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, 2018
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	**34-0538550**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
One Strawberry Lane	
Orrville, Ohio	**44667-0280**
(Address of principal executive offices)	(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	Name of each exchange on which registered
Common shares, no par value	**New York Stock Exchange**
Rights to purchase preferred shares	**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 and posted on its corporate website, if any, every Interactive Data File required to be submitted and posted 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 and post such files). Yes ☒ No ☐

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§ 229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☐

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	☒	Accelerated filer	☐
Non-accelerated filer	☐ (Do not check if a smaller reporting company)	Smaller reporting company	☐
Emerging growth company	☐		

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 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, 2017, was $11,386,975,264. As of June 12, 2018, 113,535,111 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 15, 2018, are incorporated by reference into Part III of this Report, and certain sections of the registrant’s 2018 Annual Report to Shareholders are incorporated by reference into Parts I and II of this Report.

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 6 percent of consolidated net sales for 2018. 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 March 23, 2015, we completed the acquisition of Big Heart Pet Brands ("Big Heart"), a leading producer, distributor, and marketer of premium-quality, branded pet food and pet snacks in the U.S. The cash and stock transaction was valued at $5.9 billion, which included the issuance of 17.9 million shares of our common stock to the shareholders of Blue Acquisition Group, Inc., Big Heart's parent company. We assumed $2.6 billion in debt that we repaid at closing and paid an additional $1.2 billion in cash, net of a working capital adjustment. As part of the transaction, new debt of $5.5 billion was borrowed.

On May 14, 2018, we completed the acquisition of Ainsworth Pet Nutrition, LLC ("Ainsworth"), a leading producer, distributor, and marketer of premium pet food and pet snacks, predominantly within the U.S. The all-cash transaction, which was funded with debt, was valued at $1.9 billion. For additional information on the Ainsworth acquisition, see "Note 2: Acquisitions" in our 2018 Annual Report to Shareholders.

We have four reportable segments: U.S. Retail Coffee, U.S. Retail Consumer Foods, U.S. Retail Pet Foods, and International and Away From Home. The U.S. retail market segments in total comprised approximately 85 percent of 2018 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, 2018, are coffee, pet food and pet snacks, peanut butter, fruit spreads, shortening and oils, baking mixes and ready-to-spread frostings, frozen sandwiches, flour and baking ingredients, juices and beverages, and portion control products.

Product sales information for the years 2018, 2017, and 2016 is incorporated herein by reference to information set forth in our 2018 Annual Report to Shareholders under "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, food wholesalers, club stores, pet specialty stores, discount and dollar stores, drug stores, military commissaries, mass merchandisers, natural foods stores and distributors, and online retailers. 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., restaurants, lodging, schools and universities, health care operators).

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, oils and fats, protein meals, 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, oils and fats, and protein meals 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" in our 2018 Annual Report to Shareholders.

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 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.

Trademarks and Patents. Our products are produced under certain patents and marketed under numerous trademarks owned or licensed by us or one of our subsidiaries. Our major trademarks as of April 30, 2018, are listed below.

Primary Reportable Segment	**Major Trademark**
U.S. Retail Coffee	*Folgers*®, *Dunkin' Donuts*®, and *Café Bustelo*®
U.S. Retail Consumer Foods	*Jif*®, *Smucker's*®, *Crisco*®, *Pillsbury*™, and *Uncrustables*®
U.S. Retail Pet Foods	*Meow Mix*®, *Milk-Bone*®, *Natural Balance*®, *Kibbles 'n Bits*®, *9Lives*®, *Pup-Peroni*®, and *Nature's Recipe*®
International and Away From Home	*Folgers* and *Smucker's*

Dunkin' Donuts is a registered trademark 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. The Dunkin' Licenses do not pertain to *Dunkin' Donuts* coffee or other products for sale in *Dunkin' Donuts* 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.

Pillsbury, the Barrelhead logo, and the Doughboy character are trademarks of The Pillsbury Company, LLC and are used under a 20-year, perpetually renewable, royalty-free license. *Borden*® and the Elsie design are trademarks used by our Canadian subsidiary on certain products under a perpetual, exclusive, and royalty-free license. *Carnation*® is a trademark of Société des Produits Nestlé S.A. used by our Canadian subsidiary for certain canned milk products in certain territories under an exclusive and royalty-free five-year license in effect until October 2022, which is renewable for another five-year term, and which becomes perpetual at the end of the renewal terms under certain circumstances. *Douwe Egberts*® and *Pickwick*® are registered trademarks of Jacobs Douwe Egberts and are used under a license, which expires in January 2019. In accordance with a multi-year licensing and distribution agreement entered into with Cumberland Packing Corp. ("Cumberland"), we market and distribute Cumberland's branded tabletop sweeteners sold under the *Sweet'N Low*®, *NatraTaste*®, *Sugar In The Raw*®, and other "In The Raw" brands to foodservice customers in the U.S. and to retail and foodservice customers in Canada. 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*®," "*Goodness Gracious, It's Good*®," "*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 Mountain Grown 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.

In 2019, as a result of the Ainsworth acquisition, we began utilizing 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 Co. LLC.

Seasonality. The U.S. Retail Coffee and U.S. Retail Consumer Foods segments are particularly seasonal around the Fall Bake and Holiday period, which generally results 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 a significant impact on our results for a fiscal year. The Back to School period and the Spring Holiday season are two other important promotional periods, although their impact is not as significant as the Fall Bake and Holiday period.

Working Capital. Working capital requirements are greatest during the first half of our fiscal year mainly due to the timing of the buildup of coffee, oil, 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. However, the impact of seasonality on our overall working capital requirements is partially reduced by the U.S. Retail Pet Foods segment, which does not experience significant seasonality.

Customers. Sales to Walmart Inc. and subsidiaries amounted to 31 percent of net sales in 2018, and 30 percent of net sales in both 2017 and 2016. These sales are primarily included in the U.S. retail market segments. No other customer exceeded 10 percent of net sales during 2018, 2017, or 2016.

During 2018, 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, peanut butter, dog snacks, fruit spreads, natural shelf stable juices, shortening, and ice cream toppings 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 continued growth of alternative store formats, including warehouse clubs, dollar stores, convenience stores, and e-commerce. 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 recently 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 during the 52 weeks ended April 22, 2018, private label held a 16.1 dollar average market share, as compared to a 15.4 dollar average market share during the same period in the prior year. The majority of the increase was within the coffee category. 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, 2018, are listed below.

Our Primary Products	Our Primary Brands	Competing Brands	Competitors
U.S. Retail Coffee			
Mainstream roast and ground coffee	*Folgers*[(A)] and *Café Bustelo*	*Maxwell House*, *McCafe*, and *Yuban*	The Kraft Heinz Company
		Private Label Brands	Various
		Chock full o'Nuts	Massimo Zanetti Beverage Group
		Cafe La Llave	F. Gaviña & Sons, Inc.
Single serve coffee - K-Cup®	*Dunkin' Donuts, Folgers, Café Bustelo*, and *1850*™	*Green Mountain Coffee*[(A)]	JAB Holding Company
		Starbucks	Starbucks Corporation
		Private Label Brands	Various
		McCafe, Maxwell House, and *Gevalia*	The Kraft Heinz Company
Premium coffee	*Dunkin' Donuts*, *Folgers Simply Gourmet*™, and *1850*™	*Starbucks*[(A)] and *Seattle's Best Coffee*	Starbucks Corporation
		Private Label Brands	Various
		Peet's Coffee & Tea	JAB Holding Company
		Eight O'Clock	Tata Global Beverages Limited
		Gevalia and *McCafe*	The Kraft Heinz Company
U.S. Retail Consumer Foods			
Peanut butter and specialty spreads	*Jif*[(A)]	Private Label Brands	Various
		Skippy	Hormel Foods Corporation
		Nutella	Ferrero SpA
		Peter Pan	Conagra Brands, Inc.
Fruit spreads	*Smucker's*[(A)]	*Welch's*	Welch Foods Inc.
		Private Label Brands	Various
Shortening and oils	*Crisco*[(B)]	Private Label Brands[(B)]	Various
		Wesson	Conagra Brands, Inc.
Dessert baking mixes and frosting	*Pillsbury*	*Betty Crocker*[(A)]	General Mills, Inc.
		Duncan Hines	Pinnacle Foods Inc.
		Private Label Brands	Various
U.S. Retail Pet Foods			
Mainstream pet food	*Meow Mix, Kibbles 'n Bits, 9Lives,* and *Nature's Recipe*	*Dog Chow*[(A)], *One, Beneful, Cat Chow*[(A)], *Friskies, Kit & Kaboodle,* and *Fancy Feast*	Nestlé Purina PetCare Company
		Pedigree, Iams, and *Sheba*	Mars, Incorporated
		Rachael Ray Nutrish	Ainsworth Pet Nutrition, LLC[(C)]
Pet snacks	*Milk-Bone*[(A)] and *Pup-Peroni*	*Beggin' Strips* and *Waggin' Train*	Nestlé Purina PetCare Company
		Dentastix and *Greenies*	Mars, Incorporated
Premium pet food	*Natural Balance*	*Blue*[(A)]	General Mills, Inc.
		Nutro	Mars, Incorporated
		Hill's	Hill's Pet Nutrition, Inc.
		Pro Plan and *Merrick*	Nestlé Purina PetCare Company
International and Away From Home			
Foodservice hot beverage	*Folgers*	*Nescafé*	Société des Produits Nestlé S.A.
		Maxwell House	The Kraft Heinz Company
		Private Label Brands	Various
Foodservice portion control	*Smucker's* and *Jif*	*Heinz, Welch's,* and Private Label Brands	The Kraft Heinz Company
		Private Label Brands	Various
Canada coffee	*Folgers*	*Tim Hortons*[(A)]	Restaurant Brands International Inc.
		Maxwell House	The Kraft Heinz Company
		Private Label Brands	Various
Canada flour	*Robin Hood*®[(A)] and *Five Roses*®	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.
(C) We acquired Ainsworth on May 14, 2018.

Research and Development. We predominantly utilize in-house resources to both develop new products and improve existing products in each of our business areas. Amounts expensed for research and development were $56.0 million, $58.1 million, and $58.8 million in 2018, 2017, and 2016, respectively.

Environmental Matters. We consider compliance with environmental regulations and environmental sustainability to be our responsibility as a good corporate citizen and a key strategic focus area. We have public goals related to waste diversion, water usage intensity reduction, and greenhouse gas emissions intensity reduction. We have implemented and manage a variety of programs across our footprint, 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 2019.

Employees. At April 30, 2018, we had approximately 7,000 full-time employees worldwide, of which 28 percent, located at 10 manufacturing locations, are covered by union contracts. These contracts vary in term depending on location, with one contract expiring in 2019, representing less than 1 percent of our total employees. We believe our relations with our employees are good. On May 14, 2018, we added approximately 700 additional employees with the completion of the Ainsworth acquisition, none of which are covered by union contracts.

Financial Information about Industry Segments and Geographical Areas. The financial information required to be included in this item concerning reportable industry segments and international operations for the years 2018, 2017, and 2016 is incorporated herein by reference to information set forth in our 2018 Annual Report to Shareholders under "Note 5: Reportable Segments." Our international operations are primarily in Canada with risks similar to those associated with the U.S. retail markets. Approximately 45 percent of our 2018 Canada sales represented the sale of Canadian produced products to Canadian customers. The majority of the remaining Canada sales represented the sale of products produced in the U.S. to Canadian customers, primarily *Folgers* coffee, *Bick's*® pickles, and *Smucker's* fruit spreads.

Forward-Looking Statements. This Report includes forward-looking statements that are based on current expectations and are subject to a number of risks and uncertainties that could cause actual results to differ materially from expected or projected results. The descriptions of risks and uncertainties relating to forward-looking statements are incorporated herein by reference to information set forth in our 2018 Annual Report to Shareholders under the caption "Forward-Looking Statements."

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 (jmsmucker.com/investor-relations/smuckers-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 Report and our other filings with the SEC, in connection with evaluating the Company, our business, and the forward-looking statements contained in this 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.

- 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 default in the performance of its obligations to perform brokerage services or if this broker fails 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, oils and fats, protein meals, 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, foreign currency fluctuations, investor speculation, trade agreements, political unrest, consumer demand, and changes in governmental agricultural programs. In addition, we 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 cost for the other agricultural products we utilize. Although we use basis, futures, and options 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, including substantially all of our coffee, *Milk-Bone* dog snacks, fruit spreads, toppings, syrups, and *Uncrustables* frozen sandwiches, into single manufacturing sites. 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, or other causes, could significantly impair our ability to operate our business. Notably, substantially all of our coffee production takes place in New Orleans, Louisiana, which is subject to risks associated with hurricane and other weather-related events. Additionally, some of our production facilities are located in places where tornadoes can frequently occur, such as Alabama and Kansas. 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, 2018, 28 percent of our full-time employees, located at 10 manufacturing locations, are covered by collective bargaining agreements. These contracts vary in term depending on location, with one contract expiring in 2019, representing less than 1 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, or natural disasters, 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 31 percent of net sales in 2018. These sales are primarily included in the U.S. retail market segments. Trade receivables at April 30, 2018, included amounts due from Walmart Inc. and subsidiaries of $123.1 million, or 32 percent of the total trade receivables balance. During 2018, 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 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, such as e-commerce, and effective and sufficient trade merchandising, advertising, and marketing programs. 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 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.

Prolonged negative perceptions concerning the health implications of certain food products could influence consumer preferences and acceptance of some of our products and marketing programs. Although we strive to respond to consumer preferences and social expectations, we may not be successful in these efforts. Increasing public concern regarding health issues and failure to satisfy consumer preferences could decrease demand for certain of our products and adversely affect our profitability.

- 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 our brand values are diminished, our revenues and operating results could be materially adversely affected. In addition, anything that harms the *Dunkin' Donuts*, *Rachael Ray*, *Pillsbury*, *Carnation*, *Sweet'N Low*, or *Sugar In The Raw* brands could adversely affect the success of our exclusive licensing agreements with the owners of these brands.

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

Certain of our products contain ingredients, the health effects of which are the subject of public scrutiny, including the suggestion that consumption may have adverse health effects. An unfavorable report on the

health effects of ingredients present in our products, product recalls, or negative publicity or litigation arising from other health risks could significantly reduce the demand for our products.

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.

- 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. We may also encounter significant unexpected difficulties in integrating the Ainsworth business.

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 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 particular, our ability to realize the anticipated benefits of the Ainsworth acquisition will depend, to a large extent, on our ability to integrate the Ainsworth business into Smucker. The combination of two independent businesses is a complex, costly, and time-consuming process. As a result, we will be required to devote significant management attention and resources to integrating Ainsworth’s business practices and operations with our business practices and operations. The integration process may disrupt the businesses and, if implemented ineffectively or if impacted by unforeseen negative economic or market conditions or other factors, we may not realize the full anticipated benefits, cost savings, synergies, business opportunities, and growth prospects of the acquisition. Our failure to meet the challenges involved in integrating the two businesses to realize the anticipated benefits of the acquisition could cause an interruption of, or a loss of momentum in, our activities and could adversely affect our results of operations.

In addition, we have made strategic divestitures of brands and businesses, including a potential divestiture 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, our business and financial results could be negatively impacted.

- We may not realize the benefits we expect from our cost reduction initiatives.

As part of our organization optimization and cost management programs, we are pursuing a number of initiatives to reduce costs and increase effectiveness. 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 cost savings, 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 our cost reduction 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.

- 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, 2018, we had approximately $4.8 billion of short-term borrowings and long-term debt. Subsequently, on May 14, 2018, we borrowed $1.9 billion 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 future 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 and more often if indicators of impairment exist. At April 30, 2018, the carrying value of goodwill and other intangible assets totaled $11.9 billion, compared to total assets of $15.3 billion and total shareholders' equity of $7.9 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, 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 a result of the Big Heart acquisition in 2015, we recognized $3.0 billion of goodwill and $1.5 billion of other indefinite-lived intangible assets based on their estimated fair values on the acquisition date. During 2017, we recognized total impairment charges of $128.5 related to certain indefinite-lived trademarks within the U.S. Retail Pet Foods segment. During the third quarter of 2018, we performed an interim impairment analysis on the goodwill of the Pet Foods reporting unit and the indefinite-lived trademarks included within the U.S. Retail Pet Foods segment due to a decline in forecasted net sales for the U.S. Retail Pet Foods segment, as well as the narrow differences between estimated fair value and carrying value. As a result, we recognized total impairment charges of $176.9, of which $145.0 and $31.9 related to the goodwill of the Pet Foods reporting unit and certain indefinite-lived trademarks within the U.S. Retail Pet Foods segment, respectively, to the extent the carrying values exceeded the estimated fair values. The goodwill and indefinite-lived trademarks within the U.S. Retail Pet Foods segment remain susceptible to future impairment charges as the carrying values approximate estimated fair values at April 30, 2018. In addition, any meaningful adverse change to our near or long-term projections or macro-economic conditions could result in future impairment charges. Further changes to the assumptions regarding the future performance of the U.S. Retail Pet Foods segment or its brands or a change to other assumptions could result in additional impairment losses in the future, which could be more significant.

In addition, as a result of the Ainsworth acquisition in May 2018, we will recognize additional goodwill and other intangible assets, which will be included within the U.S. Retail Pet Foods reportable segment, based on their estimated fair values on the acquisition date. Since carrying value will represent estimated fair value, these assets could be more susceptible to future impairment. A change to the assumptions regarding future performance of the business, or a portion of it, or a change to other assumptions, could result in significant impairment losses in the future.

- 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, and distribution 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, advertising, relations with distributors and retailers, health, safety, 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 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 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.

Complying with new regulations and laws, or changes to existing regulations and laws, or their application could increase our production 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, oils and fats, protein meals, 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. 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. Security breaches or system failures of our infrastructure, whether due to attacks by hackers, employee error, or other causes, can create system disruptions, shutdowns, 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, 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 cost savings 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, 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, 2018. (A) 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. For instance, in addition to the facilities listed below, we purchased land in Longmont, Colorado, and are constructing a second *Smucker's Uncrustables* frozen sandwich facility there. We believe that the capacity at our existing facilities, combined with the additional capacity at the Longmont facility, will be sufficient to sustain current operations and the anticipated near-term growth of our businesses. Production is expected to begin at the Longmont facility during 2020.

We own all of the properties listed below, except as noted. Additionally, our principal distribution centers in the U.S. include three that we own and six 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 each in China, Canada, and Mexico. (B) Our corporate headquarters is located in Orrville, Ohio, and our Canadian headquarters is located in Markham, Ontario. We lease the principal headquarters of our pet food business located in San Francisco, California, as well as additional administrative facilities dedicated to that business in Burbank, California. (B)

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
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
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) (C)	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 (C)	Nut mix products	U.S. Retail Consumer Foods
Sherbrooke, Quebec	Canned milk	International and Away From Home
Suffolk, Virginia	Coffee	International and Away From Home
Toledo, Ohio	Baking mixes, frostings, and flour	U.S. Retail Consumer Foods
Topeka, Kansas	Dry dog and cat food and dog and cat snacks	U.S. Retail Pet Foods

(A) With the completion of the Ainsworth acquisition, as described in our 2018 Annual Report to Shareholders under "Note 2: Acquisitions," we own two additional manufacturing facilities in Meadville, Pennsylvania, and Frontenac, Kansas, which are not reflected in the table above. Several administrative and distribution facilities were also included in the transaction, virtually all of which are leased properties.

(B) We plan to close our offices in San Francisco, Burbank, China, and Mexico during 2019, as described in our 2018 Annual Report to Shareholders under "Note 3: Integration and Restructuring Costs."

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

Item 3. Legal Proceedings.

We are a defendant in a variety of legal proceedings. While we cannot predict with certainty the ultimate results of these proceedings, we do not believe that the final outcome of these proceedings could have a material adverse effect on our financial position, results of operations, or cash flows, with the exception of the matter discussed below.

On May 9, 2011, an organization named Council for Education and Research on Toxics ("Plaintiff") 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 *Council for Education and Research on Toxics 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 California Health and Safety Code Section 25249.5, the California Safe Drinking Water and Toxic Enforcement Act of 1986, better known as "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 two thousand five hundred dollars 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 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 will proceed to the third phase regarding remedies issues.

At this stage of the proceedings, prior to a trial on remedies issues, 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, 2018, 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. 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 trial court rulings. The outcome and the financial impact of settlement, or the trial or appellate court rulings of the case, if any, cannot be predicted at this time. For additional information, see "Note 15: Contingencies" in our 2018 Annual Report to Shareholders.

Item 4. Mine Safety Disclosures.

Not applicable.

Executive Officers of the Registrant.

The names, ages as of June 15, 2018, and current positions of the 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	70	45	Executive Chairman (A)	1974
Mark T. Smucker	48	20	President and Chief Executive Officer (B)	2001
Mark R. Belgya	57	33	Vice Chair and Chief Financial Officer (C)	1997
Barry C. Dunaway	55	31	President, Pet Food and Pet Snacks (D) (J)	2001
Tina R. Floyd	52	23	Senior Vice President and General Manager, Consumer Foods(E)	2018
Jeannette L. Knudsen	48	15	Senior Vice President, General Counsel and Secretary (F)	2009
David J. Lemmon	50	24	President, Canada, International, and U.S. Away From Home (G) (J)	2012
Jill R. Penrose	45	14	Senior Vice President, Human Resources and Corporate Communications (H)	2014
Joseph Stanziano	51	21	Senior Vice President and General Manager, Coffee (I)	2018

(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 2016, having served as Senior Vice President and Chief Financial Officer since October 2009.

(D) Mr. Dunaway was elected to his present position in March 2016, having served as President, International and Chief Administrative Officer since April 2015. Prior to that time, he served as Senior Vice President and Chief Administrative Officer since May 2011.

(E) Ms. Floyd was elected to her present position in February 2018, having served as Vice President and General Manager, Foodservice since February 2016. Prior to that time, she served as Vice President, Marketing - Consumer Foods since April 2012.

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

(G) Mr. Lemmon was elected to his present position in August 2017, having served as Vice President and General Manager, International since January 2016. Prior to that time, he served as Vice President and Managing Director, Canada and International since April 2015 and Vice President and Managing Director, Canada since May 2012.

(H) Ms. Penrose was elected to her present position in May 2016, having served as Vice President, Human Resources since June 2014. Prior to that time, she served as Vice President, Strategy and Organization Development since April 2010.

(I) Mr. Stanziano was elected to his present position in February 2018, having served as Senior Vice President and General Manager, Consumer Foods since October 2017. Prior to that time, he served as Vice President and General Manager, Consumer since February 2016 and Vice President, General Manager - Peanut Butter and Snacking since April 2012.

(J) Effective June 25, 2018, Mr. Lemmon will assume the position of President, Pet Food and Pet Snacks, and Mr. Dunaway will assume the position of Executive Advisor, Pet, until his retirement on July 31, 2018.

PART II

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

(a) The information pertaining to the market for our common shares and other related shareholder information is incorporated herein by reference to the information set forth in our 2018 Annual Report to Shareholders under the captions "Stock Price Data" and "Comparison of Five-Year Cumulative Total Shareholder Return."

(b) Not applicable.

(c) Issuer Purchases of Equity Securities

Period	(a) Total number of shares purchased	(b) Average price paid per share	(c) Total number of shares purchased as part of publicly announced plans or programs	(d) Maximum number (or approximate dollar value) of shares that may yet be purchased under the plans or programs
February 1, 2018 - February 28, 2018	10	$ 118.76	—	3,586,598
March 1, 2018 - March 31, 2018	463	126.73	—	3,586,598
April 1, 2018 - April 30, 2018	438	120.55	—	3,586,598
Total	911	$ 123.67	—	3,586,598

Information set forth in the table above represents the activity in our fourth fiscal quarter.

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

(d) As of April 30, 2018, there were 3,586,598 common shares remaining available for future repurchase pursuant to our Board of Directors' authorizations.

Item 6. Selected Financial Data.

Five-year summaries of our selected financial data and discussions of items which materially affect the comparability of the selected financial data are incorporated herein by reference to the information set forth in our 2018 Annual Report to Shareholders under the following captions: "Five-Year Summary of Selected Financial Data," "Management's Discussion and Analysis," "Note 1: Accounting Policies," "Note 2: Acquisitions," and "Note 3: Integration and Restructuring Costs."

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

Management's discussion and analysis of financial condition and results of operations, including a discussion of liquidity and capital resources and critical accounting estimates and policies, is incorporated herein by reference to the information set forth in our 2018 Annual Report to Shareholders under the caption "Management's Discussion and Analysis."

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

Quantitative and qualitative disclosures about market risk are incorporated herein by reference to the information set forth in our 2018 Annual Report to Shareholders under the caption "Derivative Financial Instruments and Market Risk."

Item 8. Financial Statements and Supplementary Data.

Consolidated financial statements at April 30, 2018 and 2017, and for each of the years in the three-year period ended April 30, 2018, with the report of independent registered public accounting firm and selected unaudited quarterly financial data, are incorporated herein by reference to the information set forth in our 2018 Annual Report to Shareholders

under the caption "Summary of Quarterly Results of Operations" and beginning with "Report of Management on Internal Control Over Financial Reporting" through "Note 17: Common Shares."

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, 2018 (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, 2018, that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Management's report on internal control over financial reporting and the attestation report of our independent registered public accounting firm are set forth in our 2018 Annual Report to Shareholders under the headings "Report of Management on Internal Control Over Financial Reporting" and "Report of Independent Registered Public Accounting Firm on Internal Control Over Financial Reporting," which reports are incorporated herein by reference.

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 15, 2018. Information required by Item 10 as to the executive officers of the Company is included in Part I of this Annual Report on Form 10-K as permitted by Instruction 3 to Item 401(b) of Regulation S-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 (jmsmucker.com/investor-relations/smuckers-corporate-governance).

Item 11. Executive Compensation.

The information required by this Item is incorporated 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 15, 2018.

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

The information required by this Item is incorporated 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 15, 2018.

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

The information required by this Item is incorporated 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 15, 2018.

Item 14. Principal Accountant Fees and Services.

The information required by this Item is incorporated 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 15, 2018.

PART IV

Item 15. Exhibits and Financial Statement Schedules.

(a)(1)	Financial Statements
	See the Index to Financial Statements, which is included on page F-1 of this Report.
(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
	See the Index of Exhibits beginning on page 24 of this Report.

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 18, 2018

The J. M. Smucker Company

/s/ Mark R. Belgya

By: Mark R. Belgya
Vice Chair and 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.

Signature	Title	Date
* Mark T. Smucker	President and Chief Executive Officer and Director (Principal Executive Officer)	June 18, 2018
/s/ Mark R. Belgya Mark R. Belgya	Vice Chair and Chief Financial Officer (Principal Financial Officer and Principal Accounting Officer)	June 18, 2018
* Timothy P. Smucker	Chairman Emeritus	June 18, 2018
* Richard K. Smucker	Executive Chairman	June 18, 2018
* Kathryn W. Dindo	Director	June 18, 2018
* Paul J. Dolan	Director	June 18, 2018
* Jay L. Henderson	Director	June 18, 2018
* Elizabeth Valk Long	Director	June 18, 2018
* Gary A. Oatey	Director	June 18, 2018
* Kirk L. Perry	Director	June 18, 2018
* Sandra Pianalto	Director	June 18, 2018
* Nancy Lopez Russell	Director	June 18, 2018
* Alex Shumate	Director	June 18, 2018
* Dawn C. Willoughby	Director	June 18, 2018

* 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 18, 2018

/s/ Jeannette L. Knudsen

By: Jeannette L. Knudsen Attorney-in-Fact

INDEX OF EXHIBITS

The following exhibits are either attached or incorporated herein by reference to another filing with the U.S. Securities and Exchange Commission.

Exhibit Number	Exhibit Description
2.1	Agreement and Plan of Merger, dated as of February 3, 2015, by and among Blue Acquisition Group, Inc., the Company, SPF Holdings I, Inc., SPF Holdings II, LLC, and, for the limited purposes set forth therein, Blue Holdings I, L.P.
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.
2.3	Purchase Agreement dated as of October 9, 2013, among Del Monte Corporation, Del Monte Foods Consumer Products, Inc., and, for the limited purposes set forth therein, Del Monte Pacific Limited
2.4	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.
3.1	Amended Articles of Incorporation of The J. M. Smucker Company
3.2	Amended Regulations of The J. M. Smucker Company
4.1	Rights Agreement, dated as of May 20, 2009, by and between the Company and Computershare Trust Company, N.A., as rights agent
4.2	Amendment No. 1, dated as of February 3, 2015, to the Rights Agreement, dated as of May 20, 2009, between the Company and Computershare Trust Company, N.A., as rights agent
4.3	Amendment No. 2, dated as of October 24, 2016, to the Rights Agreement, dated as of May 20, 2009, by and between the Company and Computershare Trust Company, N.A., as rights agent
4.4	Indenture, dated as of October 18, 2011, between the Company and U.S. Bank National Association
4.5	First Supplemental Indenture, dated as of October 18, 2011, among the Company, the guarantors party thereto, and U.S. Bank National Association
4.6	Third Amended and Restated Intercreditor Agreement, dated June 11, 2010, among the administrative agents and other parties identified therein
4.7	Indenture, dated as of March 20, 2015, between the Company and U.S. Bank National Association, as trustee
4.8	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
4.9	Second Supplemental Indenture, dated as of December 7, 2017, between the Company and U.S. Bank National Association, as trustee
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	Amended and Restated Consulting and Noncompete Agreement of Timothy P. Smucker, dated as of December 31, 2010*
10.4	Amended and Restated Consulting and Noncompete Agreement of Richard K. Smucker, dated as of December 31, 2010*
10.5	Termination Amendment to Amended and Restated Consulting and Noncompete Agreement of Timothy P. Smucker, dated as of April 25, 2011*
10.6	Termination Amendment to Amended and Restated Consulting and Noncompete Agreement of Richard K. Smucker, dated as of April 25, 2011*
10.7	The J. M. Smucker Company Voluntary Deferred Compensation Plan, amended and restated as of December 1, 2012*
10.8	The J. M. Smucker Company 2006 Equity Compensation Plan, effective August 17, 2006*
10.9	The J. M. Smucker Company 2010 Equity and Incentive Compensation Plan*
10.10	Amendment No. 1 to The J. M. Smucker Company 2010 Equity and Incentive Compensation Plan*
10.11	Omnibus Amendment to Restricted Stock Agreements for Folgers Employees, dated as of November 4, 2010*

INDEX OF EXHIBITS

Exhibit Number	Exhibit Description
10.12	Form of Restricted Stock Agreement*
10.13	Form of Deferred Stock Units Agreement*
10.14	Form of Restricted Stock Agreement*
10.15	Form of Deferred Stock Units Agreement*
10.16	Form of Special One-Time Grant of Restricted Stock Agreement*
10.17	Form of Restricted Stock Agreement*
10.18	Form of Special One-Time Grant of Restricted Stock Agreement*
10.19	Form of Special One-Time Grant of Deferred Stock Units Agreement*
10.20	Form of Restricted Stock Agreement*
10.21	Form of Deferred Stock Units Agreement*
10.22	The J. M. Smucker Company Nonemployee Director Deferred Compensation Plan (Amended and Restated Effective January 1, 2007)*
10.23	The J. M. Smucker Company Nonemployee Director Deferred Compensation Plan (Amended and Restated Effective January 1, 2014)*
10.24	The J. M. Smucker Company Defined Contribution Supplemental Executive Retirement Plan, restated effective as of May 1, 2015*
10.25	Amendment No. 1 to The J. M. Smucker Company Defined Contribution Supplemental Executive Retirement Plan, dated as of December 31, 2016*
10.26	The J. M. Smucker Company Restoration Plan, amended and restated effective as of January 1, 2013*
10.27	Amendment No. 1 to The J. M. Smucker Company Restoration Plan, dated as of May 1, 2015*
10.28	Amendment No. 2 to The J. M. Smucker Company Restoration Plan, dated as of December 31, 2016*
10.29	Form of Nonstatutory Stock Option Agreement between the Company and the Optionee (three-year vesting)*
10.30	Form of Amended and Restated Change in Control Severance Agreement between the Company and the Officer party thereto*
10.31	Form of Indemnity Agreement between the Company and the Officer party thereto*
10.32	The J. M. Smucker Company 1998 Equity and Performance Incentive Plan (as amended and restated effective as of June 6, 2005)*
10.33	Amended and Restated Asset Purchase and Sale Agreement, dated as of October 24, 2001, by and among General Mills, Inc., The Pillsbury Company, and International Multifoods Corporation
10.34	Retail Trademark License Agreement, dated November 13, 2001, between The Pillsbury Company and International Multifoods Corporation
10.35	Amendment to Retail Trademark License Agreement, dated December 23, 2002, between The Pillsbury Company and International Multifoods Corporation
10.36	Closing Agreement, dated as of November 13, 2001, by and among General Mills, Inc., The Pillsbury Company, and International Multifoods Corporation
10.37	Omnibus Amendment Agreement, dated as of January 16, 2003, by and among General Mills, Inc., The Pillsbury Company, International Multifoods Corporation, and Sebesta Blomberg & Associates, Inc.
10.38	Tax Matters Agreement between The Procter & Gamble Company, The Folgers Coffee Company, and the Company, dated November 6, 2008
10.39	Intellectual Property Matters Agreement between The Procter & Gamble Company and The Folgers Coffee Company, dated November 6, 2008
10.40	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
10.41	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

INDEX OF EXHIBITS

Exhibit Number	Exhibit Description
10.42	Form of Commercial Paper Dealer Agreement between the Company, as Issuer, and the Dealer party thereto
10.43	Term Loan Credit Agreement, dated as of March 2, 2015, among the Company, as borrower, the lenders and guarantors party thereto, and Bank of America, N.A., as administrative agent
10.44	Amendment No. 1, dated as of September 1, 2017, to the Term Loan Credit Agreement, by and among the Company, Bank of America, N.A., as administrative agent and as a lender, and the several financial institutions from time to time party thereto
10.45	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
12.1	Computation of Ratio of Earnings to Fixed Charges
13	Excerpts from our 2018 Annual Report to Shareholders. Such Annual Report, except those portions thereof that are expressly incorporated herein by reference, is furnished for the information of the Commission only and is not deemed to be filed as part of this Annual Report on Form 10-K
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 Mark R. Belgya 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

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

THE J. M. SMUCKER COMPANY

ANNUAL REPORT ON FORM 10-K

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	Annual Report to Shareholders
Data incorporated by reference to the 2018 Annual Report to Shareholders of The J. M. Smucker Company:	
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Financial statement schedules are omitted because they are not applicable or because the information required is set forth in the Consolidated Financial Statements or the notes thereto.

