronic delivery and, if requested, agrees to participate in the Plan through an on-line or electronic system established and maintained by the Company or another third party designated by the Company.

18. Governing Law. This Agreement is made under, and shall be governed by and construed in accordance with the internal substantive laws of, the State of Ohio, without giving effect to the choice of law principles thereof.

19. Transfer Restrictions. The Restricted Stock shall be subject to the provisions of Section 16 of the Plan relating to the prohibition on the assignment or transfer of the rights granted hereunder.

20. Professional Advice. The acceptance of the Restricted Stock may have consequences under federal and state tax and securities laws that may vary depending upon the individual circumstances of the Grantee. Accordingly, the Grantee acknowledges that the Grantee has been advised to consult his or her personal legal and tax advisors in connection with this Agreement and the Restricted Stock.

21. Notices. Any notice hereunder by the Grantee shall be given to the Company in writing and such notice shall be deemed duly given only upon receipt thereof by the Corporate Secretary of the Company at the Company's principal executive offices. Any notice hereunder by the Company shall be given to the Grantee in writing at the most recent address as the Grantee may have on file with the Company.

22. Data Privacy. The Grantee explicitly and unambiguously consents to the collection, use, and transfer, in electronic or other form, of the Grantee's personal data as described in this Agreement by and among the Company and its Subsidiaries for the exclusive purpose of implementing, administering, and managing the Grantee's participation in the Plan. The Grantee understands that the Company and its Subsidiaries hold (but only process or transfer to the extent required or permitted by local law) the following personal information about the Grantee: the Grantee's name, home address and telephone number, date of birth, social insurance number or other identification number, salary, nationality, job title, any Common Shares or directorships held in the Company, details of all options or any other entitlement to Common Shares awarded, canceled, exercised, vested, unvested, or outstanding in the Grantee's favor, for the purpose of implementing, administering, and managing the Plan ("Data"). The Grantee understands that Data may be transferred to third parties assisting in the implementation, administration, and management of the Plan, including [**List administrator(s)**], that these recipients may be located in the Grantee's country or elsewhere, and that the recipient's country may have different data privacy laws and protections than those that apply in the Grantee's country. The Grantee understands that the Grantee may request a list with the names and addresses of any potential recipients of the Data by contacting the Grantee's local human resources representative. The Grantee authorizes these recipients to receive, possess, use, retain, and transfer the Data, in electronic or other form, for the purposes of implementing,

administering, and managing the Grantee's participation in the Plan, including any requisite transfer of such Data as may be required to a broker or other third party with whom the Grantee may elect to deposit any shares acquired upon the vesting of the Restricted Stock. The Grantee understands that Data shall be held only as long as is necessary to implement, administer, and manage the Grantee's participation in the Plan and in accordance with local law. The Grantee understands that the Grantee may, at any time, view Data, request additional information about the storage and processing of Data, require any necessary amendments to Data, or refuse or withdraw the consents herein, in any case without cost, by contacting in writing the Grantee's local human resources representative. The Grantee understands, however, that refusing or withdrawing the Grantee's consent may affect the Grantee's ability to participate in the Plan. For more information on the consequences of the Grantee's refusal to consent or withdrawal of consent, the Grantee hereby understands that the Grantee may contact the Grantee's local human resources representative.

23. Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed to be an original but all of which together shall constitute one and the same instrument.

24. Binding Effect. This Agreement shall inure to the benefit of and be binding upon the parties hereto and their respective heirs, executors, administrators, successors, and assigns.

25. Entire Agreement. This Agreement, the Plan, and the Restrictive Covenant Agreement constitute the entire agreement between the parties hereto with respect to the subject matter hereof and thereof, merging any and all prior agreements.

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This Agreement is executed by the Company as of the _____ day of _____.

THE J. M. SMUCKER COMPANY

By: _____

Name:

Title:

The undersigned hereby acknowledges receipt of an executed original of this Agreement, together with a copy of the prospectus for the Plan, dated _____, summarizing key provisions of the Plan, and accepts the award of the Restricted Stock granted hereunder on the terms and conditions set forth herein and in the Plan.

Date: _____ - Grantee:

Exhibit A

Restrictive Covenant Agreement

As a condition to the Grantee's receipt of the Restricted Stock awarded to the Grantee under the terms of the Restricted Stock Agreement between the Grantee and The J. M. Smucker Company, an Ohio corporation (the "Company"), dated as of _____ (the "Award Agreement"), the Grantee agrees to be subject to the terms and conditions of this Restrictive Covenant Agreement (this "Agreement").

1. Definitions.

All terms used herein with initial capital letters and not otherwise defined herein shall have the meanings assigned to them in the Award Agreement (including any definitions incorporated by reference to the Plan).

"Affiliated Company" means any organization controlling, controlled by, or under common control with the Company.

"Confidential Information" means the Company's technical or business or personnel information not readily available to the public or generally known in the trade, including inventions, developments, trade secrets and other confidential information, knowledge, data and know-how of the Company or any Affiliated Company, whether or not they originated with the Grantee, or information which the Company or any Affiliated Company received from third parties under an obligation of confidentiality.

"Conflicting Product" means any product, process, machine, or service of any person or organization, other than the Company or any Affiliated Company, in existence or under development (i) that resembles or competes with a product, process, machine, or service upon or with which the Grantee shall have worked during the two years prior to the Grantee's termination of service with the Company or any Affiliated Company or (ii) with respect to which during that period of time the Grantee, as a result of his or her job performance and duties, shall have acquired knowledge of Confidential Information, and whose use or marketability could be enhanced by application to it of Confidential Information. For purposes of this section, it shall be conclusively presumed that the Grantee has knowledge of information to which he or she has been directly exposed through actual receipt or review of memoranda or documents containing such information or through actual attendance at meetings at which such information was discussed or disclosed.

"Conflicting Organization" means any person or organization that is engaged in or about to become engaged in research on or development, production, marketing, or selling of a Conflicting Product.

"Look-back Period" means a 12-month period prior to a breach of the applicable section of this Agreement.

“Restricted Period” means the period during which the Grantee is employed by the Company or a Subsidiary *plus* one year after the date the Grantee’s Continuous Service is terminated.

2. Right to Retain Common Shares Contingent on Protection of Confidential Information.

The Grantee agrees that at all times, both during and after the term of the Grantee’s service with the Company or any Affiliated Company, to hold in the strictest confidence, and not to use (except for the benefit of the Company at the Company’s direction) or disclose (except for the benefit of the Company at the Company’s direction), regardless of when disclosed to the Grantee, any and all Confidential Information of the Company or any Affiliated Company. The Grantee understands that for purposes of this Section 2, Confidential Information further includes, but is not limited to, information pertaining to any aspect of the business of the Company or any Affiliated Company which is either information not known (or known as a result of a wrongful act of the Grantee or of others who were under confidentiality obligations as to the item or items involved) by actual or potential competitors of the Company or other third parties not under confidentiality obligations to the Company. If, during the Restricted Period, the Grantee discloses or uses, or threatens to disclose or use, any Confidential Information other than in the course of performing authorized services for the Company (or any Affiliated Company), the Restricted Stock, whether vested or not, shall be immediately forfeited and cancelled, and the Grantee shall immediately return to the Company the Common Shares received in connection with any vesting of the Restricted Stock during the Look-back Period or the pre-tax income derived from any disposition of the Common Shares during the Look-back Period.

3. No Interference with Customers or Suppliers.

In order to forestall the disclosure or use of Confidential Information as well as to deter the Grantee’s intentional interference with the contractual relations of the Company or any Affiliated Company, the Grantee’s intentional interference with prospective economic advantage of the Company or any Affiliated Company, and to promote fair competition, the Grantee agrees that the Grantee’s right to the Common Shares upon vesting of the Restricted Stock is contingent upon the Grantee refraining, during the Restricted Period, for himself or herself or any third party, directly or indirectly, from using Confidential Information to (i) divert or attempt to divert from the Company (or any Affiliated Company) any business of any kind in which it is engaged, or (ii) intentionally solicit its customers with which it has a contractual relationship as to Conflicting Products, or to interfere with the contractual relationship with any of its suppliers or customers (collectively, “Interfere”). If, during the Restricted Period, the Grantee breaches his or her obligation not to Interfere, the Grantee’s right to the Common Shares upon vesting of the Restricted Stock shall not have been earned and the Restricted Stock, whether vested or not, shall be immediately forfeited and cancelled, and the Grantee shall immediately return to the Company the Common Shares received in connection with any vesting of the Restricted Stock during the Look-back Period or the pre-tax income derived from any disposition of the Common Shares during the Look-back Period. For avoidance of doubt, the term “Interfere” shall not

include any advertisement of Conflicting Products through the use of media intended to reach a broad public audience (such as television, cable, or radio broadcasts, or newspapers or magazines) or the broad distribution of coupons through the use of direct mail or through independent retail outlets. THE GRANTEE UNDERSTANDS THAT THIS SECTION 3 IS NOT INTENDED TO AND DOES NOT PROHIBIT THE CONDUCT DESCRIBED BUT PROVIDES FOR THE CANCELLATION OF THE RESTRICTED STOCK AND A RETURN TO THE COMPANY OF THE COMMON SHARES RECEIVED IN CONNECTION WITH ANY VESTING OF THE RESTRICTED STOCK DURING THE LOOK-BACK PERIOD OR THE GROSS TAXABLE PROCEEDS OF ANY DISPOSITION OF THE COMMON SHARES DURING THE LOOK-BACK PERIOD IF THE GRANTEE SHOULD CHOOSE TO VIOLATE THIS “NO INTERFERENCE WITH CUSTOMERS OR SUPPLIERS” PROVISION DURING THE RESTRICTED PERIOD.

4. No Solicitation of Employees.

In order to forestall the disclosure or use of Confidential Information, as well as to deter the Grantee’s intentional interference with the contractual relations of the Company or any Affiliated Company, the Grantee’s intentional interference with prospective economic advantage of the Company or any Affiliated Company, and to promote fair competition, the Grantee agrees that the Grantee’s right to the Common Shares upon vesting of the Restricted Stock is contingent upon the Grantee refraining, during the Restricted Period, for himself or herself or any third party, directly or indirectly, from soliciting for employment any person employed by the Company, or by any Affiliated Company, during the period of the solicited person’s employment and for a period of one year after the termination of the solicited person’s employment with the Company or any Affiliated Company (collectively, “Solicit”). If, during the Restricted Period, the Grantee breaches his or her obligation not to Solicit, the Grantee’s right to the Common Shares upon vesting of the Restricted Stock shall not have been earned and the Restricted Stock, whether vested or not, shall be immediately forfeited and cancelled, and the Grantee shall immediately return to the Company the Common Shares received in connection with any vesting of the Restricted Stock during the Look-back Period or the pre-tax income derived from any disposition of the Common Shares during the Look-back Period. THE GRANTEE UNDERSTANDS THAT THIS SECTION 4 IS NOT INTENDED TO AND DOES NOT PROHIBIT THE CONDUCT DESCRIBED BUT PROVIDES FOR THE CANCELLATION OF THE RESTRICTED STOCK AND A RETURN TO THE COMPANY OF THE COMMON SHARES RECEIVED IN CONNECTION WITH ANY VESTING OF THE RESTRICTED STOCK DURING THE LOOK-BACK PERIOD OR THE GROSS TAXABLE PROCEEDS OF ANY DISPOSITION OF THE COMMON SHARES DURING THE LOOK-BACK PERIOD IF THE GRANTEE SHOULD CHOOSE TO VIOLATE THIS “NO SOLICITATION OF EMPLOYEES” PROVISION DURING THE RESTRICTED PERIOD.

5. Right to Retain Common Shares Contingent on Continuing Non-Conflicting Employment.

In order to forestall the disclosure or use of Confidential Information, as well as to deter the Grantee’s intentional interference with the contractual relations of the Company or any

Affiliated Company, the Grantee's intentional interference with prospective economic advantage of the Company or any Affiliated Company, and to promote fair competition, the Grantee agrees that the Grantee's right to the Common Shares upon vesting of the Restricted Stock is contingent upon the Grantee refraining, during the Restricted Period, from rendering services, directly or indirectly, as director, officer, employee, agent, consultant, or otherwise, to any Conflicting Organization, except a Conflicting Organization whose business is diversified and that, as to that part of its business to which the Grantee renders services, is not a Conflicting Organization, provided that the Company shall receive separate written assurances satisfactory to the Company from the Grantee and the Conflicting Organization that the Grantee shall not render services during such period with respect to a Conflicting Product. If, during the Restricted Period, the Grantee shall render services to any Conflicting Organization other than as expressly permitted herein, the Grantee's right to the Common Shares upon vesting of the Restricted Stock shall not have been earned and the Restricted Stock, whether vested or not, shall be immediately forfeited and cancelled, and the Grantee shall immediately return to the Company the Common Shares received in connection with any vesting of the Restricted Stock during the Look-back Period or the pre-tax income derived from any disposition of the Common Shares during the Look-back Period. THE GRANTEE UNDERSTANDS THAT THIS SECTION 5 IS NOT INTENDED TO AND DOES NOT PROHIBIT THE GRANTEE FROM RENDERING SERVICES TO A CONFLICTING ORGANIZATION BUT PROVIDES FOR THE CANCELLATION OF THE RESTRICTED STOCK AND A RETURN TO THE COMPANY OF THE COMMON SHARES RECEIVED IN CONNECTION WITH ANY VESTING OF THE RESTRICTED STOCK DURING THE LOOK-BACK PERIOD OR THE GROSS TAXABLE PROCEEDS OF ANY DISPOSITION OF THE COMMON SHARES DURING THE LOOK-BACK PERIOD IF THE GRANTEE SHOULD CHOOSE TO RENDER SUCH SERVICES DURING THE RESTRICTED PERIOD.

6. Injunctive and Other Available Relief.

To the extent not prohibited by law, any cancellation of the Restricted Stock pursuant to any of Sections 2 through 5 above shall not restrict, abridge, or otherwise limit in any fashion the types and scope of injunctive and other available relief to the Company. Notwithstanding any provision of this Agreement to the contrary, nothing under this Agreement shall limit, abridge, modify, or otherwise restrict the Company (or any Affiliated Company) from pursuing any or all legal, equitable, or other appropriate remedies to which the Company may be entitled under any other agreement with the Grantee, any other plan, program, policy, or arrangement of the Company (or any Affiliated Company) under which the Grantee is covered or participates, or any applicable law, all to the fullest extent not prohibited under applicable law.

7. Permitted Reporting and Disclosure.

Notwithstanding any language in this Agreement to the contrary, nothing in this Agreement prohibits the Grantee from reporting possible violations of federal law or regulation to any governmental agency or governmental entity, or making other disclosures that are protected under federal law or regulation; provided, that, in each case such communications and disclosures are consistent with applicable law. Notwithstanding the foregoing, under no

circumstance is the Grantee authorized to disclose any information covered by the Company's attorney-client privilege or attorney work product or the Company's trade secrets without prior written consent of the Company's General Counsel. Any reporting or disclosure permitted under this Section 7 shall not result in the cancellation of the Restricted Stock. The Grantee is entitled to certain immunities from liability under state and federal law for disclosing trade secrets if the disclosure was made to report or investigate an alleged violation of law, subject to certain conditions.

8. Severability.

If any provisions of this Agreement is determined to be invalid or unenforceable for any reason, that provision shall be modified rather than voided, if possible, in order to achieve the intent of the parties to the extent possible. If any provision in this Agreement is held to be invalid or unenforceable for any non-material reason, and cannot be modified to make it enforceable, the remaining provisions shall be construed as if the invalid or unenforceable provision had not been included. In any event, all other provisions of this Agreement shall be deemed valid and enforceable to the fullest extent possible.

