
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 and executive officers, assessed the effectiveness of the internal control over financial reporting as of April 30, 2015. 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 (1992 Framework) (“the COSO criteria”).

On March 23, 2015, we completed the acquisition of Big Heart Pet Brands (“Big Heart”). As permitted by the Securities and Exchange Commission, we excluded the Big Heart operations from our assessment of internal control over financial reporting as of April 30, 2015. Big Heart operations constituted 46 percent of total assets (including goodwill and other intangible assets of \$6.9 billion) as of April 30, 2015, and 4 percent of net sales and less than 5 percent of operating income for the year then ended. Big Heart operations will be included in our assessment as of April 30, 2016.

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, 2015.

Ernst & Young LLP, an independent registered public accounting firm, audited the effectiveness of our internal control over financial reporting as of April 30, 2015, and their report thereon is included on page 44 of this report.

Richard K. Smucker
Chief Executive Officer

Mark R. Belgia
*Senior Vice President 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

We have audited The J.M. Smucker Company's internal control over financial reporting as of April 30, 2015, based on criteria established in *Internal Control – Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (1992 framework) ("the COSO criteria"). The J.M. Smucker 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 conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). 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.

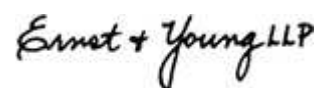
A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal 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.

As indicated in the accompanying Report of Management on Internal Control Over Financial Reporting, management's assessment of and conclusion on the effectiveness of internal control over financial reporting did not include the internal controls of Big Heart Pet Brands, which is included in the 2015 consolidated financial statements of The J.M. Smucker Company and constituted 46 percent of total assets as of April 30, 2015, and 4 percent of net sales and approximately 5 percent of operating income for the year then ended. Our audit of internal control over financial reporting of The J.M. Smucker Company also did not include an evaluation of the internal control over financial reporting of Big Heart Pet Brands.

In our opinion, The J.M. Smucker Company maintained, in all material respects, effective internal control over financial reporting as of April 30, 2015, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets of The J.M. Smucker Company as of April 30, 2015 and 2014, 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, 2015, and our report dated June 25, 2015, expressed an unqualified opinion thereon.

The signature of Ernst & Young LLP is written in a cursive, handwritten style in black ink.

Akron, Ohio
June 25, 2015

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

The J. M. Smucker Company

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

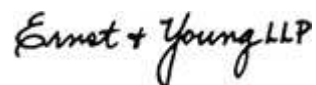
We have audited the accompanying consolidated balance sheets of The J.M. Smucker Company as of April 30, 2015 and 2014, and the related statements of consolidated income, comprehensive income, shareholders' equity, and cash flows for each of the three years in the period ended April 30, 2015. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of The J. M. Smucker Company at April 30, 2015 and 2014, and the consolidated results of its operations and its cash flows for each of the three years in the period ended April 30, 2015, in conformity with U.S. generally accepted accounting principles.

As discussed in Note 1 to the consolidated financial statements, the Company changed its classification of debt issuance costs as a result of the adoption of the amendments to the Financial Accounting Standards Board Accounting Standards Codification resulting from Accounting Standards Update No. 2015-03, *Interest – Imputation of Interest (Subtopic 835-30) Simplifying the Presentation of Debt Issuance Costs*.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), The J.M. Smucker Company's internal control over financial reporting as of April 30, 2015, based on criteria established in *Internal Control – Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (1992 framework) and our report dated June 25, 2015, expressed an unqualified opinion thereon.



Akron, Ohio
June 25, 2015

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 four 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 chair of 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.

Richard K. Smucker <i>Chief Executive Officer</i>	Mark R. Belgia <i>Senior Vice President and Chief Financial Officer</i>
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STATEMENTS OF CONSOLIDATED INCOME

The J. M. Smucker Company

	Year Ended April 30,		
(Dollars in millions, except per share data)	2015	2014	2013
Net sales	\$5,692.7	\$5,610.6	\$5,897.7
Cost of products sold	3,724.0	3,579.6	3,870.1
Gross Profit	1,968.7	2,031.0	2,027.6
Selling, distribution, and administrative expenses	1,031.3	988.8	973.9
Amortization	110.9	98.9	96.8
Other special project costs	56.6	25.6	49.5
Other operating income - net	(2.1)	(1.3)	(3.0)
Operating Income	772.0	919.0	910.4
Interest expense - net	(79.9)	(79.4)	(93.4)
Other debt costs	(173.3)	—	—
Other income - net	4.2	10.1	0.3
Income Before Income Taxes	523.0	849.7	817.3
Income taxes	178.1	284.5	273.1
Net Income	\$ 344.9	\$ 565.2	\$ 544.2
Earnings per common share:			
Net Income	\$ 3.33	\$ 5.42	\$ 5.00
Net Income - Assuming Dilution	\$ 3.33	\$ 5.42	\$ 5.00
Dividends Declared per Common Share	\$ 2.56	\$ 2.32	\$ 2.08

See notes to consolidated financial statements.