Exhibit 2.2

FIRST AMENDMENT TO STOCK PURCHASE AGREEMENT AND PLAN OF MERGER AND SIDE LETTER

This FIRST AMENDMENT TO STOCK PURCHASE AGREEMENT AND PLAN OF MERGER AND SIDE LETTER (the "First Amendment") is made and entered into as of May 14th, 2018, by and among (i) NU Pet Company, a Delaware corporation ("Purchaser"), (ii) PR Merger Sub I, LLC, a Delaware limited liability company and a direct wholly-owned subsidiary of Purchaser ("Merger Sub"), (iii) Ainsworth Pet Nutrition Parent, LLC, a Delaware limited liability company (the "Company"), (iv) CP APN, Inc., a Delaware corporation ("CP Blocker"), (v) CP APN, L.P., a Delaware limited partnership (" CP Blocker Seller" and, together with CP Blocker, the "CP Blocker Parties"), (vi) solely in its capacity as the representative of the CP Blocker Seller and the holders of the Acquired Units, CP APN, L.P., a Delaware limited partnership (the " Sellers' Representative"), (vii) solely for purposes of Section 10.18 and certain sections of Article V of the Original Agreement (as hereinafter defined), The J. M. Smucker Company, an Ohio corporation (the "Guarantor", and collectively with the parties referenced in clauses (i) through (vi), the "Original Agreement Parties"), and (viii) solely with respect to Section 1.2(c) and Section 1.4(a) of this First Amendment, APN, Inc. Each of the above referenced parties is sometimes herein referred to individually as a "Party" and collectively as the "Parties."

WHEREAS, the Original Agreement Parties entered into that certain Stock Purchase Agreement and Plan of Merger dated on April 4, 2018 (the "Original Agreement"); capitalized terms used in this First Amendment and not otherwise defined herein shall have the meaning set forth in the Original Agreement.

WHEREAS, in connection with the Closing, the Parties desire to amend the Original Agreement as set forth in Section 1.1(a) and memorialize certain other agreements and understanding reached among the applicable Parties with respect to the matters referenced herein.

NOW, THEREFORE, in consideration of the premises and the mutual promises contained herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows:

Section 1.1 Amendment to Original Agreement.

(a) *Effective Time*. Each of the Original Agreement Parties agree that the last sentence of Section 1.3 of the Original Agreement is hereby amended and restated in its entirety by the following:

> "On the Closing Date, and on the terms and subject to the conditions set forth in this Agreement, the Parties shall cause the Merger to be consummated by filing the Certificate of Merger (the "Certificate of Merger") in substantially the form attached hereto as Exhibit A, with the Secretary of State of the State of Delaware as required by, and executed in accordance with, the applicable provisions of the DLLCA and the Parties agree that, notwithstanding the time of the filing with, and acceptance by, the Secretary of State of the State of Delaware, as between the Parties, the effective time of the transactions contemplated herein shall be deemed to be 12:01 a.m. (Eastern Time) on the Closing Date (the "Effective Time"); provided, the forgoing shall not affect the actual effective time of the Merger under the DLLCA."

(b) *Ratification.* Except as expressly provided in Section 1.1(a), the Original Agreement is ratified, confirmed and approved in all respects and shall continue in full force and effect in

accordance with its terms. If there is any conflict between the terms of the Original Agreement and this First Amendment, the terms of this First Amendment shall control.

Section 1.2 Certain Employee and Employee Benefit Matters.

(a) *Accrued Bonuses*. Purchaser shall (and shall cause the APN Entities to) pay, or cause to be paid, to each employee of the APN Entities his or her respective portion (if any) of the Accrued Bonus Amount (as defined below), subject to applicable withholding Taxes, in accordance with the Company's customary payroll practices, with such payment to be made to each applicable employee upon the earlier of (i) the termination of such employee's employment with the APN Entities and (ii) within 60 days following the completion of the performance period for which such payment is earned; provided, no employee shall be entitled to his or her respective portion of the Accrued Bonus Amount (if any) if he or she is not employed by Purchaser or its Affiliates (including the APN Entities) on the Closing Date; and provided, further, that, for the avoidance of doubt, each of the Waived Individuals (as defined below) shall be deemed to be employed by Purchaser or its Affiliates (including the APN Entities) on the Closing Date and entitled to payment of his or her respective portion of the Accrued Bonus Amount within 3 Business Days of receipt by Purchaser and the APN Entities of a fully executed Separation Agreement by and between APN LLC and each applicable Waived Individual and expiration of the revocation period relating to such Separation Agreement pursuant to Law in the state of such Waived Individuals' employment. "Accrued Bonus Amount" means the amount included as a liability in Actual Working Capital that is intended to be used for payment of amounts due under the Company's annual bonus program. For the avoidance of doubt, the Accrued Bonus Amount included in the Estimated Closing Statement is $1,422,134.

(b) *401(k) Amendment*. Purchaser shall (and shall cause the APN Entities to) use reasonable best efforts to promptly (or cause the applicable APN Entities to promptly) adopt, approve and ratify the amendment to the Ainsworth Pet Nutrition Profit Sharing/401(k) Plan regarding the acceleration of vesting of all employer non-elective and employer matching contributions upon termination of employment due to position elimination occurring within 12 months after the Closing Date in addition to the current plan provisions for accelerated vesting, including 100% vesting upon death, disability attaining normal retirement age.

(c) *COBRA*. Purchaser shall (and shall cause its Affiliates to, including the APN Entities to) make available continuation health coverage to each Waived Individual (and any eligible dependents thereof) who is hired by a Permitted Entity pursuant to Section 4980B of the Code; provided that such Waived Individual or APN, Inc. on behalf of such Waived Individual shall pay the premium cost for such coverage in the amount determined under Section 4980B of the Code.

Section 1.3 TPT Licenses. Purchaser shall negotiate in good faith and upon the agreement of the parties thereto with respect to the other terms and conditions thereof, promptly enter into a license agreement under which Targeted Pet Treats Holdings, LLC and its Subsidiaries will be granted a non-exclusive, non-transferrable (except in connection with the second to last sentence of this Section 1.3), non-sublicensable (except in connection with the second to last sentence of this Section 1.3), royalty free license under patents and patent applications (including any patents that issue therefrom), including publication numbers US 8,697,174; and CDA 2,788,269 and application numbers US 12/638,985; US20110139087A1; CA 2,725,341; MX a/2010/013960; and PCT/US2011/022704 of Purchaser or its Affiliates to make, have made, use, offer for sale, sell and import certain pet products pursuant to and under such patents. Such license agreement shall provide that, among other things, (a) the term of the license for each patent shall end upon the expiration of the non-renewable term of such patent (including any extension or renewals thereof, and in the case of

applications, shall include all reissues, divisionals, reexaminations, continuations and continuations-in-part, as applicable) and (b) Purchaser and its Affiliates (including the APN Entities) shall not be obligated to prosecute any patent application (which has not been issued as of the Closing Date), and any such prosecution or activities in connection therewith shall be at the sole discretion of Purchaser and its Affiliates (including the APN Entities); provided, that if Purchaser and its Affiliates (including the APN Entities) elect not to prosecute such patent application, Purchaser shall provide timely notice to Targeted Pet Treats Holdings, LLC, and if Targeted Pet Treats Holdings, LLC desires to continue to prosecute such application, cooperate with respect to such cooperation at the cost and expense of Targeted Pet Treats Holdings, LLC and assign all rights therein to Targeted Pet Treats Holdings, LLC; provided, further, that in the event Targeted Pet Treats Holdings, LLC continues to prosecute and thereby acquires such application, Targeted Pet Treats Holdings, LLC will grant Purchaser and its Affiliates (including the APN Entities) a non-exclusive, non-transferrable (except as set forth in the immediately following sentence), non-sublicensable (except as set forth in the immediately following sentence), royalty free license under such patent to permit Purchaser and its Affiliates (including the APN Entities) to make, have made, use, offer for sale, sell and import certain pet products pursuant to and under such patent. Targeted Pet Treats Holdings, LLC and its Subsidiaries may transfer or sublicense the license agreement in connection with a sale of all or a substantial portion of Targeted Pet Treats Holdings, LLC or its operating subsidiaries, or all or substantially all of the assets thereof (however structured, whether by merger, sale of assets or otherwise) to a third party, and Purchaser and its Affiliates may transfer or sublicense any license agreement granted under the sentence immediately before this sentence in connection with a sale of all or a substantial portion of Purchaser, its operating subsidiaries or any other pet operating subsidiaries or Affiliates of Purchaser or Guarantor, or all or substantially all of the assets thereof (however structured, whether by merger, sale of assets or otherwise) to a third party. Purchaser hereby agrees that it shall not, directly or indirectly, assert any of the foregoing rights against Targeted Pet Treats Holdings, LLC and its Subsidiaries between the Closing Date and the effectiveness of the license contemplated by this Section.

Section 1.4 Waiver of Restrictive Covenants.

(a) Purchaser and its Affiliates (including, from and after the Closing, the APN Entities) have been advised that (i) the employment of each of the individuals set forth on Schedule I attached hereto (the "Waived Individuals") shall have ceased immediately prior to the Closing, and (ii) APN, Inc., Lang LLC and their respective directors, officers, employees, Affiliates and agents, including Targeted Pet Treats, LLC, Hampshire Petco Owners, LLC and Hampshire Pet Products, LLC (the "Permitted Entities"), desire to hire or engage the Waived Individuals. Notwithstanding anything set forth in the Original Agreement, this First Amendment, any policies and procedures of the APN Entities (including, without limitation, providing for any rights or obligations with respect to severance upon termination of employment) or otherwise, the Parties hereby acknowledge and agree that Purchaser and its Affiliates (including, from and after the Closing, the APN Entities) shall have no obligation to pay severance to any of the Waived Individuals, and APN, Inc. shall be solely responsible and pay and reimburse Purchaser and its Affiliates (including, from and after the Closing, the APN Entities) for any and all liabilities, claims, costs, expenses and other obligations relating to, arising from or in connection with such termination/separation of employment of the Waived Individuals.

(b) Purchaser and its Affiliates (including, from and after the Closing, the APN Entities) hereby irrevocably agree (i) that, notwithstanding the Restrictive Covenant Agreements (as defined below), the SAR Phantom Stock Plan or otherwise, the Permitted Entities may solicit, hire, employ, induce and/or engage each of the Waived Individuals, and (ii) not to assert or otherwise claim (and hereby waive any such assertion or claim) that any of the RCA Parties, APN, Inc., or any of their

respective Affiliates have breached or otherwise violated, or are in breach of or otherwise violating, the Restrictive Covenant Agreements, the SAR Phantom Stock Plan or any other agreement containing similar restrictive covenants (including any non-competition or customer non-solicitation restriction) in connection with any such solicitation, hiring, employment, inducement and/or engagement of the Waived Individuals, or any of the Waived Individuals operations, employment, services, work or similar activities with or for any Permitted Entity.

(c) Reference is hereby made to those persons set forth on Schedule II attached hereto (the "RCA Parties"), each of which is party to one of those certain Restrictive Covenant Agreements, dated as of April 4, 2018 (collectively, the " Restrictive Covenant Agreements"), by and between the RCA Parties and Purchaser.

Section 1.5 Complete Agreement. This First Amendment, together with the Original Agreement, Restrictive Covenant Agreements, the SAR Phantom Stock Plan and the schedules and exhibits referred to herein and therein, contains the complete agreement among the applicable Parties concerning the subject matter hereof and supersede any prior understandings, agreements or representations by or among the applicable Parties, written or oral, which may have related to the subject matter hereof in any way.

Section 1.6 Counterparts. This First Amendment may be executed in one or more counterparts, any one of which may be by facsimile or by e-mail with scan or attachment signature, and each of which shall be deemed an original and all of which taken together shall constitute one and the same instrument.

Section 1.7 Governing Law. This First Amendment shall be governed by and construed in accordance with the domestic Laws of the State of Delaware without giving effect to any choice of law or conflict of law provision or rule (whether of the State of Delaware or any other jurisdiction) that would cause the application of the Laws of any jurisdiction other than the State of Delaware.

* * * * *

IN WITNESS WHEREOF, the Parties have executed this First Amendment effective as of the date first above-written.

COMPANY:

Ainsworth Pet Nutrition Parent, LLC

By: /s/ Jeff Watters
Name: Jeff Watters
Title: President and CEO

IN WITNESS WHEREOF, the Parties have executed this First Amendment effective as of the date first above-written.

PURCHASER:

NU PET COMPANY

By: /s/ Barry C. Dunaway
Name: Barry C. Dunaway
Title: President

MERGER SUB:

PR MERGER SUB I, LLC

By: /s/ Barry C. Dunaway
Name: Barry C. Dunaway
Title: President

GUARANTOR:

THE J. M. SMUCKER COMPANY

By: /s/ Barry C. Dunaway
Name: Barry C. Dunaway
Title: President, Pet Food and Pet Snacks

IN WITNESS WHEREOF, the Parties have executed this First Amendment effective as of the date first above-written.

CP BLOCKER SELLER:

CP APN, L.P.

By: CP7 Management, L.L.C.
Its: General Partner

By: /s/ Scott A. Dahnke
Name: Scott A. Dahnke
Title: Authorized Person

CP BLOCKER:

CP APN, Inc.

By: /s/ Scott A. Dahnke
Name: Scott A. Dahnke
Title: President

IN WITNESS WHEREOF, the Parties have executed this First Amendment effective as of the date first above-written.

SELLERS' REPRESENTATIVE:

CP APN, L.P. , solely in its capacity as the representative of the CP Blocker Parties and the Unitholders (other than CP Blocker)

By: CP7 Management, L.L.C.
Its: General Partner

By: /s/ Scott A. Dahnke
Name: Scott A. Dahnke
Title: Authorized Person

Accepted and agreed to as of the date first written above by:
APN, Inc.

By: /s/ Sean P. Lang
Name: Sean P. Lang
Title: Chief Executive Officer

Exhibit 10.30

AMENDED AND RESTATED CHANGE IN CONTROL SEVERANCE AGREEMENT

THIS AMENDED AND RESTATED CHANGE IN CONTROL SEVERANCE AGREEMENT (this "Agreement"), dated as of May 1, 2018, is made by and between The J. M. Smucker Company, an Ohio corporation (the "Company"), and __________ (the "Executive").

WHEREAS, the Board recognizes that, as is the case with many publicly held corporations, the possibility of a Change in Control exists and that such possibility, and the uncertainty and questions which it may raise among management, may result in the departure or distraction of management personnel to the detriment of the Company and its shareholders; and

WHEREAS, the Board has determined that appropriate steps should be taken to reinforce and encourage the continued attention and dedication of members of the Company's management, including the Executive, to their assigned duties without distraction in connection with a potential Change in Control;

WHEREAS, the Company has agreed to grant the Executive certain equity awards in respect of the Company's fiscal year ending April 30, 2018 in exchange for the Executive's execution of the amended form of this Agreement which clarifies that certain restrictive covenants herein will apply in connection with a termination of employment without regard to the occurrence of a Change in Control;

NOW, THEREFORE, in consideration of the premises and the mutual covenants herein contained, the Company and the Executive hereby agree as follows:

1. Defined Terms. The definitions of capitalized terms used in this Agreement are provided in the last Section hereof.

2. Term of Agreement. The Term of this Agreement will commence on May 1, 2018 (the "Commencement Date") and continue until the second anniversary of the Commencement Date; provided, however, that commencing on the first anniversary of the Commencement Date and each subsequent anniversary thereafter, the Term will continue to automatically be extended for one additional year unless, not later than 60 days prior to such anniversary, the Company or the Executive has given notice not to extend the Term; and further provided, however, that if a Change in Control occurs during the Term, the Term will expire no earlier than 24 months beyond the month in which such Change in Control occurred.

3. Company's Covenants Summarized. In order to induce the Executive to remain in the employ of the Company and in consideration of the Executive's covenants set forth in Sections 4 and 9 hereof, the Company agrees, under the conditions described herein, to (i) pay the Executive the Severance Payments and the other payments and benefits described herein and (ii) grant certain equity awards to the Executive in respect of the Company's fiscal year ending April 30, 2018. Except as provided in Section 10.1 hereof, no Severance Payments will be payable under this Agreement unless there has been (or, under the terms of the second sentence of Section 6.1 hereof, there is deemed to have been) a termination of the Executive's employment with the Company following a Change in Control and during the Term. This Agreement will not be construed as creating an express or implied contract of employment and, except as otherwise

agreed in writing between the Executive and the Company, the Executive will not have any right to be retained in the employ of the Company.

4. Continued Employment. In consideration of the Company entering into this Agreement, the Executive agrees that, subject to the terms and conditions of this Agreement, in the event of a Potential Change in Control during the Term, the Executive will remain in the employ of the Company until the earliest of (i) a date which is six months from the date of such Potential Change in Control, (ii) the date of a Change in Control, (iii) the date of termination by the Executive of the Executive's employment for Good Reason or by reason of death or Disability, or (iv) the termination by the Company of the Executive's employment for any reason.

5. Compensation Other Than Severance Payments.

5.1 Following a Change in Control and during the Term, during any period that the Executive fails to perform the Executive's full-time duties with the Company as a result of incapacity due to physical or mental injury, infirmity or incapacity, the Company will pay the Annual Base Salary, together with all compensation and benefits payable to the Executive under the terms of any compensation or benefit plan, program or arrangement maintained by the Company during such period (other than any disability plan), until the Executive's employment is terminated by the Company for Disability.

5.2 If the Executive's employment has terminated for any reason following a Change in Control and during the Term, the Company will pay, subject to the nonduplication of benefits provisions set forth in Section 12 of this Agreement, the Annual Base Salary together with all compensation and benefits payable to the Executive through the Date of Termination under the terms of the Company's compensation and benefit plans, programs or arrangements as in effect immediately prior to the Date of Termination or, if more favorable to the Executive, as in effect immediately prior to the first occurrence of an event or circumstance constituting Good Reason. The Company will also pay to the Executive any earned but unpaid cash bonuses for the prior completed fiscal year, unless the Executive's employment is terminated by the Company for Cause.

5.3 If the Executive's employment is terminated for any reason following a Change in Control and during the Term, the Company will, subject to the nonduplication of benefits provisions set forth in Section 12 of this Agreement, pay to the Executive the Executive's post-termination compensation and benefits as such payments become due. Such post-termination compensation and benefits will be determined under, and paid in accordance with, the Company's retirement, insurance and other compensation or benefit plans, programs and arrangements as in effect immediately prior to the Date of Termination or, if more favorable to the Executive, as in effect immediately prior to the occurrence of the first event or circumstance constituting Good Reason.

6. Severance Payments

6.1 If the Executive incurs a "separation from service" (within the meaning of Section 409A) on or following a Change in Control and during the Term, other than (A) by the Company for Cause, (B) by reason of death or Disability, or (C) by the Executive without Good Reason, then, provided that the Executive executes a general release of claims in the form attached as Exhibit A hereto (the "Release"), and all applicable revocation periods relating to the release expire within 29 days following the Date of Termination, then the Company will pay the Executive the amounts, and provide the Executive the benefits, described in this Section 6.1 (collectively, the "Severance Payments"), in addition

to any payments and benefits to which the Executive is entitled under Section 5 hereof. For purposes of this Agreement (except for Section 6.1(B) below), the Executive will be deemed to have incurred a separation from service following a Change in Control by the Company without Cause or by the Executive with Good Reason if (i) the Executive's employment is terminated by the Company without Cause prior to a Change in Control (whether or not a Change in Control occurs) and such termination was at the request or direction of a Person who has entered into an agreement with the Company the consummation of which would constitute a Change in Control, (ii) the Executive terminates the Executive's employment for Good Reason prior to a Change in Control (whether or not a Change in Control occurs) and the circumstance or event which constitutes Good Reason occurs at the request or direction of such Person, or (iii) the Executive's employment is terminated by the Company without Cause or by the Executive for Good Reason and such termination or the circumstance or event which constitutes Good Reason is otherwise in connection with or in anticipation of a Change in Control (whether or not a Change in Control occurs).

(A) In lieu of any further salary payments to the Executive for periods subsequent to the Date of Termination and in lieu of any severance benefit otherwise payable to the Executive, the Company will pay to the Executive a lump sum severance payment, in cash, equal to two times the sum of the (i) Annual Base Salary, and (ii) the Target Annual Bonus.

(B) The Company will pay the Executive a lump sum payment of a prorated cash bonus for the bonus period during which the termination of employment occurs determined by multiplying (i) the Target Annual Bonus by (ii) a fraction, the numerator of which is the number of days Executive was employed with the Company during the applicable bonus period and the denominator of which is the total number of calendar days in such bonus period.

(C) The Company will pay the Executive a lump sum payment equal to the cost of COBRA coverage for 18 months for continued medical benefits for the Executive and the Executive's dependents (including the Executive's spouse) who were covered as of such termination event under the medical benefit plan as in effect for employees of the Company during the period immediately prior to the Change in Control, or an equivalent medical benefit plan.

(D) If requested by the Executive, the Company will provide the Executive with third-party outplacement services suitable to the Executive's position for the period following the Executive's Date of Termination and ending on December 31 of the second calendar year following such Date of Termination or, if earlier, until the first acceptance by the Executive of an offer of employment, provided, however, that in no case will the Company be required to pay in excess of $25,000 over such period in providing outplacement services and that all reimbursements hereunder will be paid to the Executive within 30 calendar days following the date on which the Executive submits the invoice but no later than the earlier of (1) the end of the taxable year following the year in which the expense was incurred and (2) December 31 of the third calendar year following the year of the Executive's Date of Termination.

6.2 (A) Notwithstanding any other provisions in this Agreement, in the event that any payment or benefit received or to be received by the Executive (including any payment or benefit received in connection with a Change in Control or the termination of the Executive's employment, whether pursuant to the terms of this Agreement or any other plan, program, arrangement or agreement) (all such payments and benefits, collectively, the "Total Payments") would be subject (in whole or part), to any excise tax imposed under Section 4999 of the Code, or any successor provision thereto (the "Excise Tax"), then after taking into account any reduction in the Total Payments provided by reason of Section 280G of the Code in such other plan, program, arrangement or agreement, the Company will reduce the Total

Payments to the extent necessary so that no portion of the Total Payments is subject to the Excise Tax (but in no event to less than zero); provided, however, that the Total Payments will only be reduced if the net amount of such Total Payments, as so reduced (and after subtracting the net amount of federal, state, municipal and local income taxes on such reduced Total Payments and after taking into account the phase out of itemized deductions and personal exemptions attributable to such reduced Total Payments), is greater than or equal to the net amount of such Total Payments without such reduction (but after subtracting the net amount of federal, state, municipal and local income taxes on such Total Payments and the amount of Excise Tax to which the Executive would be subject in respect of such unreduced Total Payments and after taking into account the phase out of itemized deductions and personal exemptions attributable to such unreduced Total Payments).

(B) In the case of a reduction in the Total Payments, the Total Payments will be reduced in the following order: (i) payments that are payable in cash that are valued at full value under Treasury Regulation Section 1.280G-1, Q&A 24(a) will be reduced (if necessary, to zero), with amounts that are payable last reduced first; (ii) payments and benefits due in respect of any equity valued at full value under Treasury Regulation Section 1.280G-1, Q&A 24(a), with the highest values reduced first (as such values are determined under Treasury Regulation Section 1.280G-1, Q&A 24), will next be reduced; (iii) payments that are payable in cash that are valued at less than full value under Treasury Regulation Section 1.280G-1, Q&A 24, with amounts that are payable last reduced first, will next be reduced; (iv) payments and benefits due in respect of any equity valued at less than full value under Treasury Regulation Section 1.280G-1, Q&A 24, with the highest values reduced first (as such values are determined under Treasury Regulation Section 1.280G-1, Q&A 24), will next be reduced; and (v) all other non-cash benefits not otherwise described in clauses (ii) or (iv) will next be reduced pro-rata. Any reductions made pursuant to each of clauses (i)-(v) above will be made in the following manner: first, a pro-rata reduction of cash payment and payments and benefits due in respect of any equity not subject to Section 409A, and second, a pro-rata reduction of cash payments and payments and benefits due in respect of any equity subject to Section 409A as deferred compensation.

(C) For purposes of determining whether and the extent to which the Total Payments will be subject to the Excise Tax: (i) no portion of the Total Payments the receipt or enjoyment of which the Executive has waived at such time and in such manner as not to constitute a "payment" within the meaning of Section 280G(b) of the Code will be taken into account; (ii) no portion of the Total Payments will be taken into account which, in the opinion of a nationally recognized tax counsel ("Tax Counsel") selected by the Company and reasonably acceptable to the Executive and the accounting firm which was, immediately prior to the Change in Control, the Company's independent auditor (the "Auditor"), does not constitute a "parachute payment" within the meaning of Section 280G(b)(2) of the Code (including by reason of Section 280G(b)(4)(A) of the Code) and, in calculating the Excise Tax, no portion of such Total Payments will be taken into account which, in the opinion of Tax Counsel, constitutes reasonable compensation for services actually rendered, within the meaning of Section 280G(b)(4)(B) of the Code, in excess of the "base amount" (as set forth in Section 280G(b)(3) of the Code) that is allocable to such reasonable compensation; and (iii) the value of any non-cash benefit or any deferred payment or benefit included in the Total Payments will be determined by the Auditor in accordance with the principles of Sections 280G(d)(3) and (4) of the Code.

(D) At the time that payments are made under this Agreement, the Company will provide the Executive with a written statement setting forth the manner in which such payments were calculated and the basis for such calculations, including any opinions or other advice the Company received from Tax Counsel, the Auditor, or other advisors or consultants (and any such opinions or advice which are in writing will be attached to the statement). If the Executive objects to the Company's

calculations, the Company will pay to the Executive such portion of the Total Payments (up to 100% thereof) as the Executive determines is necessary to result in the proper application of this Section 6.2. All determinations required by this Section 6.2 (or requested by either the Executive or the Company in connection with this Section 6.2) will be at the expense of the Company. The fact that the Executive's right to payments or benefits may be reduced by reason of the limitations contained in this Section 6.2 will not of itself limit or otherwise affect any other rights of the Executive under this Agreement.

(E) If the Executive receives reduced payments and benefits by reason of this Section 6.2 and it is established pursuant to a determination of a court of competent jurisdiction which is not subject to review or as to which the time to appeal has expired, or pursuant to an Internal Revenue Service proceeding, that the Executive could have received a greater amount without resulting in any Excise Tax, then the Company will thereafter pay the Executive the aggregate additional amount which could have been paid without resulting in any Excise Tax as soon as reasonably practicable.

6.3 Subject to Section 6.4, the payments provided in subsections (A), (B) and (C) of Section 6.1 hereof will be made on the 30th day following the Date of Termination. Notwithstanding anything set forth herein to the contrary, to the extent that any severance payable under a plan or agreement covering the Executive as of the date of this Agreement constitutes deferred compensation under Section 409A, then to the extent required to avoid accelerated taxation and/or tax penalties under Section 409A, the portion of the benefits payable hereunder equal to such other amount will instead be provided in the form set forth in such other plan or agreement. Further, to the extent, if any, that provisions of this Agreement affect the time or form of payment of any amount which constitutes deferred compensation under Section 409A, then to the extent required to avoid accelerated taxation and/or tax penalties under Section 409A, if the Change in Control does not constitute a change in control event under Section 409A, the time and form (but not the amount) of payment will be the time and form that would have been applicable in absence of a Change in Control.

6.4 (A) Notwithstanding any provisions of this Agreement to the contrary, if the Executive is a "specified employee" (within the meaning of Section 409A and determined pursuant to procedures adopted by the Company) at the time of the Executive's separation from service and if any portion of the payments or benefits to be received by the Executive upon separation from service would be considered deferred compensation under Section 409A, amounts that would otherwise be payable pursuant to this Agreement during the six-month period immediately following the Executive's separation from service will instead be paid or made available on the earlier of (i) the first business day of the seventh month following the date of the Executive's separation from service or (ii) the Executive's death.

(B) With respect to any amount of expenses eligible for reimbursement under Section 6.1(D), such expenses will be reimbursed by the Company within 30 calendar days following the date on which the Company receives the applicable invoice from the Executive but in no event later than December 31 of the year following the year in which the Executive incurs the related expenses. In no event will the reimbursements or in-kind benefits to be provided by the Company in one taxable year affect the amount of reimbursements or in-kind benefits to be provided in any other taxable year, nor will the Executive's right to reimbursement or in-kind benefits be subject to liquidation or exchange for another benefit.

(C) For purposes of Section 409A, the Executive's right to receive any "installment" payments pursuant to this Agreement will be treated as a right to receive a series of separate and distinct payments.

(D) For purposes of Sections 5 and 6 of this Agreement, no payment that would otherwise be made and no benefit that would otherwise be provided upon a termination of employment will be made or provided unless and until such termination of employment is also a “separation from service,” as determined in accordance with Section 409A.

6.5 Other than with respect to any dispute involving the provisions of Section 9 of this Agreement prior to a Change in Control, the Company also will pay to the Executive all legal fees and expenses incurred by the Executive in disputing in good faith any non-frivolous issue hereunder relating to the termination of the Executive’s employment or in seeking in good faith to obtain or enforce any benefit or right provided by this Agreement. Such payments will be made within five business days (but in any event no later than December 31 of the year following the year in which the Executive incurs the expenses) after delivery of the Executive’s written requests for payment accompanied with such evidence of fees and expenses incurred as the Company reasonably may require, provided that (i) the amount of such legal fees and expenses that the Company is obligated to pay in any given calendar year will not affect the legal fees and expenses that the Company is obligated to pay in any other calendar year, (ii) the Executive’s right to have the Company pay such legal fees and expenses may not be liquidated or exchanged for any other benefit, and (iii) the Executive will not be entitled to reimbursement unless he or she has submitted an invoice for such fees and expenses at least ten business days before the end of the calendar year next following the calendar year in which such fees and expenses were incurred. The Company will also pay all legal fees and expenses incurred by the Executive in connection with any tax audit or proceeding to the extent attributable to the application of section 4999 of the Code to any payment or benefit hereunder. Payment pursuant to the preceding sentence will be made within 15 business days after delivery of the Executive’s written request for payment but in no event later than the end of the calendar year following the calendar year in which the taxes that are the subject of the audit or proceeding are remitted to the taxing authority, or where as a result of the audit or proceeding no taxes are remitted, the end of the calendar year in which the audit is completed or there is a final and nonappealable settlement or other resolution of the matter.

7. Termination Procedures and Compensation During Dispute.

7.1 Notice of Termination. After a Change in Control and during the Term, any purported termination of the Executive’s employment (other than by reason of death) will be communicated by written Notice of Termination from one party hereto to the other party hereto in accordance with Section 11 hereof. For purposes of this Agreement, a “Notice of Termination” means a notice which will indicate the specific termination provision in this Agreement relied upon and will set forth in reasonable detail the facts and circumstances claimed to provide a basis for termination of the Executive’s employment under the provision so indicated.

7.2 Date of Termination. “Date of Termination,” with respect to any purported termination of the Executive’s employment after a Change in Control and during the Term, means (i) if the Executive incurs a separation from service due to Disability, 15 calendar days after Notice of Termination is given (provided that the Executive has not returned to the full-time performance of the Executive’s duties during such 15 calendar day period), and (ii) if the Executive incurs a separation from service for any other reason, the date specified in the Notice of Termination (which, in the case of a termination by the Company, will be the 15th calendar day after Notice of Termination is given and, in the case of a termination by the Executive, will not be less than 15 calendar days nor more than 60 calendar days, respectively, from the date such Notice of Termination is given; provided, however, that in the case of a termination of the Executive’s employment by the Executive for Good Reason, the notice and cure provisions provided in the definition of Good Reason will control); and provided, further, that in the case

of a termination of the Executive's employment by the Company for Cause, the date specified in the Notice of Termination will be the date on which the Notice of Termination is given.

8. No Mitigation. The Company agrees that, if the Executive's employment with the Company terminates during the Term, the Executive is not required to seek other employment or to attempt in any way to reduce any amounts payable to the Executive by the Company pursuant to Section 6 hereof.