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THE J. M. SMUCKER COMPANY
RESTRICTED STOCK AGREEMENT

WHEREAS, _____ (the “Grantee”) is an employee of The J. M. Smucker Company, an Ohio corporation (the “Company”), or one of its Subsidiaries; and

WHEREAS, the execution of an agreement in the form hereof (this “Agreement”) has been authorized by a resolution of the Executive Compensation Committee of the Board or its designee (the “Committee”), pursuant to The J. M. Smucker Company 2010 Equity and Incentive Compensation Plan (the “Plan”), as of _____ (the “Date of Grant”);

NOW, THEREFORE, the Company hereby grants to the Grantee _____ shares of Restricted Stock (the “Restricted Stock”), effective as of the Date of Grant, subject to the terms and conditions of the Plan and the following additional terms, conditions, limitations and restrictions.

ARTICLE I

DEFINITIONS

All terms used herein with initial capital letters and not otherwise defined herein that are defined in the Plan shall have the meanings assigned to them in the Plan.

“Disability” means the occurrence of either of the following: (i) the Grantee becoming unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment that can be expected to result in death or can be expected to last for a continuous period of not less than 12 months or (ii) the Grantee is, by reason of any medically determinable physical or mental impairment that can be expected to result in death or can be expected to last for a continuous period of not less than 12 months, receiving income replacement benefits for a period of not less than three months under the Company’s accident and health plan for employees of the Company.

ARTICLE II

CERTAIN TERMS OF THE RESTRICTED STOCK

1. Issuance of the Restricted Stock. The Restricted Stock covered by this Agreement shall be issued to the Grantee effective upon the Date of Grant. The Restricted Stock shall be registered in the Grantee’s name and shall be fully paid and nonassessable. Any certificates or evidence of award shall bear an appropriate legend referring to the restrictions hereinafter set forth.

2. Restrictions on Transfer of the Restricted Stock. The Restricted Stock may not be sold, exchanged, assigned, transferred, pledged, encumbered, or otherwise disposed of by the Grantee, except to the Company, unless the Restricted Stock has become nonforfeitable as

provided in Article II, Section 3 hereof; provided, however, that the Grantee's rights with respect to such Restricted Stock may be transferred by will or pursuant to the laws of descent and distribution. Any purported transfer or encumbrance in violation of the provisions of this Article II, Section 2 shall be void, and the other party to any such purported transaction shall not obtain any rights to or interest in such Restricted Stock. The Committee in its sole discretion, when and as permitted by the Plan, may waive the restrictions on transferability with respect to all or a portion of the Restricted Stock.

3. Vesting of the Restricted Stock. Subject to the terms of this Agreement and the Grantee's compliance with the provisions set forth in the Restrictive Covenant Agreement attached hereto as Exhibit A (the "Restrictive Covenant Agreement"), the Restricted Stock conditionally vests as follows:

(a) The Restricted Stock covered by this Agreement shall vest and become nonforfeitable on the date that the Grantee turns 60 years of age (or, if such date is not a business day, then on the next succeeding business day), subject to the Grantee's continuous service with the Company or a Subsidiary ("Continuous Service") from the date hereof through such date.

(b) Notwithstanding the provisions of Article II, Section 3(a), if the following occur: (i) the death of the Grantee, (ii) the Grantee's Continuous Service is terminated by the Company or a Subsidiary for Disability, or (iii) the occurrence of a Change in Control, then all of the Restricted Stock covered by this Agreement shall become nonforfeitable or transferable, as applicable.

(c) Notwithstanding the provisions of Article II, Section 3(a), if the Grantee leaves the employ of the Company or a Subsidiary prior to turning 60 years of age under circumstances determined by the Committee to be for the convenience of the Company, the Committee may, when, and as permitted by the Plan, determine that all of the Restricted Stock covered by this Agreement shall become nonforfeitable or transferable, as applicable.

4. Forfeiture of Shares. The Restricted Stock shall be forfeited, except as otherwise provided in Article II, Section 3 above, if the Grantee ceases to be in Continuous Service prior to turning 60 years of age or in the event the Committee determines the Grantee has engaged in Detrimental Activity as such term is defined in the Plan. In the event of a forfeiture, any certificate(s) representing the Restricted Stock or any evidence of direct registration of the Restricted Stock covered by this Agreement shall be cancelled.

5. Dividend, Voting and Other Rights. Except as otherwise provided herein, from and after the Date of Grant, the Grantee shall have all of the rights of a shareholder with respect to the Restricted Stock covered by this Agreement, including the right to vote such Restricted Stock; provided, however, that the Grantee shall have no right to any dividends (whether in the form of cash, Common Shares, or other securities) that are declared prior to the date the applicable Restricted Stock vests.

6. Retention of Restricted Stock in Book Entry Form. The Restricted Stock shall be held at the Company's transfer agent in book entry form with appropriate restrictions relating to the transfer of such Restricted Stock until all restrictions thereon shall have lapsed.

ARTICLE III

GENERAL PROVISIONS

7. Compliance with Law. The Company shall make reasonable efforts to comply with all applicable federal, state, and foreign securities laws; provided, however, notwithstanding any other provision of this Agreement, the Company shall not be obligated to issue any Common Shares pursuant to this Agreement if the issuance thereof would result in a violation of any such law.

8. Withholding Taxes. To the extent that the Company or any Subsidiary is required to withhold federal, state, local, or foreign taxes in connection with the Restricted Stock or any delivery of Common Shares pursuant to this Agreement, and the amounts available to the Company or such Subsidiary for such withholding are insufficient, it shall be a condition to the receipt of the Restricted Stock or such delivery that the Grantee make arrangements satisfactory to the Company for payment of the balance of such taxes required to be withheld. The Grantee hereby elects to satisfy this withholding obligation by having withheld, from the Common Shares otherwise deliverable to the Grantee, Common Shares having a value equal to the minimum amount of taxes required to be withheld (except where the Grantee has made an election under Section 83(b) of the Code with respect to the Common Shares subject to delivery). The Common Shares so retained shall be credited against such withholding requirement at the Market Value per Share on the date of such retention. The Company may, at the request of the Grantee, withhold Common Shares for payment of taxes in excess of the minimum amount of taxes required to be withheld; provided, however, that in no event shall the Company withhold Common Shares for payment of taxes in excess of the maximum statutory individual tax rate in the jurisdiction(s) applicable to the Grantee.

9. Continuous Service. For purposes of this Agreement, the Continuous Service of the Grantee with the Company or a Subsidiary shall not be deemed to have been interrupted, and the Grantee shall not be deemed to have ceased to be an employee of the Company or Subsidiary, by reason of the (a) transfer of his or her employment among the Company and its Subsidiaries or (b) a leave of absence approved by a duly constituted officer of the Company or a Subsidiary.

10. Right to Terminate Employment. No provision of this Agreement shall limit in any way whatsoever any right that the Company or a Subsidiary may otherwise have to terminate the employment of the Grantee at any time. Nothing herein shall be deemed to create a contract or a right to employment with respect to the Grantee.

11. Relation to Other Benefits. Any economic or other benefit to the Grantee under this Agreement or the Plan shall not be taken into account in determining any benefits to which the Grantee may be entitled under any profit-sharing, retirement, or other benefit or

compensation plan maintained by the Company or a Subsidiary and shall not affect the amount of any life insurance coverage available to any beneficiary under any life insurance plan covering employees of the Company or a Subsidiary.

12. Amendments. Any amendment to the Plan shall be deemed to be an amendment to this Agreement to the extent that the amendment is applicable hereto; provided, however, that no amendment shall impair the rights of the Grantee under this Agreement without the Grantee's consent; further provided, however, that the Grantee's consent shall not be required to an amendment that is deemed necessary by the Company to ensure compliance with (or exemption from) Section 409A of the Code or the Dodd-Frank Wall Street Reform and Consumer Protection Act or any regulations promulgated thereunder.

13. Severability. In the event that one or more of the provisions of this Agreement shall be invalidated for any reason by a court of competent jurisdiction, any provision so invalidated shall be deemed to be separable from the other provisions hereof, and the remaining provisions hereof shall continue to be valid and fully enforceable.

14. Relation to Plan. This Agreement is subject to the terms and conditions of the Plan. In the event of any inconsistency between the provisions of this Agreement and the Plan, the Plan shall govern. The Committee acting pursuant to the Plan, as constituted from time to time, shall, except as expressly provided otherwise herein, have the right to determine any questions which arise in connection with the grant of the Restricted Stock.

15. Nature of Grant. The Grantee agrees that: (a) the Plan is established voluntarily by the Company, it is discretionary in nature, and it may be modified, amended, suspended, or terminated by the Company at any time; (b) the grant of the Restricted Stock is voluntary and occasional and does not create any contractual or other right to receive future grants of restricted stock, or benefits in substitution of restricted stock, even if restricted stock have been granted repeatedly in the past; (c) all decisions with respect to future restricted stock grants shall be at the sole discretion of the Company; (d) participation in the Plan is voluntary; (e) the Restricted Stock are not a part of normal or expected pay package for any purposes; (f) if the Grantee is a Covered Employee within the meaning of the Company's Clawback of Incentive Compensation Policy (the "Policy"), he or she acknowledges and accepts the terms and conditions of the Policy as in effect on the Date of Grant; and (g) in consideration of the grant of the Restricted Stock, no claim or entitlement to compensation or damages shall be created by any forfeiture or other termination of the Restricted Stock or diminution in value of the Restricted Stock, and the Grantee releases the Company and its Subsidiaries from any such claim that may arise. If any such claim is found by a court of competent jurisdiction to have been created, then, by signing this Agreement, the Grantee shall be deemed irrevocably to have waived the Grantee's entitlement to pursue such claim.

16. Restrictive Covenants. By executing this Agreement, the Grantee hereby agrees to the terms and conditions set forth in the Restrictive Covenant Agreement.

17. Electronic Delivery. The Company may, in its sole discretion, deliver any documents related to the Restricted Stock and the Grantee's participation in the Plan, or future

awards that may be granted under the Plan, by electronic means or request the Grantee's consent to participate in the Plan by electronic means. The Grantee consents to receive such documents by electronic delivery and, if requested, agrees to participate in the Plan through an on-line or electronic system established and maintained by the Company or another third party designated by the Company.

18. Governing Law. This Agreement is made under, and shall be governed by and construed in accordance with the internal substantive laws of, the State of Ohio, without giving effect to the choice of law principles thereof.

19. Transfer Restrictions. The Restricted Stock shall be subject to the provisions of Section 16 of the Plan relating to the prohibition on the assignment or transfer of the rights granted hereunder.

20. Professional Advice. The acceptance of the Restricted Stock may have consequences under federal and state tax and securities laws that may vary depending upon the individual circumstances of the Grantee. Accordingly, the Grantee acknowledges that the Grantee has been advised to consult his or her personal legal and tax advisors in connection with this Agreement and the Restricted Stock.

21. Notices. Any notice hereunder by the Grantee shall be given to the Company in writing and such notice shall be deemed duly given only upon receipt thereof by the Corporate Secretary of the Company at the Company's principal executive offices. Any notice hereunder by the Company shall be given to the Grantee in writing at the most recent address as the Grantee may have on file with the Company.

22. Data Privacy. The Grantee explicitly and unambiguously consents to the collection, use, and transfer, in electronic or other form, of the Grantee's personal data as described in this Agreement by and among the Company and its Subsidiaries for the exclusive purpose of implementing, administering, and managing the Grantee's participation in the Plan. The Grantee understands that the Company and its Subsidiaries hold (but only process or transfer to the extent required or permitted by local law) the following personal information about the Grantee: the Grantee's name, home address and telephone number, date of birth, social insurance number or other identification number, salary, nationality, job title, any Common Shares or directorships held in the Company, details of all options or any other entitlement to Common Shares awarded, canceled, exercised, vested, unvested, or outstanding in the Grantee's favor, for the purpose of implementing, administering, and managing the Plan ("Data"). The Grantee understands that Data may be transferred to third parties assisting in the implementation, administration, and management of the Plan, including [**List administrator(s)**], that these recipients may be located in the Grantee's country or elsewhere, and that the recipient's country may have different data privacy laws and protections than those that apply in the Grantee's country. The Grantee understands that the Grantee may request a list with the names and addresses of any potential recipients of the Data by contacting the Grantee's local human resources representative. The Grantee authorizes these recipients to receive, possess, use, retain, and transfer the Data, in electronic or other form, for the purposes of implementing,

administering, and managing the Grantee's participation in the Plan, including any requisite transfer of such Data as may be required to a broker or other third party with whom the Grantee may elect to deposit any shares acquired upon the vesting of the Restricted Stock. The Grantee understands that Data shall be held only as long as is necessary to implement, administer, and manage the Grantee's participation in the Plan and in accordance with local law. The Grantee understands that the Grantee may, at any time, view Data, request additional information about the storage and processing of Data, require any necessary amendments to Data, or refuse or withdraw the consents herein, in any case without cost, by contacting in writing the Grantee's local human resources representative. The Grantee understands, however, that refusing or withdrawing the Grantee's consent may affect the Grantee's ability to participate in the Plan. For more information on the consequences of the Grantee's refusal to consent or withdrawal of consent, the Grantee hereby understands that the Grantee may contact the Grantee's local human resources representative.

23. Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed to be an original but all of which together shall constitute one and the same instrument.

24. Binding Effect. This Agreement shall inure to the benefit of and be binding upon the parties hereto and their respective heirs, executors, administrators, successors, and assigns.

25. Entire Agreement. This Agreement, the Plan, and the Restrictive Covenant Agreement constitute the entire agreement between the parties hereto with respect to the subject matter hereof and thereof, merging any and all prior agreements.

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This Agreement is executed by the Company as of the _____ day of _____.

THE J. M. SMUCKER COMPANY

By: _____

Name:

Title:

The undersigned hereby acknowledges receipt of an executed original of this Agreement, together with a copy of the prospectus for the Plan, dated _____, summarizing key provisions of the Plan, and accepts the award of the Restricted Stock granted hereunder on the terms and conditions set forth herein and in the Plan.

Date: _____ _ Grantee:

Exhibit A

Restrictive Covenant Agreement

As a condition to the Grantee's receipt of the Restricted Stock awarded to the Grantee under the terms of the Restricted Stock Agreement between the Grantee and The J. M. Smucker Company, an Ohio corporation (the "Company"), dated as of _____ (the "Award Agreement"), the Grantee agrees to be subject to the terms and conditions of this Restrictive Covenant Agreement (this "Agreement").

1. Definitions.

All terms used herein with initial capital letters and not otherwise defined herein shall have the meanings assigned to them in the Award Agreement (including any definitions incorporated by reference to the Plan).

"Affiliated Company" means any organization controlling, controlled by, or under common control with the Company.

"Confidential Information" means the Company's technical or business or personnel information not readily available to the public or generally known in the trade, including inventions, developments, trade secrets and other confidential information, knowledge, data and know-how of the Company or any Affiliated Company, whether or not they originated with the Grantee, or information which the Company or any Affiliated Company received from third parties under an obligation of confidentiality.

"Conflicting Product" means any product, process, machine, or service of any person or organization, other than the Company or any Affiliated Company, in existence or under development (i) that resembles or competes with a product, process, machine, or service upon or with which the Grantee shall have worked during the two years prior to the Grantee's termination of service with the Company or any Affiliated Company or (ii) with respect to which during that period of time the Grantee, as a result of his or her job performance and duties, shall have acquired knowledge of Confidential Information, and whose use or marketability could be enhanced by application to it of Confidential Information. For purposes of this section, it shall be conclusively presumed that the Grantee has knowledge of information to which he or she has been directly exposed through actual receipt or review of memoranda or documents containing such information or through actual attendance at meetings at which such information was discussed or disclosed.

"Conflicting Organization" means any person or organization that is engaged in or about to become engaged in research on or development, production, marketing, or selling of a Conflicting Product.

"Look-back Period" means a 12-month period prior to a breach of the applicable section of this Agreement.

“Restricted Period” means the period during which the Grantee is employed by the Company or a Subsidiary *plus* one year after the date the Grantee’s Continuous Service is terminated.