STATEMENTS OF CONSOLIDATED COMPREHENSIVE INCOME

The J. M. Smucker Company

	Year Ended April 30,		
(Dollars in millions)	2015	2014	2013
Net income	\$344.9	\$565.2	\$544.2
Other comprehensive (loss) income:			
Foreign currency translation adjustments	(34.0)	(29.8)	(5.5)
Cash flow hedging derivative activity, net of tax	(20.5)	26.5	8.0
Pension and other postretirement benefit plans activity, net of tax	(3.6)	29.4	2.9
Available-for-sale securities activity, net of tax	(0.1)	(1.1)	2.0
Total Other Comprehensive (Loss) Income	(58.2)	25.0	7.4
Comprehensive Income	\$286.7	\$590.2	\$551.6

See notes to consolidated financial statements.

CONSOLIDATED BALANCE SHEETS

The J. M. Smucker Company

ASSETS

	April 30,	
(Dollars in millions)	2015	2014
Current Assets		
Cash and cash equivalents	\$ 125.6	\$ 153.5
Trade receivables, less allowance for doubtful accounts	430.1	309.4
Inventories:		
Finished products	815.0	571.5
Raw materials	348.6	359.5
	1,163.6	931.0
Other current assets	333.0	145.2
Total Current Assets	2,052.3	1,539.1
Property, Plant, and Equipment		
Land and land improvements	113.7	99.7
Buildings and fixtures	666.3	516.0
Machinery and equipment	1,783.8	1,384.0
Construction in progress	135.3	163.9
	2,699.1	2,163.6
Accumulated depreciation	(1,020.8)	(898.0)
Total Property, Plant, and Equipment	1,678.3	1,265.6
Other Noncurrent Assets		
Goodwill	6,009.8	3,098.2
Other intangible assets - net	6,950.3	3,024.3
Other noncurrent assets	191.9	133.0
Total Other Noncurrent Assets	13,152.0	6,255.5
Total Assets	\$16,882.6	\$9,060.2

See notes to consolidated financial statements.

CONSOLIDATED BALANCE SHEETS

The J. M. Smucker Company

LIABILITIES AND SHAREHOLDERS' EQUITY

	April 30,	
(Dollars in millions)	2015	2014
Current Liabilities		
Accounts payable	\$ 402.8	\$ 289.2
Accrued compensation	100.4	57.3
Accrued trade marketing and merchandising	104.9	58.5
Dividends payable	76.5	59.0
Current portion of long-term debt	—	100.0
Short-term borrowings	226.0	243.2
Other current liabilities	112.0	78.6
Total Current Liabilities	1,022.6	885.8
Noncurrent Liabilities		
Long-term debt	5,944.9	1,873.1
Defined benefit pensions	188.9	135.7
Other postretirement benefits	74.6	58.5
Deferred income taxes	2,473.3	1,020.7
Other noncurrent liabilities	91.4	56.8
Total Noncurrent Liabilities	8,773.1	3,144.8
Total Liabilities	9,795.7	4,030.6
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 - 119,577,333 at April 30, 2015, and 101,697,400 at April 30, 2014 (net of 26,920,397 and 26,907,765 treasury shares, respectively), at stated value	29.9	25.4
Additional capital	6,007.7	3,965.8
Retained income	1,159.2	1,091.0
Amount due from ESOP Trust	(0.1)	(1.0)
Accumulated other comprehensive loss	(109.8)	(51.6)
Total Shareholders' Equity	7,086.9	5,029.6
Total Liabilities and Shareholders' Equity	\$16,882.6	\$9,060.2

See notes to consolidated financial statements.