9. Restrictive Covenants.

9.1 The Executive agrees that restrictions on his or her activities during and after the Executive's employment are necessary to protect the goodwill, Confidential Information and other legitimate interests of the Company and its Subsidiaries, and that the agreed restrictions set forth below will not deprive the Executive of the ability to earn a livelihood:

(A) During the Executive's employment with the Company and for 18 months following the date of the Executive's termination of employment for any reason, whether before or after a Change in Control (the "Non-Competition Period"), the Executive will not, without the prior written consent of the Board, directly or indirectly, as employee, agent, consultant, stockholder, director, manager, co-partner or in any other individual or representative capacity, own, operate, manage, control, engage in, invest in or participate in any manner in, act as consultant or advisor to, render services for (alone or in association with any person, firm, corporation or entity), or otherwise assist any person or entity (other than the Company) that engages in or owns, invests in, operates, manages or controls any venture or enterprise that directly or indirectly engages or proposes to engage in any Competitive Business. If the Executive engages in any of the foregoing, then the Company may seek any and all remedies available under law or equity, including, without limitation, the Company may cease making any further payments or providing any further benefits under Section 6.1 and the Company may seek recoupment of any prior amounts or benefits provided under this Agreement. Notwithstanding anything to the contrary in this Section 9.1(A), nothing in this Agreement will prohibit the Executive from engaging in general accounting or legal services (whether as part of a firm or otherwise) following the date of the Executive's termination of employment, provided that the Executive does not represent or provide services to any Competitive Business and does not divulge or use any Confidential Information.

(B) During the Non-Competition Period, the Executive will not directly or indirectly, either on the Executive's own account or for any company, limited liability company, partnership, joint venture or other entity or person (including, without limitation, through any existing or future Affiliate), solicit any employee of the Company or any existing or future Affiliate to leave his or her employment or knowingly induce or knowingly attempt to induce any such employee to terminate or breach his or her employment agreement with the Company or any existing or future Affiliate, if any. Notwithstanding the foregoing, the provisions of this Section 9.1(B) will not be violated by (i) general advertising or solicitation not specifically targeted at Company-related persons or entities; (ii) the Executive serving as a reference, upon request, for any employee of the Company or any of its Subsidiaries or Affiliates, or (iii) actions taken by any person or entity with which the Executive is associated if the Executive is not personally involved in any manner in the matter and has not identified such Company-related person or entity for soliciting or hiring.

(C) From and after the Notice of Termination (which, for the avoidance of doubt, will include any such notice without regard to whether such notice is before or after a Change in Control), the Executive shall not publicly make any negative, disparaging, detrimental or derogatory remarks or

statements (written, oral, telephonic, electronic, or by any other method) about the Company or its Subsidiaries or any of their respective owners, partners, managers, directors, officers, employees or agents, including, without limitation, any remarks or statements that could be reasonably expected to adversely affect in a material manner (i) the conduct of the Company's or its Subsidiaries' businesses or (ii) the business reputation or relationships of the Company or its Subsidiaries and/or any of their past or present officers, directors, agents, employees, attorneys, successors and assigns, in each case, except to the extent required by law or legal process. Similarly, from and after the Notice of Termination, the Board shall not make any such statements about the Executive.

(D) During and after the Executive's employment, unless otherwise required by law or legal process, the Executive shall not disclose any Confidential Information.

(E) Nothing in this Agreement will preclude, prohibit or restrict the Executive from (i) communicating with any federal, state or local administrative or regulatory agency or authority, including but not limited to the Securities and Exchange Commission (the "SEC"); (ii) participating or cooperating in any investigation conducted by any governmental agency or authority; or (iii) filing a charge of discrimination with the United States Equal Employment Opportunity Commission or any other federal state or local administrative agency or regulatory authority.

(F) Nothing in this Agreement, or any other agreement between the parties, prohibits or is intended in any manner to prohibit, the Executive from (i) reporting a possible violation of federal or other applicable law or regulation to any governmental agency or entity, including but not limited to the Department of Justice, the SEC, the U.S. Congress, and any governmental agency Inspector General, or (ii) making other disclosures that are protected under whistleblower provisions of federal law or regulation. This Agreement does not limit the Executive's right to receive an award (including, without limitation, a monetary reward) for information provided to the SEC. The Executive does not need the prior authorization of anyone at the Company to make any such reports or disclosures, and the Executive is not required to notify the Company that the Executive has made such reports or disclosures.

(G) Nothing in this Agreement or any other agreement or policy of the Company is intended to interfere with or restrain the immunity provided under 18 U.S.C. §1833(b). The Executive cannot be held criminally or civilly liable under any federal or state trade secret law for the disclosure of a trade secret that is made (i) (1) in confidence to federal, state or local government officials, directly or indirectly, or to an attorney, and (2) for the purpose of reporting or investigating a suspected violation of law; (ii) in a complaint or other document filed in a lawsuit or other proceeding, if filed under seal; or (iii) in connection with a lawsuit alleging retaliation for reporting a suspected violation of law, if filed under seal and does not disclose the trade secret, except pursuant to a court order.

(H) The foregoing provisions of Sections 9.1(E)-(G) regarding protected disclosures are intended to comply with all applicable laws. If any laws are adopted, amended or repealed after the execution of this Agreement, this Agreement shall be deemed to be amended to reflect the same.

(I) The parties intend that the restrictions contained in this Agreement be enforceable to the fullest extent permitted by applicable law. Therefore, to the extent any court of competent jurisdiction determines that any portion of the restrictions contained herein is excessive, such provision shall not be entirely void, but rather shall be limited or revised only to the extent necessary to make it enforceable. Moreover, in the event that any court determines that any restriction in this Agreement constitutes an unreasonable restriction against the Executive, the Executive agrees that the provisions of

this Agreement shall not be rendered void, but shall apply as to the time, territory or such other extent as the court may determine constitutes a reasonable restriction under the circumstances involved.

10. Successors; Binding Agreement.

10.1 In addition to any obligations imposed by law upon any successor to the Company, the Company will require any successor (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business and/or assets of the Company to expressly assume and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform it if no such succession had taken place.

10.2 This Agreement will inure to the benefit of and be enforceable by the Executive's personal or legal representatives, executors, administrators, successors, heirs, distributees, devisees and legatees. If the Executive dies while any amount would still be payable to the Executive hereunder (other than amounts which, by their terms, terminate upon the death of the Executive) if the Executive had continued to live, all such amounts, unless otherwise provided herein, will be paid in accordance with the terms of this Agreement to the executors, personal representatives or administrators of the Executive's estate.

11. Notices. For the purpose of this Agreement, notices and all other communications provided for in this Agreement will be in writing and will be deemed to have been duly given when delivered or mailed by United States registered mail, overnight delivery service, return receipt requested, postage prepaid, addressed, if to the Executive, to the address on file with the Company and, if to the Company, to the address set forth below, or to such other address as either party may have furnished to the other in writing in accordance herewith, except that notice of change of address will be effective only upon actual receipt:

To the Company: c/o The J. M. Smucker Company
One Strawberry Lane
Orrville, Ohio 44667
Attn: General Counsel

12. Miscellaneous. This Agreement may be terminated, amended, or modified by the Board at any time prior to a Change in Control, but not during a Potential Change in Control. During a Potential Change in Control or at any time within two years following a Change in Control, no provision of this Agreement may be amended, modified, waived or discharged unless such amendment, waiver, modification or discharge is agreed to in writing and signed by the Executive and such officer as may be specifically designated by the Board. No waiver by either party hereto at any time of any breach by the other party hereto of, or of any lack of compliance with, any condition or provision of this Agreement to be performed by such other party will be deemed a waiver of similar or dissimilar provisions or conditions at the same or at any prior or subsequent time. This Agreement supersedes any other severance agreement or any agreement setting forth the terms and conditions of the Executive's employment with the Company only in the event that the Executive's employment with the Company is terminated during the Term and on or following a Change in Control (or deemed to have been so terminated), by the Company other than for Cause, death or Disability or by the Executive for Good Reason. Further, to the extent this Agreement does not supersede any other agreement providing severance to the Executive or setting forth the terms and conditions of the Executive's employment with the Company, it will not result in any duplication of benefits to the Executive. The validity, interpretation, construction and performance of this Agreement will be governed by the laws of the State of Ohio, without regard to its conflicts of law principles. All references to sections of the Exchange Act or the Code will be deemed also to refer to any successor

provisions to such sections. Any payments provided for hereunder will be paid net of any applicable withholding required under federal, state or local law and any additional withholding to which the Executive has agreed. The obligations of the Company and the Executive under this Agreement which by their nature may require either partial or total performance after the expiration of the Term (including, without limitation, those under Sections 6 and 7 hereof) will survive such expiration. To the extent applicable, it is intended that the compensation arrangements under this Agreement be in full compliance with Section 409A. This Agreement will be construed in a manner to give effect to such intention.

13. Validity. The invalidity or unenforceability of any provision of this Agreement will not affect the validity or enforceability of any other provision of this Agreement, which will remain in full force and effect.

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

15. Settlement of Disputes. All claims by the Executive for benefits under this Agreement will be directed to and determined by the Board and will be in writing. Any denial by the Board of a claim for benefits under this Agreement will be delivered to the Executive in writing and will set forth the specific reasons for the denial and the specific provisions of this Agreement relied upon. The Board will afford a reasonable opportunity to the Executive for a review of the decision denying a claim and will further allow the Executive to appeal to the Board a decision of the Board within 60 calendar days after notification by the Board that the Executive's claim has been denied. Notwithstanding the above, in the event of any dispute, any decision by the Board hereunder on or following a Change in Control will be subject to a de novo review by a court of competent jurisdiction.

Notwithstanding any provision of this Agreement to the contrary, the Executive will be entitled to seek specific performance of the Executive's right to be paid until the Date of Termination during the pendency of any dispute or controversy arising under or in connection with this Agreement.

16. Definitions. For purposes of this Agreement, the following terms will have the meanings indicated below:

(A) "Annual Base Salary" " means the Executive's annual base salary as in effect immediately prior to the Date of Termination or, if higher, in effect immediately prior to the first occurrence of an event or circumstance constituting Good Reason.

(B) "Affiliate" will have the meaning set forth in Rule 12b-2 promulgated under Section 12 of the Exchange Act.

(C) "Auditor" will have the meaning set forth in Section 6.2 hereof.

(D) "Beneficial Owner" will have the meaning set forth in Rule 13d-3 under the Exchange Act.

(E) "Board" means the Board of Directors of the Company.

(F) "Cause" for termination by the Company of the Executive's employment means (i) the Executive's willful and continuous gross neglect of the Executive's duties for which he or she is employed, (ii) personal dishonesty or willful misconduct resulting or intended to result, directly or

indirectly, in the Executive's gain or personal enrichment at the expense of the Company or a Subsidiary or (iii) conviction of, or guilty or no contest plea to, a felony. No act will be considered "willful" unless it is done, or omitted to be done, in bad faith and without reasonable belief that the Executive's action or omission was in the best interests of the Company.

(G) "Change in Control" will have the meaning given to such term in The J. M. Smucker Company 2010 Equity and Incentive Compensation Plan, as may be amended from time to time, or any successor of such plan, in each case as such definition is in effect on the date of this Agreement.

(H) "Code" means the Internal Revenue Code of 1986, as amended from time to time.

(I) "Company" means The J. M. Smucker Company and will include any successor to its business and/or assets.

(J) "Competitive Business" means any businesses in which the Company is engaged during the Executive's employment with the Company, which includes, without limitation: (i) the retail coffee, consumer foods, food service, and natural foods businesses conducted worldwide and (ii) the dry and canned pet food and pet snacks businesses conducted worldwide.

(K) "Confidential Information" means the Company's confidential and proprietary information, including, but not limited to, information or plans regarding the Company's customer relationships; personnel; technology and intellectual property; sales, marketing and financial operations and methods; and other compilations of information, records and specifications, and may have access to and become acquainted with the confidential and proprietary information of Company or its respective Affiliates. Confidential Information does not include any information that is or becomes generally known to the public or industry, other than due to the fault of Executive.

(L) "Date of Termination" will have the meaning set forth in Section 7.2 hereof.

(M) "Disability" means the failure of Executive to have performed the essential functions of Executive's position hereunder due to a physical or mental injury, infirmity or incapacity for 6 consecutive months.

(N) "Exchange Act" means the Securities Exchange Act of 1934, as amended from time to time.

(O) "Excise Tax" means any excise tax imposed under section 4999 of the Code.

(P) "Executive" means the individual named in the first paragraph of this Agreement.

(Q) "Good Reason" means the occurrence of any of the following events without the Executive's written consent: (i) a material adverse change in the Executive's title, position, duties, authorities and responsibilities; (ii) a material reduction in the Executive's annual base salary or bonus opportunity; (iii) a material reduction in the aggregate health and welfare benefits provided to the Executive pursuant to the health and welfare plans, programs and arrangements in which the Executive is eligible to participate (or, if greater, a material reduction in the aggregate health and welfare benefits provided to the Executive pursuant to the health and welfare plans, programs and arrangements in which the Executive was eligible to participate immediately prior to a Change in Control); or (iv) relocation of the Executive's primary work location by more than 50 miles from its then current location. A termination

for Good Reason will not occur unless: (x) the Executive provides the Company with a written notice detailing the specific circumstances alleged to constitute Good Reason within 90 days after the first occurrence of such circumstances, (y) the Company fails to cure such Good Reason event(s) within 30 days following receipt of such notice to cure such circumstances in all material respects, and (z) following the Company's failure to cure during the 30-day cure period, the Executive terminates employment no later than 90 days after the expiration of such period.

(R) "Notice of Termination" will have the meaning set forth in Section 7.1 hereof.

(S) "Person" will have the meaning given in Section 3(a)(9) of the Exchange Act, as modified and used in Sections 13(d) and 14(d) thereof, except that such term will not include (i) the Company or any of its Subsidiaries, (ii) a trustee or other fiduciary holding securities under an employee benefit plan of the Company or any of its Affiliates, (iii) an underwriter temporarily holding securities pursuant to an offering of such securities, or (iv) a corporation owned, directly or indirectly, by the stockholders of the Company in substantially the same proportions as their ownership of stock of the Company.

(T) "Potential Change in Control" is deemed to have occurred if the event set forth in any one of the following paragraphs has occurred before the date of the first occurrence of a Change in Control:

(I) the Company enters into an agreement, the consummation of which would result in the occurrence of a Change in Control;

(II) the Company or any Person publicly announces an intention to take or to consider taking actions which, if consummated, would constitute a Change in Control;

(III) any Person becomes the Beneficial Owner, directly or indirectly, of securities of the Company representing 15% or more of either the then outstanding shares of common stock of the Company or the combined voting power of the Company's then outstanding securities (not including in the securities beneficially owned by such Person any securities acquired directly from the Company or its Affiliates) and such Person becomes required to file a Schedule 13D under the Exchange Act; or

(IV) the Board adopts a resolution to the effect that, for purposes of this Agreement, a Potential Change in Control has occurred.

For the avoidance of doubt, a Potential Change in Control will be deemed terminated upon (i) the termination of an agreement under clause (I) or (ii) the Company or Person in clause (II) ceases taking actions or renounces an intention to take actions which, if consummated, would constitute a Change in Control.

(U) "Release" will have the meaning set forth in Section 6.1 hereof.

(V) "Section 409A" means section 409A of the Code and any proposed, temporary or final regulation, or any other guidance, promulgated with respect to section 409A by the U.S. Department of Treasury or the Internal Revenue Service.

(W) "Severance Payments" will have the meaning set forth in Section 6.1 hereof.

(X) "Subsidiary" means any corporation or other business organization of which the securities having a majority of the normal voting power in electing the board of directors or similar governing body of such entity are, at the time of determination, owned by the Company directly or indirectly through one or more Subsidiaries.

(Y) "Target Annual Bonus" means the Executive's target annual cash bonus pursuant to any annual bonus or incentive plan maintained by the Company in respect of the fiscal year in which occurs the Date of Termination or, if higher, immediately prior to the fiscal year in which occurs the first event or circumstance constituting Good Reason; provided, that if the Executive is not eligible to receive a specified target annual cash bonus following the Change in Control, then Target Annual Bonus will mean such target annual cash bonus in effect as of immediately prior to the date of the Change in Control.

(Z) "Tax Counsel" will have the meaning set forth in Section 6.2 hereof.

(AA) "Term" means the period of time described in Section 2 hereof (including any extension, continuation or termination described therein).

(BB) "Total Payments" means those payments so described in Section 6.2 hereof.

[*The remainder of this page has been intentionally left blank.*]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first above written.

THE J. M. SMUCKER COMPANY

By: ________________________________
Name:
Title:

EXECUTIVE

By: ________________________________
Name:

Exhibit A

WAIVER AND RELEASE OF CLAIMS AGREEMENT

___________________ (the "Executive") hereby acknowledges that The J. M. Smucker Company, an Ohio corporation (the "Company") is offering the Executive certain payments in connection with the Executive's termination of employment pursuant to the Change in Control Severance Agreement entered into between the Company and the Executive (the "Severance Agreement"), in exchange for the Executive's promises in this Waiver and Release of Claims Agreement (this "Agreement").

Severance Payments

The Executive agrees that the Executive will be entitled to receive the applicable severance payments under the Severance Agreement (the "Severance Payments") only if the Executive accepts and does not revoke this Agreement, which requires the Executive to release both known and unknown claims.

The Executive agrees that the Severance Payments constitute fair and adequate consideration for the execution of this Agreement. The Executive further agrees that the Executive has been fully compensated for all wages and fringe benefits, including, but not limited to, paid and unpaid leave, due and owing, and that the Severance Payments are in addition to payments and benefits to which the Executive is otherwise entitled.

Claims That Are Being Released

The Executive agrees that this Agreement constitutes a full and final release by the Executive and the Executive's descendants, dependents, heirs, executors, administrators, assigns, and successors, of any and all claims, charges, and complaints, whether known or unknown, that the Executive has or may have to date against the Company and any of its parents, subsidiaries, or affiliated entities and their respective officers, directors, shareholders, partners, joint venturers, employees, consultants, insurers, agents, predecessors, successors, and assigns, arising out of or related to the Executive's employment or the termination thereof, or otherwise based upon acts or events that occurred on or before the date on which the Executive signs this Agreement. To the fullest extent allowed by law, the Executive hereby waives and releases any and all such claims, charges, and complaints in return for the Severance Payments. This release of claims is intended to be as broad as the law allows, and includes, but is not limited to, rights arising out of alleged violations of any contracts, express or implied, any covenant of good faith or fair dealing, express or implied, any tort or common law claims, any legal restrictions on the Company's right to terminate employees, and any claims under any federal, state, municipal, local, or other governmental statute, regulation, or ordinance, including, without limitation:

(i) claims of discrimination, harassment, or retaliation under equal employment laws such as Title VII of the Civil Rights Act of 1964, the Americans with Disabilities Act, the Age Discrimination in Employment Act, the Older Workers Benefit Protection Act, the Rehabilitation Act of 1973, and any and all other federal, state, municipal, local, or foreign equal opportunity laws;

(ii) if applicable, claims of wrongful termination of employment; statutory, regulatory, and common law "whistleblower" claims, and claims for wrongful termination in violation of public policy;

(iii) claims arising under the Employee Retirement Income Security Act of 1974, except for any claims relating to vested benefits under the Company's employee benefit plans;

(iv) claims of violation of wage and hour laws, including, but not limited to, claims for overtime pay, meal and rest period violations, and recordkeeping violations; and

(v) claims of violation of federal, state, municipal, local, or foreign laws concerning leaves of absence, such as the Family and Medical Leave Act.

Claims That Are Not Being Released

This release does not include any claims that may not be released as a matter of law, and this release does not waive claims or rights that arise after the Executive signs this Agreement. Further, this release will not prevent the Executive from doing any of the following:

(i) obtaining unemployment compensation, state disability insurance, or workers' compensation benefits from the appropriate agency of the state in which the Executive lives and works, provided the Executive satisfies the legal requirements for such benefits (nothing in this Agreement, however, guarantees or otherwise constitutes a representation of any kind that the Executive is entitled to such benefits);

(ii) asserting any right that is created or preserved by this Agreement, such as the Executive's right to receive the Severance Payments;

(iii) asserting the Executive's rights of indemnification and directors' and officers' liability insurance coverage, if any, to which the Executive is entitled with regard to the Executive's service as an officer and/or director of the Company or any of its parents, subsidiaries or affiliates;

(iv) filing a charge, giving testimony or participating in any investigation conducted by the Equal Employment Opportunity Commission (the "EEOC") or any duly authorized agency of the United States or any state (however, the Executive is hereby waiving the right to any personal monetary recovery or other personal relief should the EEOC (or any similarly authorized agency) pursue any class or individual charges in part or entirely on the Executive's behalf); or

(v) challenging or seeking determination in good faith of the validity of this waiver under the Age Discrimination in Employment Act (nor does this release impose any condition precedent, penalties, or costs for doing so, unless specifically authorized by federal law).

Voluntary Agreement And Effective Date

The Executive understands and acknowledges that, by signing this Agreement, the Executive is agreeing to all of the provisions stated in this Agreement, and has read and understood each provision.

The parties understand and agree that:

(i) The Executive will have a period of 21 calendar days in which to decide whether or not to sign this Agreement, and an additional period of seven calendar days after signing in which to revoke this Agreement. If the Executive signs this Agreement before the end of such 21-day period, the Executive certifies and agrees that the decision is knowing and voluntary and is not induced by the Company through (i) fraud, misrepresentation, or a threat to withdraw or alter the offer before the end of such 21-day period or (ii) an offer to provide different terms in exchange for signing this Agreement before the end of such 21-day period.

(ii) In order to exercise this revocation right, the Executive must deliver written notice of revocation to the Company's General Counsel on or before the seventh calendar day after the Executive executes this Agreement. The Executive understands that, upon delivery of such notice, this Agreement will terminate and become null and void.

(iii) The terms of this Agreement will not take effect or become binding, and the Executive will not become entitled to receive the Severance Payments, until that seven-day period has lapsed without revocation by the Executive. If the Executive elects not to sign this Agreement or revokes it within seven calendar days of signing, the Executive will not receive the Severance Payments.

(iv) All amounts payable hereunder will be paid in accordance with the applicable terms of the Severance Agreement.

Governing Law

This Agreement will be governed by the substantive laws of the State of Ohio, without regard to conflicts of law, and by federal law where applicable.

If any part of this Agreement is held to be invalid or unenforceable, the remaining provisions of this Agreement will not be affected in any way.

Consultation With Attorney

The Executive is hereby encouraged and advised to confer with an attorney regarding this Agreement. By signing this Agreement, the Executive acknowledges that the Executive has consulted, or had an opportunity to consult with, an attorney or a representative of the Executive's choosing, if any, and that the Executive is not relying on any advice from the Company or its agents or attorneys in executing this Agreement.

This Agreement was provided to the Executive for consideration on **[INSERT DATE THIS AGREEMENT IS PROVIDED TO THE EXECUTIVE]**.

PLEASE READ THIS AGREEMENT CAREFULLY; IT CONTAINS A RELEASE OF ALL KNOWN AND UNKNOWN CLAIMS.

The Executive certifies that the Executive has read this Agreement and fully and completely understands and comprehends its meaning, purpose, and effect. The Executive further states and confirms that the Executive has signed this Agreement knowingly and voluntarily and of the Executive's own free will, and not as a result of any threat, intimidation or coercion on the part of the Company or its representatives or agents.

EXECUTIVE

Date: ___________________________ ____

Exhibit 12.1

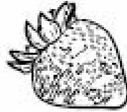
The J. M. Smucker Company
Computation of Ratio of Earnings to Fixed Charges
(in millions of dollars)

	April 30, 2018 Year Ended
Earnings before fixed charges:	
Income before income taxes	$ 861.0
Total fixed charges	210.8
Less: capitalized interest	(2.2)
Earnings available for fixed charges	$ 1,069.6
Fixed charges:	
Interest and other debt expense, net of capitalized interest	$ 176.9
Capitalized interest	2.2
Estimated interest portion of rent expense [(A)]	31.7
Total fixed charges	$ 210.8
Ratio of earnings to fixed charges	5.1

(A) For purposes of this calculation, management estimates approximately one-third of rent expense is representative of interest expense.

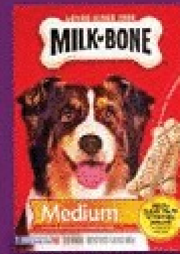
THE J. M. SMUCKER COMPANY

2018 ANNUAL REPORT



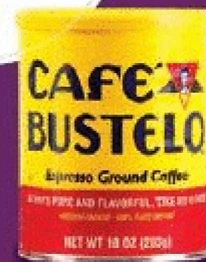
WHY WE ARE WHO WE ARE

A culture of doing the *right* things and
doing *things* right…
Of dotting the i's and crossing the t's…
A culture of growth — individual and as a company.
A result of living our *Basic Beliefs*…
Our Commitment to Each Other, to our consumers,
and to our customers.
As we look to the future of unlimited possibilities,
we recognize the principles that are instrumental
to our success:
A culture deeply rooted in our *Basic Beliefs*,
guideposts for decisions at every level;
A culture that encourages commitment to each other,
clear communication and collaboration;
A culture of appreciation;
A *family*-sense of sharing in a job well done;
Where every person makes a difference.



#1
ARKET SHARE
OG SNACKS

11%
YEAR-OVER-YEAR
NET SALES GROWTH



Strong Portfolio of Brands

Our portfolio is well-positioned in great categories and is balanced with iconic, market-leading brands and emerging, on-trend brands to meet shifting consumer needs in an increasingly dynamic retail marketplace.

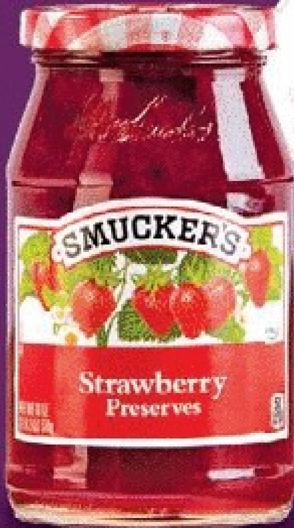
33%
YEAR-OVER-YEAR
NET SALES GROWTH

11%
YEAR-OVER-YEAR
NET SALES GROWTH

#1
MARKET SHARE
PEANUT
BUTTER

#1
MARKET SHARE
AT-HOME
COFFEE

#1
MARKET SHARE
FRUIT SPREADS



15%
YEAR-OVER-YEAR
NET SALES GROWTH

A Strategy Focused on Our Consumers

We have a deep understanding of consumer needs, a pulse on emerging trends, and an obsession with delighting our consumers. In a digitally powered, omnichannel world, this means delivering meaningful products and experiences, inspired design, and relevant communication at every touchpoint. This consumer centricity powers the growth of our portfolio of iconic brands and high-growth emerging brands, and guides innovation and acquisition of new brands.

A Commitment to Growth in the Pet Category

As the largest center-of-store grocery category, pet food and snacks is a $32 billion industry in the U.S. and growing. With our recent acquisition of Ainsworth Pet Nutrition LLC, we are increasing our presence in the premium segment and bolstering our total pet portfolio.

Dear Shareholders and Friends,

Since our founding more than 120 years ago, The J.M. Smucker Company has been helping bring families together to share memorable meals and moments. Guided by Our Vision to engage, delight, and inspire consumers through trusted food and beverage brands that bring joy throughout their lives, Smucker has continued to grow with a balanced portfolio of leading and emerging on-trend brands.

As the food industry continues to face unprecedented change, Smucker is evolving to meet shifting consumer preferences and behaviors. This past year experienced pricing pressure from retailers, strong competition from private-label and niche brands, a continued shift toward e-commerce purchases, and input cost inflation. However, our ability to adapt has long been a hallmark of our Company, and we remain confident the actions we are taking to align our portfolio for growth are positioning us to deliver long-term shareholder value.

STRATEGIC ROADMAP

We believe the key to outperforming the industry in challenging times is remaining focused on a strategic roadmap with clear plans outlined and a strong team in place to execute. We are encouraged by the progress being made against the four pillars of our strategic roadmap — innovation, investments, cost savings, and acquisitions — all of which continue to position us to deliver on our three key financial priorities of driving topline growth, achieving significant cost savings, and delivering earnings per share growth.

FINANCIAL HIGHLIGHTS

The J.M. Smucker Company

	YEAR ENDED APRIL 30,	
(DOLLARS AND SHARES IN MILLIONS, EXCEPT PER SHARE DATA)	2018	2017
Net sales	$7,357.1	$7,392.3
NET INCOME AND NET INCOME PER COMMON SHARE		
Net income	$1,338.6	$ 592.3
Net income per common share — assuming dilution	$ 11.78	$ 5.10
ADJUSTED INCOME AND EARNINGS PER SHARE [A]		
Adjusted income	$ 904.6	$ 895.9
Adjusted earnings per share — assuming dilution	$ 7.96	$ 7.72
COMMON SHARES OUTSTANDING AT YEAR END	113.6	113.4
NUMBER OF EMPLOYEES	7,000	7,140

[A] We use non-GAAP financial measures to evaluate our performance. Refer to "Non-GAAP Financial Measures" in the "Management's Discussion and Analysis" section for a reconciliation to the comparable GAAP financial measure.

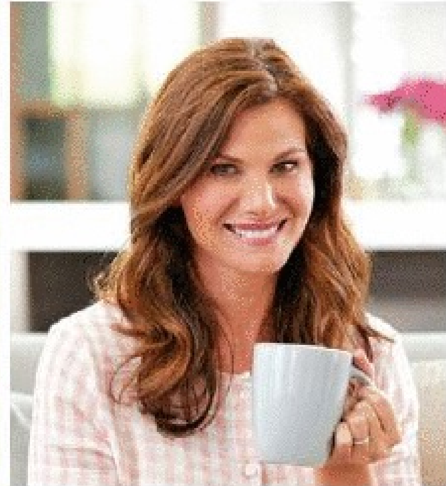
The values of today's consumers underpin our strategy. Sharpening our focus on innovative product platforms to deliver more of what consumers want is a priority, along with continuing to build e-commerce capabilities. Finally, we are strategically acquiring and divesting brands to increase our participation in categories with the most growth potential.

This commitment to our strategic roadmap is yielding results. Highlights include:

- An increase in diluted earnings per share to $11.78, which included a substantial nonrecurring benefit from U.S. income tax reform. Adjusted earnings per share was $7.96;
- Free cash flow of $896 million; an increase of $30 million;
- Delivery of nearly $500 million, or 7 percent of fiscal year 2018 net sales, from sales of new products introduced in the past three years;
- On-trend brand growth with *Smucker's® Uncrustables®*, *Nature's Recipe®*, *Dunkin' Donuts®* and *Café Bustelo®* as each experienced double-digit sales growth;
- Net sales growth for key leading brands such as *Smucker's®*, *Jif®*, and *Milk-Bone®*;
- Achieved a targeted $140 million in incremental synergies and cost savings for the fiscal year; and
- A return of more than $350 million to our shareholders in the form of dividends, while reducing total debt by nearly $570 million.

STRENGTH OF LEADING BRANDS AND SEGMENTS

Our brands can be found in 92 percent of U.S. households, and we hold market leadership positions through *Smucker's* fruit spreads, *Jif* peanut butter, *Folgers®* coffee, and *Milk-Bone* dog snacks. Our leading brands are critical to fueling future growth and investments for the Company, and we know that driving growth from these well-established brands generates strong returns. Beyond individual brands, a significant element of our strategy centers on strengthening the Company's portfolio with a particular focus on the coffee, pet, and snacking categories.



Coffee remains a highly attractive category with retail sales for the overall at-home coffee market growing at a 3 percent compound annual growth rate during the past five years, primarily driven by the premium and one-cup segments. Our *Folgers*, *Dunkin' Donuts* and *Café Bustelo* brands hold a market-leading 26 percent share of the category. Still, we have a significant opportunity to expand that leadership, as only 38 percent of our coffee sales are in the premium and one-cup segments that account for 66 percent of category sales. We are shifting the balance of our portfolio toward these areas.

For our U.S. Consumer Foods business, a key area of focus is growing our snack portfolio. Our *Smucker's Uncrustables*, *Jif*, and *Sahale Snacks*® brands will play a key role in this evolution, as we expect to double the size of the Company's $330 million snacking portfolio during the next five years.

Pet food and snacks has now become the largest center-of-store category in the U.S. food and beverage market, generating $32 billion in annual retail sales across all channels. The fiscal year 2019 acquisition of Ainsworth Pet Nutrition reinforces our commitment to the category and will build on our already strong position following the acquisition of Big Heart Pet Brands three years ago. In particular, *Rachael Ray*® *Nutrish*® is a high-growth premium brand that has been integral in driving the trend toward the premium dog food category in grocery and mass channels. We believe there are distribution expansion opportunities and growth prospects in mass premium cat food and pet snacks.

As we expand into fast-growing categories, we have also demonstrated throughout our history a willingness to divest businesses that are no longer consistent with our strategic direction. This has driven our decision to divest the U.S. baking business, including the *Pillsbury*™, *Martha White*®, *Hungry Jack*®, *White Lily*®, and *Jim Dandy*® brands. In Canada, we will continue to participate in the baking category as it remains a key part of our portfolio in that market.

INNOVATING TO ALIGN WITH CONSUMER TRENDS

Our innovation pipeline aligns well with shifting consumer trends. In coffee, we recently introduced *1850*™ as a new premium coffee brand that will be the basis for a range of *1850* products. Inspired by the 170-year heritage of the *Folgers* brand which originated in San Francisco during the Gold Rush, *1850* tells an authentic story that resonates with premium coffee consumers of all ages.

In snacks, we recently introduced a new platform under the *Jif* brand — *Jif Power Ups*™ — wholesome snacks that meet the desires of both kids and parents. And in pet snacks, *Pup-Peroni*® jerky bites, new varieties of *Milk-Bone* treats, and *Milos Kitchen*® premium dog treats were introduced with real meat as the number one ingredient to expand our presence in the growing natural meat snacks segment.