2. Right to Retain Common Shares Contingent on Protection of Confidential Information.

The Grantee agrees that at all times, both during and after the term of the Grantee’s service with the Company or any Affiliated Company, to hold in the strictest confidence, and not to use (except for the benefit of the Company at the Company’s direction) or disclose (except for the benefit of the Company at the Company’s direction), regardless of when disclosed to the Grantee, any and all Confidential Information of the Company or any Affiliated Company. The Grantee understands that for purposes of this Section 2, Confidential Information further includes, but is not limited to, information pertaining to any aspect of the business of the Company or any Affiliated Company which is either information not known (or known as a result of a wrongful act of the Grantee or of others who were under confidentiality obligations as to the item or items involved) by actual or potential competitors of the Company or other third parties not under confidentiality obligations to the Company. If, during the Restricted Period, the Grantee discloses or uses, or threatens to disclose or use, any Confidential Information other than in the course of performing authorized services for the Company (or any Affiliated Company), the Restricted Stock, whether vested or not, shall be immediately forfeited and cancelled, and the Grantee shall immediately return to the Company the Common Shares received in connection with any vesting of the Restricted Stock during the Look-back Period or the pre-tax income derived from any disposition of the Common Shares during the Look-back Period.

3. No Interference with Customers or Suppliers.

In order to forestall the disclosure or use of Confidential Information as well as to deter the Grantee’s intentional interference with the contractual relations of the Company or any Affiliated Company, the Grantee’s intentional interference with prospective economic advantage of the Company or any Affiliated Company, and to promote fair competition, the Grantee agrees that the Grantee’s right to the Common Shares upon vesting of the Restricted Stock is contingent upon the Grantee refraining, during the Restricted Period, for himself or herself or any third party, directly or indirectly, from using Confidential Information to (i) divert or attempt to divert from the Company (or any Affiliated Company) any business of any kind in which it is engaged, or (ii) intentionally solicit its customers with which it has a contractual relationship as to Conflicting Products, or to interfere with the contractual relationship with any of its suppliers or customers (collectively, “Interfere”). If, during the Restricted Period, the Grantee breaches his or her obligation not to Interfere, the Grantee’s right to the Common Shares upon vesting of the Restricted Stock shall not have been earned and the Restricted Stock, whether vested or not, shall be immediately forfeited and cancelled, and the Grantee shall immediately return to the Company the Common Shares received in connection with any vesting of the Restricted Stock during the Look-back Period or the pre-tax income derived from any disposition of the Common Shares during the Look-back Period. For avoidance of doubt, the term “Interfere” shall not

include any advertisement of Conflicting Products through the use of media intended to reach a broad public audience (such as television, cable, or radio broadcasts, or newspapers or magazines) or the broad distribution of coupons through the use of direct mail or through independent retail outlets. THE GRANTEE UNDERSTANDS THAT THIS SECTION 3 IS NOT INTENDED TO AND DOES NOT PROHIBIT THE CONDUCT DESCRIBED BUT PROVIDES FOR THE CANCELLATION OF THE RESTRICTED STOCK AND A RETURN TO THE COMPANY OF THE COMMON SHARES RECEIVED IN CONNECTION WITH ANY VESTING OF THE RESTRICTED STOCK DURING THE LOOK-BACK PERIOD OR THE GROSS TAXABLE PROCEEDS OF ANY DISPOSITION OF THE COMMON SHARES DURING THE LOOK-BACK PERIOD IF THE GRANTEE SHOULD CHOOSE TO VIOLATE THIS “NO INTERFERENCE WITH CUSTOMERS OR SUPPLIERS” PROVISION DURING THE RESTRICTED PERIOD.

4. No Solicitation of Employees.

In order to forestall the disclosure or use of Confidential Information, as well as to deter the Grantee’s intentional interference with the contractual relations of the Company or any Affiliated Company, the Grantee’s intentional interference with prospective economic advantage of the Company or any Affiliated Company, and to promote fair competition, the Grantee agrees that the Grantee’s right to the Common Shares upon vesting of the Restricted Stock is contingent upon the Grantee refraining, during the Restricted Period, for himself or herself or any third party, directly or indirectly, from soliciting for employment any person employed by the Company, or by any Affiliated Company, during the period of the solicited person’s employment and for a period of one year after the termination of the solicited person’s employment with the Company or any Affiliated Company (collectively, “Solicit”). If, during the Restricted Period, the Grantee breaches his or her obligation not to Solicit, the Grantee’s right to the Common Shares upon vesting of the Restricted Stock shall not have been earned and the Restricted Stock, whether vested or not, shall be immediately forfeited and cancelled, and the Grantee shall immediately return to the Company the Common Shares received in connection with any vesting of the Restricted Stock during the Look-back Period or the pre-tax income derived from any disposition of the Common Shares during the Look-back Period. THE GRANTEE UNDERSTANDS THAT THIS SECTION 4 IS NOT INTENDED TO AND DOES NOT PROHIBIT THE CONDUCT DESCRIBED BUT PROVIDES FOR THE CANCELLATION OF THE RESTRICTED STOCK AND A RETURN TO THE COMPANY OF THE COMMON SHARES RECEIVED IN CONNECTION WITH ANY VESTING OF THE RESTRICTED STOCK DURING THE LOOK-BACK PERIOD OR THE GROSS TAXABLE PROCEEDS OF ANY DISPOSITION OF THE COMMON SHARES DURING THE LOOK-BACK PERIOD IF THE GRANTEE SHOULD CHOOSE TO VIOLATE THIS “NO SOLICITATION OF EMPLOYEES” PROVISION DURING THE RESTRICTED PERIOD.

5. Right to Retain Common Shares Contingent on Continuing Non-Conflicting Employment.

In order to forestall the disclosure or use of Confidential Information, as well as to deter the Grantee’s intentional interference with the contractual relations of the Company or any

Affiliated Company, the Grantee's intentional interference with prospective economic advantage of the Company or any Affiliated Company, and to promote fair competition, the Grantee agrees that the Grantee's right to the Common Shares upon vesting of the Restricted Stock is contingent upon the Grantee refraining, during the Restricted Period, from rendering services, directly or indirectly, as director, officer, employee, agent, consultant, or otherwise, to any Conflicting Organization, except a Conflicting Organization whose business is diversified and that, as to that part of its business to which the Grantee renders services, is not a Conflicting Organization, provided that the Company shall receive separate written assurances satisfactory to the Company from the Grantee and the Conflicting Organization that the Grantee shall not render services during such period with respect to a Conflicting Product. If, during the Restricted Period, the Grantee shall render services to any Conflicting Organization other than as expressly permitted herein, the Grantee's right to the Common Shares upon vesting of the Restricted Stock shall not have been earned and the Restricted Stock, whether vested or not, shall be immediately forfeited and cancelled, and the Grantee shall immediately return to the Company the Common Shares received in connection with any vesting of the Restricted Stock during the Look-back Period or the pre-tax income derived from any disposition of the Common Shares during the Look-back Period. THE GRANTEE UNDERSTANDS THAT THIS SECTION 5 IS NOT INTENDED TO AND DOES NOT PROHIBIT THE GRANTEE FROM RENDERING SERVICES TO A CONFLICTING ORGANIZATION BUT PROVIDES FOR THE CANCELLATION OF THE RESTRICTED STOCK AND A RETURN TO THE COMPANY OF THE COMMON SHARES RECEIVED IN CONNECTION WITH ANY VESTING OF THE RESTRICTED STOCK DURING THE LOOK-BACK PERIOD OR THE GROSS TAXABLE PROCEEDS OF ANY DISPOSITION OF THE COMMON SHARES DURING THE LOOK-BACK PERIOD IF THE GRANTEE SHOULD CHOOSE TO RENDER SUCH SERVICES DURING THE RESTRICTED PERIOD.

6. Injunctive and Other Available Relief.

To the extent not prohibited by law, any cancellation of the Restricted Stock pursuant to any of Sections 2 through 5 above shall not restrict, abridge, or otherwise limit in any fashion the types and scope of injunctive and other available relief to the Company. Notwithstanding any provision of this Agreement to the contrary, nothing under this Agreement shall limit, abridge, modify, or otherwise restrict the Company (or any Affiliated Company) from pursuing any or all legal, equitable, or other appropriate remedies to which the Company may be entitled under any other agreement with the Grantee, any other plan, program, policy, or arrangement of the Company (or any Affiliated Company) under which the Grantee is covered or participates, or any applicable law, all to the fullest extent not prohibited under applicable law.

7. Permitted Reporting and Disclosure.

Notwithstanding any language in this Agreement to the contrary, nothing in this Agreement prohibits the Grantee from reporting possible violations of federal law or regulation to any governmental agency or governmental entity, or making other disclosures that are protected under federal law or regulation; provided, that, in each case such communications and disclosures are consistent with applicable law. Notwithstanding the foregoing, under no

circumstance is the Grantee authorized to disclose any information covered by the Company's attorney-client privilege or attorney work product or the Company's trade secrets without prior written consent of the Company's General Counsel. Any reporting or disclosure permitted under this Section 7 shall not result in the cancellation of the Restricted Stock. The Grantee is entitled to certain immunities from liability under state and federal law for disclosing trade secrets if the disclosure was made to report or investigate an alleged violation of law, subject to certain conditions.

8. Severability.

If any provisions of this Agreement is determined to be invalid or unenforceable for any reason, that provision shall be modified rather than voided, if possible, in order to achieve the intent of the parties to the extent possible. If any provision in this Agreement is held to be invalid or unenforceable for any non-material reason, and cannot be modified to make it enforceable, the remaining provisions shall be construed as if the invalid or unenforceable provision had not been included. In any event, all other provisions of this Agreement shall be deemed valid and enforceable to the fullest extent possible.

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THE J. M. SMUCKER COMPANY

PERFORMANCE UNITS AGREEMENT

WHEREAS, _____ (the “Grantee”) is an employee of The J. M. Smucker Company, an Ohio corporation (the “Company”), or one of its Subsidiaries; and

WHEREAS, the execution of an agreement in the form hereof (this “Agreement”) has been authorized by a resolution of the Executive Compensation Committee (the “Committee”) of the Board, pursuant to The J. M. Smucker Company 2010 Equity and Incentive Compensation Plan (the “Plan”), as of _____ (the “Date of Grant”);

NOW, THEREFORE, the Company hereby grants to the Grantee the opportunity to earn up to _____ Performance Units at the Target Level (as set forth in Exhibit A) and up to a Maximum Level of 200% of the Target Level (as set forth in Exhibit A) (such total amount of Performance Units, the “Performance Units”), effective as of the Date of Grant, subject to the terms and conditions of the Plan and the following additional terms, conditions, limitations and restrictions.

ARTICLE I

DEFINITIONS

All terms used herein with initial capital letters and not otherwise defined herein that are defined in the Plan shall have the meanings assigned to them in the Plan.

“Disability” means the occurrence of either of the following: (i) the Grantee becoming unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment that can be expected to result in death or can be expected to last for a continuous period of not less than 12 months or (ii) the Grantee is, by reason of any medically determinable physical or mental impairment that can be expected to result in death or can be expected to last for a continuous period of not less than 12 months, receiving income replacement benefits for a period of not less than three months under the Company’s accident and health plan for employees of the Company.

ARTICLE II

CERTAIN TERMS OF THE PERFORMANCE UNITS

1. Grant of the Performance Units. The Performance Units (and Dividend Equivalents, as described further in Article II, Section 5 below) covered by this Agreement are granted to the Grantee effective on the Date of Grant and are subject to and granted upon the terms, conditions and restrictions set forth in this Agreement and in the Plan. The Performance Units and Dividend Equivalents shall become vested in accordance with Article II, Section 3 hereof. Each Performance Unit shall represent the right to receive one Common Share (or cash equal to the Market Value per Share) when the Performance

Unit vests and shall at all times be equal in value to one hypothetical Common Share (or the Market Value per Share if settled in cash). The Performance Units and Dividend Equivalents shall be credited to the Grantee in an account established for the Grantee until payment in accordance with Article II, Section 4 hereof.

2. Restrictions on Transfer of the Performance Units. Neither the Performance Units granted hereby (and any applicable Dividend Equivalents), nor any interest therein or in the Common Shares related thereto, shall be transferable prior to payment other than by will or pursuant to the laws of descent and distribution (or to a designated beneficiary in the event of the Grantee's death).
3. Vesting of the Performance Units and Dividend Equivalents.
 - (a) Subject to the terms of this Agreement and the Grantee's compliance with the provisions set forth in the Restrictive Covenant Agreement attached hereto as Exhibit B (the "Restrictive Covenant Agreement"), the Performance Units (and corresponding Dividend Equivalents) shall become vested on the Determination Date (as defined in Exhibit A attached hereto) so long as (i) the Grantee shall have remained in the continuous service of the Company or a Subsidiary ("Continuous Service") through the Determination Date and (ii) such Performance Units are "Vesting Eligible Units" in accordance with the terms set forth on Exhibit A. Any Performance Units (and corresponding Dividend Equivalents) not vested shall be forfeited, except as provided in Article II, Sections 3(b), 3(c), 3(d), and 3(e) below. The Performance Units (and corresponding Dividend Equivalents) may also be forfeited in the event the Committee determines the Grantee has engaged in Detrimental Activity as such term is defined in the Plan.
 - (b) Notwithstanding the provisions of Article II, Section 3(a), if the Grantee leaves the employ of the Company or a Subsidiary following the first anniversary of the beginning of the Performance Period (as defined in Exhibit A) under circumstances determined by the Committee to be for the convenience of the Company (a "Termination Event"), then the Grantee shall vest in such number of the Performance Units which become "Vesting Eligible Units" (based on actual performance) multiplied by a fraction, the numerator of which is (x) the number of months from the beginning of the Performance Period through the Termination Event (rounded up to the nearest whole month), and the denominator of which is (y) 36, in each case such vesting to occur on the Determination Date.
 - (c) Notwithstanding the provisions of Article II, Section 3(a), if the Grantee dies or Grantee's Continuous Service is terminated by the Company or a Subsidiary for Disability (each, a "Qualifying Event"), then the Grantee shall vest in such number of Performance Units determined by multiplying the Target Units (as set forth in Exhibit A) by a fraction, the numerator of which is (x) the number of months from the beginning of the Performance Period through the Qualifying Event (rounded up to the nearest whole month), and the denominator of which is

(y) 36, in each case such vesting to occur on the date of Grantee's death or termination for Disability, as applicable.

- (d) Notwithstanding the provisions of Article II, Section 3(a), if a Change in Control occurs, then the Grantee shall vest in all of the Performance Units at the Target Level with such vesting to occur upon the consummation of the Change in Control.
- (e) Notwithstanding the provisions of Article II, Section 3(a), if the Grantee's Continuous Service ends as a result of a retirement when the Grantee is age 60 or older with at least five years of service with the Company or its Subsidiaries (a "Retirement"), then the Grantee shall vest in the total number of the Performance Units which become "Vesting Eligible Units" (based on actual performance) if such Retirement occurs after the first anniversary of the beginning of the Performance Period, with such vesting to occur on the Determination Date.

4. Settlement of the Performance Units and Dividend Equivalents.

- (a) The Company shall issue to the Grantee the Common Shares underlying the vested Performance Units (and corresponding Dividend Equivalents) or, in the Committee's discretion, shall pay the Grantee cash equal to the Market Value per Share of each Common Share underlying the vested Performance Units (and corresponding Dividend Equivalents), as soon as practicable, but not later than 10 days, after the earliest to occur of (i) the Determination Date, (ii) the date of Grantee's death or termination for Disability, (iii) the occurrence of a Change in Control as set forth in Article II, Section 3(d), or (iv) March 5th of the year following the end of the Performance Period set forth in Exhibit A; provided that to the extent that the Grantee is subject to payment of U.S. tax at the time of such issuance, then to the extent required to avoid accelerated taxation and/or tax penalties under Section 409A of the Code, such issuance shall only be made if, to the extent applicable, the Change in Control qualifies as a "change in the ownership of the corporation," a "change in effective control of the corporation," or a "change in the ownership of a substantial portion of the assets of the corporation," in each case within the meaning of Section 409A of the Code.
- (b) Except to the extent permitted by the Company and the Plan, no Common Shares may be issued, and no cash may be paid with respect to the Performance Units (and any corresponding Dividend Equivalents), to the Grantee at a time earlier than otherwise expressly provided in this Agreement.
- (c) The Company's obligations to the Grantee with respect to the Performance Units (and any corresponding Dividend Equivalents) shall be satisfied in full upon the issuance of the Common Shares or the payment of cash equal to the Market Value per Share for each Common Share corresponding to such Performance Units; provided that any corresponding Dividend Equivalents shall be solely settled in cash.