STATEMENTS OF CONSOLIDATED CASH FLOWS

The J. M. Smucker Company

	Year Ended April 30,		
(Dollars in millions)	2015	2014	2013
Operating Activities			
Net income	\$ 344.9	\$ 565.2	\$ 544.2
Adjustments to reconcile net income to net cash provided by operations:			
Depreciation	157.5	157.5	154.1
Amortization	110.9	98.9	96.8
Share-based compensation expense	23.5	22.9	21.3
Other restructuring activities	—	—	(0.7)
Loss on sale of assets - net	6.0	3.0	4.8
Gain on sale of marketable securities	—	(3.7)	—
Other noncash adjustments	(12.0)	(0.2)	0.1
Make-whole payments included in financing activities	163.3	—	—
Defined benefit pension contributions	(15.7)	(9.4)	(40.0)
Deferred income tax expense (benefit)	7.7	(8.0)	(15.6)
Changes in assets and liabilities, net of effect from businesses acquired:			
Trade receivables	21.8	6.1	33.2
Inventories	25.3	15.4	15.2
Other current assets	74.1	(26.9)	4.6
Accounts payable	(25.4)	3.3	11.2
Accrued liabilities	(140.3)	9.1	(6.7)
Proceeds from settlement of interest rate swaps - net	53.5	—	—
Income and other taxes	(41.6)	(9.5)	3.5
Other - net	(20.3)	32.3	29.8
Net Cash Provided by Operating Activities	733.2	856.0	855.8
Investing Activities			
Businesses acquired, net of cash acquired	(1,320.5)	(101.8)	—
Additions to property, plant, and equipment	(247.7)	(279.5)	(206.5)
Sales and maturities of marketable securities	—	10.0	—
Proceeds from disposal of property, plant, and equipment	2.6	10.7	3.3
Other - net	(30.1)	(9.7)	17.6
Net Cash Used for Investing Activities	(1,595.7)	(370.3)	(185.6)
Financing Activities			
Short-term (repayments) borrowings - net	(22.4)	248.4	—
Proceeds from long-term debt	5,382.5	—	—
Repayments of long-term debt, including make-whole payments	(4,193.9)	(50.0)	(50.0)
Quarterly dividends paid	(254.0)	(238.0)	(222.8)
Purchase of treasury shares	(24.3)	(508.5)	(364.2)
Proceeds from stock option exercises	0.8	0.5	2.2
Other - net	(25.5)	(27.9)	(6.2)
Net Cash Provided by (Used for) Financing Activities	863.2	(575.5)	(641.0)
Effect of exchange rate changes on cash	(28.6)	(13.1)	(2.5)
Net (decrease) increase in cash and cash equivalents	(27.9)	(102.9)	26.7
Cash and cash equivalents at beginning of year	153.5	256.4	229.7
Cash and Cash Equivalents at End of Year	\$ 125.6	\$ 153.5	\$ 256.4

() 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 Loss	Total Shareholders' Equity
Balance at May 1, 2012	110,284,715	\$27.6	\$4,261.2	\$ 961.2	\$(2.6)	\$ (84.0)	\$5,163.4
Net income				544.2			544.2
Other comprehensive income						7.4	7.4
Comprehensive Income							551.6
Purchase of treasury shares	(4,062,682)	(1.0)	(158.5)	(204.7)			(364.2)
Stock plans (includes tax benefit of \$2.9)	264,902		22.4				22.4
Cash dividends declared				(225.2)			(225.2)
Other					0.8		0.8
Balance at April 30, 2013	106,486,935	26.6	4,125.1	1,075.5	(1.8)	(76.6)	5,148.8
Net income				565.2			565.2
Other comprehensive income						25.0	25.0
Comprehensive Income							590.2
Purchase of treasury shares	(5,072,158)	(1.3)	(199.0)	(308.2)			(508.5)
Stock plans (includes tax benefit of \$7.3)	282,623	0.1	39.7				39.8
Cash dividends declared				(241.6)			(241.6)
Other				0.1	0.8		0.9
Balance at April 30, 2014	101,697,400	25.4	3,965.8	1,091.0	(1.0)	(51.6)	5,029.6
Net income				344.9			344.9
Other comprehensive loss						(58.2)	(58.2)
Comprehensive Income							286.7
Purchase of treasury shares	(225,262)	(0.1)	(19.2)	(5.0)			(24.3)
Issuance of shares for acquisition	17,892,565	4.5	2,031.0				2,035.5
Stock plans (includes tax benefit of \$5.9)	212,630	0.1	30.1				30.2
Cash dividends declared				(271.5)			(271.5)
Other				(0.2)	0.9		0.7
Balance at April 30, 2015	119,577,333	\$29.9	\$6,007.7	\$1,159.2	\$(0.1)	\$ (109.8)	\$7,086.9

See notes to consolidated financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

The J. M. Smucker Company

(Dollars 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: allowances for doubtful trade receivables, estimates of future cash flows associated with assets, 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, net of estimated returns and allowances, when all of the following criteria have been met: a valid customer order with a determinable price has been received; the product has been shipped and title has transferred to the customer; there is no further significant obligation to assist in the resale of the product; and collectability is reasonably assured. Trade marketing and merchandising programs 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.

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 expenses and relate to the warehousing costs incurred to store our products.

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. As the total promotional expenditures, including amounts classified as a reduction of sales, represented 29 percent, 27 percent, and 25 percent of net sales in 2015, 2014, and 2013, respectively, the possibility exists of materially different reported results if factors such as the level and success of the promotional programs or other conditions differ from expectations.

Advertising Expense: Advertising costs are expensed as incurred. Advertising expense was \$107.0, \$124.7, and \$131.6 in 2015, 2014, and 2013, respectively.

Research and Development Costs: Research and development costs are expensed as incurred and are included in selling, distribution, and administrative expense in the Statements of Consolidated Income. Total research and development expense was \$32.5, \$24.3, and \$24.7 in 2015, 2014, and 2013, respectively.