INVESTING IN CAPABILITIES

The relentless pace of digital innovation is fundamentally changing the way consumers shop. In response, we recently completed an organizational restructure with

a significant commitment to marketing and digital innovation, especially e-commerce. With more than 2 percent of sales coming from e-commerce today, we have ample opportunity for growth. Our expectation is that e-commerce will account for 5 percent of total net company sales by fiscal year 2020 as digital capabilities enable us to be more agile and responsive to consumer needs. Additional supply chain flexibility and development of channel-exclusive offers are expected to improve our current e-commerce margins.

Progress toward this goal is already evident. In fiscal year 2018, our total e-commerce sales increased 71 percent, with pet and coffee e-commerce sales up 64 percent and 154 percent, respectively. We believe both categories are well-suited for a subscription model. In fact, 20 percent of *Natural Balance®* brand sales were generated through the e-commerce channel. As we continue to build e-commerce capabilities, the Company is investing heavily in data analytics to enhance decision-making in key areas such as site-specific search engine optimization, impulse purchasing, and pricing strategies. We anticipate another year of strong e-commerce growth in fiscal year 2019.

Marketing our brands was another important area of investment this past fiscal year. As an example, our introduction of the *Nature's Recipe* brand into grocery and mass channels this year represented the largest marketing campaign in Smucker history. Its effectiveness was underscored by a 33 percent increase in sales, even as additional premium offerings entered the channel. Notably, incremental marketing investments are planned in fiscal year 2019 for *1850*, *Jif*, and *Smucker's Uncrustables*.

We also continue to invest in manufacturing capacity where we see potential for significant volume growth. Construction of our new *Smucker's Uncrustables* manufacturing facility in Longmont, Colorado, is on track for completion in calendar year 2020. Net sales for *Smucker's Uncrustables* surpassed $250 million in fiscal year 2018, and we expect the business to reach $500 million in annual net sales over the next five years.

SYNERGY AND COST SAVINGS

Executing against our strategic roadmap while maintaining earnings growth relies on cost management to support innovation and investment activities. During fiscal year 2018, we achieved a targeted $140 million in incremental synergies and cost savings. This achievement keeps us on track to meet a goal of $450 million in cost savings by fiscal year 2020.

A key component of that effort is a new K-Cup® agreement with Keurig Green Mountain. New contract terms provide improved economics, increased distribution, and additional SKUs, which should result in margins consistent with our other coffee business. Our U.S. K-Cup® business net sales grew 11 percent in fiscal year 2018, aided in part by this new agreement.

Additionally, our recently introduced Right Spend zero-based budgeting initiative strengthens cost discipline throughout the organization and will save as much as $50 million over the next two years. We also are realizing substantial annual earnings benefit from tax reform.

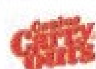
LOOKING AHEAD

We are pleased with execution to date against our strategic roadmap and our organization's clear focus on both short- and long-term priorities. We are confident this approach will drive strong, long-term returns for all our stakeholders. Even in a challenging and evolving environment, we are well-positioned for success in great categories. We have a strong mix of leading, iconic brands and emerging, on-trend brands that allows us to meet the diverse needs of our consumers.

We would like to thank our more than 7,000 employees for their efforts this past year and for their ongoing commitment to Smucker. It is their diligence and commitment that enable us to offer brands that consumers love and trust. We are confident we have the right team in place across our businesses to deliver long-term growth and shareholder value. And we thank you, our shareholders, for your continued support and confidence in our Company.

Tim Smucker   Richard Smucker   Mark Smucker

June 18, 2018



OUR PURPOSE

Helping to bring families together to share memorable meals and moments.

We have always defined success by more than financial performance. We believe how we do things is as important as what we do. *Our Purpose* aims to articulate why we are in business and the impact we aspire to have on society.

Being together with the ones we love isn't just a pleasant way to spend time — it's vital to a healthy, happy, fulfilling life. In fact, the more family and friends spend time with each other, the richer their lives become.

We believe we can help strengthen families through the memorable meals and moments they share, and we can help make every day a little more special by nurturing the bonds that bring people together, as well as people and their pets closer together.

And the stronger families are today, the stronger our society will be tomorrow.

Quite simply, life tastes better together.

LEADING A $10 BILLION MARKET

U.S. Retail Coffee

Led by our iconic and emerging brands — *Folgers, Dunkin' Donuts, Café Bustelo,* and the recently launched *1850* — Smucker remains the leader in the U.S. at-home retail coffee category. We offer products across a variety of price points while participating in all key segments of at-home coffee, including mainstream roast and ground, one-cup, premium, instant, and ready-to-drink.

U.S. Retail Coffee Segment Performance

Iconic Brands and Innovative New Platforms Fuel American Coffee Consumers

America's love affair with coffee shows no signs of slowing, and Smucker is innovating and building on our already market-leading coffee portfolio to meet consumer demand.

FISCAL YEAR 2018 PERFORMANCE

Segment Net Sales
in billions

We are accelerating efforts to shift our portfolio to better align with consumer preferences.

Segment Profit
in millions

Investments in brand building and marketing are positioning our coffee portfolio for the long term.

KEY ACHIEVEMENTS

- Added largest investment in coffee with the recent launch of the innovative *1850* platform, serving as the basis for a range of new *1850* products to drive growth for years to come.
- Continued to lead the mainstream and instant market segments with a 54 percent share and 27 percent share, respectively.
- Maintained *Dunkin' Donuts* momentum, reaching $550 million in annual net sales and growing 10 percent in U.S. Retail Coffee.
- Increased sales of *Café Bustelo* by 9 percent, thanks to an ever-increasing consumer base drawn to its authentic heritage and Latin roots.
- Expanded K-Cup® distribution under terms of new agreement with Keurig Green Mountain, resulting in sales increases across all K-Cup® brands.

MARKET LEADERSHIP AND OPPORTUNITY

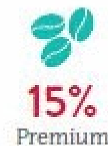
Smucker leads the U.S. Retail Coffee Market with a 26 percent dollar share through a commanding position in the mainstream and instant segments. Looking ahead, we have a strong opportunity to pursue an even larger share of the increasingly popular one-cup and premium segments, which account for two-thirds of category sales.

Smucker Coffee Market Share

54%
Mainstream

27%
Instant

15%
One-cup



15%
Premium

Total At-Home Coffee Category

42% ONE-CUP
25% MAINSTREAM
24% PREMIUM
9% INSTANT

PRODUCT INNOVATION

1850

This new premium coffee platform is inspired by the *Folgers'* heritage, resonating with both core consumers and millennials.

Dunkin' Donuts Canister

Offering an easy-to-use, larger size for loyal consumers.

Café Bustelo 100% Colombian K-Cup® Pods

Convenient K-Cup® offering meets the demand of consumers seeking medium-roast 100% Colombian coffee in less than one minute.

Folgers Simply Gourmet®

New premium offering for value-conscious consumers includes a variety of flavors — vanilla, cinnamon, chocolate, caramel, and raspberry.

MARKETING AND PROMOTION

A full media campaign is telling the story of *1850*, highlighting 170 years of rich *Folgers* heritage dating back to its origins in San Francisco during the California Gold Rush.

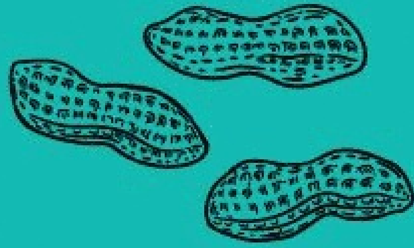
E-COMMERCE

Our online coffee sales increased 154 percent in fiscal year 2018, and the category has strong potential for a subscription sales model.

MEETING THE SNACKING AND MEALTIME NEEDS OF TODAY'S CONSUMERS

U.S. Retail Consumer Foods

Whether it's a mealtime get-together around the table or grabbing a quick snack on the way to practice, our iconic brands — *Jif* and *Smucker's* — coupled with emerging, on-trend brands like *Santa Cruz Organic®*, *Sahale Snacks*, *Numi®*, and *truRoots®* are providing convenient, on-the-go, low-prep, tastier, and nutritious options that meet the unique needs of today's consumers. Smucker participates in multiple center-of-store categories with respected brands of fruit spreads, nut butters, shortening and oils, natural and organic beverages, organic grains, and fruit and snack mixes.



U.S. Retail Consumer Foods Segment Performance

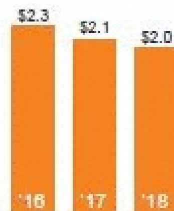
Aligning Trusted and Emerging Brands With Consumer Trends

Through a combination of iconic brands loved by consumers and emerging, on-trend brands — particularly in low-prep, convenient snacking — Smucker is driving balanced growth in our Consumer Foods segment.

FISCAL YEAR 2018 PERFORMANCE

Segment Net Sales
in billions

Growth in peanut butter and handheld snacks helped offset decreased sales in baking and oils.



Segment Profit
in millions

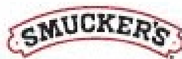
Increased profitability reflects solid brand management and improved operations.

KEY ACHIEVEMENTS

- Through our *Jif* and *Smucker's* brands, we continued to lead in the peanut butter and spreads categories, where peanut butter and jelly remains the #1 sandwich among kids.
- Recently launched *Jif Power Ups* platform, serving as the basis for a number of new products in the years to come.
- Invested heavily in snacking in anticipation of doubling our $330 million snacking portfolio over the next five years.
- Grew *Smucker's Uncrustables* net sales by 15 percent in fiscal year 2018.
- Exceeded $350 million in net sales in our natural and organic portfolio, thanks in large part to the success of natural peanut butter, organic peanut butter, natural fruit spreads, and natural juices.

MARKET LEADERSHIP

Iconic Brands Driving Long-term Growth



#1
MARKET SHARE IN FRUIT SPREADS

#1
MARKET SHARE IN PEANUT BUTTER

#1
MARKET SHARE IN ORGANIC PEANUT BUTTER

#1
MARKET SHARE IN NATURAL SHELF-STABLE JUICE

OPPORTUNITY FOR GROWTH

Focused on Snacking

91%
Consumers snack multiple times throughout the day, half of all eating occasions.[1]

$27 BILLION
Annual Sales
Snacks still reign supreme among Americans, creating a perfect opportunity for our *Sahale Snacks* brand.

[1]Hartman Group's Future of Snacking 2016 report.

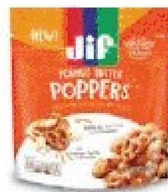
PRODUCT INNOVATION

Jif Power Ups

Smucker's new snacking platform, including bars and creamy clusters, provides a wholesome and delicious snack to meet the needs of both parents and children. *Jif Power Ups* come in a variety of flavors including Chocolate Flavored with Peanut Butter Bars and Strawberry Creamy Clusters.

Jif Poppers™

Peanut butter-coated popcorn has been created with the millennial snacker in mind.

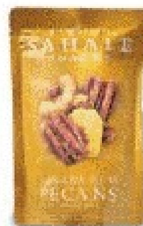


R.W. Knudsen Family® Organic Beet Juice

Our newest flavor of organic juice for the consumer who values organic and non-GMO verified products.

New Varieties of Sahale Snacks

Greater variety for this on-trend brand, including new flavors Banana Rum and Tangerine Vanilla, provides more options for consumers craving a convenient, healthy snack.



MARKETING AND PROMOTION

An integrated national multimedia campaign for *Jif Power Ups* snacks showcases the healthy ingredients that parents demand, while satisfying kids' desire for great taste.

SNACKING INVESTMENT

Construction of a new *Smucker's Uncrustables* manufacturing facility in Longmont, Colorado, is on track for completion by calendar year 2020. The $340 million investment is expected to add as many as 500 jobs to the surrounding communities.

FULFILLING THE NEEDS OF PETS AND THOSE WHO LOVE THEM

U.S. Retail Pet Foods

In the $32 billion pet foods and snacks category, we are making significant investments to meet consumer demand for snacks and premium products made with simple ingredients. In fiscal year 2019, Smucker acquired Ainsworth Pet Nutrition, the maker of *Rachael Ray Nutrish* and *DAD'S*™ brands, enhancing our position in the pet category alongside an already strong portfolio that includes *Meow Mix*®, *Milk-Bone*, *Natural Balance*, *Nature's Recipe*, and *Kibbles 'n Bits*®.

U.S. Retail Pet Foods Segment Performance

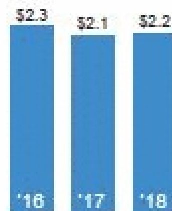
Reinforcing Our Commitment to the Pet Category

Three years ago, we entered the growing pet food and snacks category with the acquisition of Big Heart Pet Brands, and we further demonstrated our commitment to this category with our recent acquisition of Ainsworth Pet Nutrition.

FISCAL YEAR 2018 PERFORMANCE

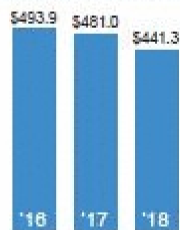
Segment Net Sales
in billions

Investments in *Nature's Recipe*, *Rachael Ray Nutrish* and dog snack innovation will drive topline growth.



Segment Profit
in millions

Topline growth in key segments, combined with the scale and efficiencies from the Ainsworth acquisition, should lead to segment profit growth.



KEY ACHIEVEMENTS

- Maintained the #1 market share position in dog snacks, the #2 position in dry cat food, and a strong presence in premium pet food.
- Completed acquisition of Ainsworth Pet Nutrition in fiscal year 2019 and began integration.
- Increased presence in the premium pet segment through *Rachael Ray Nutrish*, complementing the success of *Nature's Recipe* with the *Rachael Ray Nutrish's* wholesome, natural positioning and authentic recipe-focused formulations.
- Strengthened dog food position in the mass channel, which drove an 8 percent increase for our dog food brands in fiscal year 2018 sales, driven by 33 percent growth for *Nature's Recipe*.

A PORTFOLIO MEETING DIVERSE PET PARENT NEEDS

Super Premium
- *Natural Balance*

Premium
- *Nature's Recipe*
- *Rachael Ray Nutrish*

Mainstream
- *Meow Mix*
- *Kibbles 'n Bits*

Value
- *Gravy Train®*
- *9Lives®*
- *DAD'S*

Snacks
- *Milk-Bone*
- *Rachael Ray Nutrish*
- *Pup-Peroni*
- *Canine Carry Outs®*
- *Milo's Kitchen*

OPPORTUNITY FOR GROWTH

Category Overview

$32 BILLION
U.S. market

60%+
American households are pet families

#1
U.S. center-of-store category

2%
CAGR over the past 5 years

U.S. RETAIL PET FOODS SEGMENT
33% PET SNACKS
30% MAINSTREAM CAT FOOD
23% MAINSTREAM DOG FOOD
14% PREMIUM PET FOOD

PRODUCT INNOVATION

Rachael Ray Nutrish Tasty Real Meat Treats

The newest addition to the Smucker portfolio has introduced its natural meat dog snacks, serving as a favorite among dog owners.

Milk-Bone Grain Free Snacks

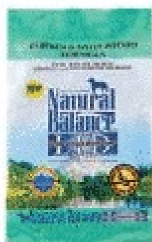
An iconic brand meets consumers' desire for more variety in pet snacking options.

Milo's Kitchen Real Meat Snacks

Dog treats that provide real meat for a snack option.

Meow Mix

Single-serve, wet cat food provides a convenient option for cat lovers.



Natural Balance L.I.D. Products

A high-protein, high-quality offering in the super premium pet food segment.

MARKETING AND PROMOTION

The *Nature's Recipe*'s "Fuel the Wag" campaign joined select Residence Inn® by Marriott® locations across the country to offer a "VI-Pup" premium experience in 2018, complete with welcome bags of dog food and travel essentials at check-in, along with local pet-friendly activities.

E-COMMERCE

Sales increased 64 percent during fiscal year 2018, underscoring the potential of subscription sales for pet food.

LEVERAGING BRANDS IN ADJACENT MARKETS

International and Away From Home

International and Away From Home businesses include domestic sales outside U.S. retail channels and foreign sales, primarily in Canada, Mexico, and the Caribbean. We are also a preferred supplier of food and beverages to North American foodservice operators, including casual and fine dining establishments, schools and universities, hospitals, and business and industry customers.

International and Away From Home Segment Performance

Iconic Brands Drive Momentum in International and Away From Home Market

Away From Home saw a 3 percent increase in net sales, driven largely by the *Smucker's* brand and *Smucker's Uncrustables*. Sales also benefited from the launch of *Jif* back into the Canadian market.

FISCAL YEAR 2018 PERFORMANCE

Segment Net Sales
in billions

Sales increased from $1,062 million to $1,094 million in fiscal year 2018.

Segment Profit
in millions

Increased profitability reflected continued efforts to refine our focus on key growth categories.

KEY ACHIEVEMENTS

- Increased sales $32.4 million, driven in large part by significant growth in Away From Home and International.
- Outperformed year-one sales targets for the launch of the *Jif* brand in the Canadian market to meet consumer demand.
- Experienced double-digit growth of the *Smucker's Uncrustables* brand as an Away From Home snack that consumers of all ages can enjoy.

MARKET LEADERSHIP

Smucker Foods of Canada holds #1 share positions across 6 categories, including flour, pickles and relish, fruit spreads, canned milk, shortening, and ice cream toppings. These brands represent approximately 50% of net sales in Canada.

OPPORTUNITY FOR GROWTH

Segment growth opportunities continue through a strategic focus on broadening products offered in the markets we serve across our three key growth categories: coffee, pet, and snacking.

Coffee machine innovations should drive future growth in liquid coffee. The *1850* brand also will be introduced in the Away From Home market to meet demand for more premium offerings.

With big plans on the horizon for innovations in pet snacks, confidence in the growth potential of pet foods is strong.

The addition of new customers and increased sales from current customers, especially in portion-control products, is driving growth. Snacking continues to be a major trend, with *Smucker's Uncrustables* and *Sahale Snacks* both gaining popularity in the Away From Home market.

PRODUCT INNOVATION

Robin Hood® Just Enough Cookies

A smaller batch of this delicious treat for value-conscious consumers.

Jif Crunchy

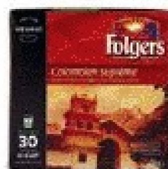
Peanut butter with a crunchy texture and fresh-roasted peanut taste.

Smucker's Natural Jam

New to our Away From Home portion-control offerings are *Smucker's Natural* Jam packets delivering on brand quality in a convenient on-the-go package.

Folgers K-Cup®

A one-cup serving option from this iconic brand.



Excellence Compact

Excellence Compact delivers a variety of specialty coffee beverages by way of our proprietary Select Brew liquid coffee system and enables us to enter channels and locations such as offices and restaurants through its sleek and modern design.

MARKETING AND PROMOTION

The *Jif* brand recently launched into the Canadian marketplace with premium positioning and robust marketing and trade support. The brand quickly rose to the #2 share position and will be a growth platform for our Canadian business moving forward.

Robin Hood's "The Magic's in the Making" television advertisement aired during episodes of *The Great Canadian Baking Show*, with Smucker baking products also integrated into the broadcast and digital elements of the popular CBC reality series.

E-COMMERCE

Sustainability at Smucker

CREATING A BETTER TOMORROW BY FOCUSING ON

- Preserving our culture;
- Ensuring our long-term **Economic** viability;
- Driving positive **Environmental** impact; and
- Being **Socially** responsible.

Sustainability is a core component of our corporate strategy at Smucker. We are proud to advance our business goals without sacrificing our respect for the environment and support for the communities we serve. Over the past year, we have made progress in areas such as responsible sourcing, sustainable agriculture, environmental responsibility, and community impact. Here are some of our achievements:

10%
Total retail coffee purchased from certified sources

16,000+
Smallholder farmer beneficiaries through work with the Better Coffee Harvest Project and Hanns R. Neumann Foundation

100%
Direct palm oil purchases from responsible and certified sustainable sources

675
Hectares of quinoa-growing land certified to NOP-USDA production and organic standards

92%
Total waste diverted from landfills

5%
Reduction in water use intensity against 2014 baseline

7%
Reduction in greenhouse gas emissions intensity against 2014 baseline

9
LEED®-certified facilities

4 MILLION
Pounds of Smucker product donated to food banks across the country in fiscal year 2018

17.3 MILLION
Dog and cat meals donated to Rescue® Bank in fiscal year 2018

Please view our 2018 Corporate Responsibility Report at corporateresponsibility.jmsmucker.com.

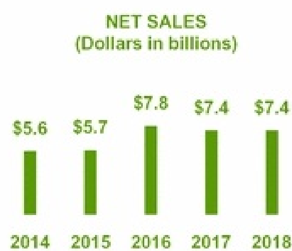
2018 FINANCIAL REVIEW

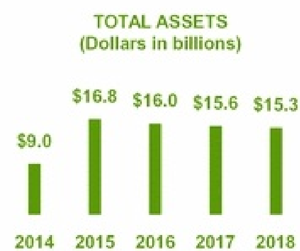
The J. M. Smucker Company

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, 2018. The selected financial data should be read in conjunction with the "Results of Operations" and "Liquidity and Capital Resources" sections of "Management's Discussion and Analysis" and the consolidated financial statements and notes thereto.

	Year Ended April 30,				
(Dollars and shares in millions, except per share data)	2018	2017	2016	2015	2014
Statements of Income:					
Net sales	$ 7,357.1	$ 7,392.3	$ 7,811.2	$ 5,692.7	$ 5,610.6
Gross profit	$ 2,836.1	$ 2,835.3	$ 2,967.8	$ 1,968.7	$ 2,031.0
% of net sales	38.5%	38.4%	38.0%	34.6%	36.2%
Operating income	$ 1,036.1	$ 1,031.5	$ 1,145.3	$ 772.0	$ 919.0
% of net sales	14.1%	14.0%	14.7%	13.6%	16.4%
Net income	$ 1,338.6	$ 592.3	$ 688.7	$ 344.9	$ 565.2
Financial Position:					
Cash and cash equivalents	$ 192.6	$ 166.8	$ 109.8	$ 125.6	$ 153.5
Total assets	15,301.2	15,639.7	15,984.1	16,806.3	9,041.4
Total debt	4,832.0	5,398.5	5,430.0	6,170.9	2,216.3
Total shareholders' equity	7,891.1	6,850.2	7,008.5	7,086.9	5,029.6
Liquidity:					
Net cash provided by operating activities	$ 1,218.0	$ 1,059.0	$ 1,461.0	$ 739.1	$ 863.3
Additions to property, plant, and equipment	321.9	192.4	201.4	247.7	279.5
Free cash flow (A)	896.1	866.6	1,259.6	491.4	583.8
Quarterly dividends paid	350.3	339.3	316.6	254.0	238.0
Purchase of treasury shares	7.0	437.6	441.1	24.3	508.5
EBITDA (as adjusted) (A)	1,625.1	1,593.7	1,579.1	871.3	1,185.5
Share Data:					
Weighted-average shares outstanding	113.6	116.0	119.4	103.7	104.3
Weighted-average shares outstanding – assuming dilution	113.6	116.1	119.5	103.7	104.3
Dividends declared per common share	$ 3.12	$ 3.00	$ 2.68	$ 2.56	$ 2.32
Earnings per Common Share:					
Net income	$ 11.79	$ 5.11	$ 5.77	$ 3.33	$ 5.42
Net income – assuming dilution	11.78	5.10	5.76	3.33	5.42
Other Non-GAAP Measures: (A)					
Adjusted gross profit	$ 2,802.7	$ 2,868.2	$ 2,968.0	$ 1,999.4	$ 2,035.1
% of net sales	38.1%	38.8%	38.0%	35.1%	36.3%
Adjusted operating income	$ 1,431.8	$ 1,481.8	$ 1,489.8	$ 970.2	$ 1,047.6
% of net sales	19.5%	20.0%	19.1%	17.0%	18.7%
Adjusted income and earnings per share:					
Adjusted income	$ 904.6	$ 895.9	$ 931.3	$ 475.6	$ 650.8
Adjusted earnings per share – assuming dilution	$ 7.96	$ 7.72	$ 7.79	$ 4.59	$ 6.24





(A) We use non-GAAP financial measures to evaluate our performance. Refer to "Non-GAAP Financial Measures" in the "Management's Discussion and Analysis" section for a reconciliation to the comparable GAAP financial measure.

SUMMARY OF QUARTERLY RESULTS OF OPERATIONS

The J. M. Smucker Company

The following is a summary of unaudited quarterly results of operations for the years ended April 30, 2018 and 2017.

(Dollars in millions, except per share data)	Quarter Ended	Net Sales	Gross Profit	Net Income	Net Income per Common Share	Net Income per Common Share – Assuming Dilution
2018	**July 31, 2017**	**$ 1,748.9**	**$ 662.1**	**$ 126.8**	**$ 1.12**	**$ 1.12**
	October 31, 2017	**1,923.6**	**755.0**	**194.6**	**1.71**	**1.71**
	January 31, 2018	**1,903.3**	**728.5**	**831.3**	**7.32**	**7.32**
	April 30, 2018	**1,781.3**	**690.5**	**185.9**	**1.64**	**1.64**
2017	July 31, 2016	$ 1,815.8	$ 722.7	$ 170.0	$ 1.46	$ 1.46
	October 31, 2016	1,913.9	742.9	177.3	1.52	1.52
	January 31, 2017	1,878.8	722.9	134.6	1.16	1.16
	April 30, 2017	1,783.8	646.8	110.4	0.96	0.96

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.

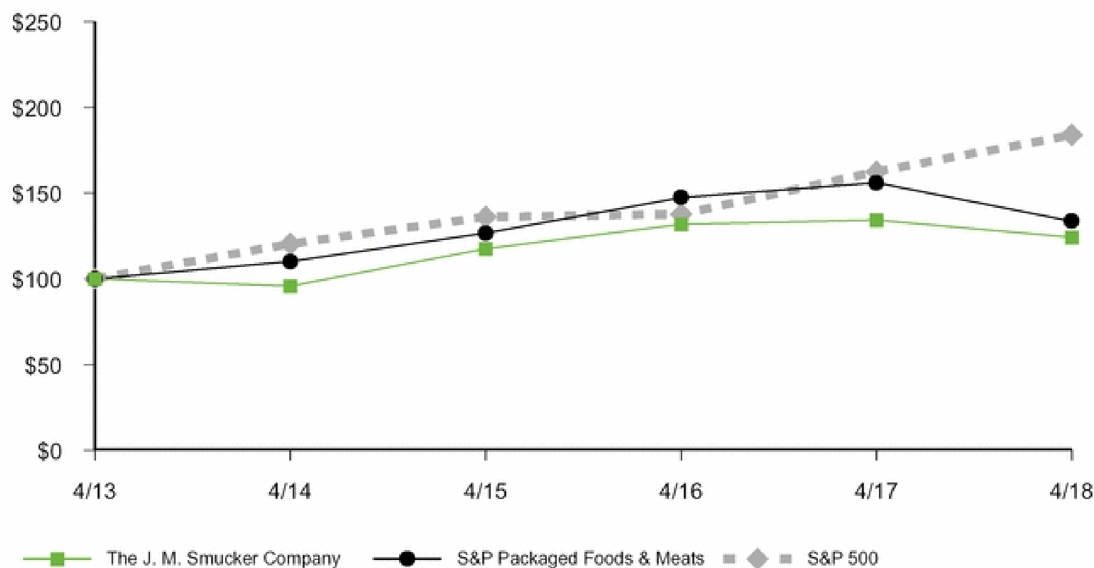
STOCK PRICE DATA

Our common shares are listed on the New York Stock Exchange – ticker symbol SJM. The table below presents the high and low market prices for the shares and the quarterly dividends declared. There were approximately 319,849 shareholders of record as of June 12, 2018,
of which approximately 39,362 were registered holders of common shares.

	Quarter Ended	High	Low	Dividends
2018	**July 31, 2017**	**$ 134.12**	**$ 114.31**	**$ 0.78**
	October 31, 2017	**123.83**	**101.82**	**0.78**
	January 31, 2018	**132.76**	**99.57**	**0.78**
	April 30, 2018	**133.38**	**113.16**	**0.78**
2017	July 31, 2016	$ 154.97	$ 125.67	$ 0.75
	October 31, 2016	157.31	128.75	0.75
	January 31, 2017	136.13	122.05	0.75
	April 30, 2017	143.68	125.77	0.75

COMPARISON OF FIVE-YEAR CUMULATIVE TOTAL SHAREHOLDER RETURN

The J. M. Smucker Company



	April 30,					
	2013	2014	2015	2016	2017	**2018**
The J. M. Smucker Company	$ 100.00	$ 95.71	$ 117.56	$ 131.72	$ 134.25	**$ 124.10**
S&P Packaged Foods & Meats	100.00	110.04	126.53	147.44	155.95	**133.61**
S&P 500	100.00	120.44	136.07	137.71	162.39	**183.93**

The above graph compares the cumulative total shareholder return for the five years ended April 30, 2018, for our common shares, the 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 invested in our common shares and the referenced index funds on April 30, 2013.

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

COMPANY BACKGROUND

For more than 120 years, The J. M. Smucker Company ("Company," "we," "us," or "our") headquartered in Orrville, Ohio, has brought families together to share memorable meals and moments. Guided by a vision to engage, delight, and inspire consumers through trusted food and beverage brands that bring joy throughout their lives, the Company has grown to be a well-respected North American marketer and manufacturer with a balanced portfolio of leading and emerging, on-trend brands. In consumer foods and beverages, our brands include *Smucker's®, Folgers®, Jif®, Dunkin' Donuts®, Crisco®, Café Bustelo®, R.W. Knudsen Family®, Sahale Snacks®, Smucker's Uncrustables®, Robin Hood®,* and *Bick's®*. In pet food and pet snacks, our brands include *Rachael Ray® Nutrish®*, *Meow Mix®, Milk-Bone®, Kibbles 'n Bits®, Natural Balance®*, and *Nature's Recipe®.*

We have four reportable segments: U.S. Retail Coffee, U.S. Retail Consumer Foods, U.S. Retail Pet Foods, and International and Away From Home. The U.S. retail market segments in total comprised approximately 85 percent of net sales in 2018 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, food wholesalers, club stores, pet specialty stores, discount and dollar stores, drug stores, military commissaries, mass merchandisers, natural foods stores and distributors, and online retailers. 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., restaurants, lodging, schools and universities, health care operators).

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 121 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 long-term growth objectives are to increase net sales by 3 percent and earnings per share, measured on a non-GAAP basis, by 8 percent annually on average. 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.

Net sales has increased at a compound annual growth rate of 5 percent over the past five years, driven by the acquisition of Big Heart Pet Brands ("Big Heart") in 2015, while income per diluted share excluding non-GAAP adjustments ("adjusted earnings per share") has increased at a rate of 6 percent over the same period. Our non-GAAP adjustments include amortization expense and impairment charges related to intangible assets, integration and restructuring costs, unallocated gains and losses on commodity and foreign currency exchange derivatives, and, beginning in 2018, certain one-time tax adjustments. Refer to "Non-GAAP Financial Measures" in this discussion and analysis for further information.

During the fourth quarter of 2018, we announced a definitive agreement to acquire the stock of Ainsworth Pet Nutrition, LLC ("Ainsworth"). On May 14, 2018, we completed the all-cash transaction, which was funded by debt and valued at $1.9 billion. Ainsworth is a leading producer, distributor, and marketer of premium pet food and pet snacks, predominantly within the U.S. Approximately two-thirds of Ainsworth's sales are generated by its *Rachael Ray Nutrish* brand, which is driving significant growth in the premium pet food category. We anticipate the acquired business to contribute net sales of approximately $800.0 in 2019. Annual cost synergies of approximately $55.0 are expected to be fully realized within three years after the closing, with approximately $25.0 anticipated in 2019.

Net cash provided by operating activities has increased at a compound annual growth rate of 7 percent over the past five years. 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 strategy also includes a significant focus on debt repayment as a result of the additional debt we incurred to finance the Ainsworth acquisition subsequent to year-end.

RESULTS OF OPERATIONS

All comparisons presented in this discussion and analysis are to the corresponding period of the prior year, unless otherwise noted. On December 31, 2015, we sold our U.S. canned milk brands and operations to Eagle Family Foods Group LLC, a subsidiary of funds affiliated with Kelso & Company. The transaction included canned milk products that were primarily sold in U.S. retail and foodservice channels with annual net sales of approximately $200.0. 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 $193.7, which were net of transaction costs and a working capital adjustment, and recognized a pre-tax gain of $25.3.

	Year Ended April 30,				
	2018	2017	2016	**2018 % Increase (Decrease)**	2017 % Increase (Decrease)
Net sales	**$ 7,357.1**	$ 7,392.3	$ 7,811.2	**—%**	(5)%
Gross profit	**$ 2,836.1**	$ 2,835.3	$ 2,967.8	**—**	(4)
% of net sales	**38.5%**	38.4%	38.0%		
Operating income	**$ 1,036.1**	$ 1,031.5	$ 1,145.3	**—**	(10)
% of net sales	**14.1%**	14.0%	14.7%		
Net income:					
Net income	**$ 1,338.6**	$ 592.3	$ 688.7	**126**	(14)
Net income per common share – assuming dilution	**$ 11.78**	$ 5.10	$ 5.76	**131**	(11)
Adjusted gross profit (A)	**$ 2,802.7**	$ 2,868.2	$ 2,968.0	**(2)**	(3)
% of net sales	**38.1%**	38.8%	38.0%		
Adjusted operating income (A)	**$ 1,431.8**	$ 1,481.8	$ 1,489.8	**(3)**	(1)
% of net sales	**19.5%**	20.0%	19.1%		
Adjusted income: (A)					
Income	**$ 904.6**	$ 895.9	$ 931.3	**1**	(4)
Earnings per share – assuming dilution	**$ 7.96**	$ 7.72	$ 7.79	**3**	(1)

(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.