5. Dividend, Voting and Other Rights.

- (a) The Grantee shall have no rights of ownership in the Performance Units, except for a right to Dividend Equivalents as provided in Article II, Section 5(b) below, and shall have no right to vote the Performance Units until any date on which the Performance Units are settled in Common Shares pursuant to Article II, Section 4 above.
- (b) The Performance Units granted hereunder are hereby granted in tandem with corresponding dividend equivalents with respect to each Common Share underlying the Performance Units granted hereunder (each, a “Dividend Equivalent”), which Dividend Equivalent shall remain outstanding from the Date of Grant until the earlier of the settlement or forfeiture of the Performance Unit to which it corresponds. No Dividend Equivalent shall be paid to the Grantee prior to the settlement of the Performance Units. Rather, such Dividend Equivalent payments shall accrue and be notionally credited to the Grantee’s Performance Unit account and paid out in cash when the underlying Performance Unit is settled in the form of additional Common Shares or cash, as described in Article II, Section 4 above.
- (c) The obligations of the Company under this Agreement shall be merely that of an unfunded and unsecured promise of the Company to deliver Common Shares or cash in the future, and the rights of the Grantee shall be no greater than that of an unsecured general creditor. No assets of the Company shall be held or set aside as security for the obligations of the Company under this Agreement.

ARTICLE III

GENERAL PROVISIONS

- 6. Compliance with Law. The Company shall make reasonable efforts to comply with all applicable federal, state, and foreign securities laws; provided, however, notwithstanding any other provision of this Agreement, the Company shall not be obligated to issue any Common Shares pursuant to this Agreement if the issuance thereof would result in a violation of any such law.
- 7. Compliance with Section 409A of the Code. The parties intend for this Agreement to either comply with, or be exempt from, Section 409A of the Code, to the extent applicable, and all provisions of this Agreement shall be interpreted and applied accordingly. Reference to Section 409A of the Code shall also include any proposed, temporary, or final regulations, or any other guidance, promulgated with respect to such Section by the U.S. Department of the Treasury or the Internal Revenue Service.
- 8. Withholding Taxes. To the extent that the Company or any Subsidiary is required to withhold federal, state, local, or foreign taxes in connection with the Performance Units,

any applicable Dividend Equivalents, the payment of cash, or the issuance of Common Shares pursuant to this Agreement, and the amounts available to the Company or such Subsidiary for such withholding are insufficient, it shall be a condition to the issuance of such Common Shares that the Grantee make arrangements satisfactory to the Company for payment of the balance of such taxes required to be withheld. The Grantee hereby elects to satisfy this withholding obligation by having withheld, from the Common Shares otherwise deliverable to the Grantee, Common Shares having a value equal to the minimum amount of taxes required to be withheld. The Common Shares so retained shall be credited against such withholding requirement at the Market Value per Share on the date of such retention. The Company may, at the request of the Grantee, withhold Common Shares for payment of taxes in excess of the minimum amount of taxes required to be withheld; provided, however, that in no event shall the Company withhold Common Shares for payment of taxes in excess of the maximum statutory individual tax rate in the jurisdiction(s) applicable to the Grantee.

9. Continuous Service. For purposes of this Agreement, the Continuous Service of the Grantee with the Company or a Subsidiary shall not be deemed to have been interrupted, and the Grantee shall not be deemed to have ceased to be an employee of the Company or Subsidiary, by reason of the (a) transfer of his or her employment among the Company and its Subsidiaries or (b) a leave of absence approved by a duly constituted officer of the Company or a Subsidiary.
10. Right to Terminate Employment. No provision of this Agreement shall limit in any way whatsoever any right that the Company or a Subsidiary may otherwise have to terminate the employment of the Grantee at any time. Nothing herein shall be deemed to create a contract or a right to employment with respect to the Grantee.
11. Relation to Other Benefits. Any economic or other benefit to the Grantee under this Agreement or the Plan shall not be taken into account in determining any benefits to which the Grantee may be entitled under any profit-sharing, retirement, or other benefit or compensation plan maintained by the Company or a Subsidiary and shall not affect the amount of any life insurance coverage available to any beneficiary under any life insurance plan covering employees of the Company or a Subsidiary.
12. Amendments. Any amendment to the Plan shall be deemed to be an amendment to this Agreement to the extent that the amendment is applicable hereto; provided, however, that no amendment shall impair the rights of the Grantee under this Agreement without the Grantee's consent; further provided, however, that the Grantee's consent shall not be required to an amendment that is deemed necessary by the Company to ensure compliance with (or exemption from) Section 409A of the Code or the Dodd-Frank Wall Street Reform and Consumer Protection Act or any regulations promulgated thereunder.
13. Severability. In the event that one or more of the provisions of this Agreement shall be invalidated for any reason by a court of competent jurisdiction, any provision so invalidated shall be deemed to be separable from the other provisions hereof, and the remaining provisions hereof shall continue to be valid and fully enforceable.

14. Relation to Plan. This Agreement is subject to the terms and conditions of the Plan. In the event of any inconsistency between the provisions of this Agreement and the Plan, the Plan shall govern. The Committee acting pursuant to the Plan, as constituted from time to time, shall, except as expressly provided otherwise herein, have the right to determine any questions which arise in connection with the grant of the Performance Units (and any corresponding Dividend Equivalents).
15. Nature of Grant. The Grantee agrees that: (a) the Plan is established voluntarily by the Company, it is discretionary in nature, and it may be modified, amended, suspended, or terminated by the Company at any time; (b) the grant of the Performance Units is voluntary and occasional and does not create any contractual or other right to receive future grants of performance units, or benefits in substitution of performance units, even if performance units have been granted repeatedly in the past; (c) all decisions with respect to future performance unit grants shall be at the sole discretion of the Company; (d) participation in the Plan is voluntary; (e) the Performance Units are not a part of normal or expected pay package for any purposes; (f) if the Grantee is a Covered Employee within the meaning of the Company's Clawback of Incentive Compensation Policy (the "Policy"), he or she acknowledges and accepts the terms and conditions of the Policy as in effect on the Date of Grant; and (g) in consideration of the grant of the Performance Units, no claim or entitlement to compensation or damages shall be created by any forfeiture or other termination of the Performance Units or diminution in value of the Performance Units, and the Grantee releases the Company and its Subsidiaries from any such claim that may arise. If any such claim is found by a court of competent jurisdiction to have been created, then, by signing this Agreement, the Grantee shall be deemed irrevocably to have waived the Grantee's entitlement to pursue such claim. References to the Performance Units in this Article II, Section 15 also refer, as applicable, to any corresponding Dividend Equivalents.
16. Restrictive Covenants. By executing this Agreement, the Grantee hereby agrees to the terms and conditions set forth in the Restrictive Covenant Agreement.
17. Electronic Delivery. The Company may, in its sole discretion, deliver any documents related to the Performance Units (and any corresponding Dividend Equivalents) and the Grantee's participation in the Plan, or future awards that may be granted under the Plan, by electronic means or request the Grantee's consent to participate in the Plan by electronic means. The Grantee consents to receive such documents by electronic delivery and, if requested, agrees to participate in the Plan through an on-line or electronic system established and maintained by the Company or another third party designated by the Company.
18. Governing Law. This Agreement is made under, and shall be governed by and construed in accordance with the internal substantive laws of, the State of Ohio, without giving effect to the choice of law principles thereof.

19. Transfer Restrictions. The Performance Units shall be subject to the provisions of Section 16 of the Plan relating to the prohibition on the assignment or transfer of the rights granted hereunder.
20. Professional Advice. The acceptance of the Performance Units may have consequences under federal and state tax and securities laws that may vary depending upon the individual circumstances of the Grantee. Accordingly, the Grantee acknowledges that the Grantee has been advised to consult his or her personal legal and tax advisors in connection with this Agreement and the Performance Units.
21. Notices. Any notice hereunder by the Grantee shall be given to the Company in writing and such notice shall be deemed duly given only upon receipt thereof by the Corporate Secretary of the Company at the Company's principal executive offices. Any notice hereunder by the Company shall be given to the Grantee in writing at the most recent address as the Grantee may have on file with the Company.
22. Data Privacy. The Grantee explicitly and unambiguously consents to the collection, use, and transfer, in electronic or other form, of the Grantee's personal data as described in this Agreement by and among the Company and its Subsidiaries for the exclusive purpose of implementing, administering, and managing the Grantee's participation in the Plan. The Grantee understands that the Company and its Subsidiaries hold (but only process or transfer to the extent required or permitted by local law) the following personal information about the Grantee: the Grantee's name, home address and telephone number, date of birth, social insurance number or other identification number, salary, nationality, job title, any Common Shares or directorships held in the Company, details of all options or any other entitlement to Common Shares awarded, canceled, exercised, vested, unvested, or outstanding in the Grantee's favor, for the purpose of implementing, administering, and managing the Plan ("Data"). The Grantee understands that Data may be transferred to third parties assisting in the implementation, administration, and management of the Plan, including [**List administrator(s)**], that these recipients may be located in the Grantee's country or elsewhere, and that the recipient's country may have different data privacy laws and protections than those that apply in the Grantee's country. The Grantee understands that the Grantee may request a list with the names and addresses of any potential recipients of the Data by contacting the Grantee's local human resources representative. The Grantee authorizes these recipients to receive, possess, use, retain, and transfer the Data, in electronic or other form, for the purposes of implementing, administering, and managing the Grantee's participation in the Plan, including any requisite transfer of such Data as may be required to a broker or other third party with whom the Grantee may elect to deposit any shares acquired upon the vesting of the Performance Units (and any corresponding Dividend Equivalents). The Grantee understands that Data shall be held only as long as is necessary to implement, administer, and manage the Grantee's participation in the Plan and in accordance with local law. The Grantee understands that the Grantee may, at any time, view Data, request additional information about the storage and processing of Data, require any necessary amendments to Data, or refuse or withdraw the consents herein, in any case without cost, by contacting in writing the Grantee's local human resources representative. The Grantee understands,

however, that refusing or withdrawing the Grantee's consent may affect the Grantee's ability to participate in the Plan. For more information on the consequences of the Grantee's refusal to consent or withdrawal of consent, the Grantee hereby understands that the Grantee may contact the Grantee's local human resources representative.

23. Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed to be an original but all of which together shall constitute one and the same instrument.
24. Binding Effect. This Agreement shall inure to the benefit of and be binding upon the parties hereto and their respective heirs, executors, administrators, successors, and assigns.
25. Entire Agreement. This Agreement, the Plan, and the Restrictive Covenant Agreement constitute the entire agreement between the parties hereto with respect to the subject matter hereof and thereof, merging any and all prior agreements.

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This Agreement is executed by the Company as of the _____ day of _____.

THE J. M. SMUCKER COMPANY

By: _____ Name:
Title:

The undersigned hereby acknowledges receipt of an executed original of this Agreement, together with a copy of the prospectus for the Plan, dated _____, summarizing key provisions of the Plan, and accepts the award of the Performance Units granted hereunder on the terms and conditions set forth herein and in the Plan.

Date: _____ _ Grantee:

EXHIBIT A

Management Objectives

Performance Period	Performance Units	Earnings Per Share (“EPS”)	Return on Invested Capital (“ROIC”)
5/1/20__ - 4/30/20__	<u>Threshold Level:</u> 50% of Target Level <u>Target Level:</u> _____ (“Target Units”) <u>Maximum Level:</u> 200% of Target Level	<u>Threshold Level:</u> <u>Target Level:</u> <u>Maximum Level:</u>	<u>Threshold Level:</u> <u>Target Level:</u> <u>Maximum Level:</u>

The Performance Units eligible to vest shall be determined 75% based upon the Company’s EPS and 25% based upon the Company’s ROIC. The total number of Performance Units eligible to vest in respect of the Performance Period shall be equal to the sum of (i) the number of EPS Qualified Shares plus (ii) the number of ROIC Qualified Shares (such number, the “Vesting Eligible Units”). The Committee shall calculate the total number of Vesting Eligible Units no later than March 5th of the year following the end of the Performance Period (the date on which the Committee makes the actual determination, the “Determination Date”). In the event of a Change in Control, the Committee shall equitably adjust the EPS and ROIC metrics and shall calculate the performance through the date of the Change in Control. Notwithstanding the foregoing, if the EPS is below the Threshold Level set forth above for the Performance Period, then the number of Vesting Eligible Units shall be zero. In no event shall the number of Vesting Eligible Units exceed 200% of the Target Units.

“EPS Qualified Shares” means the product of (i) 75% multiplied by (ii) the Target Units multiplied by (iii):

(A) If the EPS is at the Threshold Level, then 50%.

(B) If the EPS is above the Threshold Level, then the percentage of the award is determined by mathematical interpolation: (i) for each increase of 1% from 90% of the Target Level to and including 95% of the Target Level, the percentage of the award increases by 7.5%; (ii) for each increase of 1% from 95% of the Target Level to and including 105% of the Target Level, the percentage of the award increases by 2.5%; (iii) for each increase of 1% from 105% of the Target Level to and including 110% of the Target Level, the percentage of the award increases by 5%; and (iv) for each increase of 1% above 110% of the Target Level but below the Maximum Level, the percentage of the award increases by 12.5%.

(C) If the EPS is at or above the Maximum Level, then 200%.

The determination of the EPS achievement shall be made by the Committee at the conclusion of the Performance Period and no later than the Determination Date, and shall be the non-GAAP

adjusted earnings per share which are reported in the Company's Annual Report for the fiscal year in which the Performance Period ends.

“ROIC Qualified Shares” means the product of (i) 25% multiplied by (ii) the Target Units multiplied by (iii):

(A) If the ROIC is at the Threshold Level, then 50%.

(B) If the ROIC is above the Threshold Level, then the percentage of the award is determined by mathematical interpolation: (i) for each increase of 1% from 90% of the Target Level to and including 95% of the Target Level, the percentage of the award increases by 7.5%; (ii) for each increase of 1% from 95% of the Target Level to and including 105% of the Target Level, the percentage of the award increases by 2.5%; (iii) for each increase of 1% from 105% of the Target Level to and including 110% of the Target Level, the percentage of the award increases by 5%; and (iv) for each increase of 1% above 110% of the Target Level but below the Maximum Level, the percentage of the award increases by 12.5%.

(C) If the ROIC is at or above the Maximum Level, then 200%.

The determination of the ROIC achievement shall be made by the Committee at the conclusion of the Performance Period and no later than the Determination Date.

Exhibit B

Restrictive Covenant Agreement

As a condition to the Grantee's receipt of the Performance Units (and any corresponding Dividend Equivalents) awarded to the Grantee under the terms of the Performance Units Agreement between the Grantee and The J. M. Smucker Company, an Ohio corporation (the "Company"), dated as of _____ (the "Award Agreement"), the Grantee agrees to be subject to the terms and conditions of this Restrictive Covenant Agreement (this "Agreement").

1. Definitions.

All terms used herein with initial capital letters and not otherwise defined herein shall have the meanings assigned to them in the Award Agreement (including any definitions incorporated by reference to the Plan).

"Affiliated Company" means any organization controlling, controlled by, or under common control with the Company.