Share-Based Payments: Share-based compensation expense, excluding stock options issued in 2015, 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. For options granted in 2015, compensation expense 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 options will 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. For further discussion on the stock options issued in 2015, see Note 10: Share-Based Payments.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

The J. M. Smucker Company

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

	Year Ended April 30,		
	2015	2014	2013
Share-based compensation expense included in selling, distribution, and administrative expenses	\$22.3	\$22.1	\$20.5
Share-based compensation expense included in other special project costs	1.2	0.8	0.8
Total share-based compensation expense	\$23.5	\$22.9	\$21.3
Related income tax benefit	\$ 8.0	\$ 7.7	\$ 7.1

As of April 30, 2015, total unrecognized share-based compensation cost related to nonvested share-based awards was \$48.9. The weighted-average period over which this amount is expected to be recognized is 2.5 years.

Corporate income tax benefits realized upon exercise or vesting of an award in excess of that previously recognized in earnings, referred to as excess tax benefits, are presented in the Statements of Consolidated Cash Flows as a financing activity. Realized excess tax benefits are credited to additional capital in the Consolidated Balance Sheets. Realized shortfall tax benefits, amounts which are less than those previously recognized in earnings, are first offset against the cumulative balance of excess tax benefits, if any, and then charged directly to income tax expense. For 2015, 2014, and 2013, the excess tax benefits realized upon exercise or vesting of share-based compensation were \$5.9, \$7.3, and \$2.9, respectively.

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 2015, 2014, and 2013 were \$21.1, \$20.1, and \$18.6, respectively. For information on our defined benefit plans, see Note 7: 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*. FASB ASC 740 also provides guidance on derecognition, classification, interest and penalties, accounting in interim periods, and disclosure.

In accordance with the requirements of FASB ASC 740, uncertain tax positions have been classified in the Consolidated Balance Sheets as noncurrent, except to the extent payment is expected within one year. We recognize net interest and penalties related to unrecognized tax benefits in income tax expense.

Trade Receivables: In the normal course of business, we extend credit to customers. Trade receivables, less allowances, reflects the net realizable value of receivables and approximates fair value. We evaluate our trade receivables and establish an allowance for doubtful accounts based on a combination of factors. When aware that a specific customer has been impacted by circumstances such as bankruptcy filings or deterioration in the customer's operating results or financial position, potentially making it unable to meet its financial obligations, we record a specific reserve for bad debt to reduce the related receivable to the amount we reasonably believe is collectible. We also record reserves for bad debt for all other customers based on a variety of factors, including the length of time the receivables are past due, historical collection experience, and an evaluation of current and projected economic conditions at the balance sheet date. Trade receivables are charged off against the allowance after we determine that the potential for recovery is remote. At April 30, 2015 and 2014, the allowance for doubtful accounts was \$1.0 and \$0.9, 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 3: Reportable Segments.

Inventories: Inventories are stated at the lower of cost or market. Cost for all inventories is determined using the first-in, first-out method applied on a consistent basis.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

The J. M. Smucker Company

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 \$81.5 and \$62.1 at April 30, 2015 and 2014, 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.

Effective May 1, 2014, we elected to no longer 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. Prior to 2015, certain of our derivative instruments met the hedge criteria and were accounted for as cash flow hedges. The mark-to-market gains and losses on qualifying hedges were deferred and included as a component of accumulated other comprehensive loss to the extent effective, and reclassified to cost of products sold in the period during which the hedged transaction affected earnings. The deferred net gains included in accumulated other comprehensive loss, net of tax, were \$18.3 at April 30, 2014. Although we no longer 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.

We utilize derivative instruments to manage changes in the fair value and cash flows of our debt. Interest rate swaps 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 swap are deferred and included as a component of accumulated other comprehensive loss to the extent effective, 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 swap 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.

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 2015, 2014, and 2013 totaled \$67.1, \$60.6, and \$59.2, respectively. As of April 30, 2015, our minimum operating lease obligations were as follows: \$43.1 in 2016, \$40.5 in 2017, \$36.0 in 2018, \$27.1 in 2019, and \$22.0 in 2020.

In accordance with FASB ASC 360, *Property, Plant, and Equipment*, long-lived assets, other than goodwill and 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 cost 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 annual impairment test, we had six 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 below its carrying amount. Finite-lived intangible assets are amortized on a straight-line basis over their estimated useful lives. For additional information, see Note 5: 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, 2015 and 2014, the fair value of these investments was \$48.4 and \$55.4, respectively, and was included in other noncurrent assets in the Consolidated Balance Sheets. Included in accumulated other comprehensive loss at April 30, 2015 and 2014, were unrealized pre-tax gains of \$5.2 and \$5.3, respectively.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

We have a 25 percent equity interest in Guilin Seamild Biologic Technology Development Co., Ltd. (“Seamild”), a privately-owned manufacturer and marketer of oats products in China. The initial investment in Seamild in 2013 was \$35.9 and is included in other noncurrent assets in the Consolidated Balance Sheets. The value of our investment in Seamild did not change significantly and did not have a material impact on the International, Foodservice, and Natural Foods segment or the consolidated financial statements for the years ended April 30, 2015 and 2014.