Summary of 2018

Net sales were flat in 2018, reflecting declines within the U.S. Retail Consumer Foods and U.S. Retail Coffee segments, offset by gains in the U.S. Retail Pet Food and International and Away From Home segments. The overall net sales change was driven by unfavorable volume/mix, which was mostly offset by the impacts of higher net price realization and favorable foreign currency exchange in the current year. Operating income was flat, as lower special project costs and selling, distribution, and administrative ("SD&A") expenses were mostly offset by a $43.7 increase in noncash impairment charges related to intangible assets. Net income per diluted share increased $6.68, reflecting a provisional nonrecurring income tax benefit of $765.8 related to U.S. tax reform legislation, which was enacted during the third quarter of 2018, and a decrease in weighted-average common shares outstanding as a result of our share repurchase activities during the fourth quarter of 2017.

Operating income excluding non-GAAP adjustments ("adjusted operating income") decreased 3 percent in 2018. Adjusted earnings per share increased 3 percent, with the primary differences from the change in GAAP results being the exclusion of the impacts of our one-time tax adjustments, a favorable change in the impact of unallocated derivative gains and losses as compared to the prior year, and lower special project costs. The impairment charges in 2018 and 2017 were also excluded from our non-GAAP results.

Summary of 2017

Net sales decreased 5 percent in 2017, driven by the non-comparable impact from the U.S. canned milk business, which was divested during the third quarter of 2016, as well as lower net price realization and unfavorable volume/mix in 2017. Operating income decreased 10 percent, primarily due to the impact of noncash impairment charges of $133.2 recognized during 2017 and the net sales decline. Additionally, 2016 results benefited from the recognition of a $25.3 pre-tax gain on the divestiture of the U.S. canned milk business and the related profits prior to the divestiture. SD&A expenses and Big Heart integration costs were lower in 2017 as compared to 2016. Net income per diluted share decreased 11 percent in 2017 and reflects the benefit of a decrease in weighted-average common shares outstanding as a result of our share repurchase activities during the fourth quarters of 2017 and 2016. However, this benefit was more than offset by the impact of an increase in the effective tax rate in 2017 as compared to the prior year.

Adjusted operating income and adjusted earnings per share both decreased 1 percent in 2017 and excluded the impact of the impairment charges and the reduction in integration costs.

Net Sales

2018 Compared to 2017

Net sales were flat in 2018, reflecting a 1 percentage point impact from unfavorable volume/mix, which was offset by the impact of higher net pricing and favorable foreign currency exchange. The unfavorable volume/mix was driven by declines in the oils and baking categories, which were partially offset by gains in pet food. Net price realization contributed 1 percentage point to net sales, as higher net pricing for peanut butter, the *Smucker's* brand, and oils was partially offset by lower net pricing for pet food and pet snacks.

2017 Compared to 2016

	Year Ended April 30,			
	2017	2016	Increase (Decrease)	%
Net sales	$ 7,392.3	$ 7,811.2	$ (418.9)	(5)%
Divestiture	—	(153.5)	153.5	2
Foreign currency exchange	3.8	—	3.8	—
Net sales excluding divestiture and foreign currency exchange (A)	$ 7,396.1	$ 7,657.7	$ (261.6)	(3)%

Amounts may not add due to rounding.

(A) Net sales excluding divestiture and foreign currency exchange is a non-GAAP 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 excluding divestiture and foreign currency exchange in the table above excludes the impact of the U.S. canned milk business, which was divested on December 31, 2015, and foreign currency exchange.

Net sales decreased $418.9, or 5 percent, in 2017, partially due to the impact of the divested U.S. canned milk business. Excluding the non-comparable divested business and foreign currency exchange, net sales decreased 3 percent, driven by the U.S. Retail Coffee segment, specifically the *Folgers* brand, and the U.S. Retail Pet Foods segment. The decline reflected lower net price realization and unfavorable volume/mix, which contributed somewhat equally to lower net sales.

Operating Income

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

	Year Ended April 30,		
	2018	2017	2016
Gross profit	**38.5%**	38.4 %	38.0%
Selling, distribution, and administrative expenses:			
Marketing	**3.2%**	3.4 %	3.5%
Advertising	**2.6**	2.3	2.2
Selling	**3.3**	3.4	4.0
Distribution	**3.2**	3.3	2.9
General and administrative	**6.3**	6.5	6.7
Total selling, distribution, and administrative expenses	**18.6%**	18.8 %	19.3%
Amortization	**2.8**	2.8	2.7
Goodwill impairment charge	**2.0**	—	—
Other intangible assets impairment charges	**0.4**	1.8	—
Other special project costs	**0.6**	1.0	1.7
Other operating expense (income) – net	—	(0.1)	(0.4)
Operating income	**14.1%**	14.0 %	14.7%

Amounts may not add due to rounding.

2018 Compared to 2017

Gross profit was flat in 2018, as the impact of unfavorable volume/mix was offset by the favorable impact of higher pricing and slightly lower costs. Gross profit excluding non-GAAP adjustments ("adjusted gross profit") decreased $65.5, or 2 percent, with the primary difference from the change in GAAP results being the exclusion of a $64.5 favorable change in the impact of unallocated derivative gains and losses as compared to the prior year.

SD&A expenses decreased $19.9, or 1 percent, primarily due to the benefits from our cost savings initiatives and lower selling expense, which more than offset an increase in advertising expense, driven by the U.S. Retail Pet Foods segment. Special project costs decreased $33.3, primarily due to a reduction in Big Heart integration costs.

Operating income was flat, reflecting a $43.7 increase in noncash impairment charges, driven by the U.S. Retail Pet Foods segment. Adjusted operating income decreased $50.0, or 3 percent. The primary differences from the change in GAAP results were the exclusion of the favorable change in the impact of unallocated derivative gains and losses as compared to the prior year and the impacts of impairment charges and special project costs.

2017 Compared to 2016

Gross profit decreased $132.5, or 4 percent, in 2017, primarily reflecting unfavorable volume/mix and the loss of U.S. canned milk profits. The impact of lower net price realization was offset by a reduction in commodity and manufacturing overhead costs and incremental synergy realization related to the Big Heart acquisition. Adjusted gross profit decreased $99.8, or 3 percent, and excluded a $39.2 unfavorable change in the impact of unallocated derivative gains and losses as compared to 2016.

SD&A expenses decreased $119.6, or 8 percent, primarily driven by incremental synergy realization. Additionally, Big Heart integration costs decreased by $81.1, or 56 percent.

Operating income decreased $113.8, or 10 percent, reflecting noncash impairment charges of $133.2 related to certain indefinite-lived trademarks, primarily within the U.S. Retail Pet Foods segment. Additionally, 2016 results benefited from the recognition of the $25.3 gain related to the divestiture of the U.S. canned milk business. Adjusted operating income decreased $8.0, or 1 percent, with the primary differences from GAAP results being the exclusion of the impairment charges, integration costs, and the unfavorable change in the impact of unallocated derivative gains and losses as compared to 2016.

Interest Expense and Other Income

2018 Compared to 2017

Net interest expense increased $11.0 in 2018, primarily due to financing fees we incurred in 2018 in connection with the Ainsworth acquisition. For additional information, see Note 8: Debt and Financing Arrangements.

An $11.0 unfavorable change in net other income (expense) was primarily due to an increase in foreign currency exchange loss in 2018 and a favorable legal settlement in 2017.

2017 Compared to 2016

Net interest expense decreased $8.0 in 2017, primarily due to a lower outstanding balance on the $1.8 billion term loan due
March 23, 2020, in 2017 as compared to 2016.

Income Taxes

On December 22, 2017, the U.S. government enacted "An Act to Provide for Reconciliation Pursuant to Titles II and V of the Concurrent Resolution on the Budget for Fiscal Year 2018"
(the "Act"), which reduces the U.S. federal statutory corporate tax rate from 35.0 percent to 21.0 percent effective January 1, 2018, broadens the U.S. federal income tax base, requires companies to pay a one-time repatriation tax on earnings of certain foreign subsidiaries that were previously tax deferred ("transition tax"), and creates new taxes on certain foreign-sourced earnings. Having an April 30 fiscal year-end, the lower corporate income tax rate is administratively phased in, resulting in a blended U.S. federal statutory tax rate of approximately 30.4 percent for our fiscal year ended April 30, 2018.

The U.S. Securities and Exchange Commission ("SEC") and Financial Accounting Standards Board ("FASB") have issued rules to allow a measurement period of up to 12 months following the enactment of the Act for registrants to finalize their accounting for the related income tax effects. The income tax benefit of $477.6 for 2018 reflects a provisional net benefit of $765.8 related to our one-time adjustments resulting directly from the Act, partially offset by additional income tax expense related to the Pet Foods reporting unit goodwill impairment charge. Income tax expense was $286.1 for 2017. Within our calculations of the income tax effects of the Act, we used assumptions and estimates that may change as a result of future guidance and interpretation from the Internal Revenue Service ("IRS"), the SEC, the FASB, and various taxing jurisdictions. All of these potential legislative and interpretive actions could result in adjustments to any of the provisional estimates when the accounting for the income tax effects of the Act is completed, which we expect to be no later than the third quarter of 2019. For further information on the Act's impact on our consolidated financial statements, refer to Note 13: Income Taxes.

We anticipate that the effective tax rate in 2019 and in future years will be favorably impacted by the lower federal statutory corporate
tax rate of 21.0 percent, offset to some extent by the base broadening changes, such as the elimination of the domestic manufacturing deduction. Furthermore, U.S. state jurisdictions have started, and are expected to continue, taking legislative actions to conform or decouple from the Act, either in its entirety or with respect to specific provisions. We are also evaluating the impact of the Ainsworth acquisition on our future consolidated effective tax rate.

Income taxes decreased 1 percent in 2017, due to a decrease in income before income taxes, mostly offset by the impact of a higher effective tax rate in 2017 of 32.6 percent. The 2016
effective tax rate of 29.6 percent was impacted by the recognition of a $50.5 noncash deferred tax benefit related to the integration of Big Heart into the Company, partially offset by the impact of higher deferred state income tax expense, which was a result of state tax law changes.

Integration Activities

We incurred total cumulative costs of $271.9 related to the integration of Big Heart, including $26.6 during 2018, which primarily consisted of employee-related costs, outside service and consulting costs, and other costs related to the acquisition. We have fully realized our goal of $200.0 in annual synergies.

We expect to incur approximately $50.0 in one-time costs related to the Ainsworth acquisition, of which the majority are expected to be cash charges. Approximately two-thirds of these one-time costs are expected to be recognized in 2019.

Restructuring Activities

An organization optimization program was approved by the Board of Directors (the "Board") during the fourth quarter of 2016. Under this program, we identified opportunities to reduce costs and optimize the organization. Related projects include an organizational redesign and the optimization of our manufacturing footprint. In addition, the program was recently expanded to include the restructuring of our geographic footprint, which includes the centralization of our pet food and pet snacks business, as well as certain International non-manufacturing functions, to our corporate headquarters in Orrville, Ohio, furthering collaboration and enhanced agility, while improving cost efficiency. As a result, we plan to close the San Francisco and Burbank, California, offices by the end of 2019, and our international offices in China and Mexico during the first half of 2019. The majority of these costs are expected to be incurred through the end of 2019.

During 2017, we exited two leased facilities in Livermore, California, and consolidated all ancient grains and pasta production into our facility in Chico, California. During 2018, we consolidated all of our coffee produced at our Harahan, Louisiana, facility into one of our facilities in New Orleans, Louisiana, and this portion of the optimization program is nearly complete. To date, the organization optimization program has resulted in total headcount reductions of approximately 275 full-time positions. We do not anticipate significant headcount reductions associated with the expansion of the program.

Upon completion of this program, total restructuring costs are expected to be approximately $75.0, of which the majority represents employee-related costs, while the remainder primarily consists of site preparation, equipment relocation, and production start-up costs at the impacted facilities. We have incurred total cumulative restructuring costs of $42.6, of which $22.7 was incurred during 2018. We achieved approximately $50.0 of annual cost reductions related to our organization optimization program, mainly during 2018, and have invested these savings in our businesses. For further information, refer to Note 3: Integration and Restructuring Costs.

Cost Management Program

In addition to our organization optimization program, we announced a separate cost management program during 2017, which is comprised of various cost reduction initiatives, including SKU rationalization, revenue growth management, and our Right Spend zero-based budgeting initiative. We expect to realize approximately $200.0 of cost reductions annually by the end of 2020 as a result of these initiatives.

Commodities Overview

The raw materials we use are primarily commodities, agricultural-based products, and packaging materials. The most significant of these materials, based on 2018 annual spend, are green coffee, peanuts, oils and fats, protein meals, and plastic containers. Green coffee, certain oils, and certain protein meals 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, oils and fats, and protein meals 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, oils, and protein meals 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 addition, the price of oils has been impacted by demand from the biofuels industry.

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.

In 2018, our overall commodity costs were slightly higher than in 2017, primarily due to higher costs for green coffee and oils.

Segment Results

We have four reportable segments: U.S. Retail Coffee, U.S. Retail Consumer Foods, U.S. Retail Pet Foods, and International and Away From Home. During 2018, we added International and Away From Home as a reportable segment because a single segment manager was named to oversee the entire operating segment. Prior year segment results have not been modified, as the new reportable segment represents the previously reported combination of the International and Away From Home strategic business areas, which were previously managed separately and not individually significant.

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

	Year Ended April 30,				
	2018	2017	2016	**2018 % Increase (Decrease)**	2017 % Increase (Decrease)
Net sales:					
U.S. Retail Coffee	**$ 2,092.2**	$ 2,108.6	$ 2,239.2	**(1)%**	(6)%
U.S. Retail Consumer Foods	**2,000.8**	2,085.4	2,269.7	**(4)**	(8)
U.S. Retail Pet Foods	**2,169.3**	2,135.9	2,250.4	**2**	(5)
International and Away From Home	**1,094.8**	1,062.4	1,051.9	**3**	1
Segment profit:					
U.S. Retail Coffee	**$ 614.5**	$ 682.4	$ 722.6	**(10)%**	(6)%
U.S. Retail Consumer Foods	**477.2**	458.2	467.5	**4**	(2)
U.S. Retail Pet Foods	**441.3**	481.0	493.9	**(8)**	(3)
International and Away From Home	**194.2**	185.1	179.0	**5**	3
Segment profit margin:					
U.S. Retail Coffee	**29.4%**	32.4%	32.3%		
U.S. Retail Consumer Foods	**23.9**	22.0	20.6		
U.S. Retail Pet Foods	**20.3**	22.5	21.9		
International and Away From Home	**17.7**	17.4	17.0		

U.S. Retail Coffee

The U.S. Retail Coffee segment net sales decreased $16.4 in 2018. Unfavorable volume/mix and lower net price realization each reduced net sales by less than 1 percentage point. Unfavorable volume/mix for the *Folger*s brand was mostly offset by gains for *Dunkin' Donuts* K-Cup® pods and the *Café Bustelo* brand. Lower net price realization was also driven by the *Folger*s brand. Although 2018 results include a full-year benefit of a list price increase implemented in January 2017, the benefit was more than offset by increased promotional spending in the current year. Segment profit decreased $67.9, primarily due to the unfavorable impacts of volume/mix, higher green coffee costs, and lower net pricing, which were partially offset by improvements in K-Cup® pod profitability. The improved profitability resulted from new contract terms with Keurig Green Mountain, which became effective at the end of the second quarter of 2018. During 2019, we expect to realize the full-year benefits of lower green coffee costs and K-Cup® pod cost savings as compared to 2018.

The U.S. Retail Coffee segment net sales decreased $130.6 in 2017, primarily due to lower net price realization, which was mainly attributed to the net impact of pricing actions taken in 2016 and 2017, and unfavorable volume/mix, which reduced net sales by 3 percentage points. The unfavorable volume/mix was driven by the *Folgers* brand and was partially offset by favorable volume/mix for the *Café Bustelo* and *Dunkin' Donuts* brands. Segment profit decreased $40.2, primarily due to the unfavorable volume/mix, as well as the impact of lower net price realization, which was partially offset by lower commodity and manufacturing overhead costs and incremental synergy realization.

U.S. Retail Consumer Foods

The U.S. Retail Consumer Foods segment net sales decreased$84.6 in 2018. Volume/mix reduced net sales by 8 percentage points, primarily driven by the *Crisco*, *Pillsbury*, and *Jif* brands. Net price realization contributed 4 percentage points to net sales, primarily related to the *Jif*, *Smucker's*, and *Crisco* brands. Segment profit increased $19.0, as the net favorable impact of higher prices and higher costs, as well as reduced marketing expense, were partially offset by the unfavorable impact of volume/mix.

The U.S. Retail Consumer Foods segment net sales decreased $184.3 in 2017, primarily reflecting noncomparable net sales of $138.9 in 2016 related to the divested U.S. canned milk business. Excluding the impact of the divestiture, net sales decreased 2 percent, which was entirely driven by unfavorable volume/mix, primarily related to *Smucker's* fruit spreads and the *Jif* and *truRoots*® brands, partially offset by growth in *Smucker's Uncrustables* frozen sandwiches. Segment profit decreased $9.3; however, excluding the $25.3 gain related to the U.S. canned milk divestiture and canned milk profits in 2016, segment profit increased 10 percent, as lower manufacturing overhead costs and incremental synergy realization more than offset an increase in marketing expense.

U.S. Retail Pet Foods

The U.S. Retail Pet Foods segment net sales increased $33.4 in 2018. Favorable volume/mix, primarily driven by the *Nature's Recipe* and *Meow Mix* brands, increased net sales by 2 percentage points. We expanded distribution of the *Nature's Recipe* brand into grocery and mass merchandise outlets during the third quarter of 2017. The impact of volume/mix was partially offset by lower net price realization, which reduced net sales by 1 percentage point,
driven by the *Meow Mix* brand. Segment profit decreased $39.7, primarily due to the unfavorable impacts of lower prices and higher costs and increased advertising expense, mainly related to the *Nature's Recipe* and *Natural Balance* brands. Although not reflected in segment profit, impairment charges of $176.9 were recognized in 2018 related to the goodwill of the Pet Foods reporting unit and certain indefinite-lived trademarks within the U.S. Retail Pet Foods segment.

The U.S. Retail Pet Foods segment net sales decreased $114.5 in 2017, primarily due to unfavorable volume/mix, which reduced net sales by 3 percentage points. This was driven by the
Kibbles'n Bits, *Meow Mix*, *Natural Balance*, and *9Lives* brands. Net price realization was also lower, driven by the *Natural Balance* and *Milk-Bone* brands. Segment profit decreased $12.9, as the impact of unfavorable volume/mix, lower net price realization, and higher distribution costs more than offset the impact of lower commodity costs, incremental synergy realization, and a decrease in marketing expense. Although not reflected in segment profit, impairment charges of $128.5 were recognized in 2017 related to certain indefinite-lived trademarks within the U.S. Retail Pet Foods segment.

International and Away From Home

The International and Away From Home segment net sales increased $32.4 in 2018, reflecting favorable volume/mix, which increased net sales by 2 percentage points, driven by the *Jif* and *Smucker's* brands. In addition, foreign currency exchange contributed $14.0 to net sales. Segment profit increased $9.1, primarily due to the contributions from favorable volume/mix, foreign currency exchange, and reduced marketing expense.

International and Away From Home net sales increased $10.5 in 2017, as favorable volume/mix, which contributed 4 percentage points of growth to net sales, more than offset the impacts of lower net price realization and $14.6 of noncomparable net sales in the prior year related to the divested U.S. canned milk business. Segment profit increased $6.1, primarily due to favorable volume/mix, incremental synergy realization, and a $3.8 pre-tax gain on the sale of our equity interest in Guilin Seamild Biologic Technology Development Co., Ltd. ("Seamild"), which more than offset the unfavorable net impact of lower prices and lower costs, and the loss of profits from the divested canned milk business.

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 $192.6 at April 30, 2018, compared to $166.8 at April 30, 2017.

Within the U.S. Retail Coffee and U.S. Retail Consumer Foods segments, we generally expect a significant use of cash to fund working capital requirements during the first half of each fiscal
year, primarily due to the buildup of inventories to support the Fall Bake and Holiday period, the additional increase of coffee inventory in advance of the Atlantic hurricane season, and seasonal fruit procurement. In these businesses, we expect cash provided by operations in the second half of the fiscal year to significantly exceed the amount in the first half of the year, upon completion of the Fall Bake and Holiday period. However, the impact of seasonality on our overall working capital requirements is partially reduced by the U.S. Retail Pet Foods segment, which does not experience significant seasonality. Cash provided by operating activities in the second half of 2018 was $783.4, compared to $434.6 provided through the first half of 2018.

The following table presents selected cash flow information.

	Year Ended April 30,		
	2018	2017	2016
Net cash provided by (used for) operating activities	**$ 1,218.0**	$ 1,059.0	$ 1,461.0
Net cash provided by (used for) investing activities	**(277.6)**	(189.7)	21.7
Net cash provided by (used for) financing activities	**(922.0)**	(806.1)	(1,498.9)
Net cash provided by (used for) operating activities	**$ 1,218.0**	$ 1,059.0	$ 1,461.0
Additions to property, plant, and equipment	**(321.9)**	(192.4)	(201.4)
Free cash flow (A)	**$ 896.1**	$ 866.6	$ 1,259.6

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

Cash provided by operating activities increased $159.0 in 2018 mainly due to a decrease in working capital during 2018, as compared to an increase in the prior year. The working capital change was driven by inventory, accrued liabilities, and trade receivables. Net income adjusted for noncash items was also higher in 2018, partially driven by the reduction in the U.S. federal statutory corporate tax rate in 2018, which resulted from the Act.

Cash provided by operating activities decreased $402.0 in 2017
as a result of a significant decrease in working capital in the prior year, while working capital at the end of the current year was comparable to beginning of the year levels. The decrease in
working capital in 2016 was driven by a reduction in inventory levels, which resulted from a working capital reduction initiative, and the timing of tax payments, including the realization of a
$49.6 one-time tax refund in the first quarter of the prior year.

Cash used for investing activities in 2018 consisted primarily of $321.9 in capital expenditures, partially offset by a $30.9 reduction in our derivative cash margin account balances. Cash used for investing activities in 2017 consisted primarily of $192.4 in capital expenditures and a $38.4 increase in our derivative cash
margin account balances, partially offset by $40.6 in proceeds from the sale of our investment in Seamild. The increase in capital
expenditures in 2018 was driven by the construction of our new manufacturing facility in Longmont, Colorado, as further described below, and product innovation. In 2016, cash provided by investing activities consisted primarily of $193.7 in proceeds from the divestiture of the U.S. canned milk business and a $34.8 reduction in our derivative cash margin account balances, mostly offset by $201.4 in capital expenditures.

Cash used for financing activities in 2018 consisted primarily of$1,050.3 in long-term debt repayments, dividend payments of $350.3, and a $310.0 decrease in short-term borrowings during 2018, which were partially offset by $799.6 in long-term debt proceeds. For additional information on our new borrowings and debt repayments, see "Capital Resources" in this discussion and analysis. In 2017, cash used for financing activities consisted primarily of the purchase of treasury shares for $437.6, mainly representing the repurchase of 3.0 million common shares available under the Board's authorizations, dividend payments of $339.3, and long-term debt repayments of $200.0, partially offset by a $170.0 increase in short-term borrowings during the year. In 2016, cash used for financing activities consisted primarily of $800.0 in long-term debt repayments, the purchase of treasury shares for $441.1, mainly representing the repurchase of 3.4 million common shares available under the Board's authorizations, and dividend payments of $316.6.

We, like other food manufacturers, are from time to time subject to legal proceedings arising in the ordinary course of business that could have a material adverse effect on our financial position, results of operations, or cash flows. In particular, we are currently a defendant in *Council for Education and Research on Toxics 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 California Health and Safety Code Section 25249.5, the California Safe Drinking Water and Toxic Enforcement Act of 1986, better known as "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 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, 2018, 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 15: Contingencies.

Capital Resources

The following table presents our capital structure.

	April 30,	
	2018	2017
Current portion of long-term debt	**$ —**	$ 499.0
Short-term borrowings	**144.0**	454.0
Long-term debt, less current portion	**4,688.0**	4,445.5
Total debt	**$ 4,832.0**	$ 5,398.5
Shareholders' equity	**7,891.1**	6,850.2
Total capital	**$ 12,723.1**	$ 12,248.7

On April 27, 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. Borrowings under the Term Loan bear interest on the prevailing U.S. Prime Rate or London Interbank Offered Rate ("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, 2018, no balance was drawn on the Term Loan. The full amount of the Term Loan was drawn on May 14, 2018, at an interest rate of
3.04 percent, to partially finance the Ainsworth acquisition. The Term Loan matures on May 14, 2021.

In December 2017, we completed an offering of $800.0 in Senior Notes due December 6, 2019, and December 15, 2027. The net proceeds from the offering were used to prepay the $500.0 in principal amount of the Senior Notes due March 15, 2018. In addition, we prepaid, in full, the remaining outstanding balance of the $1.8 billion term loan due March 23, 2020.

In September 2017, we entered into an unsecured revolving credit facility with a group of 11 banks, which provides for a revolving credit line of $1.8 billion and matures in September 2022. Additionally, we terminated the previous $1.5 billion credit facility. 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 April 30, 2018.

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, which was increased from the previous limit of $1.0 billion in conjunction with entering into the new unsecured revolving credit facility in September 2017. 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, 2018, we had $144.0 of short-term borrowings outstanding, all of which were issued under our commercial paper program, at a weighted-average interest rate of 2.20 percent. On May 14, 2018, we issued $400.0 of commercial paper at a weighted-average interest rate of 2.27 percent to partially finance the Ainsworth acquisition.

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 2018, we did not repurchase any common shares under a repurchase plan authorized by the Board. At April 30, 2018, 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.

In June 2017, we began construction of a *Smucker's Uncrustables* frozen sandwich manufacturing facility in Longmont, Colorado. The new facility will help meet growing demand for *Smucker's Uncrustables* frozen sandwiches and will complement our existing facility in Scottsville, Kentucky. The Longmont facility will be constructed in two phases, with a total potential investment of $340.0. Phase 1 includes up to an initial $210.0 investment to construct and equip the new facility, with an opportunity to invest an additional $130.0 for phase 2 expansion, dependent on product demand. Production is expected to begin at the new facility during 2020.

The following table presents certain cash requirements related
to 2019 investing and financing activities based on our current expectations. Although no principal payments are required on our debt obligations in 2019, we may utilize a portion of cash provided by operations for debt repayment. Additionally, in 2020, a portion of our Senior Notes will mature, and $800.0 in principal payments will be required that year.

	Projection Year Ending April 30, 2019
Capital expenditures	$ 360.0
Dividend payments – based on current rates and common shares outstanding	350.0
Interest payments – includes indebtedness related to Ainsworth	220.0

On March 5, 2018, the U.S. Federal Trade Commission announced an administrative complaint challenging the proposed transaction to acquire the *Wesson*® oil brand from Conagra Brands, Inc. ("Conagra"). As a result, we mutually determined with Conagra to terminate the definitive agreement to acquire the *Wesson* brand.

Absent any additional material acquisitions or other significant investments, we believe that cash on hand, combined with cash provided by operations and borrowings available under our commercial paper program and revolving credit facility, will be sufficient to meet our cash requirements for the next 12 months, including capital expenditures, the payment of quarterly dividends, interest payments on debt outstanding, and share repurchases.

As of April 30, 2018, total cash and cash equivalents of $177.5 was held by our international subsidiaries. We recorded a provisional one-time transition tax of $26.1 in 2018 on the undistributed earnings of certain foreign subsidiaries that were previously deferred from U.S. income taxes, as required by the Act. This tax liability is expected to be paid over an eight-year period, which began in 2018. As of April 30, 2018, the undistributed earnings of our foreign subsidiaries continue to be permanently reinvested, and we do not intend to repatriate any of the amounts to meet our cash requirements. For further information, refer to Note 13: Income Taxes.

NON-GAAP FINANCIAL MEASURES

We use non-GAAP financial measures including: net sales excluding divestiture and foreign currency exchange; adjusted gross profit, operating income, income, and 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 also utilizes the adjusted earnings per share and free cash flow measures as components for measuring performance for incentive compensation purposes.

Non-GAAP 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”). 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. During 2018, we expanded our non-GAAP measures to also exclude certain one-time tax adjustments. These adjustments include the provisional effect of the one-time items associated with the Act, which includes certain adjustments related to the U.S. deferred tax assets and liabilities remeasurement and the transition tax. Also included in these one-time tax adjustments is the permanent tax difference related to the goodwill impairment charge that was recorded during 2018. For further details on these adjustments, refer to Note 13: Income Taxes, and Note 7: Goodwill and Other Intangible Assets. We believe that excluding these one-time tax adjustments in our non-GAAP measures provides comparability across the periods presented and better reflects the benefit of a lower blended U.S. statutory tax rate on our current year earnings as a result of the Act.

These non-GAAP financial measures are not intended to replace the presentation of financial results in accordance with U.S. generally accepted accounting principles (“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 32 for a reconciliation of net sales adjusted for certain noncomparable items to the comparable GAAP financial measure.

	Year Ended April 30,				
	2018	2017	2016	2015	2014
Gross profit reconciliation:					
Gross profit	$ 2,836.1	$ 2,835.3	$ 2,967.8	$ 1,968.7	$ 2,031.0
Unallocated derivative losses (gains)	(37.3)	27.2	(12.0)	24.5	(5.3)
Cost of products sold – special project costs	3.9	5.7	12.2	6.2	9.4
Adjusted gross profit	$ 2,802.7	$ 2,868.2	$ 2,968.0	$ 1,999.4	$ 2,035.1
Operating income reconciliation:					
Operating income	$ 1,036.1	$ 1,031.5	$ 1,145.3	$ 772.0	$ 919.0
Amortization	206.8	207.3	208.4	109.7	98.9
Goodwill impairment charge	145.0	—	—	—	—
Other intangible assets impairment charges	31.9	133.2	—	1.2	—
Unallocated derivative losses (gains)	(37.3)	27.2	(12.0)	24.5	(5.3)
Cost of products sold – special project costs	3.9	5.7	12.2	6.2	9.4
Other special project costs	45.4	76.9	135.9	56.6	25.6
Adjusted operating income	$ 1,431.8	$ 1,481.8	$ 1,489.8	$ 970.2	$ 1,047.6
Net income reconciliation:					
Net income	$ 1,338.6	$ 592.3	$ 688.7	$ 344.9	$ 565.2
Income tax expense (benefit)	(477.6)	286.1	289.2	178.1	284.5
Amortization	206.8	207.3	208.4	109.7	98.9
Goodwill impairment charge	145.0	—	—	—	—
Other intangible assets impairment charges	31.9	133.2	—	1.2	—
Unallocated derivative losses (gains)	(37.3)	27.2	(12.0)	24.5	(5.3)
Cost of products sold – special project costs	3.9	5.7	12.2	6.2	9.4
Other special project costs	45.4	76.9	135.9	56.6	25.6
Adjusted income before income taxes	$ 1,256.7	$ 1,328.7	$ 1,322.4	$ 721.2	$ 978.3
Income taxes, as adjusted (A)	352.1	432.8	391.1	245.6	327.5
Adjusted income	$ 904.6	$ 895.9	$ 931.3	$ 475.6	$ 650.8
Weighted-average shares – assuming dilution	113.6	116.1	119.5	103.7	104.3
Adjusted earnings per share – assuming dilution	$ 7.96	$ 7.72	$ 7.79	$ 4.59	$ 6.24
EBITDA (as adjusted) reconciliation:					
Net income	$ 1,338.6	$ 592.3	$ 688.7	$ 344.9	$ 565.2
Income tax expense (benefit)	(477.6)	286.1	289.2	178.1	284.5
Interest expense – net	174.1	163.1	171.1	79.9	79.4
Depreciation	206.3	211.7	221.7	157.5	157.5
Amortization	206.8	207.3	208.4	109.7	98.9
Goodwill impairment charge	145.0	—	—	—	—
Other intangible assets impairment charges	31.9	133.2	—	1.2	—
EBITDA (as adjusted)	$ 1,625.1	$ 1,593.7	$ 1,579.1	$ 871.3	$ 1,185.5
Free cash flow reconciliation:					
Net cash provided by (used for) operating activities	$ 1,218.0	$ 1,059.0	$ 1,461.0	$ 739.1	$ 863.3
Additions to property, plant, and equipment	(321.9)	(192.4)	(201.4)	(247.7)	(279.5)
Free cash flow	$ 896.1	$ 866.6	$ 1,259.6	$ 491.4	$ 583.8

(A) Income taxes, as adjusted, is based upon our GAAP effective tax rate and reflects the impact of items excluded from GAAP net income to derive adjusted income. Income taxes, as adjusted also reflects the exclusion of certain one-time tax adjustments during 2018.

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, 2018.

	Total	2019	2020–2021	2022–2023	2024 and beyond
Long-term debt obligations, including current portion (A)	$ 4,700.0	$ —	$ 800.0	$ 1,150.0	$ 2,750.0
Interest payments (B)	1,770.6	163.5	307.1	236.6	1,063.4
Operating lease obligations (C)	208.1	42.8	70.8	59.0	35.5
Purchase obligations (D)	1,376.0	1,163.8	181.4	21.5	9.3
Other liabilities (E)	288.3	22.1	38.3	24.9	203.0
Total	$ 8,343.0	$ 1,392.2	$ 1,397.6	$ 1,492.0	$ 4,061.2

(A) Excludes the impact of offering discounts, make-whole payments, and debt issuance costs.