"Confidential Information" means the Company's technical or business or personnel information not readily available to the public or generally known in the trade, including inventions, developments, trade secrets and other confidential information, knowledge, data and know-how of the Company or any Affiliated Company, whether or not they originated with the Grantee, or information which the Company or any Affiliated Company received from third parties under an obligation of confidentiality.

"Conflicting Product" means any product, process, machine, or service of any person or organization, other than the Company or any Affiliated Company, in existence or under development (i) that resembles or competes with a product, process, machine, or service upon or with which the Grantee shall have worked during the two years prior to the Grantee's termination of service with the Company or any Affiliated Company or (ii) with respect to which during that period of time the Grantee, as a result of his or her job performance and duties, shall have acquired knowledge of Confidential Information, and whose use or marketability could be enhanced by application to it of Confidential Information. For purposes of this section, it shall be conclusively presumed that the Grantee has knowledge of information to which he or she has been directly exposed through actual receipt or review of memoranda or documents containing such information or through actual attendance at meetings at which such information was discussed or disclosed.

"Conflicting Organization" means any person or organization that is engaged in or about to become engaged in research on or development, production, marketing, or selling of a Conflicting Product.

"Restricted Period" means the period beginning on the first date of the Performance Period and ending one year after the date the Performance Units are settled.

2. Right to Retain Common Shares Contingent on Protection of Confidential Information.

The Grantee agrees that at all times, both during and after the term of the Grantee's service with the Company or any Affiliated Company, to hold in the strictest confidence, and not to use (except for the benefit of the Company at the Company's direction) or disclose (except for the benefit of the Company at the Company's direction), regardless of when disclosed to the Grantee, any and all Confidential Information of the Company or any Affiliated Company. The Grantee understands that for purposes of this Section 2, Confidential Information further includes, but is not limited to, information pertaining to any aspect of the business of the Company or any Affiliated Company which is either information not known (or known as a result of a wrongful act of the Grantee or of others who were under confidentiality obligations as to the item or items involved) by actual or potential competitors of the Company or other third parties not under confidentiality obligations to the Company. If, during the Restricted Period, the Grantee discloses or uses, or threatens to disclose or use, any Confidential Information other than in the course of performing authorized services for the Company (or any Affiliated Company), the Performance Units (and any corresponding Dividend Equivalents), whether vested or not, shall be immediately forfeited and cancelled, and the Grantee shall immediately return to the Company the Common Shares received in connection with the settlement of the Performance Units (and any corresponding Dividend Equivalents) or the pre-tax income derived from any disposition of the Common Shares or the pre-tax cash amount received in connection with the settlement of the Performance Units (and any corresponding Dividend Equivalents).

3. No Interference with Customers or Suppliers.

In order to forestall the disclosure or use of Confidential Information as well as to deter the Grantee's intentional interference with the contractual relations of the Company or any Affiliated Company, the Grantee's intentional interference with prospective economic advantage of the Company or any Affiliated Company and to promote fair competition, the Grantee agrees that the Grantee's right to the Common Shares or cash upon settlement of the Performance Units (and any corresponding Dividend Equivalents) is contingent upon the Grantee refraining, during the Restricted Period, for himself or herself or any third party, directly or indirectly, from using Confidential Information to (i) divert or attempt to divert from the Company (or any Affiliated Company) any business of any kind in which it is engaged, or (ii) intentionally solicit its customers with which it has a contractual relationship as to Conflicting Products, or to interfere with the contractual relationship with any of its suppliers or customers (collectively, "Interfere"). If, during the Restricted Period, the Grantee breaches his or her obligation not to Interfere, the Grantee's right to the Common Shares or cash upon settlement of the Performance Units (and any corresponding Dividend Equivalents) shall not have been earned and the Performance Units (and any corresponding Dividend Equivalents), whether vested or not, shall be immediately forfeited and cancelled, and the Grantee shall immediately return to the Company the Common Shares or the pre-tax income derived from any disposition of the Common Shares or the pre-tax cash amount received in connection with the settlement of the Performance Units (and any corresponding Dividend Equivalents). For avoidance of doubt, the term "Interfere" shall not

include any advertisement of Conflicting Products through the use of media intended to reach a broad public audience (such as television, cable, or radio broadcasts, or newspapers or magazines) or the broad distribution of coupons through the use of direct mail or through independent retail outlets. THE GRANTEE UNDERSTANDS THAT THIS SECTION 3 IS NOT INTENDED TO AND DOES NOT PROHIBIT THE CONDUCT DESCRIBED BUT PROVIDES FOR THE CANCELLATION OF THE PERFORMANCE UNITS (AND ANY CORRESPONDING DIVIDEND EQUIVALENTS) AND A RETURN TO THE COMPANY OF THE COMMON SHARES OR THE GROSS TAXABLE PROCEEDS OF ANY DISPOSITION OF THE COMMON SHARES OR THE GROSS CASH PROCEEDS RECEIVED IN CONNECTION WITH THE SETTLEMENT OF THE PERFORMANCE UNITS (AND ANY CORRESPONDING DIVIDEND EQUIVALENTS) IF THE GRANTEE SHOULD CHOOSE TO VIOLATE THIS “NO INTERFERENCE WITH CUSTOMERS OR SUPPLIERS” PROVISION DURING THE RESTRICTED PERIOD.

4. No Solicitation of Employees.

In order to forestall the disclosure or use of Confidential Information, as well as to deter the Grantee’s intentional interference with the contractual relations of the Company or any Affiliated Company, the Grantee’s intentional interference with prospective economic advantage of the Company or any Affiliated Company, and to promote fair competition, the Grantee agrees that the Grantee’s right to the Common Shares or cash upon settlement of the Performance Units (and any corresponding Dividend Equivalents) is contingent upon the Grantee refraining, during the Restricted Period, for himself or herself or any third party, directly or indirectly, from soliciting for employment any person employed by the Company, or by any Affiliated Company, during the period of the solicited person’s employment and for a period of one year after the termination of the solicited person’s employment with the Company or any Affiliated Company (collectively “Solicit”). If, during the Restricted Period, the Grantee breaches his or her obligation not to Solicit, the Grantee’s right to the Common Shares upon settlement of the Performance Units (and any corresponding Dividend Equivalents) shall not have been earned and the Performance Units (and any corresponding Dividend Equivalents), whether vested or not, shall be immediately forfeited and cancelled, and the Grantee shall immediately return to the Company the Common Shares or the pre-tax income derived from any disposition of the Common Shares or the pre-tax cash amount received in connection with the settlement of the Performance Units (and any corresponding Dividend Equivalents). THE GRANTEE UNDERSTANDS THAT THIS SECTION 4 IS NOT INTENDED TO AND DOES NOT PROHIBIT THE CONDUCT DESCRIBED BUT PROVIDES FOR THE CANCELLATION OF THE PERFORMANCE UNITS (AND ANY CORRESPONDING DIVIDEND EQUIVALENTS) AND A RETURN TO THE COMPANY OF THE COMMON SHARES OR THE GROSS TAXABLE PROCEEDS OF ANY DISPOSITION OF THE COMMON SHARES OR THE GROSS CASH PROCEEDS RECEIVED IN CONNECTION WITH THE SETTLEMENT OF THE PERFORMANCE UNITS (AND ANY CORRESPONDING DIVIDEND EQUIVALENTS) IF THE GRANTEE SHOULD CHOOSE TO VIOLATE THIS “NO SOLICITATION OF EMPLOYEES” PROVISION DURING THE RESTRICTED PERIOD.

5. Right to Retain Common Shares Contingent on Continuing Non-Conflicting Employment.

In order to forestall the disclosure or use of Confidential Information, as well as to deter the Grantee's intentional interference with the contractual relations of the Company or any Affiliated Company, the Grantee's intentional interference with prospective economic advantage of the Company or any Affiliated Company, and to promote fair competition, the Grantee agrees that the Grantee's right to the Common Shares or cash upon settlement of the Performance Units (and any corresponding Dividend Equivalents) is contingent upon the Grantee refraining, during the Restricted Period, from rendering services, directly or indirectly, as director, officer, employee, agent, consultant, or otherwise, to any Conflicting Organization, except a Conflicting Organization whose business is diversified and that, as to that part of its business to which the Grantee renders services, is not a Conflicting Organization, provided that the Company shall receive separate written assurances satisfactory to the Company from the Grantee and the Conflicting Organization that the Grantee shall not render services during such period with respect to a Conflicting Product. If, during the Restricted Period, the Grantee shall render services to any Conflicting Organization other than as expressly permitted herein, the Grantee's right to the Common Shares upon settlement of the Performance Units (and any corresponding Dividend Equivalents) shall not have been earned and the Performance Units (and any corresponding Dividend Equivalents), whether vested or not, shall be immediately forfeited and cancelled, and the Grantee shall immediately return to the Company the Common Shares or the pre-tax income derived from any disposition of the Common Shares or the pre-tax cash amount received in connection with the settlement of the Performance Units (and any corresponding Dividend Equivalents). THE GRANTEE UNDERSTANDS THAT THIS SECTION 5 IS NOT INTENDED TO AND DOES NOT PROHIBIT THE GRANTEE FROM RENDERING SERVICES TO A CONFLICTING ORGANIZATION BUT PROVIDES FOR THE CANCELLATION OF THE PERFORMANCE UNITS (AND ANY CORRESPONDING DIVIDEND EQUIVALENTS) AND A RETURN TO THE COMPANY OF THE COMMON SHARES OR THE GROSS TAXABLE PROCEEDS OF ANY DISPOSITION OF THE COMMON SHARES OR THE GROSS CASH PROCEEDS RECEIVED IN CONNECTION WITH THE SETTLEMENT OF THE PERFORMANCE UNITS (AND ANY CORRESPONDING DIVIDEND EQUIVALENTS) IF THE GRANTEE SHOULD CHOOSE TO RENDER SUCH SERVICES DURING THE RESTRICTED PERIOD.

6. Injunctive and Other Available Relief.

To the extent not prohibited by law, any cancellation of the Performance Units (and any corresponding Dividend Equivalents) pursuant to any of Sections 2 through 5 above shall not restrict, abridge, or otherwise limit in any fashion the types and scope of injunctive and other available relief to the Company. Notwithstanding any provision of this Agreement to the contrary, nothing under this Agreement shall limit, abridge, modify, or otherwise restrict the Company (or any Affiliated Company) from pursuing any or all legal, equitable, or other appropriate remedies to which the Company may be entitled under any other agreement with the Grantee, any other plan, program, policy, or arrangement of the Company (or any Affiliated

Company) under which the Grantee is covered or participates, or any applicable law, all to the fullest extent not prohibited under applicable law.

7. Permitted Reporting and Disclosure.

Notwithstanding any language in this Agreement to the contrary, nothing in this Agreement prohibits the Grantee from reporting possible violations of federal law or regulation to any governmental agency or governmental entity, or making other disclosures that are protected under federal law or regulation; provided, that, in each case such communications and disclosures are consistent with applicable law. Notwithstanding the foregoing, under no circumstance is the Grantee authorized to disclose any information covered by the Company's attorney-client privilege or attorney work product or the Company's trade secrets without prior written consent of the Company's General Counsel. Any reporting or disclosure permitted under this Section 7 shall not result in the cancellation of the Performance Units (and any corresponding Dividend Equivalents). The Grantee is entitled to certain immunities from liability under state and federal law for disclosing trade secrets if the disclosure was made to report or investigate an alleged violation of law, subject to certain conditions.

8. Severability.

If any provisions of this Agreement is determined to be invalid or unenforceable for any reason, that provision shall be modified rather than voided, if possible, in order to achieve the intent of the parties to the extent possible. If any provision in this Agreement is held to be invalid or unenforceable for any non-material reason, and cannot be modified to make it enforceable, the remaining provisions shall be construed as if the invalid or unenforceable provision had not been included. In any event, all other provisions of this Agreement shall be deemed valid and enforceable to the fullest extent possible.

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THE J. M. SMUCKER COMPANY

NONSTATUTORY STOCK OPTION AGREEMENT

This NONSTATUTORY STOCK OPTION AGREEMENT (this "Agreement"), dated _____, 20__ (the "Date of Grant"), is between The J. M. Smucker Company, an Ohio corporation (the "Company"), and _____ (the "Optionee"). The award hereunder is granted pursuant to the terms of the Company's 2010 Equity and Incentive Compensation Plan (the "Plan"). Capitalized terms used herein but not defined shall have the respective meanings set forth in the Plan.

1. Option. Grant of Option. The Company hereby grants to the Optionee, as of the Date of Grant, the right and option (this "Option") to purchase _____ Common Shares, at a price per Common Share of \$_____ (the "Exercise Price").¹ This Option is not intended to qualify as an Incentive Stock Option for purposes of Section 422 of the Code.

(a) Vesting. Subject to the terms of this Agreement and the Optionee's compliance with the provisions set forth in the Restrictive Covenant Agreement attached hereto as Exhibit A (the "Restrictive Covenant Agreement"), this Option shall vest and become exercisable in three installments, one-third of this Option shall vest on each of the first anniversary and second anniversary of the Date of Grant (or, if such date is not a business day, then on the next succeeding business day) and the remainder shall vest on the third anniversary of the Date of Grant (or, if such date is not a business day, then on the next succeeding business day), subject to the Optionee's continuous service with the Company or a Subsidiary ("Continuous Service") on each of these dates.

(b) Termination of Continuous Service. If the Optionee's Continuous Service terminates for any reason, this Option, to the extent not then vested, shall immediately terminate without consideration. Notwithstanding the foregoing, if (i) the Optionee leaves the service of the Company or a Subsidiary following two years after the Date of Grant under circumstances determined by the Committee to be for the convenience of the Company, (ii) the Optionee's Continuous Service is terminated as a result of the Optionee's retirement when the Optionee is age 60 or older with at least five years of service with the Company or its Subsidiaries and following the first anniversary of the Date of Grant, (iii) the Optionee's Continuous Service is terminated by the Company or a Subsidiary for Disability, (iv) the Optionee dies, or (v) a Change in Control occurs, then the Optionee shall be deemed to have vested in all of the Common Shares subject to this Option. For purposes of this Agreement, "Disability" means the occurrence of either of the following: (i) the Optionee becoming unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment that can be expected to result in death or can be expected to last for a continuous period of not less than 12 months or (ii) the Optionee is, by reason of any medically determinable physical or mental impairment that can be expected to result in death or can be

¹ NTD: Insert Market Value per Share on the Date of Grant

expected to last for a continuous period of not less than 12 months, receiving income replacement benefits for a period of not less than three months under the Company's accident and health plan for employees of the Company.

2. Term. This Option shall terminate on _____² (the "Option Expiration Date"); provided that if:

(a) the Optionee's Continuous Service is terminated by the Company for any reason other than a Termination for Cause, death, or Disability, then the Optionee may exercise the vested portion of this Option in full until the 90th day following such termination (at which time this Option shall be cancelled), but not later than the Option Expiration Date;

(b) the Optionee's Continuous Service is voluntarily terminated by the Optionee (except as provided in Section 2(d) below), then the Optionee may exercise the vested portion of this Option in full until the 30th day following such termination (at which time this Option shall be cancelled), but not later than the Option Expiration Date;

(c) the Optionee's Continuous Service is terminated by the Company due to the Optionee's death or Disability, then the Optionee (or his or her beneficiary, in the case of death) may exercise the vested portion of this Option in full until one year following such termination (at which time this Option shall be cancelled), but not later than the Option Expiration Date;

(d) the Optionee's Continuous Service is terminated by the Company as a result of a Termination for Cause (or by the Optionee at a time when the Company could terminate the Optionee under a Termination for Cause), then this Option shall be cancelled upon the date of such termination; and

(e) the Optionee's Continuous Service is terminated as a result of the Optionee's retirement when the Optionee is age 60 or older with at least five years of Service with the Company or its Subsidiaries, then the Optionee may exercise the vested portion of this Option in full until the earlier of (x) the fifth year following such retirement and (y) the Option Expiration Date. For purposes of this Agreement, whether the Optionee's Continuous Service with the Company has been terminated as a result of the Optionee's retirement shall be determined by the Board in its sole discretion.