As part of the Big Heart Pet Brands (“Big Heart”) acquisition, we acquired a 50 percent equity interest in Natural Blend Vegetable Dehydration LLC (“Natural Blend”) and a 20 percent equity interest in Mountain Country Foods, LLC (“Mountain Country Foods”). Natural Blend is a privately-owned producer and supplier of dehydrated sweet potato products to Big Heart co-manufacturers. Mountain Country Foods is a privately-owned co-manufacturer of Big Heart pet products.

Our initial investments in Natural Blend of \$10.6 and Mountain Country Foods of \$19.1 were recorded at a preliminary fair value as required under purchase accounting and are included in other noncurrent assets in the Consolidated Balance Sheets. The value of these investments did not have a material impact on the U.S. Retail Pet Foods segment or the consolidated financial statements for the year ended April 30, 2015. For additional information related to the acquisition, see Note 2: Acquisitions.

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. Translation adjustments are reported as a component of shareholders’ equity in accumulated other comprehensive loss. Included in accumulated other comprehensive loss at April 30, 2015 and 2014, was a foreign currency loss of \$2.3 and a gain of \$31.7, respectively.

Recently Issued Accounting Standards: In April 2015, the FASB issued Accounting Standards Update (“ASU”) 2015-03, *Interest – Imputation of Interest (Subtopic 835-30) Simplifying the Presentation of Debt Issuance Costs*. ASU 2015-03 requires debt issuance costs to be presented in the balance sheet as a direct deduction from the carrying amount of the related debt. ASU 2015-03 is effective for us on May 1, 2016, but we have elected early adoption. As of April 30, 2015, we have reclassified debt issuance costs associated with our long-term debt from other noncurrent assets to long-term debt. Prior year amounts have been reclassified to conform to the current year classification in accordance with ASU 2015-03.

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)*. ASU 2014-09 will be effective for us on May 1, 2017, and will require either retrospective application to each prior reporting period presented or retrospective application with the cumulative effect of initially applying the standard recognized at the date of adoption. We are currently evaluating the impact the application of ASU 2014-09 will have on our financial statements and disclosures.

Risks and Uncertainties: The raw materials we use are primarily commodities, agricultural-based products, and packaging materials. The principal packaging materials we use are glass, plastic, metal cans, caps, carton board, and corrugate. Green coffee, peanuts, edible oils, sweeteners, milk, wheat, corn, poultry meal, soybean meal, 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, pest damage, speculative influences, 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 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 good.

Of our total employees, 28 percent are covered by union contracts at 10 manufacturing locations. The contracts vary in term, with three contracts expiring in 2016, representing 11 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.

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NOTE 2

ACQUISITIONS

On March 23, 2015, we completed the acquisition of Big Heart, a leading producer, distributor, and marketer of premium-quality, branded pet food and pet snacks in the U.S., through the acquisition of Blue Acquisition Group, Inc. ("BAG"), Big Heart's parent company. As a result of the acquisition, the assets and liabilities of BAG are now held by a direct wholly-owned subsidiary of the Company.

The total consideration paid in connection with the acquisition was \$5.9 billion, as set forth below, which included the issuance of 17.9 million of our common shares to BAG's shareholders, valued at \$2.0 billion based on the average stock price of our common shares on March 23, 2015. After the closing of the transaction, we had approximately 120.0 million common shares outstanding. We assumed \$2.6 billion in debt, including Big Heart's senior secured term loan and senior notes, and we paid an additional \$1.2 billion in cash, which is subject to a working capital adjustment. As part of the transaction, new debt of \$5.4 billion was borrowed, consisting of a \$1.8 billion bank term loan and \$3.7 billion in long-term notes, and Big Heart's debt obligations and our existing private placement Senior Notes were paid off.

Shares issued	\$2,035.5
Assumed debt from Big Heart	2,630.2
Cash consideration, net of cash acquired	1,240.0
Total purchase price	\$5,905.7

The transaction was accounted for under the acquisition method of accounting and, accordingly, the results of Big Heart's operations, including \$244.5 in revenue and an operating loss of \$26.0, are included in our consolidated financial statements from the date of acquisition.

Total one-time costs related to the acquisition are expected to be approximately \$225.0, of which approximately \$150.0 are expected to be cash charges. The one-time costs consist primarily of employee-related costs, outside service and consulting costs, and other costs directly related to the acquisition. These one-time costs are anticipated to be incurred primarily over the next three years, with one-half of the costs expected to be recognized in 2016. We incurred costs of \$36.0 to date that were directly related to the merger and integration of Big Heart, and the majority of these charges were reported in other special project costs in the Statement of Consolidated Income. Due to the nature of these costs, they were expensed as incurred.

The Big Heart purchase price was preliminarily allocated to the underlying assets acquired and liabilities assumed based upon their estimated fair values at the date of acquisition. We determined the estimated fair values based on independent appraisals, discounted cash flow analyses, quoted market prices, and estimates made by management. The purchase price exceeded the estimated fair value of the net identifiable tangible and intangible assets acquired and, as such, the excess was allocated to goodwill.

The following table summarizes the preliminary fair values of the assets acquired and liabilities assumed at the acquisition date.