(B) Includes interest payments on our long-term debt.

(C) Includes the minimum rental commitments under non-cancelable operating leases.

(D) Includes agreements that are enforceable and legally bind us to purchase goods or services, including certain obligations related to normal, ongoing purchase obligations in which we have guaranteed payment to ensure availability of raw materials, packaging supplies, and co-pack arrangements. We expect to receive consideration for these purchase obligations in the form of materials and services. These purchase obligations do not represent the entire anticipated purchases in the future, but represent only those items for which we are contractually obligated.

(E) Mainly consists of projected commitments associated with our defined benefit pension and other postretirement benefit plans. The liability for unrecognized tax benefits and tax-related net interest of $36.4 under FASB Accounting Standards Codification 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 trade, distributors, or directly with consumers, including in-store display and product placement programs, feature 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 trade, 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 2018, 2017, and 2016, subsequent period adjustments approximated 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 35 percent of net sales in 2018. 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 is $129.1 and $227.3 at April 30, 2018 and 2017, respectively. The decrease in the future tax benefit from the prior year reflects the reduction in the federal income tax rate from the enactment of U.S. comprehensive tax reform legislation. 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 carry-forwards or the projected operating results indicate that realization is not likely, a valuation allowance would have been provided.

As of April 30, 2018, the undistributed earnings of our foreign subsidiaries, primarily in Canada, continue to be indefinitely reinvested.

Long-Lived Assets: 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 amount of the 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 the estimated fair value of the assets. However, 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 that indicate the carrying value of our long-lived assets may not be recoverable at April 30, 2018.

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 and more often if indicators of impairment exist. At April 30, 2018, the carrying value of goodwill and other intangible assets totaled $11.9 billion, compared to total assets of $15.3 billion and total shareholders’ equity of $7.9 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, 2018, goodwill totaled $5.9 billion. Goodwill is substantially concentrated within the U.S. Retail Coffee, U.S. Retail Pet Foods, and U.S. Retail Consumer Foods segments. During 2018, we recognized goodwill impairment charges of $145.0 related to the goodwill of the Pet Foods reporting unit, which was a result of the evaluation performed during the year.
As of April 30, 2018, the estimated fair value of each of our seven reporting units was substantially in excess of its carrying value, with the exception of the Pet Foods reporting unit, for which its fair value exceeded its carrying value by less than 1 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, 2018, other indefinite-lived intangible assets totaled $2.9 billion. Trademarks that represent our leading brands comprise more than 90 percent of the total carrying value of other indefinite-lived intangible assets. As of April 30, 2018, each of these leading brand trademarks had an estimated fair value substantially in excess of its carrying value, with the exception of the indefinite-lived trademarks within the U.S. Retail Pet Foods segment. During 2018, we recognized impairment charges of $31.9 related to certain indefinite-lived trademarks within the U.S. Retail Pet Foods segment, to the extent that the carrying value exceeded the estimated fair value.

The goodwill and indefinite-lived trademarks within the U.S. Retail Pet Foods segment remain susceptible to future impairment charges as the carrying values approximate estimated fair values at April 30, 2018. In addition, any meaningful adverse change to our near or long-term projections or macro-economic conditions could result in future impairment charges.

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.

During 2017, we changed the approach utilized to estimate the service and interest cost components of net periodic benefit cost for our defined benefit pension and other postretirement benefit plans. Historically, we estimated the service and interest cost components using a single weighted-average discount rate derived from the yield curve used to measure the benefit obligation at the beginning of the period. As of April 30, 2017, we utilized a spot rate approach 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. This approach does not affect the measurement of the total benefit obligations, and has been accounted for as a change in estimate that is effected by a change in accounting principle. As such, we accounted for this change in methodology on a prospective basis beginning May 1, 2017.

For 2019 expense recognition, we will continue to use a spot rate methodology, determined using the method described above. This methodology will result in weighted-average discount rates for the U.S. defined benefit pension plans of 4.17 percent to determine benefit obligation, 4.29 percent to determine service cost, and 3.87 percent to determine interest cost, and a rate of compensation increase of 3.59 percent. For the Canadian defined benefit pension plans, it will result in weighted-average discount rates of
3.57 percent to determine benefit obligation, 3.64 percent to determine service cost, and 3.23 percent to determine interest cost. In addition, we anticipate using an expected rate of return on plan assets of 5.66 percent and 5.25 percent for the U.S. and Canadian defined benefit pension plans, respectively.

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, 2018, 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.

We utilize derivative instruments to manage changes in the fair value and cash flows of our debt. Interest rate contracts mitigate the risk associated with the underlying hedged item. At the inception of the contract, the instrument is evaluated and documented for 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 derivative are equal to changes in the fair value of the underlying debt and have no net impact on earnings.

In June 2017, we entered into a treasury lock, with a notional value of $300.0, to manage our exposure to interest rate volatility associated with anticipated debt financing in 2018. This interest rate contract was designated as a cash flow hedge. In December 2017, concurrent with the pricing of the Senior Notes due December 15, 2027, we terminated the treasury lock prior to maturity. The termination resulted in a 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 3.50 percent Senior Notes due October 15, 2021, which was designated as a fair value hedge, and used to hedge against the changes in 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, 2018, the remaining benefit of $28.5 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, 2018, would increase the fair value of our long-term debt by $333.2.

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, 2018, 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 in Canada, 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 the cost of products sold. Based on our hedged foreign currency positions as of April 30, 2018, 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 2018. 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,	
	2018	2017
High	**$ 36.0**	$ 40.8
Low	**17.0**	13.2
Average	**26.8**	26.5

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 its derivatives would generally be offset by an increase or decrease in the estimated fair value of the underlying exposures.

FORWARD-LOOKING STATEMENTS

Certain statements included in this Annual Report 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" in our Annual Report on Form 10-K, as well as the following:

- our ability to successfully integrate the acquired Ainsworth business in a timely and cost-effective manner and retain key suppliers, customers, and employees;
- our ability to achieve synergies and cost savings related to the Ainsworth acquisition in the amounts and within the time frames currently anticipated;
- our ability to achieve cost savings related to our organization optimization and cost management programs in the amounts and within the time frames currently anticipated;
- our ability to generate sufficient cash flow to meet our cash deleveraging objectives;
- volatility of commodity, energy, and other input costs;
- risks associated with derivative and purchasing strategies we employ to manage commodity pricing 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, and natural disasters;
- 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;
- the timing and amount of capital expenditures and share repurchases;
- impairments in the carrying value of goodwill, other intangible assets, or other long-lived assets or changes in useful lives of other intangible assets;
- the impact of new or changes to existing governmental laws and regulations and their application;
- the outcome of tax examinations, changes in tax laws, and other tax matters;
- foreign currency and interest rate fluctuations; and
- risks related to other factors described under "Risk Factors" in other reports and statements we have filed with the SEC.

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. 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.

REPORT OF MANAGEMENT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

The J. M. Smucker Company

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, 2018. 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, 2018.

Ernst & Young LLP, an independent registered public accounting firm, audited the effectiveness of our internal control over financial reporting as of April 30, 2018, and their report thereon is included on page 46 of this report.

Mark T. Smucker
President and
Chief Executive Officer

Mark R. Belgya
Vice Chair and
Chief Financial Officer

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

The J. M. Smucker Company

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, 2018, 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 aspects, effective internal control over financial reporting as of April 30, 2018, 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, 2018 and 2017, and 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, 2018, and the related notes and our report dated June 18, 2018, 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.

Ernst & Young LLP

Akron, Ohio
June 18, 2018

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, 2018 and 2017, and 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, 2018, 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, 2018 and 2017, and the results of its operations and its cash flows for each of the three years in the period ended April 30, 2018, 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, 2018, 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 18, 2018, 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.

Ernst + Young LLP

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

Akron, Ohio
June 18, 2018

REPORT OF MANAGEMENT ON RESPONSIBILITY FOR FINANCIAL REPORTING

The J. M. Smucker Company

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

Mark R. Belgya
Vice Chair and
Chief Financial Officer

STATEMENTS OF CONSOLIDATED INCOME

The J. M. Smucker Company

	Year Ended April 30,		
(Dollars in millions, except per share data)	**2018**	2017	2016
Net sales	**$ 7,357.1**	$ 7,392.3	$ 7,811.2
Cost of products sold	**4,521.0**	4,557.0	4,843.4
Gross Profit	**2,836.1**	2,835.3	2,967.8
Selling, distribution, and administrative expenses	**1,370.8**	1,390.7	1,510.3
Amortization	**206.8**	207.3	208.4
Goodwill impairment charge	**145.0**	—	—
Other intangible assets impairment charges	**31.9**	133.2	—
Other special project costs (A)	**45.4**	76.9	135.9
Other operating expense (income) – net	**0.1**	(4.3)	(32.1)
Operating Income	**1,036.1**	1,031.5	1,145.3
Interest expense – net	**(174.1)**	(163.1)	(171.1)
Other income (expense) – net	**(1.0)**	10.0	3.7
Income Before Income Taxes	**861.0**	878.4	977.9
Income tax expense (benefit)	**(477.6)**	286.1	289.2
Net Income	**$ 1,338.6**	$ 592.3	$ 688.7
Earnings per common share:			
Net Income	**$ 11.79**	$ 5.11	$ 5.77
Net Income – Assuming Dilution	**$ 11.78**	$ 5.10	$ 5.76
Dividends Declared per Common Share	**$ 3.12**	$ 3.00	$ 2.68

(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.

STATEMENTS OF CONSOLIDATED COMPREHENSIVE INCOME

The J. M. Smucker Company

	Year Ended April 30,		
(Dollars in millions)	**2018**	2017	2016
Net income	**$ 1,338.6**	$ 592.3	$ 688.7
Other comprehensive income (loss):			
Foreign currency translation adjustments	**26.6**	(29.9)	(10.8)
Cash flow hedging derivative activity, net of tax	**2.0**	0.4	0.4
Pension and other postretirement benefit plans activity, net of tax	**14.3**	34.1	(28.5)
Available-for-sale securities activity, net of tax	**(1.2)**	0.4	0.3
Total Other Comprehensive Income (Loss)	**41.7**	5.0	(38.6)
Comprehensive Income	**$ 1,380.3**	$ 597.3	$ 650.1

See notes to consolidated financial statements.

CONSOLIDATED BALANCE SHEETS

The J. M. Smucker Company

ASSETS

	April 30,	
(Dollars in millions)	2018	2017
Current Assets		
Cash and cash equivalents	$ 192.6	$ 166.8
Trade receivables, less allowance for doubtful accounts	385.6	438.7
Inventories:		
Finished products	542.1	562.4
Raw materials	312.3	343.3
Total Inventory	854.4	905.7
Other current assets	122.4	130.6
Total Current Assets	1,555.0	1,641.8
Property, Plant, and Equipment		
Land and land improvements	120.1	115.6
Buildings and fixtures	812.6	766.2
Machinery and equipment	2,111.5	1,983.0
Construction in progress	212.1	116.9
Gross Property, Plant, and Equipment	3,256.3	2,981.7
Accumulated depreciation	(1,527.2)	(1,364.2)
Total Property, Plant, and Equipment	1,729.1	1,617.5
Other Noncurrent Assets		
Goodwill	5,942.2	6,077.1
Other intangible assets – net	5,916.5	6,149.9
Other noncurrent assets	158.4	153.4
Total Other Noncurrent Assets	12,017.1	12,380.4
Total Assets	$ 15,301.2	$ 15,639.7

See notes to consolidated financial statements.

CONSOLIDATED BALANCE SHEETS

The J. M. Smucker Company

LIABILITIES AND SHAREHOLDERS' EQUITY

	April 30,	
(Dollars in millions)	**2018**	2017
Current Liabilities		
Accounts payable	**$ 512.1**	$ 477.2
Accrued compensation	**79.8**	88.2
Accrued trade marketing and merchandising	**101.6**	106.0
Dividends payable	**88.6**	85.1
Current portion of long-term debt	**—**	499.0
Short-term borrowings	**144.0**	454.0
Other current liabilities	**107.7**	123.1
Total Current Liabilities	**1,033.8**	1,832.6
Noncurrent Liabilities		
Long-term debt, less current portion	**4,688.0**	4,445.5
Defined benefit pensions	**144.1**	189.8
Other postretirement benefits	**61.9**	66.6
Deferred income taxes	**1,377.2**	2,167.0
Other noncurrent liabilities	**105.1**	88.0
Total Noncurrent Liabilities	**6,376.3**	6,956.9
Total Liabilities	**7,410.1**	8,789.5
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 – 113,572,840 at April 30, 2018, and 113,439,553 at April 30, 2017 (net of 32,924,890 and 33,058,177 treasury shares, respectively), at stated value	**28.9**	28.4
Additional capital	**5,739.7**	5,724.7
Retained income	**2,239.2**	1,240.5
Accumulated other comprehensive income (loss)	**(116.7)**	(143.4)
Total Shareholders' Equity	**7,891.1**	6,850.2
Total Liabilities and Shareholders' Equity	**$ 15,301.2**	$ 15,639.7

See notes to consolidated financial statements.

STATEMENTS OF CONSOLIDATED CASH FLOWS

The J. M. Smucker Company

	Year Ended April 30,		
(Dollars in millions)	**2018**	2017	2016
Operating Activities			
Net income	**$ 1,338.6**	$ 592.3	$ 688.7
Adjustments to reconcile net income to net cash provided by (used for) operations:			
Depreciation	**206.3**	211.7	221.7
Amortization	**206.8**	207.3	208.4
Goodwill impairment charge	**145.0**	—	—
Other intangible assets impairment charges	**31.9**	133.2	—
Share-based compensation expense	**15.4**	22.0	34.6
Gain on divestiture	**—**	—	(25.3)
Deferred income tax expense (benefit)	**(803.4)**	(79.4)	(95.2)
Loss on disposal of assets – net	**6.6**	4.4	5.6
Other noncash adjustments – net	**3.7**	0.4	(2.2)
Defined benefit pension contributions	**(39.6)**	(28.7)	(8.6)
Changes in assets and liabilities, net of effect from businesses acquired:			
Trade receivables	**54.7**	8.9	(21.9)
Inventories	**54.0**	(10.4)	240.1
Other current assets	**(5.3)**	8.9	14.6
Accounts payable	**19.0**	2.1	46.1
Accrued liabilities	**20.5**	(39.8)	2.4
Income and other taxes	**(28.7)**	7.9	146.9
Other – net	**(7.5)**	18.2	5.1
Net Cash Provided by (Used for) Operating Activities	**1,218.0**	1,059.0	1,461.0
Investing Activities			
Businesses acquired, net of cash acquired	**—**	—	7.9
Equity investment in affiliate	**—**	—	(16.0)
Additions to property, plant, and equipment	**(321.9)**	(192.4)	(201.4)
Proceeds from divestiture	**—**	—	193.7
Proceeds from sale of investment	**—**	40.6	—
Proceeds from disposal of property, plant, and equipment	**13.4**	0.5	4.0
Other – net	**30.9**	(38.4)	33.5
Net Cash Provided by (Used for) Investing Activities	**(277.6)**	(189.7)	21.7
Financing Activities			
Short-term borrowings (repayments) – net	**(310.0)**	170.0	58.0
Proceeds from long-term debt	**799.6**	—	—
Repayments of long-term debt	**(1,050.3)**	(200.0)	(800.0)
Quarterly dividends paid	**(350.3)**	(339.3)	(316.6)
Purchase of treasury shares	**(7.0)**	(437.6)	(441.1)
Other – net	**(4.0)**	0.8	0.8
Net Cash Provided by (Used for) Financing Activities	**(922.0)**	(806.1)	(1,498.9)
Effect of exchange rate changes on cash	**7.4**	(6.2)	0.4
Net increase (decrease) in cash and cash equivalents	**25.8**	57.0	(15.8)
Cash and cash equivalents at beginning of year	**166.8**	109.8	125.6
Cash and Cash Equivalents at End of Year	**$ 192.6**	$ 166.8	$ 109.8

( ) Denotes use of cash

See notes to consolidated financial statements.

STATEMENTS OF CONSOLIDATED SHAREHOLDERS' EQUITY

The J. M. Smucker Company

(Dollars in millions)	Common Shares Outstanding	Common Shares	Additional Capital	Retained Income	Amount Due from ESOP Trust	Accumulated Other Comprehensive Income (Loss)	Total Shareholders' Equity
Balance at May 1, 2015	119,577,333	$ 29.9	$ 6,007.7	$ 1,159.2	$ (0.1)	$ (109.8)	$ 7,086.9
Net income				688.7			688.7
Other comprehensive income (loss)						(38.6)	(38.6)
Comprehensive Income							650.1
Purchase of treasury shares	(3,451,591)	(0.9)	(177.9)	(262.3)			(441.1)
Stock plans (includes tax benefit of $2.7)	181,152	0.1	30.7				30.8
Cash dividends declared				(317.9)			(317.9)
Other			(0.4)		0.1		(0.3)
Balance at April 30, 2016	116,306,894	29.1	5,860.1	1,267.7	—	(148.4)	7,008.5
Net income				592.3			592.3
Other comprehensive income (loss)						5.0	5.0
Comprehensive Income							597.3
Purchase of treasury shares	(3,147,659)	(0.8)	(163.6)	(273.2)			(437.6)
Stock plans	280,318	0.1	28.1				28.2
Cash dividends declared				(346.5)			(346.5)
Other			0.1	0.2			0.3
Balance at April 30, 2017	113,439,553	28.4	5,724.7	1,240.5	—	(143.4)	6,850.2
Net income				1,338.6			1,338.6
Other comprehensive income (loss)						41.7	41.7
Comprehensive Income							1,380.3
Purchase of treasury shares	(54,535)	—	(5.8)	(1.2)			(7.0)
Stock plans	187,822	—	21.3				21.3
Cash dividends declared				(353.7)			(353.7)
Reclassification of stranded tax effects (A)				15.0		(15.0)	—
Other		0.5	(0.5)				—
Balance at April 30, 2018	**113,572,840**	**$ 28.9**	**$ 5,739.7**	**$ 2,239.2**	**$ —**	**$ (116.7)**	**$ 7,891.1**

(A) During the fourth quarter of 2018, we elected to early adopt 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 Act from accumulated other comprehensive income (loss) to retained earnings. For additional information, see Recently Issued Accounting Standards in Note 1: Accounting Policies, and Note 13: Income Taxes.

See notes to 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. generally accepted accounting principles ("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: 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 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 a maturity of three months or less when purchased to be cash equivalents.

Revenue Recognition: We recognize revenue when all of the following criteria have been met: a valid customer order with a determinable price has been received; title and risk of loss have transferred to the customer; there is no further significant obligation to assist in the resale of the product; and collectibility is reasonably assured. Our products are shipped with FOB destination terms, with the exception of certain export customers and those customers who elect to pick up.

Trade marketing and merchandising program costs are classified as a reduction of sales. A provision for estimated returns and allowances is recognized as a reduction of sales at the time revenue is recognized.

Trade Marketing and Merchandising Programs: In order to support our products, various promotional activities are conducted through retail trade, distributors, or directly with consumers, including in-store display and product placement programs, feature 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 trade, 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 2018, 2017, and 2016, subsequent period adjustments approximated 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 35 percent, 33 percent, and 31 percent of net sales in 2018, 2017, and 2016, 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.

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 relate to the warehousing costs incurred to store our products. Total distribution costs recorded within SD&A were $245.4, $252.9, and $236.1 in 2018, 2017, and 2016, respectively.

Advertising Expense: Advertising costs are expensed as incurred. Advertising expense was $194.2, $169.8, and $170.3 in 2018, 2017, and 2016, 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 product and manufacturing process innovation, which are comprised primarily of internal salaries and wages, consulting, 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 $56.0, $58.1, and $58.8 in 2018, 2017, and
2016, respectively.

Share-Based Payments: Share-based compensation expense, excluding stock options, is recognized on a straight-line basis over the requisite service period, which includes a one-year performance period plus the defined forfeiture period, which is typically four years of service or the attainment of a defined age and years of service. Compensation expense related to stock options is recognized ratably over

the service period for each vesting tranche from the grant date through the end of the requisite service period if it is probable that the performance criteria will be met. The stock options vest over a period of one to three years, dependent on continued service of the option holder, as well as the achievement of the performance objectives established on the grant date.

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

	Year Ended April 30,		
	2018	2017	2016
Share-based compensation expense included in SD&A	**$ 13.7**	$ 22.3	$ 26.3
Share-based compensation expense (benefit) included in other special project costs	**1.7**	(0.3) (A)	8.3
Total share-based compensation expense	**$ 15.4**	$ 22.0	$ 34.6
Related income tax benefit	**$ 4.6**	$ 7.2	$ 10.2

(A) During 2017, we concluded that a portion of the performance objectives were unachievable, and therefore reversed the life-to-date compensation cost recognized. For additional information, see Note 12: Share-Based Payments.

As of April 30, 2018, total unrecognized share-based compensation cost related to nonvested share-based awards was $42.6. The weighted-average period over which this amount is expected to be recognized is 3.4 years.

Prior to adoption of Accounting Standards Update ("ASU") 2016-09, *Stock Compensation (Topic 718) Improvements to Employee Share-Based Payment Accounting,* realized excess tax benefits were presented in the Statements of Consolidated Cash Flows as a financing activity and were credited to additional capital in the Consolidated Balance Sheets. Realized shortfall tax benefits, amounts which are less than those previously recognized in earnings, were first offset against the cumulative balance of excess tax benefits, if any, and then charged directly to income tax expense. Upon adoption of ASU 2016-09, 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 2018, 2017, and 2016, the excess tax benefits realized upon exercise or vesting of share-based compensation were $1.5, $3.3, and $2.7, respectively. For further discussion on share-based compensation expense, see Note 12: 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 2018, 2017, and 2016 were $36.3, $31.9, and $25.9, 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 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. A tax benefit is recognized when it is more likely than not to be sustained.

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 Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("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.

On December 22, 2017, the U.S. government enacted "An Act to Provide for Reconciliation Pursuant to Titles II and V of the Concurrent Resolution on the Budget for Fiscal Year 2018" (the "Act"), which is commonly referred to as "The Tax Cuts and Jobs Act." The Act provides for comprehensive tax legislation that reduces the U.S. federal statutory corporate tax rate from 35.0 percent to 21.0 percent effective January 1, 2018, broadens the U.S. federal income tax base, requires companies to pay a one-time repatriation tax on earnings of certain foreign subsidiaries that were previously tax deferred, and introduces new taxes on certain foreign-sourced earnings. The provisional effect of the rate reduction and other pronouncements of the Act on our deferred tax asset and liability, and current and noncurrent tax payable balances have been accounted for in our 2018 financial statements, in accordance with recently issued ASU 2018-05, *Amendments to SEC Paragraphs Pursuant to SEC Staff Accounting Bulletin No. 118*, which allows a measurement period of up to one year after the enactment date to finalize our initial accounting for the impacts of the Act. For additional information, see Note 13: Income Taxes.

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, 2018 and 2017, the allowance for doubtful accounts was $1.1 and $1.6, 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 $80.9 and $72.2 at April 30, 2018 and 2017, 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 changes in the fair value and cash flows of our debt. Interest rate contracts mitigate the risk associated with the underlying hedged item. At the inception of the contract, the instrument is evaluated and documented for 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, 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. Rent expense in 2018, 2017, and 2016 totaled $95.2, $101.0, and $92.5, respectively. As of April 30, 2018, our minimum operating lease obligations were as follows: $42.8 in 2019, $37.5 in 2020, $33.3 in 2021, $29.9 in 2022, and $29.1 in 2023.

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 when circumstances indicate 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 we estimate 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 their estimated fair value. 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.

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. As of the current year annual impairment test date, we had seven reporting units. 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, 2018 and 2017,
the fair value of these investments was $45.8 and $47.3, respectively, and was included in other noncurrent assets in the Consolidated Balance Sheets. Included in accumulated other comprehensive income (loss) at April 30, 2018 and 2017, were unrealized pre-tax gains of $4.7 and $6.3, 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.

During 2017, we sold our 25 percent equity interest in Guilin Seamild Biologic Technology Development Co., Ltd. (“Seamild”), a privately-owned manufacturer and marketer of oats products in China. We received proceeds from the sale of $40.6, net of transaction costs, and recognized a pre-tax gain of $3.8 during 2017. The initial investment in Seamild was in 2012 for $35.9 and was included in other noncurrent assets in the Consolidated Balance Sheets. The investment in Seamild did not have a material impact on International and Away From Home or the consolidated financial statements for the year ended April 30, 2017.

Additionally, we have a 20 percent equity interest in Mountain Country Foods, LLC, and a 44 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, 2018 and 2017.

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, 2018 and 2017, were foreign currency losses of $16.4 and $43.0, respectively.

Recently Issued Accounting Standards: In March 2018, the FASB issued ASU 2018-05, *Amendments to SEC Paragraphs Pursuant to SEC Staff Accounting Bulletin No. 118*, which amends FASB ASC 740 to add the Securities and Exchange Commission’s (“SEC”) guidance in Staff Accounting Bulletin (“SAB”) 118 concerning the application of U.S. GAAP when preparing the initial accounting for the income tax effects of the Act, which was enacted on December 22, 2017. SAB 118 addresses the specific situation in which the initial accounting for certain income tax effects of the Act will not be complete at the time that financial statements are issued covering the reporting period that includes the enactment date, specifically allowing a measurement period of up to one year after the enactment date to finalize our initial accounting for the impacts of the Act. For additional information, see Note 13: Income Taxes.

In February 2018, the FASB issued ASU 2018-02, *Income Statement – Reporting Comprehensive Income (Topic 220) Reclassification of Certain Tax Effects from Accumulated Other Comprehensive Income*, which allows a reclassification of the income tax effects of the enactment of the Act on items that are stranded in accumulated other comprehensive income to retained earnings. This standard also requires certain disclosures about stranded tax effects. This ASU, however, does not change the underlying guidance that requires that the effect of a change in tax laws or rates be included in income from continuing operations. ASU 2018-02 is effective for us on May 1, 2019, but we have elected to early adopt as of February 1, 2018, as permitted, so that the tax effects of items within accumulated other comprehensive income are reflected at the appropriate tax rate. Early adoption of this ASU had an overall immaterial impact on our financial statements and disclosures. For additional information, see Note 13: Income Taxes.

In August 2017, the FASB issued ASU 2017-12, *Derivatives and Hedging (Topic 815) Targeted Improvements to Accounting for Hedging Activities*, which simplifies the application of hedge accounting and enables companies to better portray the economics of their risk management activities in their financial statements. ASU 2017-12 is effective for us on May 1, 2019, but we have elected to early adopt during the second quarter of 2018, as permitted. Early adoption of this ASU had an overall immaterial impact on our financial statements and disclosures. For additional information, see Note 10: Derivative Financial Instruments.

In March 2017, the FASB issued ASU 2017-07, *Compensation – Retirement Benefits (Topic 715) Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost*, which requires the service cost component of the net periodic pension cost to be presented separately from the other components of the net periodic pension cost in the income statement. Additionally, only the service cost component of the net periodic pension cost will be eligible for capitalization. ASU 2017-07 will be effective for us on May 1, 2018. The change in presentation of service cost must be applied retrospectively, while the capitalization of service cost must be applied on a prospective basis. We do not anticipate that the adoption of this ASU will have a material impact on our financial statements and disclosures.

In January 2017, the FASB issued ASU 2017-04, *Intangibles – Goodwill and Other (Topic 350) Simplifying the Test for Goodwill Impairment*, which eliminates Step 2 from the goodwill impairment test and requires an impairment charge to be recorded based on the excess of a reporting unit's carrying value over its fair value. ASU 2017-04 is effective for us on May 1, 2020, but we have elected to early adopt on a prospective basis during 2018, as permitted.

In October 2016, the FASB issued ASU 2016-16, *Income Taxes (Topic 740) Intra-Entity Transfers of Assets Other Than Inventory*, which requires the recognition of the income tax consequences of an intra-entity transfer of an asset, other than inventory, when the transfer occurs rather than deferring such recognition until the asset is sold to an outside party. ASU 2016-16 is effective for us on May 1, 2018, and it will require adoption on a modified retrospective basis through a cumulative-effect adjustment directly to retained earnings as of the beginning of the period of adoption. We do not anticipate that the adoption of this ASU will have a material impact on our financial statements and disclosures.

In August 2016, the FASB issued ASU 2016-15, *Statement of Cash Flows (Topic 230) Classification of Certain Cash Receipts and Cash Payments*, which will make changes to how certain cash receipts and cash payments are presented and classified in the statement of cash flows. ASU 2016-15 will be effective for us on May 1, 2018, 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 the presentation of our financial statements and disclosures.

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*, which will require lessees to recognize a right-of-use asset and lease liability for all leases with terms of more than 12 months. ASU 2016-02 will be effective for us on May 1, 2019, with the option to early adopt at any time prior to the effective date. It requires a modified retrospective application for leases existing at, or entered into after, the beginning of the earliest comparative period presented and may exclude any leases that expired before the date of initial application. However, the FASB has recently proposed guidance that would allow adoption of the standard as of the effective date without restating prior periods. We are currently compiling an inventory of our lease arrangements in order to determine the impact the new guidance will have on our financial statements and disclosures. We have selected new lease accounting software in preparation for the standard's additional reporting requirements and will begin implementation during the first quarter of 2019. Based on our assessment to date, we expect that the adoption of ASU 2016-02 will result in a significant increase in lease-related assets and liabilities recognized in our Consolidated Balance Sheets, but we are unable to quantify the impact at this time.

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)*. The core principle of the new guidance is that an entity must recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. It requires additional disclosures to enable users to understand the nature, amount, timing, and uncertainty of revenue and cash flows relating to customer contracts. ASU 2014-09 requires either full retrospective application to each prior reporting period presented or modified retrospective application with the cumulative effect of initially applying the standard recognized at the date of adoption. In August 2015, the FASB issued ASU 2015-14, *Revenue from Contracts with Customers (Topic 606) Deferral of the Effective Date*, which extends the standard's effective date by one year. As a result of this issuance, the standard will be effective for us on May 1, 2018. Our implementation of the standard is complete, with the exception of evaluating the newly acquired Ainsworth Pet Nutrition, LLC ("Ainsworth") business. With the involvement of a cross-functional team, we performed a detailed review of the new guidance as compared to our current policies to identify any potential accounting differences. We then reviewed contracts from each of our significant revenue streams to determine the validity of our initial conclusions. We have not identified any accounting changes that will materially impact our financial statements, and therefore we intend to utilize the modified retrospective transition method.

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, oils and fats, protein meals, 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 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 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, syrups, and *Uncrustables*® frozen sandwiches, 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, 28 percent are covered by union contracts at 10 manufacturing locations. The contracts vary in term, with one contract expiring in 2019, representing less than 1 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 ACQUISITIONS

During the fourth quarter of 2018, we announced a definitive agreement to acquire the stock of Ainsworth. On May 14, 2018, we completed the all-cash transaction, valued at $1.9 billion, which was funded with a new $1.5 billion bank term loan and $400.0 in borrowings under our commercial paper program. For additional information on the financing associated with this transaction, refer to
Note 8: Debt and Financing Arrangements.

Ainsworth is a leading producer, distributor, and marketer of premium pet food and pet snacks, predominantly within the U.S. Approximately two-thirds of Ainsworth's sales are generated by the *Rachael Ray*® *Nutrish*® brand, which is driving significant growth in the premium pet food category. Ainsworth also sells pet food and pet snacks under several additional branded and private label trademarks. Ainsworth was a privately-held company headquartered in Meadville, Pennsylvania. In addition to its headquarters, the transaction includes two manufacturing facilities owned by Ainsworth, which are located in Meadville, Pennsylvania, and Frontenac, Kansas, and a leased distribution facility in Greenville, Pennsylvania.

We expect to incur approximately $50.0 in one-time costs related to the acquisition, of which the majority are expected to be cash charges. The one-time costs will consist primarily of employee-related costs, outside service and consulting costs, and other costs directly related to the acquisition. Approximately two-thirds of these one-time costs are expected to be recognized by the end of 2019.

The purchase price will be preliminarily allocated to the underlying assets acquired and liabilities assumed based upon their estimated fair values at the date of acquisition and is subject to change as we complete our analysis of their fair values during the measurement period not to exceed one year as permitted under FASB ASC 805, *Business Combinations*. Due to the transaction closing subsequent to 2018, we will complete and disclose the preliminary purchase price allocation during the first quarter of 2019; however, we anticipate the majority of the purchase price will be allocated to goodwill and other intangible assets. The acquisition will be included within the U.S. Retail Pet Foods reportable segment and Pet Foods reporting unit.

On March 5, 2018, the U.S. Federal Trade Commission announced an administrative complaint challenging the proposed transaction to acquire the *Wesson*® oil brand from Conagra Brands, Inc. ("Conagra"). As a result, we mutually determined with Conagra to terminate the definitive agreement to acquire the *Wesson* brand.

NOTE 3 INTEGRATION AND RESTRUCTURING COSTS

Integration and restructuring costs primarily consist of employee-related costs, outside service and consulting costs, and other 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 costs include professional fees, information systems costs, and other miscellaneous expenditures associated with the integration or restructuring activities, which are expensed as incurred. These one-time costs are not allocated to segment profit, and the majority of these costs 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, 2018, all integration activities related to the acquisition of Big Heart Pet Brands ("Big Heart") were considered complete. The following table summarizes the one-time costs incurred in relation to the Big Heart acquisition.