3. Exercise. Subject to Sections 1 and 2 of this Agreement and the terms of the Plan, this Option may be exercised, in whole or in part, in cash or in any other form of legal consideration that may be acceptable to the Board in accordance with the terms of the Plan. On the tenth anniversary of the Date of Grant (or, if such date is not a business day, then on the preceding business day), all unexercised Options shall be deemed to exercise on a so-called "net exercise basis" (for purposes of both the Exercise Price and any applicable tax withholding), provided that the Exercise Price is lower than the Market Value per Share on such date.

² NTD: Insert 10 years from the Date of Grant

4. Adjustments. This Option shall be subject to the adjustment provisions of Section 12 of the Plan.

5. Compliance with Law. The Company shall make reasonable efforts to comply with all applicable federal, state, and foreign securities laws; provided, however, notwithstanding any other provision of this Agreement, the Company shall not be obligated to issue any Common Shares pursuant to this Agreement if the issuance thereof would result in a violation of any such law.

6. Tax Withholding. To the extent that the Company or any Subsidiary is required to withhold federal, state, local, or foreign taxes in connection with any delivery of the Common Shares purchased upon exercise of this Option, such Common Shares shall be reduced by the amount equal to the applicable federal, state, local, and foreign income taxes and other amounts required to be withheld (the "Withholding Taxes") in connection with such exercise. Subject to the limitations of applicable law, the Company shall have the power and the right to deduct or withhold, or require the Optionee to remit to the Company, the minimum amount necessary to satisfy the Withholding Taxes with respect to any taxable event arising as a result of this Agreement. The Optionee is advised to consult with the Optionee's own tax advisors regarding the exercise of this Option and holding of the Common Shares.

7. Continuous Service. For purposes of this Agreement, the Continuous Service of the Optionee with the Company or a Subsidiary shall not be deemed to have been interrupted, and the Optionee shall not be deemed to have ceased to be an employee of the Company or Subsidiary, by reason of the (a) transfer of his or her employment among the Company and its Subsidiaries or (b) a leave of absence approved by a duly constituted officer of the Company or a Subsidiary.

8. Right to Terminate Employment. No provision of this Agreement shall limit in any way whatsoever any right that the Company or a Subsidiary may otherwise have to terminate the employment of the Optionee at any time. Nothing herein shall be deemed to create a contract or a right to employment with respect to the Optionee.

9. Relation to Other Benefits. Any economic or other benefit to the Optionee under this Agreement or the Plan shall not be taken into account in determining any benefits to which the Optionee may be entitled under any profit-sharing, retirement, or other benefit or compensation plan maintained by the Company or a Subsidiary and shall not affect the amount of any life insurance coverage available to any beneficiary under any life insurance plan covering employees of the Company or a Subsidiary.

10. Amendments. Any amendment to the Plan shall be deemed to be an amendment to this Agreement to the extent that the amendment is applicable hereto; provided, however, that no amendment shall impair the rights of the Optionee under this Agreement without the Optionee's consent; further provided, however, that the Optionee's consent shall not be required to an amendment that is deemed necessary by the Company to ensure compliance with (or exemption from) Section 409A of the Code or the Dodd-Frank Wall Street Reform and Consumer Protection Act or any regulations promulgated thereunder.

11. Severability. In the event that one or more of the provisions of this Agreement shall be invalidated for any reason by a court of competent jurisdiction, any provision so invalidated shall be deemed to be separable from the other provisions hereof, and the remaining provisions hereof shall continue to be valid and fully enforceable.

12. Relation to Plan. This Agreement is subject to the terms and conditions of the Plan. In the event of any inconsistency between the provisions of this Agreement and the Plan, the Plan shall govern. The Committee acting pursuant to the Plan, as constituted from time to time, shall, except as expressly provided otherwise herein, have the right to determine any questions which arise in connection with the grant of this Option.

13. Nature of Option. The Optionee agrees that: (a) the Plan is established voluntarily by the Company, it is discretionary in nature, and it may be modified, amended, suspended, or terminated by the Company at any time; (b) the grant of this Option is voluntary and occasional and does not create any contractual or other right to receive future grants of options, or benefits in substitution of options, even if options have been granted repeatedly in the past; (c) all decisions with respect to future option grants shall be at the sole discretion of the Company; (d) participation in the Plan is voluntary; (e) this Option is not a part of normal or expected pay package for any purposes; (f) if the Optionee is a Covered Employee within the meaning of the Company's Clawback of Incentive Compensation Policy (the "Policy"), he or she acknowledges and accepts the terms and conditions of the Policy as in effect on the Date of Grant; and (g) in consideration of the grant of this Option, no claim or entitlement to compensation or damages shall be created by any forfeiture or other termination of this Option or diminution in value of this Option, and the Optionee releases the Company and its Subsidiaries from any such claim that may arise. If any such claim is found by a court of competent jurisdiction to have been created, then, by signing this Agreement, the Optionee shall be deemed irrevocably to have waived the Optionee's entitlement to pursue such claim.

14. Restrictive Covenants. By executing this Agreement, the Optionee hereby agrees to the terms and conditions set forth in the Restrictive Covenant Agreement.

15. Electronic Delivery. The Company may, in its sole discretion, deliver any documents related to this Option and the Optionee's participation in the Plan, or future awards that may be granted under the Plan, by electronic means or request the Optionee's consent to participate in the Plan by electronic means. The Optionee consents to receive such documents by electronic delivery and, if requested, agrees to participate in the Plan through an on-line or electronic system established and maintained by the Company or another third party designated by the Company.

16. Governing Law. This Agreement is made under, and shall be governed by and construed in accordance with the internal substantive laws of, the State of Ohio, without giving effect to the choice of law principles thereof.

17. Transfer Restrictions. This Option shall be subject to the provisions of Section 16 of the Plan relating to the prohibition on the assignment or transfer of the rights granted hereunder.

18. Professional Advice. The acceptance and exercise of this Option may have consequences under federal and state tax and securities laws that may vary depending upon the individual circumstances of the Optionee. Accordingly, the Optionee acknowledges that the Optionee has been advised to consult his or her personal legal and tax advisors in connection with this Agreement and this Option.

19. Notices. Any notice hereunder by the Optionee shall be given to the Company in writing and such notice shall be deemed duly given only upon receipt thereof by the Corporate Secretary of the Company at the Company's principal executive offices. Any notice hereunder by the Company shall be given to the Optionee in writing at the most recent address as the Optionee may have on file with the Company.

20. Data Privacy. The Optionee explicitly and unambiguously consents to the collection, use, and transfer, in electronic or other form, of the Optionee's personal data as described in this Agreement by and among the Company and its Subsidiaries for the exclusive purpose of implementing, administering, and managing the Optionee's participation in the Plan. The Optionee understands that the Company and its Subsidiaries hold (but only process or transfer to the extent required or permitted by local law) the following personal information about the Optionee: the Optionee's name, home address and telephone number, date of birth, social insurance number or other identification number, salary, nationality, job title, any Common Shares or directorships held in the Company, details of all options or any other entitlement to Common Shares awarded, canceled, exercised, vested, unvested, or outstanding in the Optionee's favor, for the purpose of implementing, administering, and managing the Plan ("Data"). The Optionee understands that Data may be transferred to third parties assisting in the implementation, administration, and management of the Plan, including [**List administrator(s)**], that these recipients may be located in the Optionee's country or elsewhere, and that the recipient's country may have different data privacy laws and protections than those that apply in the Optionee's country. The Optionee understands that the Optionee may request a list with the names and addresses of any potential recipients of the Data by contacting the Optionee's local human resources representative. The Optionee authorizes these recipients to receive, possess, use, retain, and transfer the Data, in electronic or other form, for the purposes of implementing, administering, and managing the Optionee's participation in the Plan, including any requisite transfer of such Data as may be required to a broker or other third party with whom the Optionee may elect to deposit any shares acquired upon the exercise of this Option. The Optionee understands that Data shall be held only as long as is necessary to implement, administer, and manage the Optionee's participation in the Plan and in accordance with local law. The Optionee understands that the Optionee may, at any time, view Data, request additional information about the storage and processing of Data, require any necessary amendments to Data, or refuse or withdraw the consents herein, in any case without cost, by contacting in writing the Optionee's local human resources representative. The Optionee understands, however, that refusing or withdrawing the Optionee's consent may affect the Optionee's ability to participate in the Plan. For more information on the consequences of the Optionee's refusal to consent or withdrawal of consent, the Optionee hereby understands that the Optionee may contact the Optionee's local human resources representative.

21. Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed to be an original but all of which together shall constitute one and the same instrument.

22. Binding Effect. This Agreement shall inure to the benefit of and be binding upon the parties hereto and their respective heirs, executors, administrators, successors, and assigns.

23. Entire Agreement. This Agreement, the Plan, and the Restrictive Covenant Agreement constitute the entire agreement between the parties hereto with respect to the subject matter hereof and thereof, merging any and all prior agreements.

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This Agreement is executed by the Company as of the _____ day of _____.

THE J. M. SMUCKER COMPANY

By: _____

Name:

Title:

The undersigned hereby acknowledges receipt of an executed original of this Agreement, together with a copy of the prospectus for the Plan, dated _____, summarizing key provisions of the Plan, and accepts the award of this Option granted hereunder on the terms and conditions set forth herein and in the Plan.

Date: _____ . Optionee:

Exhibit A

Restrictive Covenant Agreement

As a condition to the Optionee's receipt of this Option awarded to Optionee under the terms of the Nonstatutory Stock Option Agreement between the Optionee and The J. M. Smucker Company, an Ohio corporation (the "Company"), dated as of _____ (the "Award Agreement"), the Optionee agrees to be subject to the terms and conditions of this Restrictive Covenant Agreement (this "Agreement").

1. Definitions.

All terms used herein with initial capital letters and not otherwise defined herein shall have the meanings assigned to them in the Award Agreement (including any definitions incorporated by reference to the Plan).

"Affiliated Company" means any organization controlling, controlled by, or under common control with the Company.

"Confidential Information" means the Company's technical or business or personnel information not readily available to the public or generally known in the trade, including inventions, developments, trade secrets and other confidential information, knowledge, data and know-how of the Company or any Affiliated Company, whether or not they originated with the Optionee, or information which the Company or any Affiliated Company received from third parties under an obligation of confidentiality.

"Conflicting Product" means any product, process, machine, or service of any person or organization, other than the Company or any Affiliated Company, in existence or under development (i) that resembles or competes with a product, process, machine, or service upon or with which the Optionee shall have worked during the two years prior to the Optionee's termination of service with the Company or any Affiliated Company or (ii) with respect to which during that period of time the Optionee, as a result of his or her job performance and duties, shall have acquired knowledge of Confidential Information, and whose use or marketability could be enhanced by application to it of Confidential Information. For purposes of this section, it shall be conclusively presumed that the Optionee has knowledge of information to which he or she has been directly exposed through actual receipt or review of memoranda or documents containing such information or through actual attendance at meetings at which such information was discussed or disclosed.

"Conflicting Organization" means any person or organization that is engaged in or about to become engaged in research on or development, production, marketing, or selling of a Conflicting Product.

"Look-back Period" means a 12-month period prior to a breach of the applicable section of this Agreement.

“Restricted Period” means the period during which the Optionee is employed by the Company or a Subsidiary *plus* one year after the date the Optionee’s Continuous Service is terminated.

2. Right to Retain Options Contingent on Protection of Confidential Information.

The Optionee agrees that at all times, both during and after the term of the Optionee’s service with the Company or any Affiliated Company, to hold in the strictest confidence, and not to use (except for the benefit of the Company at the Company’s direction) or disclose (except for the benefit of the Company at the Company’s direction), regardless of when disclosed to the Optionee, any and all Confidential Information of the Company or any Affiliated Company. The Optionee understands that for purposes of this Section 2, Confidential Information further includes, but is not limited to, information pertaining to any aspect of the business of the Company or any Affiliated Company which is either information not known (or known as a result of a wrongful act of the Optionee or of others who were under confidentiality obligations as to the item or items involved) by actual or potential competitors of the Company or other third parties not under confidentiality obligations to the Company. If, prior to the expiration of the Restricted Period, the Optionee discloses or uses, or threatens to disclose or use, any Confidential Information other than in the course of performing authorized services for the Company (or any Affiliated Company), this Option, whether vested or not, shall be immediately forfeited and cancelled, and the Optionee shall immediately return to the Company the Common Shares received in connection with any exercise of this Option during the Look-back Period or the pre-tax income derived from any disposition of the Common Shares during the Look-back Period.

3. No Interference with Customers or Suppliers.

In order to forestall the disclosure or use of Confidential Information as well as to deter the Optionee’s intentional interference with the contractual relations of the Company or any Affiliated Company, the Optionee’s intentional interference with prospective economic advantage of the Company or any Affiliated Company and to promote fair competition, the Optionee agrees that the Optionee’s rights with respect to this Option is contingent upon the Optionee refraining, during the Restricted Period, for himself or herself or any third party, directly or indirectly, from using Confidential Information to (i) divert or attempt to divert from the Company (or any Affiliated Company) any business of any kind in which it is engaged, or (ii) intentionally solicit its customers with which it has a contractual relationship as to Conflicting Products, or to interfere with the contractual relationship with any of its suppliers or customers (collectively, “Interfere”). If, during the Restricted Period, the Optionee breaches his or her obligation not to Interfere, this Option, whether vested or not, shall be immediately forfeited and cancelled, and the Optionee shall immediately return to the Company the Common Shares received in connection with any exercise of this Option during the Look-back Period or the pre-tax income derived from any disposition of the Common Shares during the Look-back Period. For avoidance of doubt, the term “Interfere” shall not include any advertisement of Conflicting Products through the use of media intended to reach a broad public audience (such as television, cable, or radio broadcasts, or newspapers or magazines) or the broad distribution of

coupons through the use of direct mail or through independent retail outlets. THE OPTIONEE UNDERSTANDS THAT THIS SECTION 3 IS NOT INTENDED TO AND DOES NOT PROHIBIT THE CONDUCT DESCRIBED BUT PROVIDES FOR THE CANCELLATION OF THIS OPTION AND A RETURN TO THE COMPANY OF THE COMMON SHARES RECEIVED IN CONNECTION WITH ANY EXERCISE OF THIS OPTION DURING THE LOOK-BACK PERIOD OR THE GROSS TAXABLE PROCEEDS OF ANY DISPOSITION OF THE COMMON SHARES DURING THE LOOK-BACK PERIOD IF THE OPTIONEE SHOULD CHOOSE TO VIOLATE THIS “NO INTERFERENCE WITH CUSTOMERS OR SUPPLIERS” PROVISION DURING THE RESTRICTED PERIOD.

4. No Solicitation of Employees.

In order to forestall the disclosure or use of Confidential Information, as well as to deter the Optionee’s intentional interference with the contractual relations of the Company or any Affiliated Company, the Optionee’s intentional interference with prospective economic advantage of the Company or any Affiliated Company, and to promote fair competition, the Optionee agrees that the Optionee’s rights with respect to this Option is contingent upon the Optionee refraining, during the Restricted Period, for himself or herself or any third party, directly or indirectly, from soliciting for employment any person employed by the Company, or by any Affiliated Company, during the period of the solicited person’s employment and for a period of one year after the termination of the solicited person’s employment with the Company or any Affiliated Company (collectively, “Solicit”). If, during the Restricted Period, the Optionee breaches his or her obligation not to Solicit, this Option, whether vested or not, shall be immediately forfeited and cancelled, and the Optionee shall immediately return to the Company the Common Shares received in connection with any exercise of this Option during the Look-back Period or the pre-tax income derived from any disposition of the Common Shares during the Look-back Period. THE OPTIONEE UNDERSTANDS THAT THIS SECTION 4 IS NOT INTENDED TO AND DOES NOT PROHIBIT THE CONDUCT DESCRIBED BUT PROVIDES FOR THE CANCELLATION OF THIS OPTION AND A RETURN TO THE COMPANY OF THE COMMON SHARES RECEIVED IN CONNECTION WITH ANY EXERCISE OF THIS OPTION DURING THE LOOK-BACK PERIOD OR THE GROSS TAXABLE PROCEEDS OF ANY DISPOSITION OF THE COMMON SHARES DURING THE LOOK-BACK PERIOD IF THE OPTIONEE SHOULD CHOOSE TO VIOLATE THIS “NO SOLICITATION OF EMPLOYEES” PROVISION DURING THE RESTRICTED PERIOD.