Assets acquired:	
Trade receivables	\$ 142.0
Inventories	257.7
Other current assets	210.7
Property, plant, and equipment	324.0
Intangible assets	4,009.8
Goodwill	2,871.2
Other noncurrent assets	38.0
Total assets acquired	\$7,853.4
Liabilities assumed:	
Current liabilities	\$ 398.9
Deferred tax liabilities	1,464.0
Other noncurrent liabilities	84.8
Total liabilities assumed	\$1,947.7
Net assets acquired	\$5,905.7

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As a result of the acquisition, we recognized a total of \$2.9 billion of goodwill, of which \$91.5 is deductible for tax purposes. Goodwill represents the value we expect to achieve through the implementation of operational synergies and growth opportunities across our segments. The final allocation of goodwill to our reporting units was not complete as of April 30, 2015, due to the timing of the acquisition, but will be complete by the end of 2016. Certain estimated values for the acquisition, including goodwill, intangible assets, property, plant, and equipment, contingent liabilities, and income taxes, are not yet finalized. The purchase price was preliminarily allocated based on information available at the acquisition date and is subject to change as we complete our analysis of the fair values at the date of acquisition during the measurement period not to exceed one year as permitted under *FASB ASC 805, Business Combinations*.

The purchase price was preliminarily allocated to the identifiable intangible assets acquired as follows:

Intangible assets with finite lives:	
Customer relationships (25-year useful life)	\$ 2,289.8
Trademarks (15-year useful life)	257.0
Intangible assets with indefinite lives:	
Trademarks	1,463.0
Total intangible assets	\$ 4,009.8

Big Heart's results of operations are included in our consolidated financial statements from the date of the transaction. Had the transaction occurred on May 1, 2013, unaudited pro forma consolidated results for the years ended April 30, 2015 and 2014, would have been as follows:

	Year Ended April 30,	
	2015	2014
Net sales	\$7,732.5	\$7,800.7
Net income	541.8	547.7
Net income per common share – assuming dilution	4.53	4.48

The unaudited pro forma consolidated results are based on our historical financial statements and those of Big Heart, and do not necessarily indicate the results of operations that would have resulted had the acquisition been completed at the beginning of the applicable period presented. The most significant pro forma adjustments relate to the elimination of acquisition-related costs incurred prior to the close of the transaction, amortization of intangible assets, depreciation of property, plant, and equipment, elimination of other debt costs discussed in Note 6: Debt and Financing Arrangements, and higher interest expense associated with the bank term loan and long-term notes. Of these adjustments, the elimination of acquisition-related costs and other debt costs of \$108.3 and \$173.3, respectively, are nonrecurring. The unaudited pro forma consolidated results do not give effect to the synergies of the acquisition and are not indicative of the results of operations in future periods.

In addition to the Big Heart acquisition, on September 2, 2014, we completed the acquisition of Sahale Snacks, Inc. ("Sahale"), a privately-held manufacturer and marketer of premium, branded nut and fruit snacks for \$80.5 in cash consideration, net of a working capital adjustment. As a result, Sahale became a wholly-owned subsidiary of the Company. The purchase price was allocated to the underlying assets acquired and liabilities assumed based upon their estimated fair values at the date of acquisition. The purchase price allocation included total intangible assets of \$30.4. The purchase price exceeded the estimated fair value of the net identifiable tangible and intangible assets acquired and, as a result, the excess was allocated to goodwill. Preliminary valuations resulted in Sahale goodwill of \$47.9, and the entire amount was assigned to the U.S. Retail Consumer Foods segment. Sahale goodwill is preliminary as of April 30, 2015, pending the finalization of our tax basis. The results of operations of Sahale are included in the consolidated financial statements from the date of the transaction and did not have a material impact on the year ended April 30, 2015.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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During 2014, we completed two acquisitions for aggregate net cash consideration of \$101.8, net of working capital adjustments. Enray Inc. (“Enray”), a leading manufacturer and marketer of premium organic, gluten-free ancient grain products, was acquired in August 2013. Silocaf of New Orleans, Inc. (“Silocaf”), a strategic investment related to our green coffee supply chain, was acquired in September 2013.

The purchase price for each business acquired was allocated to the underlying assets acquired and liabilities assumed based upon their estimated fair values at the date of acquisition. The purchase price allocations included intangible assets of \$37.6 in total for Enray and Silocaf. The purchase price for both Enray and Silocaf exceeded the estimated fair value of the net identifiable tangible and intangible assets acquired and as a result, the excess was allocated to goodwill. Valuations resulted in Enray goodwill of \$29.3, which was assigned to the International, Foodservice, and Natural Foods segment, and Silocaf goodwill of \$22.8, which was assigned to the U.S. Retail Coffee segment. The results of operations for both of the acquired businesses are included in the consolidated financial statements from the dates of the transactions and did not have a material impact on the years ended April 30, 2015 and 2014.