	2018	2017	2016	Total Costs Incurred to Date at April 30, 2018
Employee-related costs	$ 8.5	$ 16.3	$ 52.4	$ 90.6
Outside service and consulting costs	11.6	33.9	56.0	117.6
Other costs	6.5	13.9	36.8	63.7
Total one-time costs	$ 26.6	$ 64.1	$ 145.2	$ 271.9

Noncash charges of $2.6, $3.2, and $18.9 were included in the total one-time costs incurred in 2018, 2017, and 2016, respectively. Noncash charges included in total one-time costs incurred to date were $30.4, which primarily consisted of share-based compensation and accelerated depreciation. The obligation related to severance costs and retention bonuses was $0.1 and $5.3 at April 30, 2018 and 2017, respectively.

Restructuring Costs: An organization optimization program was approved by the Board of Directors (the "Board") during the fourth quarter of 2016. Under this program, we identified opportunities to reduce costs and optimize the organization. Related projects include an organizational redesign and the optimization of our manufacturing footprint. In addition, the program was recently expanded to include the restructuring of our geographic footprint, which includes the centralization of our pet food and pet snacks business, as well as certain International non-manufacturing functions, to our corporate headquarters in Orrville, Ohio, furthering collaboration and enhanced agility, while improving cost efficiency. As a result, we plan to close the San Francisco and Burbank, California, offices by the end of 2019, and our international offices in China and Mexico during the first half of 2019. The majority of these costs are expected to be incurred through the end of 2019.

During 2017, we exited two leased facilities in Livermore, California, and consolidated all ancient grains and pasta production into our facility in Chico, California. During 2018, we consolidated all of our coffee produced at our Harahan, Louisiana, facility into one of our facilities in New Orleans, Louisiana, and this portion of the optimization program is nearly complete. To date, the organization optimization program has resulted in total headcount reductions of approximately 275 full-time positions. We do not anticipate significant headcount reductions associated with the expansion of the program.

Upon completion of this program, total restructuring costs are expected to be approximately $75.0, of which the majority represents employee-related costs, while the remainder primarily consists of site preparation, equipment relocation, and production start-up costs at the impacted facilities.

The following table summarizes our one-time costs incurred in relation to the organization optimization program.

	2018	2017	2016	Total Costs Incurred to Date at April 30, 2018
Employee-related costs	$ 10.1	$ 12.4	$ 1.3	$ 23.8
Outside service and consulting costs	0.4	1.8	—	2.2
Other costs	12.2	4.4	—	16.6
Total one-time costs	$ 22.7	$ 18.6	$ 1.3	$ 42.6

Noncash charges of $9.8 and $2.1 were included in the one-time costs incurred during 2018 and 2017, respectively, and we did not incur any noncash charges during 2016. Noncash charges included in total one-time costs incurred to date were $11.9, and primarily consisted of accelerated depreciation. The obligation related to severance costs and retention bonuses was $0.3 and $3.3 at April 30, 2018 and 2017, respectively.

NOTE 4 DIVESTITURE

On December 31, 2015, we sold our U.S. canned milk brands and operations to Eagle Family Foods Group LLC, a subsidiary of funds affiliated with Kelso & Company. The transaction included canned milk products that were primarily sold in U.S. retail and foodservice channels under the *Eagle Brand®* and *Magnolia®* brands, along with other branded and private label trade names, with annual net sales of approximately $200.0. Our manufacturing facilities in El Paso, Texas, and Seneca, Missouri, were included in the transaction, but our canned milk business in Canada was excluded from the divestiture.

The operating results for this business were primarily included in the U.S. Retail Consumer Foods segment prior to the sale on December 31, 2015. We received proceeds from the divestiture of $193.7, which were net of transaction costs and a working capital adjustment. Upon completion of the transaction, we recognized a pre-tax gain of $25.3 in 2016.

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 Coffee, U.S. Retail Consumer Foods, U.S. Retail Pet Foods, and International and Away From Home, previously referred to as International and Foodservice. During 2018, we added International and Away From Home as a reportable segment because a single segment manager was named to oversee the entire operating segment. Prior year segment results have not been modified, as the new reportable segment represents the previously reported combination of the International and Away From Home strategic business areas, which were previously managed separately and not individually significant.

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

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.

Consistent with prior periods, 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,		
	2018	2017	2016
Net sales:			
U.S. Retail Coffee	**$ 2,092.2**	$ 2,108.6	$ 2,239.2
U.S. Retail Consumer Foods	**2,000.8**	2,085.4	2,269.7
U.S. Retail Pet Foods	**2,169.3**	2,135.9	2,250.4
International and Away From Home	**1,094.8**	1,062.4	1,051.9
Total net sales	**$ 7,357.1**	$ 7,392.3	$ 7,811.2
Segment profit:			
U.S. Retail Coffee	**$ 614.5**	$ 682.4	$ 722.6
U.S. Retail Consumer Foods	**477.2**	458.2	467.5
U.S. Retail Pet Foods	**441.3**	481.0	493.9
International and Away From Home	**194.2**	185.1	179.0
Total segment profit	**$ 1,727.2**	$ 1,806.7	$ 1,863.0
Amortization	**(206.8)**	(207.3)	(208.4)
Goodwill impairment charge	**(145.0)**	—	—
Other intangible assets impairment charges	**(31.9)**	(133.2)	—
Interest expense – net	**(174.1)**	(163.1)	(171.1)
Unallocated derivative gains (losses)	**37.3**	(27.2)	12.0
Cost of products sold – special project costs (A)	**(3.9)**	(5.7)	(12.2)
Other special project costs (A)	**(45.4)**	(76.9)	(135.9)
Corporate administrative expenses	**(295.4)**	(324.9)	(373.2)
Other income (expense) – net	**(1.0)**	10.0	3.7
Income before income taxes	**$ 861.0**	$ 878.4	$ 977.9
Assets:			
U.S. Retail Coffee	**$ 4,815.4**	$ 4,909.9	$ 5,002.0
U.S. Retail Consumer Foods	**3,217.5**	3,157.2	3,288.5
U.S. Retail Pet Foods	**5,932.3**	6,232.9	6,321.6
International and Away From Home	**1,043.9**	1,053.4	1,168.6
Unallocated (B)	**292.1**	286.3	203.4
Total assets	**$ 15,301.2**	$ 15,639.7	$ 15,984.1
Depreciation, amortization, and impairment charges:			
U.S. Retail Coffee	**$ 96.6**	$ 95.7	$ 104.0
U.S. Retail Consumer Foods	**80.2**	73.2	60.7
U.S. Retail Pet Foods	**314.8**	280.8	164.9
International and Away From Home	**57.8**	61.9	66.2
Unallocated (C)	**40.6**	40.6	34.3
Total depreciation, amortization, and impairment charges	**$ 590.0**	$ 552.2	$ 430.1
Additions to property, plant, and equipment:			
U.S. Retail Coffee	**$ 89.4**	$ 40.9	$ 51.4
U.S. Retail Consumer Foods	**168.9**	49.7	90.3
U.S. Retail Pet Foods	**34.3**	70.5	11.9
International and Away From Home	**29.3**	31.3	47.8
Total additions to property, plant, and equipment	**$ 321.9**	$ 192.4	$ 201.4

(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,		
	2018	2017	2016
Net sales:			
United States	$ 6,786.5	$ 6,865.1	$ 7,300.8
International:			
Canada	$ 431.8	$ 414.3	$ 416.0
All other international	138.8	112.9	94.4
Total international	$ 570.6	$ 527.2	$ 510.4
Total net sales	$ 7,357.1	$ 7,392.3	$ 7,811.2
Assets:			
United States	$ 14,828.2	$ 15,214.3	$ 15,501.1
International:			
Canada	$ 428.7	$ 380.9	$ 396.2
All other international	44.3	44.5	86.8
Total international	$ 473.0	$ 425.4	$ 483.0
Total assets	$ 15,301.2	$ 15,639.7	$ 15,984.1
Long-lived assets (excluding goodwill and other intangible assets):			
United States	$ 1,869.8	$ 1,757.1	$ 1,773.9
International:			
Canada	$ 17.4	$ 13.4	$ 10.7
All other international	0.3	0.4	40.6
Total international	$ 17.7	$ 13.8	$ 51.3
Total long-lived assets (excluding goodwill and other intangible assets)	$ 1,887.5	$ 1,770.9	$ 1,825.2

The following table presents product category sales as a percentage of consolidated net sales.

	Year Ended April 30,		
	2018	2017	2016
Coffee	34%	34%	34%
Dog food	11	10	10
Pet snacks	10	10	10
Peanut butter	10	10	9
Cat food	9	9	9
Fruit spreads	5	5	4
Shortening and oils	4	4	4
Baking mixes and frostings	3	3	3
Frozen handheld	3	3	3
Flour and baking ingredients	2	2	2
Juices and beverages	2	2	2
Portion control	2	2	2
Canned milk	1	1	3
Other	4	5	5
Total product sales	100%	100%	100%

Sales to Walmart Inc. and subsidiaries amounted to 31 percent of net sales in 2018, and 30 percent of net sales in both 2017 and 2016. 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, 2018 and 2017, included amounts due from Walmart Inc. and subsidiaries of $123.1 and $138.2, 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,		
	2018	2017	2016
Net income	**$ 1,338.6**	$ 592.3	$ 688.7
Less: Net income allocated to participating securities	**6.8**	2.8	3.0
Net income allocated to common stockholders	**$ 1,331.8**	$ 589.5	$ 685.7
Weighted-average common shares outstanding	**113.0**	115.5	118.9
Add: Dilutive effect of stock options	**—**	0.1	0.1
Weighted-average common shares outstanding – assuming dilution	**113.0**	115.6	119.0
Net income per common share	**$ 11.79**	$ 5.11	$ 5.77
Net income per common share – assuming dilution	**$ 11.78**	$ 5.10	$ 5.76

NOTE 7 GOODWILL AND OTHER INTANGIBLE ASSETS

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

	U.S. Retail Coffee	U.S. Retail Consumer Foods	U.S. Retail Pet Foods	International and Away From Home	Total
Balance at May 1, 2016	$ 2,090.9	$ 1,600.9	$ 1,969.5	$ 429.8	$ 6,091.1
Other [(A)]	—	(1.9)	—	(12.1)	(14.0)
Balance at April 30, 2017	$ 2,090.9	$ 1,599.0	$ 1,969.5	$ 417.7	$ 6,077.1
Impairment charges [(B)]	—	—	(145.0)	—	(145.0)
Other [(A)]	—	1.4	—	8.7	10.1
Balance at April 30, 2018	**$ 2,090.9**	**$ 1,600.4**	**$ 1,824.5**	**$ 426.4**	**$ 5,942.2**

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

(B) There have been no goodwill impairment charges recognized in prior periods.

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

	April 30, 2018			April 30, 2017		
	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	$ 3,520.1	$ 959.3	$ 2,560.8	$ 3,520.1	$ 802.1	$ 2,718.0
Patents and technology	168.5	114.4	54.1	168.5	101.4	67.1
Trademarks	556.4	145.0	411.4	556.4	112.7	443.7
Total intangible assets subject to amortization	$ 4,245.0	$ 1,218.7	$ 3,026.3	$ 4,245.0	$ 1,016.2	$ 3,228.8
Indefinite-lived intangible assets not subject to amortization:						
Trademarks	$ 3,078.1	$ 187.9	$ 2,890.2	$ 3,078.1	$ 157.0	$ 2,921.1
Total other intangible assets	$ 7,323.1	$ 1,406.6	$ 5,916.5	$ 7,323.1	$ 1,173.2	$ 6,149.9

Amortization expense for finite-lived intangible assets was $204.8, $205.9, and $204.7 in 2018, 2017, and 2016, respectively. The weighted-average useful lives of the customer and contractual relationships, patents and technology, and trademarks are 23 years, 14 years, and 16 years, respectively. The weighted-average useful life of total finite-lived intangible assets is 22 years. Based on the carrying amount of intangible assets subject to amortization at April 30, 2018, the estimated amortization expense is $205.1 for 2019, $200.4 for 2020, $198.8 for 2021, $193.4 for 2022, and $186.0 for 2023.

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 2018, we completed our annual long-range planning process, which resulted in a decline in forecasted net sales for the U.S. Retail Pet Foods segment. As a result of the decreased projections, as well as the narrow differences between estimated fair value and carrying value, we performed an interim impairment analysis on the goodwill of the Pet Foods reporting unit and the indefinite-lived trademarks included within the U.S. Retail Pet Foods segment, which was prior to the annual impairment review performed as of February 1, 2018. We recognized total impairment charges of $176.9, of which $145.0 and $31.9 related to the goodwill of the Pet Foods reporting unit and certain indefinite-lived trademarks within the U.S. Retail Pet Foods segment, respectively, to the extent the carrying values exceeded the estimated fair values. These charges were included as a noncash charge in our Statement of Consolidated Income. Furthermore, we early adopted ASU 2017-04, *Intangibles – Goodwill and Other (Topic 350) Simplifying the Test for Goodwill Impairment,* in connection with the interim impairment analysis. As a result, we did not perform Step 2 of the goodwill impairment test for the goodwill of the Pet Foods reporting unit and recorded the impairment charge based on the excess of the reporting unit's carrying value over its fair value. For further details, refer to Note 1: Accounting Policies.

As of February 1, 2018, we completed the annual impairment review, in which goodwill impairment was tested at the reporting unit level for our seven reporting units. As part of our annual evaluation, we did not recognize any other impairment charges related to our goodwill and indefinite-lived trademarks. The estimated fair value of each reporting unit and material indefinite-lived intangible asset was substantially in excess of its carrying value as of the annual test date, with the exception of the Pet Foods reporting unit and all indefinite-lived trademarks within the U.S. Retail Pet Foods segment. 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.

During 2017, we recognized total impairment charges of $133.2 primarily related to certain indefinite-lived trademarks within the U.S. Retail Pet Foods segment and did not recognize any impairment charges related to goodwill.

The goodwill and indefinite-lived trademarks within the U.S. Retail Pet Foods segment remain susceptible to future impairment charges, as the carrying values approximate estimated fair values at April 30, 2018. In addition, any meaningful adverse change to our near or long-term projections or macro-economic conditions could result in future impairment charges.

NOTE 8 DEBT AND FINANCING ARRANGEMENTS

Long-term debt consists of the following:

	April 30, 2018		April 30, 2017	
	Principal Outstanding	Carrying Amount (A)	Principal Outstanding	Carrying Amount (A)
1.75% Senior Notes due March 15, 2018	$ —	$ —	$ 500.0	$ 499.0
2.20% Senior Notes due December 6, 2019	300.0	298.6	—	—
2.50% Senior Notes due March 15, 2020	500.0	497.8	500.0	496.6
3.50% Senior Notes due October 15, 2021	750.0	775.6	750.0	782.6
3.00% Senior Notes due March 15, 2022	400.0	397.3	400.0	396.6
3.50% Senior Notes due March 15, 2025	1,000.0	994.4	1,000.0	993.6
3.38% Senior Notes due December 15, 2027	500.0	495.8	—	—
4.25% Senior Notes due March 15, 2035	650.0	643.1	650.0	642.6
4.38% Senior Notes due March 15, 2045	600.0	585.4	600.0	584.9
Term Loan Credit Agreement due March 23, 2020	—	—	550.0	548.6
Total long-term debt	$ 4,700.0	$ 4,688.0	$ 4,950.0	$ 4,944.5
Current portion of long-term debt	—	—	500.0	499.0
Total long-term debt, less current portion	$ 4,700.0	$ 4,688.0	$ 4,450.0	$ 4,445.5

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

On April 27, 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. Borrowings under the Term Loan bear interest on the prevailing U.S. Prime Rate or London Interbank Offered Rate ("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, 2018, no balance was drawn on the Term Loan. The full amount of the Term Loan was drawn on May 14, 2018, at an interest rate of 3.04 percent, to partially finance the Ainsworth acquisition, as discussed in Note 2: Acquisitions. The Term Loan matures on May 14, 2021. We have incurred total capitalized debt issuance costs of $2.8, of which $0.8 was incurred during 2018, and will be amortized to interest expense over the time period for which the debt is outstanding.

Prior to entering into the new Term Loan, we entered into a commitment letter for a $1.9 billion 364-day senior unsecured Bridge Term Loan Credit Facility that provided committed financing for the Ainsworth acquisition. This commitment letter was terminated upon entry into the Term Loan on April 27, 2018. Financing fees were included in interest expense – net on the Statement of Consolidated Income at April 30, 2018.

In December 2017, we completed an offering of $800.0 in Senior Notes due December 6, 2019, and December 15, 2027. The Senior Notes included $6.1 of capitalized debt issuance costs and offering discounts to be amortized to interest expense over the time for which the debt is outstanding. The net proceeds from the offering were used to prepay the $500.0 in principal amount of the Senior Notes due March 15, 2018. In addition, we prepaid, in full, the remaining outstanding balance of the $1.8 billion term loan due March 23, 2020. As a result of prepaying both the Senior Notes due March 15, 2018, and the term loan due March 23, 2020, we recognized debt costs of $1.7, which primarily consisted of the write-off of capitalized debt issuance costs, and were included in interest expense. Concurrent with the pricing of the Senior Notes due December 15, 2027, we terminated the treasury lock, entered into in June 2017, prior to maturity, resulting in a 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. For additional information on the treasury lock, see Note 10: Derivative Financial Instruments.

All of our Senior Notes outstanding at April 30, 2018, 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 September 2017, we entered into an unsecured revolving credit facility with a group of 11 banks, which provides for a revolving credit line of $1.8 billion and matures in September 2022. Additionally, we terminated the previous $1.5 billion credit facility. The new revolving credit facility included $4.1 of capitalized debt issuance costs, which are being amortized to interest expense over the time period for which the revolving credit facility is effective. 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 current and previous revolving credit facilities at both April 30, 2018 and 2017. As a result of the termination of the previous $1.5 billion credit facility, and because there are no subsidiary guarantors of the new $1.8 billion credit facility, the guarantees provided by the Company's subsidiaries, J. M. Smucker LLC and The Folgers Coffee Company (the "subsidiary guarantors"), related to the obligations under the term loan due March 23, 2020, and all of our outstanding Senior Notes were released. For additional information, see Note 16: Guarantor and Non-Guarantor Financial Information.

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, which was increased from the previous limit of $1.0 billion in conjunction with entering into the new unsecured revolving credit facility in September 2017. 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, 2018 and 2017, we had $144.0 and $454.0 of short-term borrowings outstanding, respectively, which were issued under our commercial paper program at weighted-average interest rates of
2.20 percent and 1.15 percent, respectively. On May 14, 2018, we issued $400.0 of commercial paper at a weighted-average interest rate of 2.27 percent to partially finance the Ainsworth acquisition, as discussed in Note 2: Acquisitions.

Interest paid totaled $158.9, $162.2, and $167.3 in 2018, 2017, and 2016, respectively. This differs from interest expense due to the amortization of debt issuance costs and discounts, timing of interest payments, effect of interest rate contracts, other debt fees, and capitalized interest.

Our debt instruments contain certain financial covenant restrictions, including a leverage ratio, which was amended in connection with the execution of the new Term Loan, 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.

	Defined Benefit Pension Plans			Other Postretirement Benefits		
Year Ended April 30,	2018	2017	2016	2018	2017	2016
Service cost	$ 5.2	$ 12.7	$ 17.8	$ 2.0	$ 2.3	$ 2.3
Interest cost	21.6	25.3	27.7	2.1	2.6	2.8
Expected return on plan assets	(28.8)	(29.3)	(32.9)	—	—	—
Amortization of prior service cost (credit)	0.9	1.1	0.7	(1.4)	(1.5)	(1.1)
Amortization of net actuarial loss (gain)	11.5	13.8	10.9	(0.3)	(0.2)	(0.3)
Curtailment loss (gain)	—	—	(6.5)	—	—	(0.3)
Settlement loss (gain)	2.3	(0.7)	—	—	—	—
Net periodic benefit cost	$ 12.7	$ 22.9	$ 17.7	$ 2.4	$ 3.2	$ 3.4
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	$ —	$ 2.1	$ (5.3)	$ (0.2)	$ 3.0	$ —
Net actuarial gain (loss) arising during the year	3.5	1.5	(43.3)	5.5	2.3	—
Amortization of prior service cost (credit)	0.9	1.1	0.7	(1.4)	(1.5)	(1.1)
Amortization of net actuarial loss (gain)	11.5	13.8	10.9	(0.3)	(0.2)	(0.3)
Curtailment loss (gain)	—	28.8	(6.5)	—	0.1	(0.3)
Settlement loss (gain)	2.3	(0.7)	—	—	—	—
Foreign currency translation	(1.8)	2.5	0.8	(0.1)	—	—
Net change for year	$ 16.4	$ 49.1	$ (42.7)	$ 3.5	$ 3.7	$ (1.7)
Weighted-average assumptions used in determining net periodic benefit costs:						
U.S. plans:						
Discount rate used to determine benefit obligation	3.95%	3.85%	4.06%	3.86%	3.80%	4.04%
Discount rate used to determine service cost	4.20	3.85	4.06	4.06	3.80	4.04
Discount rate used to determine interest cost	3.38	3.85	4.06	3.24	3.80	4.04
Expected return on plan assets	6.27	6.27	6.58	—	—	—
Rate of compensation increase	3.78	3.96	4.06	—	—	—
Canadian plans:						
Discount rate used to determine benefit obligation	3.22%	3.60%	3.51%	3.19%	3.50%	3.50%
Discount rate used to determine service cost	3.39	3.60	3.51	3.70	3.50	3.50
Discount rate used to determine interest cost	2.60	3.60	3.51	2.58	3.50	3.50
Expected return on plan assets	5.00	5.25	5.65	—	—	—
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.

	Defined Benefit Pension Plans		Other Postretirement Benefits	
April 30,	2018	2017	2018	2017
Change in benefit obligation:				
Benefit obligation at beginning of year	$ 677.3	$ 745.9	$ 70.7	$ 75.9
Service cost	5.2	12.7	2.0	2.3
Interest cost	21.6	25.3	2.1	2.6
Amendments	—	—	0.2	(3.0)
Actuarial loss (gain)	(10.8)	6.7	(5.5)	(2.3)
Benefits paid	(36.0)	(43.8)	(4.3)	(3.9)
Foreign currency translation adjustments	5.8	(7.8)	0.7	(0.8)
Curtailment	—	(30.9)	—	(0.1)
Settlement	(23.4)	(30.8)	—	—
Benefit obligation at end of year	$ 639.7	$ 677.3	$ 65.9	$ 70.7
Change in plan assets:				
Fair value of plan assets at beginning of year	$ 489.2	$ 505.6	$ —	$ —
Actual return on plan assets	21.5	37.4	—	—
Company contributions	39.6	28.7	4.3	3.9
Benefits paid	(36.0)	(43.8)	(4.3)	(3.9)
Settlement	(23.4)	(30.8)	—	—
Foreign currency translation adjustments	6.1	(7.9)	—	—
Fair value of plan assets at end of year	$ 497.0	$ 489.2	$ —	$ —
Funded status of the plans	$ (142.7)	$ (188.1)	$ (65.9)	$ (70.7)
Defined benefit pensions	$ (144.1)	$ (189.8)	$ —	$ —
Other noncurrent assets	9.5	5.7	—	—
Accrued compensation	(8.1)	(4.0)	(4.0)	(4.1)
Other postretirement benefits	—	—	(61.9)	(66.6)
Net benefit liability	$ (142.7)	$ (188.1)	$ (65.9)	$ (70.7)

During 2018, we made additional contributions to the defined benefit pension plans of $20.0, which was funded by the current year tax savings that resulted from the tax legislation that was enacted during the third quarter of 2018. For further details on the tax legislation changes, refer to Note 13: Income Taxes.

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

	Defined Benefit Pension Plans		Other Postretirement Benefits	
April 30,	2018	2017	2018	2017
Net actuarial gain (loss)	$ (150.9)	$ (166.4)	$ 13.6	$ 8.5
Prior service credit (cost)	(4.7)	(5.6)	9.1	10.7
Total recognized in accumulated other comprehensive income (loss)	$ (155.6)	$ (172.0)	$ 22.7	$ 19.2

During 2019, we expect to recognize amortization of net actuarial losses and prior service credit of $7.7 and $0.4, respectively, in net periodic benefit cost.

During 2017, we announced our plans to harmonize our retirement benefits and freeze our non-union U.S. defined benefit pension plans by December 31, 2017. The amendments resulted in an immaterial net settlement loss and a decrease in accumulated other comprehensive income (loss) of $25.2 during 2017. As a result of the plan changes, we realized savings in 2018 and expect to realize additional savings in the future.

As of April 30, 2017, we changed the approach utilized to estimate the service and interest cost components of net periodic benefit cost for our defined benefit pension and other postretirement benefit plans. Historically, we estimated the service and interest cost components using a single weighted-average discount rate derived from the yield curve used to measure the benefit obligation at the beginning of the period. As of April 30, 2017, we utilized a spot rate approach 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. This approach does not affect the measurement of the total benefit obligations, and has been accounted for as a change in estimate that is effected by a change in accounting principle. As such, we accounted for this change in methodology on a prospective basis beginning
May 1, 2017, which resulted in a benefit of approximately $4.3 in 2018.

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

	Defined Benefit Pension Plans		Other Postretirement Benefits	
April 30,	**2018**	2017	**2018**	2017
U.S. plans:				
Discount rate	**4.17%**	3.95%	**4.13%**	3.86%
Rate of compensation increase	**3.59**	4.15	**—**	—
Canadian plans:				
Discount rate	**3.57%**	3.22%	**3.55%**	3.16%
Rate of compensation increase	**3.00**	3.00	**—**	—

For 2019, the assumed health care trend rates are 6.8 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, 2018:

	One Percentage Point	
	Increase	Decrease
Effect on total service and interest cost components	$ —	$ 0.1
Effect on benefit obligation	1.0	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 68 and 69.

	Defined Benefit Pension Plans		Other Postretirement Benefits	
Year Ended April 30,	**2018**	2017	**2018**	2017
Benefit obligation at end of year	**$ 87.6**	$ 89.8	**$ 7.3**	$ 9.4
Fair value of plan assets at end of year	**96.4**	94.8	**—**	—
Funded status of the plans	**$ 8.8**	$ 5.0	**$ (7.3)**	$ (9.4)
Components of net periodic benefit cost:				
Service cost	**$ 0.2**	$ 0.3	**$ —**	$ —
Interest cost	**2.4**	3.2	**0.3**	0.3
Expected return on plan assets	**(5.0)**	(4.7)	**—**	—
Amortization of net actuarial loss (gain)	**0.8**	1.1	**—**	—
Net periodic benefit cost (credit)	**$ (1.6)**	$ (0.1)	**$ 0.3**	$ 0.3
Changes in plan assets:				
Company contributions	**$ 0.9**	$ 3.1	**$ 0.5**	$ 0.5
Benefits paid	**(6.8)**	(6.6)	**(0.5)**	(0.5)
Actual return on plan assets	**1.5**	10.2	**—**	—
Foreign currency translation	**6.0**	(7.9)	**—**	—

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

	April 30,	
	2018	2017
Accumulated benefit obligation for all pension plans	**$ 627.9**	$ 659.6
Plans with an accumulated benefit obligation in excess of plan assets:		
Accumulated benefit obligation	**$ 541.3**	$ 570.6
Fair value of plan assets	**400.6**	394.4
Plans with a projected benefit obligation in excess of plan assets:		
Projected benefit obligation	**$ 552.9**	$ 588.2
Fair value of plan assets	**400.6**	394.4

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 5.4 percent and 8.3 percent for the years ended April 30, 2018 and 2017, respectively, which excludes administrative and investment expenses.

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, 2018**
Cash and cash equivalents [A]	$ 3.7	$ —	$ —	**$ 3.7**
Equity securities:				
U.S. [B]	94.8	1.9	—	**96.7**
International [C]	73.2	9.7	—	**82.9**
Fixed-income securities:				
Bonds [D]	231.8	—	—	**231.8**
Fixed income [E]	53.0	—	—	**53.0**
Other types of investments [F]	—	16.8	3.2	**20.0**
Total financial assets measured at fair value	$ 456.5	$ 28.4	$ 3.2	**$ 488.1**
Total financial assets measured at net asset value [G]				**8.9**
Total plan assets				**$ 497.0**

	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, 2017
Cash and cash equivalents [A]	$ 2.7	$ —	$ —	$ 2.7
Equity securities:				
U.S. [B]	128.9	1.9	—	130.8
International [C]	81.4	10.5	—	91.9
Fixed-income securities:				
Bonds [D]	168.5	—	—	168.5
Fixed income [E]	71.9	—	—	71.9
Other types of investments [F]	6.7	4.5	2.4	13.6
Total financial assets measured at fair value	$ 460.1	$ 16.9	$ 2.4	$ 479.4
Total financial assets measured at net asset value [G]				9.8
Total plan assets				$ 489.2

(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 is 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 is 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. In 2018, this category is further comprised of various U.S. Treasury Separate Trading of Registered Interest and Principal (“STRIP”) holdings, with wide-ranging maturity dates. The Level 1 assets are valued using quoted market prices for identical securities in active markets.

(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. The Level 1 assets are valued using quoted market prices for identical securities in active markets.

(F) This category is comprised of a real estate fund whereby the underlying investments are contained in the Canadian market and a private limited investment partnership in 2017, and in 2018, this category also included a common collective trust fund investing in direct commercial property funds. In 2017, the category included a dynamic asset allocation mutual fund, which was comprised of U.S. and global equities and fixed-income securities inclusive of derivatives within the asset mix. The dynamic asset allocation mutual fund was classified as a Level 1 asset, whereby the assets are valued using quoted market prices for identical securities in active markets. The real estate fund and the collective trust fund investing in direct commercial property are classified as a Level 2 asset, 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. The private investment limited partnership is classified as a Level 3 asset. The investments in the partnership are valued at estimated fair value based on audited financial statements received from the general partner. The private investment limited partnership cannot be redeemed, and the return of principal is based on the liquidation of the underlying assets.

(G) This category is comprised of a private equity fund that consists primarily of limited partnership interests in corporate finance and venture capital funds. The fair value estimate of the private equity fund is based on the underlying funds’ net asset values further as a practical expedient equivalent to the Company’s defined benefit plan’s ownership interest in partners’ capital, whereby a proportionate share of the net assets is attributed and further corroborated by our review. The private equity fund is 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 is removed from the total financial assets measured at fair value and disclosed separately.

The following table presents a rollforward of activity for Level 3 assets.

	2018	2017
Balance at May 1,	$ 2.4	$ 3.2
Actual return on plan assets still held at reporting date	0.8	(0.8)
Balance at April 30,	$ 3.2	$ 2.4

Our current investment policy is to invest 50 percent of assets in both equity securities and fixed-income securities. Included in equity securities were 317,552 of our common shares at April 30, 2018. The total market value of these shares was $36.2 at April 30, 2018. We paid dividends of $1.0 on these shares during 2018.

We expect to contribute approximately $20.0 to the defined benefit pension plans in 2019. We expect the following payments to be made from the defined benefit pension and other postretirement benefit plans: $54.8 in 2019, $48.0 in 2020, $47.5 in 2021, $47.4 in 2022,
$51.7 in 2023, and $238.8 in 2024 through 2028.

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 2018 and 2017, a total of $2.0 and $1.9 was contributed to the plan, respectively, and we anticipate contributions of $2.2 in 2019.

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 2017, the Bakery and Confectionery Union Fund was in Red Zone status, as the current funding status was 54.7 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.

During 2018, we early adopted ASU 2017-12, *Derivatives and Hedging (Topic 815) Targeted Improvements to Accounting for Hedging Activities*, which did not have a material impact on our condensed consolidated financial statements and disclosures. For additional information, see Recently Issued Accounting Standards in Note 1: Accounting Policies.

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, edible oils, corn, wheat, and soybean meal. 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 changes in the fair value of our debt. Interest rate contracts mitigate the risk associated with the underlying hedged item. At the inception of the contract, the instrument is evaluated and documented for 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 derivative are equal to changes in the fair value of the underlying debt and have no impact on earnings.