5. Right to Retain Options Contingent on Continuing Non-Conflicting Employment.

In order to forestall the disclosure or use of Confidential Information, as well as to deter the Optionee’s intentional interference with the contractual relations of the Company or any Affiliated Company, the Optionee’s intentional interference with prospective economic advantage of the Company or any Affiliated Company, and to promote fair competition, the Optionee agrees that the Optionee’s rights with respect to this Option is contingent upon the Optionee refraining, during the Restricted Period, from rendering services, directly or indirectly, as director, officer, employee, agent, consultant, or otherwise, to any Conflicting Organization,

except a Conflicting Organization whose business is diversified and that, as to that part of its business to which the Optionee renders services, is not a Conflicting Organization, provided that the Company shall receive separate written assurances satisfactory to the Company from the Optionee and the Conflicting Organization that the Optionee shall not render services during such period with respect to a Conflicting Product. If, prior to the expiration of the Restricted Period, the Optionee shall render services to any Conflicting Organization other than as expressly permitted herein, this Option, whether vested or not, shall be immediately forfeited and cancelled, and the Optionee shall immediately return to the Company the Common Shares received in connection with any exercise of this Option during the Look-back Period or the pre-tax income derived from any disposition of the Common Shares during the Look-back Period. THE OPTIONEE UNDERSTANDS THAT THIS SECTION 5 IS NOT INTENDED TO AND DOES NOT PROHIBIT THE OPTIONEE FROM RENDERING SERVICES TO A CONFLICTING ORGANIZATION BUT PROVIDES FOR THE CANCELLATION OF THIS OPTION AND A RETURN TO THE COMPANY OF THE COMMON SHARES RECEIVED IN CONNECTION WITH ANY EXERCISE OF THIS OPTION DURING THE LOOK-BACK PERIOD OR THE GROSS TAXABLE PROCEEDS OF ANY DISPOSITION OF THE COMMON SHARES DURING THE LOOK-BACK PERIOD IF THE OPTIONEE SHOULD CHOOSE TO RENDER SUCH SERVICES DURING THE RESTRICTED PERIOD.

6. Injunctive and Other Available Relief.

To the extent not prohibited by law, any cancellation of this Option pursuant to any of Sections 2 through 5 above shall not restrict, abridge, or otherwise limit in any fashion the types and scope of injunctive and other available relief to the Company. Notwithstanding any provision of this Agreement to the contrary, nothing under this Agreement shall limit, abridge, modify, or otherwise restrict the Company (or any Affiliated Company) from pursuing any or all legal, equitable, or other appropriate remedies to which the Company may be entitled under any other agreement with the Optionee, any other plan, program, policy, or arrangement of the Company (or any Affiliated Company) under which the Optionee is covered or participates, or any applicable law, all to the fullest extent not prohibited under applicable law.

7. Permitted Reporting and Disclosure.

Notwithstanding any language in this Agreement to the contrary, nothing in this Agreement prohibits the Optionee from reporting possible violations of federal law or regulation to any governmental agency or governmental entity, or making other disclosures that are protected under federal law or regulation; provided, that, in each case such communications and disclosures are consistent with applicable law. Notwithstanding the foregoing, under no circumstance is the Optionee authorized to disclose any information covered by the Company's attorney-client privilege or attorney work product or the Company's trade secrets without prior written consent of the Company's General Counsel. Any reporting or disclosure permitted under this Section 7 shall not result in the cancellation of Options. The Optionee is entitled to certain immunities from liability under state and federal law for disclosing trade secrets if the disclosure was made to report or investigate an alleged violation of law, subject to certain conditions.

8. Severability.

If any provisions of this Agreement is determined to be invalid or unenforceable for any reason, that provision shall be modified rather than voided, if possible, in order to achieve the intent of the parties to the extent possible. If any provision in this Agreement is held to be invalid or unenforceable for any non-material reason, and cannot be modified to make it enforceable, the remaining provisions shall be construed as if the invalid or unenforceable provision had not been included. In any event, all other provisions of this Agreement shall be deemed valid and enforceable to the fullest extent possible.

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Exhibit 10.27

February 25, 2020

John Brase

Dear John,

I am pleased to confirm The J. M. Smucker Company's ("Smucker's" or the "Company's") conditional offer of employment extended on February 25, 2020 for the position of Chief Operating Officer, reporting to Mark Smucker, on the terms and conditions set forth below.

Compensation - You will receive an annual salary of **\$700,000** in conformity with the Company's standard payroll practices and procedures, less statutory tax withholdings or employee deductions.

Annual Incentive Program – You will be eligible to participate in the Company's Annual Incentive Plan (AIP), with a current annual target of **100%** of your base salary (\$700,000 gross) (payout potential of 0-200%). The AIP is a discretionary bonus plan based on Company performance. The target for your first year will be pro-rated based on your commencement date and the end of the fiscal year (**April 30th**), provided you begin employment prior to April 15, 2020. Please refer to the AIP documentation for terms and conditions of the Plan.

Long Term Incentive Plan – You will be eligible to participate in the Company's Long-Term Incentive Plan (LTIP), with a current annual target of **300%** of your base salary (\$2,100,000). The annual grant will be made on or about June 19, 2020 and is comprised of two components, Performance Units with a three-year cliff vest and Time-based Stock Options with a three-year ratable vesting schedule. Assuming you are actively employed with the Company by June 30, 2020, you will receive you full target grant for FY 21.

One-Time Special Sign-On Bonus - By accepting this offer, you will receive a "sign-on bonus" of **\$400,000**, less statutory tax withholdings or employee deductions, to be paid within 60 days of your commencement date. If during your first two years of employment, you voluntarily resign or your employment is terminated by the Company in its discretion for cause,¹ you agree to immediately repay a pro-rated portion of the signing bonus.

¹ Cause" for termination by the Company means: (i) violation of the Company's Code of Business Conduct and Ethics or any other Company policy, rule, or standard of conduct; (ii) dishonesty or other misconduct related to the Company's business (including, but not limited to, fraudulent conduct, theft, embezzlement, criminal misappropriation of Company funds, or other conduct that has, or would have if known, a materially adverse effect on the Company); (iii) failure to cooperate with or follow a reasonable management instruction; (iv) material breach of an applicable agreement; (v) conviction of, or entrance of a plea of guilty or *nolo contendere* to, a felony under federal or state law, to the extent permitted by applicable law; and/or (vi) other conduct reasonably deemed "Cause" by the Company in its sole discretion

Sign-on LTI Grant - By accepting this offer, you will receive an equity grant under The J.M. Smucker 2010 Equity and Incentive Compensation Plan for the amount of **25,000 shares** with a three-year cliff vesting schedule. The grant will be awarded as soon as administratively practicable after your commencement date.

You will also receive an additional equity grant under The J.M. Smucker 2010 Equity and Incentive Compensation Plan for the amount of **7,500 shares** intended to off-set certain retirement benefits that you will be forfeiting from your current employer. This award will fully vest once you turn age 60, assuming you are actively employed and in good standing at such time. The grant will be awarded as soon as administratively practicable after your commencement date.

Relocation– You will be eligible for our Homeowner Relocation Program. Key elements of the program include, and you will be currently eligible for the following benefits:

- Temporary living in Northeast Ohio for up to **six months**.
- Sale and purchase assistance of your current residence.
- Shipment of household goods.
- You will receive a relocation allowance payment equal to \$7,500 (gross) to assist with miscellaneous expenses.
- Travel and lodging expenses will be covered for you and your immediate family for your final move trip.

Benefits - You will be eligible to participate in our U.S. Benefit plans and programs generally applicable to employees in the U.S. at your level, and in accordance with the terms of those plans and programs. Among other benefits, you will be currently eligible for the following benefits:

- Medical, Dental and Vision plans, for which you will be eligible on your first day of employment.
- Vacation- Based on your years of work experience, you will be eligible to start with **5 weeks** of vacation per year, in accordance with the Company's vacation policies, which may be amended from time to time in the Company's sole discretion. Vacation is accrued throughout the year, thus pro-rated your first year.
- 401 (k) Savings Plan- You may contribute between 1 % and 50% of your pre-tax pay (up to the statutory maximum deferral amount). You will receive up to a 7% Company match based on a 6% employee contribution.
- Officer Flexible Perquisite- You are eligible to receive an annual perquisite of \$10,000 intended to cover club dues and memberships.

- Officer Financial Planning- You are eligible for an annual reimbursement up to \$10,000 for financial and tax planning.
- Life insurance and disability plan.
- Annual Holiday Bonus of up to 2% of your salary (pro-rated during your first year of employment). This bonus is discretionary and is reviewed annually by the Company.

The incentive and/or benefits plans and programs described herein may be amended from time-to-time in the Company's discretion.

The Company is supportive of beginning the process to consider outside Board participation, following one-year of service and onboarding into the COO role, subject to approval by the Company's Board of Directors.

Severance – As an Officer of the Company, you will be able to participate in The J. M. Smucker Company Executive Severance Plan which is intended to cover involuntary separation that is not for cause, or related to a Change in Control (e.g., Reduction in Force), you will be eligible to receive:

- **52 weeks** of pay calculated in accordance with your base salary rate of pay in effect at the time of the severance communication and would be less any applicable withholdings and deductions.
- An additional lump sum equivalent to approximately **12 months** of premium for the Company-sponsored medical coverage in effect on your Separation Date.
- Company-paid outplacement assistance for up to six months.
- The Company would forgive any remaining applicable relocation loan and sign-on bonus reimbursement obligations.
- All benefits would be conditioned on you signing the Company's severance agreement, which includes a waiver and release of claims.

Change in Control – Upon commencement of employment you will be provided with a Change in Control Severance Agreement with a two-year initial term, which will automatically renew for successive one-year terms as long as you remain an elected officer. Details of the agreement are provided in the attached memo.

This conditional offer of employment is contingent upon:

- Your successful completion of our pre-employment screening processes, including employment verification, education/degree verification, background check, physical or functional capacity examination (where applicable), and drug screening processes, as permitted by applicable law. The substance screening must be completed within 72 hours of the date of the request.

- Your review and execution of the Change in Control Severance Agreement, along with all documentation the Company requires for new employees, including the Company's Invention and Secrecy Agreement (to be reviewed and signed on your first day of employment).
- Satisfactory proof that you are authorized to work in the United States pursuant to applicable laws as outlined on your Form I-9.
- Approval by the Company's Board of Directors.

Our corporate office and/or HireRight will be in contact with you to begin the Pre-Employment Process. Please check your email regularly as your timeliness in submitting the requested documents will allow for our prompt evaluation and response.

This conditional offer is not an employment contract or guarantee of employment for any set term but is simply a summary of certain information. Should you accept our offer, your employment at the Company will at all times be at will.

If you are in agreement with the terms of this offer, please sign a copy of this letter and return it to me prior to March 2, 2020.

Please feel free to contact me with any questions you may have as you continue through this process.

Sincerely,

/s/ Lindsey Tomaszewski

Lindsey Tomaszewski

Senior Vice President, Human Resources

By my signature below, I confirm I have read, understand, and agree to the terms of this conditional offer letter.

Agreed and Accepted:

John Brase /s/ John Brase 2/28/20

Name Signature Date

AMENDMENT NO. 2

TO

THE J. M. SMUCKER COMPANY DEFINED CONTRIBUTION SUPPLEMENTAL EXECUTIVE RETIREMENT PLAN

(Restated Effective May 1, 2015)

The J. M. Smucker Company hereby adopts this Amendment No. 2 to The J. M. Smucker Company Defined Contribution Supplemental Executive Retirement Plan (Restated Effective May 1, 2015) (the “Plan”). Words and phrases used herein with initial capital letters which are defined in the Plan are used herein as so defined. The provision of this Amendment No. 2 shall be effective as of May 1, 2017.

Section 1

Section 3.2 of the Plan is hereby amended in its entirety to read as follows:

“Contribution Credit” means an amount equal to 7% of total Compensation paid in the full Plan Year which shall be credited to a Participant’s account for each Plan Year the officer is a Participant, including the Plan Year in which the designation by the Committee occurs. Accounts will be credited with Contribution Credits as soon as administratively practicable following each payroll period to each Participant who is employed as an officer during that payroll period. No Contribution shall be based on Compensation paid after a Participant ceases to be an officer; provided, however, for the Plan Year beginning May 1, 2017, Contribution Credits for Participants in the Plan as of that date will be based on Compensation paid through December 31, 2017 regardless of a change in officer status during the Plan Year. Notwithstanding the foregoing, for all purposes under the Plan, effective for periods on or after January 1, 2018, no further accounts will be credited with Contribution Credits.

[Signature on Following Page]

IN WITNESS WHEREOF, the Company has caused this Amendment No. 2 to the Plan to be executed this 16th day of October, 2017.

THE J. M. SMUCKER COMPANY

By: /s/ Jill R. Penrose

Title: Senior Vice President, Human Resources and Corporate Communications

**AMENDMENT NO. 3
TO
THE J. M. SMUCKER COMPANY RESTORATION PLAN
(Amended and Restated Effective January 1, 2013)**

The J. M. Smucker Company hereby adopts this Amendment No. 3 to The J. M. Smucker Company Restoration Plan (Amended and Restated Effective January 1, 2013) (the “Plan”). Words and phrases used herein with initial capital letters which are defined in the Plan are used herein as so defined. The provision of this Amendment No. 3 shall be effective as of January 1, 2017.

Section 1

Section 2.2 of the Plan is hereby amended in its entirety to read as follows:

“2.2 Form and Time of Elections

(a) **General:** Each Eligible Employee for a Plan Year may elect to defer under the Plan such amounts as provided by this Article II in accordance with the procedures set forth in this Section 2.2. All elections made under this Section 2.2 shall be made in writing on a form, or pursuant to such other procedures, as may be prescribed from time to time by the Administrative Committee and shall be irrevocable for such Plan Year. An Eligible Employee’s election made with respect to a Plan Year shall remain in effect for subsequent Plan Years until the Eligible Employee revokes it or makes a new election.

(b) Timing of Deferral Elections:

- (i) A deferral election with respect to Base Salary and an Eligible Incentive Award for a Plan Year shall be made prior to May 1st of the calendar year immediately preceding the Plan Year to which it relates.
- (ii) Notwithstanding the foregoing provision of this Section 2.2(b), an employee who first becomes an Eligible Employee during the course of a Plan Year may make a deferral election, within 30 days following the date the employee first becomes an Eligible Employee, with respect to Base Salary paid with respect to services provided during that Plan Year following the filing of the deferral election. Further, an employee who first becomes an Eligible Employee on or after May 1st of a Plan Year may make a deferral

election with respect to Base Salary to be paid during the immediately succeeding Plan Year within 30 days following the date the employee first becomes an Eligible Employee, which deferral election shall be effective with respect to Base Salary paid for service performed during the immediately succeeding Plan Year following the filing of the deferral election.

- (iii) The Committee, in its sole discretion, may permit Eligible Employees to make elections with respect to Base Salary and/or Eligible Incentive Compensation at any other time or times as permitted by Section 409A of the Code, provided, however, any such discretionary election made with respect to (A) Base Salary must be made no later than December 31st of the year prior to the Plan Year to which it relates, and (B) Eligible Incentive Compensation must be made no later than the date that is six months before the end of the performance period to which it relates.”