NOTE 3

REPORTABLE SEGMENTS

We operate in one industry: the manufacturing and marketing of food products. We have four reportable segments: U.S. Retail Coffee, U.S. Retail Consumer Foods, U.S. Retail Pet Foods, and International, Foodservice, and Natural Foods. The U.S. Retail Coffee segment primarily represents the domestic sales of *Folgers* and *Dunkin’ Donuts* branded coffee; the U.S. Retail Consumer Foods segment primarily includes domestic sales of *Crisco*, *Jif*, *Smucker’s*, and *Pillsbury* branded products; the U.S. Retail Pet Foods segment primarily includes domestic sales of *Meow Mix*, *Milk-Bone*, *Kibbles ’n Bits*, *Natural Balance*, *9Lives*, *Pup-Peroni*, *Gravy Train*, and *Nature’s Recipe* branded products; and the International, Foodservice, and Natural Foods segment is comprised of products distributed domestically and in foreign countries through retail channels, foodservice distributors and operators (e.g., restaurants, lodging, schools and universities, health care operators), and natural foods stores and distributors. Pet food and pet snacks sales outside of the U.S. retail market segment are reflected in International, Foodservice, and Natural Foods.

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 operating expenses such as corporate administrative expenses and, effective May 1, 2014, unallocated gains and losses on commodity and foreign currency exchange derivative activities. 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. Prior year segment results have been modified to exclude the unrealized gains and losses on commodity and foreign currency exchange derivatives to conform to the new definition.

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As disclosed in Note 2: Acquisitions, we acquired Big Heart in a cash and stock transaction on March 23, 2015. The transaction resulted in a new reportable segment for 2015. There was no impact to our historical reportable segments, as there were no changes to the internal way we managed and reported those segments for 2015. However, we are in the process of finalizing our internal financial reporting structure and the impact on reportable segments for 2016 as a result of recent leadership changes. All historical information will be retroactively conformed to the new presentation once it is finalized.

	Year Ended April 30,		
	2015	2014	2013
Net sales:			
U.S. Retail Coffee	\$ 2,076.1	\$2,161.7	\$2,306.5
U.S. Retail Consumer Foods	2,104.8	2,172.6	2,214.8
U.S. Retail Pet Foods	239.1	—	—
International, Foodservice, and Natural Foods	1,272.7	1,276.3	1,376.4
Total net sales	\$ 5,692.7	\$5,610.6	\$5,897.7
Segment profit (loss):			
U.S. Retail Coffee	\$ 549.2	\$ 639.8	\$ 603.8
U.S. Retail Consumer Foods	432.9	393.0	413.9
U.S. Retail Pet Foods	(15.3)	—	—
International, Foodservice, and Natural Foods	166.7	167.8	196.7
Total segment profit	\$ 1,133.5	\$1,200.6	\$1,214.4
Interest expense - net	(79.9)	(79.4)	(93.4)
Other debt costs	(173.3)	—	—
Unallocated derivative (losses) gains	(24.5)	5.3	6.6
Cost of products sold - special project costs	(6.2)	(9.4)	(11.5)
Other special project costs	(56.6)	(25.6)	(49.5)
Corporate administrative expenses	(274.2)	(251.9)	(249.6)
Other income - net	4.2	10.1	0.3
Income before income taxes	\$ 523.0	\$ 849.7	\$ 817.3
Assets:			
U.S. Retail Coffee	\$ 4,854.0	\$4,885.6	\$4,882.4
U.S. Retail Consumer Foods	2,846.0	2,684.1	2,618.2
U.S. Retail Pet Foods	7,611.8	—	—
International, Foodservice, and Natural Foods	1,327.2	1,248.9	1,201.3
Unallocated ^(A)	243.6	241.6	322.2
Total assets	\$16,882.6	\$9,060.2	\$9,024.1
Depreciation, amortization, and impairment charges:			
U.S. Retail Coffee	\$ 102.7	\$ 99.9	\$ 100.7
U.S. Retail Consumer Foods	54.1	52.9	47.1
U.S. Retail Pet Foods	14.3	—	—
International, Foodservice, and Natural Foods	66.0	67.4	63.7
Unallocated ^(B)	31.3	36.2	39.4
Total depreciation, amortization, and impairment charges	\$ 268.4	\$ 256.4	\$ 250.9
Additions to property, plant, and equipment:			
U.S. Retail Coffee	\$ 56.7	\$ 50.7	\$ 46.5
U.S. Retail Consumer Foods	113.2	138.8	85.1
U.S. Retail Pet Foods	19.4	—	—
International, Foodservice, and Natural Foods	58.4	90.0	74.9
Total additions to property, plant, and equipment	\$ 247.7	\$ 279.5	\$ 206.5

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

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

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The following table presents certain geographical information.