In June 2017, we entered into a treasury lock, with a notional value of $300.0, to manage our exposure to interest rate volatility associated with anticipated debt financing in 2018. This interest rate contract was designated as a cash flow hedge. In December 2017, concurrent with the pricing of the Senior Notes due December 15, 2027, we terminated the treasury lock prior to maturity. The termination resulted in a 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 3.50 percent 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 $25.0, of which $7.8, $7.6, and $7.4 were recognized in 2018, 2017, and 2016, respectively. The remaining gain will be recognized as follows: $8.0 in 2019, $8.1 in 2020, $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, 2018			
	Other Current Assets	Other Current Liabilities	Other Noncurrent Assets	Other Noncurrent Liabilities
Derivatives not designated as hedging instruments:				
Commodity contracts	$ 14.8	$ 6.8	$ 0.4	$ 0.2
Foreign currency exchange contracts	2.2	0.7	—	—
Total derivative instruments	$ 17.0	$ 7.5	$ 0.4	$ 0.2

	April 30, 2017			
	Other Current Assets	Other Current Liabilities	Other Noncurrent Assets	Other Noncurrent Liabilities
Derivatives not designated as hedging instruments:				
Commodity contracts	$ 5.2	$ 21.2	$ —	$ —
Foreign currency exchange contracts	3.2	0.1	—	—
Total derivative instruments	$ 8.4	$ 21.3	$ —	$ —

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, 2018 and 2017, we maintained cash margin account balances of $10.9 and $41.8, 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 $174.1, $163.1, and $171.1 in 2018, 2017, and 2016, respectively. Within interest expense, we recognized $0.5 in net pre-tax losses related to terminated interest rate contracts during 2018 and $0.6 during both 2017 and 2016. Included as a component of accumulated other comprehensive income (loss) at April 30, 2018 and 2017, were deferred net pre-tax losses of $3.8 and $7.0, respectively, related to the terminated interest rate contracts. The related net tax benefit recognized in accumulated other comprehensive income (loss) was $0.9 and $2.6 at April 30, 2018 and 2017, respectively. Approximately $0.4 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,		
	2018	2017	2016
Gains (losses) on commodity contracts	$ 6.5	$ (45.2)	$ (31.6)
Gains (losses) on foreign currency exchange contracts	(5.9)	9.8	2.0
Total gains (losses) recognized in costs of products sold	$ 0.6	$ (35.4)	$ (29.6)

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,		
	2018	2017	2016
Net gains (losses) on mark-to-market valuation of unallocated derivative positions	$ 0.6	$ (35.4)	$ (29.6)
Less: Net gains (losses) on derivative positions reclassified to segment operating profit	(36.7)	(8.2)	(41.6)
Unallocated derivative gains (losses)	$ 37.3	$ (27.2)	$ 12.0

The net cumulative unallocated derivative gains and losses at April 30, 2018 and 2017, were gains of $1.7 and losses of $35.6, respectively.

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

	Year Ended April 30,	
	2018	2017
Commodity contracts	**$ 658.0**	$ 704.9
Foreign currency exchange contracts	**122.1**	195.4

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, 2018		April 30, 2017	
	Carrying Amount	**Fair Value**	Carrying Amount	Fair Value
Marketable securities and other investments	**$ 45.8**	**$ 45.8**	$ 47.3	$ 47.3
Derivative financial instruments – net	**9.7**	**9.7**	(12.9)	(12.9)
Long-term debt	**(4,688.0)**	**(4,579.8)**	(4,944.5)	(5,023.8)

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, 2018**
Marketable securities and other investments: [(A)]				
Equity mutual funds	$ 9.3	$ —	$ —	**$ 9.3**
Municipal obligations	—	36.1	—	**36.1**
Money market funds	0.4	—	—	**0.4**
Derivative financial instruments: [(B)]				
Commodity contracts – net	7.2	1.0	—	**8.2**
Foreign currency exchange contracts – net	0.1	1.4	—	**1.5**
Long-term debt [(C)]	(4,579.8)	—	—	**(4,579.8)**
Total financial instruments measured at fair value	$ (4,562.8)	$ 38.5	$ —	**$ (4,524.3)**

	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, 2017
Marketable securities and other investments: (A)				
Equity mutual funds	$ 1.1	$ —	$ —	$ 1.1
Municipal obligations	—	34.7	—	34.7
Money market funds	11.5	—	—	11.5
Derivative financial instruments: (B)				
Commodity contracts – net	(15.8)	(0.2)	—	(16.0)
Foreign currency exchange contracts – net	0.3	2.8	—	3.1
Long-term debt (C)	(4,473.2)	(550.6)	—	(5,023.8)
Total financial instruments measured at fair value	$ (4,476.1)	$ (513.3)	$ —	$ (4,989.4)

(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, 2018, our municipal obligations are scheduled to mature as follows: $1.4 in 2019, $1.7 in 2020, $4.9 in 2021, $1.0 in 2022, and the remaining $27.1 in 2023 and beyond. 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. For additional information, see Note 10: Derivative Financial Instruments.

(C) Long-term debt is comprised of public Senior Notes classified as Level 1. In 2017, the previous term loan that was due March 23, 2020 is classified as Level 2. The public Senior Notes are traded in an active secondary market and valued using quoted prices. The value of the term loan was 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.

Furthermore, we recognized impairment charges of $176.9 during 2018, of which $145.0 and $31.9 related to the goodwill of the Pet Foods reporting unit and certain indefinite-lived trademarks within the U.S. Retail Pet Foods segment, respectively. During 2017, we recognized impairment charges of $133.2, which was related to the impairment of certain indefinite-lived trademarks in the U.S. Retail Pet Foods segment. 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 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, 2018, there were 5,174,159 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 no stock options during both 2018 and 2017, and 370,000 stock options during 2016. The options vest over a period of one to three years dependent on the continued service of the option holder, as well as the achievement of performance objectives established on the grant date. The exercise price of all stock options granted is equal to the market value of the shares on the date of grant. All stock options granted during 2016 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 2016:

	2016
Expected volatility (%)	20.7%
Dividend Yield (%)	2.3%
Risk-free interest rate (%)	1.9%
Expected life of stock option (years)	5.9

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, 2017	915,000	$ 113.07
Exercised	35,002	111.86
Cancelled	56,666	111.86
Outstanding at April 30, 2018	**823,332**	**$ 113.20**
Exercisable at April 30, 2018	**270,006**	**$ 113.22**

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 option. The total intrinsic value for stock options outstanding and exercisable at April 30, 2018, was $1.6 and $0.5, respectively, both with an average remaining contractual term of 7.0 years. The total intrinsic value of stock options exercised during 2018 and 2016 was $0.6 and $0.1, respectively. During 2017, there were no stock options exercised. The closing market price of our common stock on the last trading day of 2018 was $114.08 per share. The stock options granted during 2016 have a weighted-average grant date fair value of $18.67 per option.

For stock options granted, compensation cost will be recognized ratably over the service period for each vesting tranche from the grant date through the end of the requisite service period to the extent the performance objectives are likely to be achieved. During 2017, we concluded that a portion of the performance objectives were unachievable, and therefore reversed the life-to-date compensation cost recognized. For the year ended April 30, 2017, the compensation net benefit for stock option awards totaled $1.0, and compensation cost totaled $0.4 and $8.1 for the years ended April 30, 2018, and 2016, respectively, which was included in other special project costs in the Statements of Consolidated Income. The tax expense related to the stock option net benefit was $0.4 for 2017, and the tax benefit related to the stock option expense was $0.1 and $3.0 for 2018 and 2016, respectively. At April 30, 2018, we had no unrecognized compensation cost related to stock options.

Cash received from stock option exercises for the years ended April 30, 2018 and 2016, was $3.9 and $0.1, respectively. We received no cash from stock option exercises for the year ended April 30, 2017.

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, 2017	573,405	$ 115.88	73,701	$ 126.80
Granted	136,127	126.80	84,051	103.86
Converted	73,701	126.80	(73,701)	126.80
Vested	(161,581)	106.04	—	—
Forfeited	(79,294)	120.27	—	—
Outstanding at April 30, 2018	**542,358**	**$ 122.39**	**84,051**	**$ 103.86**

The weighted-average grant date fair value of equity awards other than stock options that vested in 2018, 2017, and 2016 was $17.1, $24.6, and $18.7, respectively. The vesting date fair value of equity awards other than stock options that vested in 2018, 2017, and 2016 was $20.7, $32.7, and $24.4, respectively. The weighted-average grant date fair value of restricted shares and deferred stock units is the average of the high and the low share price on the date of grant. The weighted-average conversion date fair value of performance units is the average of the high and the low share price on the date of conversion to restricted shares. The following table summarizes the weighted-average fair values of the equity awards granted.

Year Ended April 30,	Restricted Shares and Deferred Stock Units	Weighted-Average Grant Date Fair Value	Performance Units	Weighted-Average Conversion Date Fair Value
2018	**136,127**	**$ 126.80**	**84,051**	**$ 103.86**
2017	180,997	133.92	73,701	126.80
2016	97,922	113.57	121,936	132.46

The performance units column represents the number of restricted shares received by certain executive officers, subsequent to year-end, upon conversion of the performance units earned during the year. Restricted shares and deferred stock units generally vest four years from the date of grant or upon the attainment of a defined age and years of service, subject to certain retention requirements.

NOTE 13 INCOME TAXES

Income before income taxes is as follows:

	Year Ended April 30,		
	2018	2017	2016
Domestic	**$ 828.6**	$ 836.8	$ 959.3
Foreign	**32.4**	41.6	18.6
Income before income taxes	**$ 861.0**	$ 878.4	$ 977.9

On December 22, 2017, the U.S. government enacted "An Act to Provide for Reconciliation Pursuant to Titles II and V of the Concurrent Resolution on the Budget for Fiscal Year 2018" (the "Act"), which is commonly referred to as "The Tax Cuts and Jobs Act." The Act provides for comprehensive tax legislation that reduces the U.S. federal statutory corporate tax rate from 35.0 percent to 21.0 percent effective January 1, 2018, broadens the U.S. federal income tax base, requires companies to pay a one-time repatriation tax on earnings of certain foreign subsidiaries that were previously tax deferred ("transition tax"), and creates new taxes on certain foreign-sourced earnings as part of a new territorial tax regime. As we have an April 30 fiscal year-end, the lower corporate income tax rate is administratively phased in, resulting in a blended U.S. federal statutory tax rate of approximately 30.4 percent for our fiscal year ended April 30, 2018, and
21.0 percent for our fiscal years thereafter.

In March 2018, the FASB issued ASU 2018-05, *Amendments to SEC Paragraphs Pursuant to SEC Staff Accounting Bulletin No. 118*, which amends the FASB ASC 740, *Income Taxes*, to add the SEC guidance in SAB 118 concerning the application of U.S. GAAP when accounting for the income tax effects of the Act for the reporting period that includes the enactment date. ASU 2018-05 recognizes that a registrant's review of certain income tax effects of the Act may be incomplete at the time financial statements are issued for the reporting

period that includes the enactment date, including interim periods therein. Specifically, ASU 2018-05 allows a company to report provisional estimates in the reporting period that includes the enactment date if the company does not have the necessary information available, prepared, or fully analyzed for certain income tax effects of the Act. The provisional estimates would be adjusted during a measurement period not to exceed 12 months from the enactment date of the Act, at which time the accounting for the income tax effects of the Act is required to be completed. For additional information on ASU 2018-05, see Recently Issued Accounting Standards in Note 1: Accounting Policies.

During the third quarter of 2018, we recorded a net provisional benefit of $765.8, which 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. In addition to the estimates further described below, we also used assumptions and estimates that may change as a result of future guidance and interpretation from the Internal Revenue Service ("IRS"), the SEC, the FASB, and various taxing jurisdictions. All of these potential legislative and interpretive actions could result in adjustment to our provisional estimates when the accounting for the income tax effects of the Act is completed. During the fourth quarter of 2018, there were no adjustments to the recorded provisional amount.

Accordingly, our income tax provision as of April 30, 2018, reflects the current year impacts of the Act and the following provisional estimates of our adjustments resulting directly from the enactment of the Act based on information available, prepared, or analyzed to date in reasonable detail.

(Provisional amounts recorded)	Year Ended April 30, 2018
Net impact on U.S. deferred tax assets and liabilities	$ (791.9)
Transition tax	26.1
Net impact of adjustments	$ (765.8)

The provisional net benefit amount of $765.8 from the adjustments is included as a component of income tax expense (benefit) in the Statement of Consolidated Income.

Deferred tax assets and liabilities: We remeasured our existing U.S. deferred tax assets and liabilities based on the rates at which they are expected to reverse in the future. The provisional amount recorded related to the remeasurement of our deferred tax balance is a benefit of $791.9. We determined that the calculation cannot be completed until all of the underlying timing differences are finalized. Furthermore, we are still analyzing certain aspects of the Act and refining our calculations, which could potentially affect the measurement of these balances or potentially give rise to new or additional deferred tax amounts. We anticipate completing the accounting for the reduced federal tax rate on our deferred tax balances, with any further adjustments to the provisional amount to be reported as a component of income tax expense (benefit).

Foreign tax effects: The transition tax is based on our total post-1986 foreign earnings and profits, which were previously deferred from U.S. income taxes and the related available foreign tax credits. We recorded a provisional income tax expense of $26.1 for the transition tax for our foreign subsidiaries, and determined that the transition tax is provisional because numerous components of the computation are estimated as of April 30, 2018. Consistent with provisions allowed in the Act, the $26.1 estimated transition tax liability is expected to be paid over an eight-year period, which began in 2018. The remaining amount of the estimated transition tax liability is included in other noncurrent liabilities in the Consolidated Balance Sheet. We anticipate concluding the analysis of accumulated foreign earnings and profits and related foreign taxes paid on an entity-by-entity basis and completing the accounting for the transition tax in the third quarter of 2019, with any further adjustments to the provisional amount to be reported as a component of income tax expense (benefit).

Deferred income taxes have not been provided on approximately $226.0 of temporary differences related to investments in foreign subsidiaries since these amounts are considered to be permanently reinvested. It is not practical to estimate the amount of additional taxes that might be payable on these basis differences because of the multiple methods by which these differences could reverse.

While the Act generally transitions the U.S. tax system to a territorial regime, it also introduces a new requirement to tax certain income from foreign operations, known as Global Intangible Low Taxed Income ("GILTI"), effective for us beginning in 2019. Under U.S. GAAP, we are allowed to make an accounting policy election and record the taxes related to GILTI as either a period cost as incurred or consider such amounts into the measurement of deferred taxes. Due to the complexity of the new GILTI rules and limited guidance issued by the IRS, we are evaluating and have not yet computed a reasonable estimate of the impact of this provision, and therefore, have not made an accounting policy decision regarding this item.

During the fourth quarter of 2018, we elected to early adopt 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 $15.0 of stranded income tax effects resulting from the Act from accumulated other comprehensive income (loss) to retained earnings. This reclassification consists of deferred taxes originally recorded in accumulated other comprehensive income (loss) at rates that exceed the newly enacted federal corporate tax rate. For additional information, see Recently Issued Accounting Standards in Note 1: Accounting Policies.

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

	Year Ended April 30,		
	2018	2017	2016
Current:			
Federal	**$ 277.9**	$ 325.1	$ 342.5
Foreign	**7.9**	11.0	4.8
State and local	**40.0**	29.4	37.1
Deferred:			
Federal	**(802.3)**	(78.3)	(32.1)
Foreign	**0.5**	1.6	1.3
State and local	**(1.6)**	(2.7)	(64.4)
Total income tax expense (benefit)	**$ (477.6)**	$ 286.1	$ 289.2

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

	Year Ended April 30,		
(Percent of Pre-tax Income)	**2018**	2017	2016
Statutory federal income tax rate	**30.4 %**	35.0 %	35.0 %
Tax reform – net impact on U.S. deferred tax assets and liabilities (provisional)	**(92.0)**	—	—
Tax reform – transition tax (provisional)	**3.0**	—	—
Goodwill impairment	**5.5**	—	—
State and local income taxes	**1.9**	2.1	2.5
Domestic manufacturing deduction	**(3.0)**	(3.7)	(3.5)
Deferred tax benefit from integration	**—**	—	(5.2)
Other items – net	**(1.3)**	(0.8)	0.8
Effective income tax rate	**(55.5)%**	32.6 %	29.6 %
Income taxes paid	**$ 336.8**	$ 367.2	$ 290.5

The effective tax rate of 29.6 percent in 2016 includes the recognition in the fourth quarter of a $50.5 noncash deferred tax benefit related to the integration of Big Heart into the Company.

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 year ended April 30, 2018. 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, 2015, 2016, and 2017. The tax years prior to 2015 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 2014 and for the tax years prior to 2011 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,	
	2018	2017
Deferred tax liabilities:		
Intangible assets	**$ 1,393.6**	$ 2,248.0
Property, plant, and equipment	**98.5**	129.8
Other	**14.2**	16.5
Total deferred tax liabilities	**$ 1,506.3**	$ 2,394.3
Deferred tax assets:		
Post-employment and other employee benefits	**$ 75.5**	$ 146.3
Tax credit and loss carryforwards	**0.2**	1.8
Intangible assets	**18.8**	25.4
Inventory	**5.9**	10.5
Property, plant, and equipment	**6.4**	3.1
Other	**25.2**	43.8
Total deferred tax assets	**$ 132.0**	$ 230.9
Valuation allowance	**(2.9)**	(3.6)
Total deferred tax assets, less allowance	**$ 129.1**	$ 227.3
Net deferred tax liability	**$ 1,377.2**	$ 2,167.0

As described previously, our 2018 U.S. deferred assets and liabilities have been remeasured, on a provisional basis, for the reduced federal income tax rates of the Act.

We evaluate the realizability of deferred tax assets for each of the jurisdictions in which we operate. The total valuation allowance decreased by a net amount of $0.7 during the year.

Our unrecognized tax benefits were $32.3, $40.4, and $46.3, of which $21.5, $23.1, and $32.6 would affect the effective tax rate, if recognized, as of April 30, 2018, 2017, and 2016, respectively. Our accrual for tax-related net interest and penalties totaled $4.0, $4.1, and $3.8 as of April 30, 2018, 2017, and 2016, respectively. Interest charged to earnings totaled $0.1, $0.3, and $0.6 during 2018, 2017, and 2016, respectively.

Within the next 12 months, it is reasonably possible that we could decrease our unrecognized tax benefits by an estimated $9.5, primarily as a result of the expiration of statute of limitation periods.

A reconciliation of our unrecognized tax benefits is as follows:

	2018	2017	2016
Balance at May 1,	**$ 40.4**	$ 46.3	$ 45.0
Increases:			
Current year tax positions	**1.1**	0.7	3.3
Prior year tax positions	**0.5**	1.2	0.2
Acquired businesses	**—**	—	3.3
Decreases:			
Prior year tax positions	**—**	0.9	0.9
Settlement with tax authorities	**3.0**	1.1	2.5
Expiration of statute of limitations periods	**6.7**	5.8	2.1
Balance at April 30,	**$ 32.3**	$ 40.4	$ 46.3

NOTE 14 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, 2015	$ (2.3)	$ (5.2)	$ (105.6)	$ 3.3	$ (109.8)
Reclassification adjustments	—	0.6	10.2	—	10.8
Current period credit (charge)	(10.8)	—	(54.6)	0.4	(65.0)
Income tax benefit (expense)	—	(0.2)	15.9	(0.1)	15.6
Balance at April 30, 2016	$ (13.1)	$ (4.8)	$ (134.1)	$ 3.6	$ (148.4)
Reclassification adjustments	—	0.6	13.2	—	13.8
Current period credit (charge)	(29.9)	—	39.6	0.6	10.3
Income tax benefit (expense)	—	(0.2)	(18.7)	(0.2)	(19.1)
Balance at April 30, 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)**

(A) The reclassification from accumulated other comprehensive income (loss) to interest expense was related to terminated interest rate contracts. The 2018 credit relates to the gain on the interest rate contract terminated in December 2017. For additional information, see Note 10: Derivative Financial Instruments.

(B) Amortization of net losses was reclassified from accumulated other comprehensive income (loss) to SD&A.

(C) During the fourth quarter of 2018, we elected to early adopt 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 Act from accumulated other comprehensive income (loss) to retained earnings. For additional information, see Note 13: Income Taxes.

NOTE 15 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. We cannot predict with certainty the ultimate results of these proceedings or reasonably determine a range of potential loss. Our policy is to accrue losses for contingent liabilities when such liabilities are probable and amounts can be reasonably estimated. 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 could have a material adverse effect on our financial position, results of operations, or cash flows.

On May 9, 2011, an organization named Council for Education and Research on Toxics ("Plaintiff") 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 *Council for Education and Research on Toxics 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 California Health and Safety Code Section 25249.5, the California Safe Drinking Water and Toxic Enforcement Act of 1986, better known as "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 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 will proceed to the third phase regarding remedies issues.

At this stage of the proceedings, prior to a trial on remedies issues, 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, 2018, 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. 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 trial court rulings. The outcome and the financial impact of settlement, or the trial or appellate court rulings of the case, if any, cannot be predicted at this time.

NOTE 16 GUARANTOR AND NON-GUARANTOR FINANCIAL INFORMATION

In September 2017, we terminated the revolving credit facility that was entered into in September 2013, and as a result, the guarantees provided by the subsidiary guarantors were released. In addition, the subsidiary guarantors are not guarantors under the new $1.8 billion revolving credit facility entered into in September 2017. As a result, the guarantees of the subsidiary guarantors, in respect to the obligations under the term loan due March 23, 2020, and all of our outstanding Senior Notes, were released in accordance with the terms of the amended term loan agreement for the term loan due March 23, 2020, and the indentures governing such notes, as applicable. As the Senior Notes were not guaranteed as of April 30, 2018, the condensed consolidating financial statements are not provided for the subsidiary guarantors. For additional information, see Note 8: Debt and Financing Arrangements.

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 the Rights Agreement, dated as of May 20, 2009, between the Company and Computershare Trust Company, N.A., or any successor plan;
- 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.

Shareholders' Rights Plan: Pursuant to a Shareholders' Rights Plan adopted by the Board on May 20, 2009, one share purchase right is associated with each of our outstanding common shares.

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

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

The directors may, at their option, redeem all rights for $0.001 per right, generally at any time prior to the rights becoming exercisable. The rights will expire June 3, 2019, unless earlier redeemed, exchanged, or amended by the directors.

In connection with the Big Heart acquisition, we and the rights agent entered into an amendment to the plan providing that neither the approval, execution, delivery, or performance of the merger agreement or the shareholders' agreement entered into in connection with the transaction will in any way give rise to any provision of the plan becoming effective, and that none of Blue Holdings I, L.P., the controlling stockholder of Blue Acquisition Group, Inc., or any of its affiliates will be deemed to be an acquiring person for purposes of the plan.

During 2017, we and the rights agent entered into another amendment to the plan to amend the definition of beneficial ownership to provide that, among other things and subject to certain exceptions, a person will not be deemed the beneficial owner of, or to beneficially own, the first 10 percent of then-outstanding common shares of the Company that would otherwise be deemed to be beneficially owned by such person, together with all its affiliates and associates, if such person is entitled to file, and files, a statement on Schedule 13G pursuant to Rule 13d-1(b) or Rule 14d-1(c) under the Securities and Exchange Act of 1934, as amended.

Repurchase Programs: During 2018, we did not repurchase any common shares under a repurchase plan authorized by the Board.

On February 22, 2017, we entered into a 10b5-1 trading plan (the "Plan") to facilitate the repurchase of up to 3.0 million common shares under the Board's authorizations. Purchases under the Plan commenced on February 27, 2017, and concluded on March 27, 2017, and were transacted by a broker based upon the guidelines and parameters of the Plan. During 2017, we repurchased 3.0 million common shares under the Plan for $418.1.

At April 30, 2018, approximately 3.6 million common shares were remaining available for repurchase pursuant to the Board's authorizations.

DIRECTORS AND EXECUTIVE OFFICERS

The J. M. Smucker Company

DIRECTORS

Kathryn W. Dindo[A]
Retired Vice President and
Chief Risk Officer
FirstEnergy Corp.
Akron, Ohio

Kirk L. Perry[E]
President, Brand Solutions
Google Inc.
Mountain View, California

Mark T. Smucker
President and Chief Executive Officer
The J. M. Smucker Company

Paul J. Dolan[E]
Chairman and Chief Executive Officer
Cleveland Indians
Cleveland, Ohio

Sandra Pianalto[A]
Retired President and
Chief Executive Officer
Federal Reserve Bank of Cleveland
Cleveland, Ohio

Richard K. Smucker
Executive Chairman
The J. M. Smucker Company

Jay L. Henderson[A]
Retired Vice Chairman, Client Service
PricewaterhouseCoopers LLP
Chicago, Illinois

Nancy Lopez Russell[G]
Founder
Nancy Lopez Golf Company
Palm City, Florida

Timothy P. Smucker
Chairman Emeritus
The J. M. Smucker Company

Elizabeth Valk Long[E]
Retired Executive Vice President
Time Inc.
New York, New York

Alex Shumate[G]
Managing Partner, North America
Squire Patton Boggs (US) LLP
Columbus, Ohio

Dawn C. Willoughby[G]
Executive Vice President and
Chief Operating Officer
The Clorox Company
Oakland, California

Gary A. Oatey[E, G]
Executive Chairman
Oatey Co.
Cleveland, Ohio

[A] Audit Committee Member; [E] Executive Compensation Committee Member; [G] Nominating, Governance, and Corporate Responsibility Committee Member

EXECUTIVE OFFICERS

Richard K. Smucker
Executive Chairman

Barry C. Dunaway*
President, Pet Food and Pet Snacks

David J. Lemmon*
President, Canada, International, and U.S. Away From Home

Mark T. Smucker
President and Chief Executive Officer

Tina R. Floyd
Senior Vice President and General
Manager, Consumer Foods

Jill R. Penrose
Senior Vice President, Human Resources
and Corporate Communications

Mark R. Belgya
Vice Chair and Chief Financial Officer

Jeannette L. Knudsen
Senior Vice President, General Counsel
and Secretary

Joseph Stanziano
Senior Vice President and General
Manager, Coffee

* Effective June 25, 2018, Mr. Lemmon will assume the position of President, Pet Food and Pet Snacks, and Mr. Dunaway will assume the position of Executive Advisor, Pet, until his retirement on July 31, 2018.

OUR LOCATIONS

The J. M. Smucker Company

CORPORATE OFFICE

Orrville, Ohio

DOMESTIC MANUFACTURING LOCATIONS

Bloomsburg, Pennsylvania
Buffalo, New York
Chico, California
Cincinnati, Ohio
Decatur, Alabama
Grandview, Washington
Havre de Grace, Maryland
Lawrence, Kansas
Lexington, Kentucky
Memphis, Tennessee
New Bethlehem, Pennsylvania
New Orleans, Louisiana (3)
Orrville, Ohio
Oxnard, California
Ripon, Wisconsin
Scottsville, Kentucky
Seattle, Washington
Suffolk, Virginia
Toledo, Ohio
Topeka, Kansas

INTERNATIONAL MANUFACTURING LOCATION

Sherbrooke, Quebec, Canada

SHAREHOLDER INFORMATION

The J. M. Smucker Company

CORPORATE OFFICE

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

STOCK LISTING

Our common shares are listed on the New York Stock Exchange — ticker symbol SJM.

CORPORATE WEBSITE

To learn more about The J. M. Smucker Company, visit jmsmucker.com.

ANNUAL MEETING

The annual meeting will be held at 11:00 a.m. Eastern Time, August 15, 2018, at the Ritz-Carlton, 1515 West Third Street, Cleveland, Ohio 44113.

CORPORATE NEWS AND REPORTS

Corporate news releases, annual reports, and Securities and Exchange Commission filings, including Forms 10-K, 10-Q, and 8-K, are available free of charge on our website,
jmsmucker.com/investor-relations. They are also available
without cost to shareholders who submit a written request to:
The J. M. Smucker Company
Attention: Corporate Secretary
One Strawberry Lane
Orrville, Ohio 44667

CERTIFICATIONS

Our Chief Executive Officer has certified to the New York Stock Exchange that he is not aware of any violation by the Company of the New York Stock Exchange's corporate governance listing standards. We have also filed with the Securities and Exchange Commission certain certifications relating to the quality of our public disclosures. These certifications are filed as exhibits to our Annual Report on Form 10-K.

FORWARD-LOOKING STATEMENTS

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

INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Ernst & Young LLP
Akron, Ohio

DIVIDENDS

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

SHAREHOLDER SERVICES

Our transfer agent and registrar, Computershare Investor Services, LLC, is responsible for assisting registered shareholders with a variety of matters, including:

- Shareholder investment program (CIP℠)
  - Direct purchase of our common shares
  - Dividend reinvestment
  - Automatic monthly cash investments
- Book-entry share ownership
- Share transfer matters (including name changes, gifting, and inheritances)
- Direct deposit of dividend payments
- Nonreceipt of dividend checks
- Lost share certificates
- Changes of address
- Online shareholder account access
- Form 1099 income inquiries (including requests for duplicate copies)

Shareholders may contact Shareholder Services at the corporate offices regarding other shareholder inquiries.

TRANSFER AGENT AND REGISTRAR

Computershare
P.O. Box 505000
Louisville, KY 40233
Telephone: (800) 456-1169
Telephone outside U.S., Canada, and Puerto Rico:
(312) 360-5254
Website: computershare.com/investor

The J. M. Smucker Company, or its subsidiaries, is the owner of all trademarks, except for the following, which are used under license: *Pillsbury*™ is a trademark of the Pillsbury Company, LLC; *Carnation*® is a trademark of Société des Produits Nestlé S.A.; *Dunkin' Donuts*® is a trademark of DD IP Holder, LLC; K-Cup® is a trademark of Keurig Green Mountain, Inc; and *Rachael Ray*® is a trademark of Ray Marks Co., LLC.

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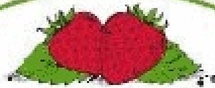

THE J. M. SMUCKER COMPANY

One Strawberry Lane
Orrville, Ohio 44667

330-682-3000

jmsmucker.com

Exhibit 21

SUBSIDIARIES OF THE COMPANY
(As of April 30, 2018)[1]

Subsidiaries	State or Jurisdiction of Incorporation or Organization
BHPB Service, LLC	Delaware
BHPI Service, LLC	Delaware
Big Heart Distribution, LLC	Delaware
Big Heart Manufacturing, LLC	Delaware
Big Heart Pet Brands, Inc.	Delaware
Big Heart Pet Foods, LLC	Delaware
Big Heart Pet, Inc.	Delaware
Big Heart Retail Sales, LLC	Delaware
Big Heart Services, LLC	Delaware
Big Heart, LLC	Delaware
CAFÉ Holding, LLC	Ohio
Fantasia Confections, Inc.	California
Folgers Café Servicos de Pesquisas, Ltda.	Brazil
J.M. Smucker de Mexico, S.A. de C.V.	Mexico (domesticated in Delaware)
J.M. Smucker Holdings, LLC	Ohio
J.M. Smucker LLC	Ohio
JMS Foodservice, LLC	Delaware
Juice Creations Co.	Ohio
King Kelly, LLC	Ohio
Knudsen & Sons, Inc.	Ohio
Martha White Foods, Inc.	Delaware
Mary Ellen’s, Incorporated	Ohio
Meow Mix Decatur Production I LLC	Delaware
Milo’s Kitchen, LLC	Delaware
Natural Balance Organic Formulas, LLC	California
Natural Balance Pet Foods, Inc.	California
Nature’s Recipe, LLC	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 de Mexico, S. de R.L. de C.V.	Mexico
Smucker Foods Holding Company	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, B.V.	Netherlands
Smucker Holdings, Inc.	Ohio
Smucker Hong Kong Limited	Hong Kong
Smucker International Holding Company	Ohio
Smucker International, Inc.	Ohio
Smucker International (Shanghai) Co., Ltd.	China
Smucker Manufacturing, Inc.	Ohio
Smucker Mexico, LLC	Ohio
Smucker Natural Foods, Inc.	California
Smucker Netherlands, C.V.	Netherlands
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

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, 2018.

Exhibit 23

Consent of Independent Registered Public Accounting Firm

We consent to the incorporation by reference in this Annual Report (Form 10-K) of The J. M. Smucker Company of our reports dated June 18, 2018, 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 the 2018 Annual Report to Shareholders of The J. M. Smucker Company.

We also consent to the incorporation by reference in the following Registration Statements of our reports dated June 18, 2018, 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 incorporated by reference in this Annual Report (Form 10-K) of The J. M. Smucker Company for the year ended April 30, 2018:

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

/s/ Ernst & Young LLP

Akron, Ohio
June 18, 2018

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, Mark R. Belgya, 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, 2018, 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 18, 2018	/s/ Kathryn W. Dindo
Date	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, Mark R. Belgya, 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, 2018, 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 18, 2018	/s/ Paul J. Dolan
Date	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, Mark R. Belgya, 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, 2018, 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 18, 2018	/s/ Jay L. Henderson
Date	Director

THE J. M. SMUCKER COMPANY

REGISTRATION ON FORM 10-K

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that ELIZABETH VALK LONG, director of The J. M. Smucker Company, hereby appoints Mark T. Smucker, Mark R. Belgya, 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, 2018, 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 18, 2018	/s/ Elizabeth Valk Long
Date	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, Mark R. Belgya, 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, 2018, 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 18, 2018	/s/ Gary A. Oatey
Date	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, Mark R. Belgya, 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, 2018, 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 18, 2018	/s/ Kirk L. Perry
Date	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, Mark R. Belgya, 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, 2018, 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 18, 2018	/s/ Sandra Pianalto
Date	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, Mark R. Belgya, 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, 2018, 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 18, 2018	/s/ Nancy Lopez Russell
Date	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, Mark R. Belgya, 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, 2018, 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 18, 2018	/s/ Alex Shumate
Date	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 Mark R. Belgya 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, 2018, 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 18, 2018	/s/ Mark T. Smucker
Date	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, Mark R. Belgya, 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, 2018, 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 18, 2018	/s/ Richard K. Smucker
Date	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, Mark R. Belgya, 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, 2018, 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 18, 2018	/s/ Timothy P. Smucker
Date	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, Mark R. Belgya, 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, 2018, 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 18, 2018	/s/ Dawn C. Willoughby
Date	Director

Exhibit 31.1

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 18, 2018

/s/ Mark T. Smucker

Name: Mark T. Smucker

Title: President and Chief Executive Officer

Exhibit 31.2

RULE 13a-14(a)/15d-14(a) CERTIFICATIONS

I, Mark R. Belgya, Vice Chair and 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 18, 2018

/s/ Mark R. Belgya

Name: Mark R. Belgya

Title: Vice Chair and Chief Financial Officer

Exhibit 32

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, 2018, 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/ Mark R. Belgya

Name: Mark R. Belgya

Title: Vice Chair and Chief Financial Officer

Date: June 18, 2018

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.