IN WITNESS WHEREOF, the Company has caused this Amendment No. 3 to the Plan to be executed this 16th day of October, 2017.

THE J. M. SMUCKER COMPANY

By: /s/ Jill R. Penrose

Title: Senior Vice President, Human Resources and Corporate Communications

SUBSIDIARIES OF THE COMPANY
(As of April 30, 2020)¹

Subsidiaries	State or Jurisdiction of Incorporation or Organization
Ainsworth Pet Nutrition, LLC	Delaware
Ainsworth Pet Nutrition Holdings, LLC	Delaware
Ainsworth Pet Nutrition Parent, LLC	Delaware
Big Heart Pet Brands, Inc.	Delaware
Big Heart Pet, Inc.	Delaware
CAFÉ Holding, LLC	Ohio
CP APN, Inc.	Delaware
DPC Pet Specialties LLC	Pennsylvania
Folgers Café Servicios de Pesquisas, Ltda.	Brazil
J.M. Smucker Holdings, LLC	Ohio
J.M. Smucker LLC	Ohio
JMS Foodservice, LLC	Delaware
Knudsen & Sons, Inc.	Ohio
Meow Mix Decatur Production I LLC	Delaware
Milo's Kitchen, LLC	Delaware
Natural Balance Pet Foods, Inc.	California
Nature's Recipe, LLC	Delaware
NU Pet Company	Delaware
Rowland Coffee Roasters, Inc.	Ohio
Sahale Snacks, Inc.	Delaware
Santa Cruz Natural Incorporated	California
Simply Smucker's, Inc.	Ohio
Smucker Coffee Silo Operations, LLC	Louisiana
Smucker Direct, Inc.	Ohio
Smucker Foods of Canada Corp.	Canada
Smucker Foods, Inc.	Delaware
Smucker Foodservice, Inc.	Delaware
Smucker Foodservice Operations, Inc.	Delaware
Smucker Fruit Processing Co.	Ohio
Smucker Holdings, Inc.	Ohio
Smucker Hong Kong Limited	Hong Kong
Smucker International Holding Company	Ohio
Smucker International, Inc.	Ohio
Smucker Manufacturing, Inc.	Ohio
Smucker Mexico, LLC	Ohio
Smucker Natural Foods, Inc.	California
Smucker Retail Foods, Inc.	Ohio
Smucker Sales and Distribution Company	Ohio
Smucker Services Company	Ohio
The Dickinson Family, Inc.	Ohio
The Folger Coffee Company	Ohio
The Folgers Coffee Company	Delaware
truRoots, Inc.	California
TTT APN, LLC	Delaware

¹ Pursuant to Item 601(b)(21)(ii) of Regulation S-K, the names of certain subsidiaries of the Company have been omitted because such unnamed subsidiaries, considered in the aggregate as a single subsidiary, would not constitute a significant subsidiary as of April 30, 2020.

Consent of Independent Registered Public Accounting Firm

We consent to the incorporation by reference in the following Registration Statements:

Registration Statement	Registration Number	Description
Form S-8	333-98335	The J. M. Smucker Company Amended and Restated 1998 Equity and Performance Incentive Plan
Form S-8	333-116622	Amended and Restated 1986 Stock Option Incentive Plan of The J. M. Smucker Company Amended and Restated 1989 Stock-Based Incentive Plan of The J. M. Smucker Company Amended and Restated 1997 Stock-Based Incentive Plan of The J. M. Smucker Company
Form S-8	333-137629	The J. M. Smucker Company 2006 Equity Compensation Plan
Form S-8	333-139167	The J. M. Smucker Company Nonemployee Director Deferred Compensation Plan
Form S-8	333-170653	The J. M. Smucker Company 2010 Equity and Incentive Compensation Plan
Form S-3	333-177279	Automatic Shelf Registration Statement
Form S-3	333-197428	Automatic Shelf Registration Statement
Form S-3	333-220696	Automatic Shelf Registration Statement

of our reports dated June 19, 2020, with respect to the consolidated financial statements of The J. M. Smucker Company and the effectiveness of internal control over financial reporting of The J. M. Smucker Company included in this Annual Report (Form 10-K) of The J. M. Smucker Company for the year ended April 30, 2020.

/s/ Ernst & Young LLP

Akron, Ohio
June 19, 2020

Exhibit 24

THE J. M. SMUCKER COMPANY

REGISTRATION ON FORM 10-K

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that KATHRYN W. DINDO, director of The J. M. Smucker Company, hereby appoints Mark T. Smucker, Tucker H. Marshall, and Jeannette L. Knudsen, and each of them, with full power of substitution, as attorney or attorneys of the undersigned, to execute an Annual Report on Form 10-K for the fiscal year ended April 30, 2020, in a form that The J. M. Smucker Company deems appropriate and to file the same, with all exhibits thereto and other documents in connection therewith, with the Securities and Exchange Commission, all pursuant to applicable legal provisions, with full power and authority to do and perform each and every act and thing requisite and necessary to be done, as fully to all intents and purposes as the undersigned director might or could do in person, in furtherance of the foregoing.

June 19, 2020

Date

/s/ Kathryn W. Dindo

Director

THE J. M. SMUCKER COMPANY

REGISTRATION ON FORM 10-K

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that PAUL J. DOLAN, director of The J. M. Smucker Company, hereby appoints Mark T. Smucker, Tucker H. Marshall, and Jeannette L. Knudsen, and each of them, with full power of substitution, as attorney or attorneys of the undersigned, to execute an Annual Report on Form 10-K for the fiscal year ended April 30, 2020, in a form that The J. M. Smucker Company deems appropriate and to file the same, with all exhibits thereto and other documents in connection therewith, with the Securities and Exchange Commission, all pursuant to applicable legal provisions, with full power and authority to do and perform each and every act and thing requisite and necessary to be done, as fully to all intents and purposes as the undersigned director might or could do in person, in furtherance of the foregoing.

June 19, 2020

Date

/s/ Paul J. Dolan

Director

THE J. M. SMUCKER COMPANY

REGISTRATION ON FORM 10-K

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that JAY L. HENDERSON, director of The J. M. Smucker Company, hereby appoints Mark T. Smucker, Tucker H. Marshall, and Jeannette L. Knudsen, and each of them, with full power of substitution, as attorney or attorneys of the undersigned, to execute an Annual Report on Form 10-K for the fiscal year ended April 30, 2020, in a form that The J. M. Smucker Company deems appropriate and to file the same, with all exhibits thereto and other documents in connection therewith, with the Securities and Exchange Commission, all pursuant to applicable legal provisions, with full power and authority to do and perform each and every act and thing requisite and necessary to be done, as fully to all intents and purposes as the undersigned director might or could do in person, in furtherance of the foregoing.

June 19, 2020

Date

/s/ Jay L. Henderson

Director

THE J. M. SMUCKER COMPANY

REGISTRATION ON FORM 10-K

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that GARY A. OATEY, director of The J. M. Smucker Company, hereby appoints Mark T. Smucker, Tucker H. Marshall, and Jeannette L. Knudsen, and each of them, with full power of substitution, as attorney or attorneys of the undersigned, to execute an Annual Report on Form 10-K for the fiscal year ended April 30, 2020, in a form that The J. M. Smucker Company deems appropriate and to file the same, with all exhibits thereto and other documents in connection therewith, with the Securities and Exchange Commission, all pursuant to applicable legal provisions, with full power and authority to do and perform each and every act and thing requisite and necessary to be done, as fully to all intents and purposes as the undersigned director might or could do in person, in furtherance of the foregoing.

June 19, 2020

Date

/s/ Gary A. Oatey

Director

THE J. M. SMUCKER COMPANY

REGISTRATION ON FORM 10-K

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that KIRK L. PERRY, director of The J. M. Smucker Company, hereby appoints Mark T. Smucker, Tucker H. Marshall, and Jeannette L. Knudsen, and each of them, with full power of substitution, as attorney or attorneys of the undersigned, to execute an Annual Report on Form 10-K for the fiscal year ended April 30, 2020, in a form that The J. M. Smucker Company deems appropriate and to file the same, with all exhibits thereto and other documents in connection therewith, with the Securities and Exchange Commission, all pursuant to applicable legal provisions, with full power and authority to do and perform each and every act and thing requisite and necessary to be done, as fully to all intents and purposes as the undersigned director might or could do in person, in furtherance of the foregoing.

June 19, 2020

Date

/s/ Kirk L. Perry

Director

THE J. M. SMUCKER COMPANY

REGISTRATION ON FORM 10-K

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that SANDRA PIANALTO, director of The J. M. Smucker Company, hereby appoints Mark T. Smucker, Tucker H. Marshall, and Jeannette L. Knudsen, and each of them, with full power of substitution, as attorney or attorneys of the undersigned, to execute an Annual Report on Form 10-K for the fiscal year ended April 30, 2020, in a form that The J. M. Smucker Company deems appropriate and to file the same, with all exhibits thereto and other documents in connection therewith, with the Securities and Exchange Commission, all pursuant to applicable legal provisions, with full power and authority to do and perform each and every act and thing requisite and necessary to be done, as fully to all intents and purposes as the undersigned director might or could do in person, in furtherance of the foregoing.

June 19, 2020

Date

/s/ Sandra Pianalto

Director

THE J. M. SMUCKER COMPANY

REGISTRATION ON FORM 10-K

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that NANCY LOPEZ RUSSELL, director of The J. M. Smucker Company, hereby appoints Mark T. Smucker, Tucker H. Marshall, and Jeannette L. Knudsen, and each of them, with full power of substitution, as attorney or attorneys of the undersigned, to execute an Annual Report on Form 10-K for the fiscal year ended April 30, 2020, in a form that The J. M. Smucker Company deems appropriate and to file the same, with all exhibits thereto and other documents in connection therewith, with the Securities and Exchange Commission, all pursuant to applicable legal provisions, with full power and authority to do and perform each and every act and thing requisite and necessary to be done, as fully to all intents and purposes as the undersigned director might or could do in person, in furtherance of the foregoing.

June 19, 2020

Date

/s/ Nancy Lopez Russell

Director

THE J. M. SMUCKER COMPANY

REGISTRATION ON FORM 10-K

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that ALEX SHUMATE, director of The J. M. Smucker Company, hereby appoints Mark T. Smucker, Tucker H. Marshall, and Jeannette L. Knudsen, and each of them, with full power of substitution, as attorney or attorneys of the undersigned, to execute an Annual Report on Form 10-K for the fiscal year ended April 30, 2020, in a form that The J. M. Smucker Company deems appropriate and to file the same, with all exhibits thereto and other documents in connection therewith, with the Securities and Exchange Commission, all pursuant to applicable legal provisions, with full power and authority to do and perform each and every act and thing requisite and necessary to be done, as fully to all intents and purposes as the undersigned director might or could do in person, in furtherance of the foregoing.

June 19, 2020

Date

/s/ Alex Shumate

Director

THE J. M. SMUCKER COMPANY

REGISTRATION ON FORM 10-K

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that MARK T. SMUCKER, President and Chief Executive Officer and director of The J. M. Smucker Company, hereby appoints Tucker H. Marshall and Jeannette L. Knudsen, and each of them, with full power of substitution, as attorney or attorneys of the undersigned, to execute an Annual Report on Form 10-K for the fiscal year ended April 30, 2020, in a form that The J. M. Smucker Company deems appropriate and to file the same, with all exhibits thereto and other documents in connection therewith, with the Securities and Exchange Commission, all pursuant to applicable legal provisions, with full power and authority to do and perform each and every act and thing requisite and necessary to be done, as fully to all intents and purposes as the undersigned director might or could do in person, in furtherance of the foregoing.

June 19, 2020

Date

/s/ Mark T. Smucker

President and Chief Executive Officer and Director

THE J. M. SMUCKER COMPANY

REGISTRATION ON FORM 10-K

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that RICHARD K. SMUCKER, director of The J. M. Smucker Company, hereby appoints Mark T. Smucker, Tucker H. Marshall, and Jeannette L. Knudsen, and each of them, with full power of substitution, as attorney or attorneys of the undersigned, to execute an Annual Report on Form 10-K for the fiscal year ended April 30, 2020, in a form that The J. M. Smucker Company deems appropriate and to file the same, with all exhibits thereto and other documents in connection therewith, with the Securities and Exchange Commission, all pursuant to applicable legal provisions, with full power and authority to do and perform each and every act and thing requisite and necessary to be done, as fully to all intents and purposes as the undersigned director might or could do in person, in furtherance of the foregoing.

June 19, 2020

Date

/s/ Richard K. Smucker

Director

THE J. M. SMUCKER COMPANY

REGISTRATION ON FORM 10-K

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that TIMOTHY P. SMUCKER, director of The J. M. Smucker Company, hereby appoints Mark T. Smucker, Tucker H. Marshall, and Jeannette L. Knudsen, and each of them, with full power of substitution, as attorney or attorneys of the undersigned, to execute an Annual Report on Form 10-K for the fiscal year ended April 30, 2020, in a form that The J. M. Smucker Company deems appropriate and to file the same, with all exhibits thereto and other documents in connection therewith, with the Securities and Exchange Commission, all pursuant to applicable legal provisions, with full power and authority to do and perform each and every act and thing requisite and necessary to be done, as fully to all intents and purposes as the undersigned director might or could do in person, in furtherance of the foregoing.

June 19, 2020

Date

/s/ Timothy P. Smucker

Director

THE J. M. SMUCKER COMPANY

REGISTRATION ON FORM 10-K

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that DAWN C. WILLOUGHBY, director of The J. M. Smucker Company, hereby appoints Mark T. Smucker, Tucker H. Marshall, and Jeannette L. Knudsen, and each of them, with full power of substitution, as attorney or attorneys of the undersigned, to execute an Annual Report on Form 10-K for the fiscal year ended April 30, 2020, in a form that The J. M. Smucker Company deems appropriate and to file the same, with all exhibits thereto and other documents in connection therewith, with the Securities and Exchange Commission, all pursuant to applicable legal provisions, with full power and authority to do and perform each and every act and thing requisite and necessary to be done, as fully to all intents and purposes as the undersigned director might or could do in person, in furtherance of the foregoing.

June 19, 2020

Date

/s/ Dawn C. Willoughby

Director

RULE 13a-14(a)/15d-14(a) CERTIFICATIONS

I, Mark T. Smucker, President and Chief Executive Officer of The J. M. Smucker Company, certify that:

- (1) I have reviewed this annual report on Form 10-K of The J. M. Smucker Company;
- (2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
- (3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations, and cash flows of the registrant as of, and for, the periods presented in this report;
- (4) The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
- (5) The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize, and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: June 19, 2020

/s/ Mark T. Smucker

Name: Mark T. Smucker

Title: President and Chief Executive Officer

RULE 13a-14(a)/15d-14(a) CERTIFICATIONS

I, Tucker H. Marshall, Chief Financial Officer of The J. M. Smucker Company, certify that:

- (1) I have reviewed this annual report on Form 10-K of The J. M. Smucker Company;
- (2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
- (3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations, and cash flows of the registrant as of, and for, the periods presented in this report;
- (4) The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
- (5) The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize, and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: June 19, 2020

/s/ Tucker H. Marshall

Name: Tucker H. Marshall
Title: Chief Financial Officer

**CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED
PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Annual Report on Form 10-K of The J. M. Smucker Company (the "Company") for the year ended April 30, 2020, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), each of the undersigned officers of the Company certifies, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to such officer's knowledge:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company as of the dates and for the periods expressed in the Report.

/s/ Mark T. Smucker

Name: Mark T. Smucker

Title: President and Chief Executive Officer

/s/ Tucker H. Marshall

Name: Tucker H. Marshall

Title: Chief Financial Officer

Date: June 19, 2020

The foregoing certification is being furnished solely pursuant to 18 U.S.C. Section 1350 and is not being filed as part of the Report or as a separate disclosure document.