	Year Ended April 30,		
	2015	2014	2013
Net sales:			
United States	\$ 5,188.5	\$5,092.0	\$5,355.9
International:			
Canada	\$ 413.8	\$ 437.2	\$ 459.5
All other international	90.4	81.4	82.3
Total international	\$ 504.2	\$ 518.6	\$ 541.8
Total net sales	\$ 5,692.7	\$5,610.6	\$5,897.7
Assets:			
United States	\$16,407.0	\$8,638.6	\$8,577.7
International:			
Canada	\$ 362.1	\$ 257.7	\$ 396.3
All other international	113.5	163.9	50.1
Total international	\$ 475.6	\$ 421.6	\$ 446.4
Total assets	\$16,882.6	\$9,060.2	\$9,024.1
Long-lived assets (excluding goodwill and other intangible assets):			
United States	\$ 1,815.0	\$1,343.2	\$1,227.0
International:			
Canada	\$ 14.3	\$ 16.5	\$ 20.6
All other international	40.9	38.9	39.0
Total international	\$ 55.2	\$ 55.4	\$ 59.6
Total long-lived assets (excluding goodwill and other intangible assets)	\$ 1,870.2	\$1,398.6	\$1,286.6

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

	Year Ended April 30,		
	2015	2014	2013
Coffee	44%	46%	48%
Peanut butter	13	13	13
Fruit spreads	6	6	6
Shortening and oils	6	6	6
Baking mixes and frostings	5	6	6
Canned milk	4	5	4
Flour and baking ingredients	4	4	4
Juices and beverages	3	3	3
Frozen handheld	3	3	3
Pet food	3	—	—
Portion control	2	2	2
Toppings and syrups	1	2	2
Pet snacks	1	—	—
Other	5	4	3
Total product sales	100%	100%	100%

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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Sales to Wal-Mart Stores, Inc. and subsidiaries amounted to 28 percent of net sales in 2015, 27 percent of net sales in 2014, and 26 percent of net sales in 2013. 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, 2015 and 2014, included amounts due from Wal-Mart Stores, Inc. and subsidiaries of \$122.6 and \$76.6, respectively.

NOTE 4 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,		
	2015	2014	2013
Net income	\$344.9	\$565.2	\$544.2
Net income allocated to participating securities	2.2	4.5	4.7
Net income allocated to common stockholders	\$342.7	\$560.7	\$539.5
Weighted-average common shares outstanding	103,038,271	103,504,121	107,881,519
Dilutive effect of stock options	5,283	14,346	23,256
Weighted-average common shares outstanding – assuming dilution	103,043,554	103,518,467	107,904,775
Net income per common share	\$ 3.33	\$ 5.42	\$ 5.00
Net income per common share – assuming dilution	\$ 3.33	\$ 5.42	\$ 5.00

NOTE 5 GOODWILL AND OTHER INTANGIBLE ASSETS

A summary of changes in goodwill during the years ended April 30, 2015 and 2014, by reportable segment is as follows:

	U.S. Retail Coffee	U.S. Retail Consumer Foods	U.S. Retail Pet Foods	International, Foodservice, and Natural Foods	Total
Balance at May 1, 2013	\$ 1,720.3	\$ 1,034.6	\$ –	\$ 298.0	\$ 3,052.9
Acquisitions	22.8	–	–	29.3	52.1
Other	–	(2.4)	–	(4.4)	(6.8)
Balance at April 30, 2014	\$ 1,743.1	\$ 1,032.2	\$ –	\$ 322.9	\$ 3,098.2
Acquisitions	(0.3)	47.9	2,810.3	60.9	2,918.8
Other	0.1	(2.5)	–	(4.8)	(7.2)
Balance at April 30, 2015	\$ 1,742.9	\$ 1,077.6	\$ 2,810.3	\$ 379.0	\$ 6,009.8

The amounts classified as other represent foreign currency exchange for the years ended April 30, 2015 and 2014.

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

	April 30, 2015			April 30, 2014		
	Accumulated Amortization/			Accumulated Amortization/		
	Acquisition	Impairment Charges/ Foreign Currency Exchange	Net	Acquisition	Impairment Charges/ Foreign Currency Exchange	Net
	Cost			Cost		
Finite-lived intangible assets subject to amortization:						
Customer and contractual relationships	\$3,733.9	\$477.9	\$ 3,256.0	\$1,436.2	\$392.6	\$1,043.6
Patents and technology	169.0	74.8	94.2	164.5	61.9	102.6
Trademarks	328.0	47.6	280.4	70.0	36.5	33.5
Total intangible assets subject to amortization	\$4,230.9	\$600.3	\$ 3,630.6	\$1,670.7	\$491.0	\$1,179.7
Indefinite-lived intangible assets not subject to amortization:						
Trademarks	\$3,338.0	\$ 18.3	\$ 3,319.7	\$1,858.9	\$ 14.3	\$1,844.6
Total other intangible assets	\$7,568.9	\$618.6	\$ 6,950.3	\$3,529.6	\$505.3	\$3,024.3

Amortization expense for finite-lived intangible assets was \$110.3, \$98.7, and \$96.6 in 2015, 2014, and 2013, respectively. The weighted-average useful lives of the customer and contractual relationships, patents and technology, and trademarks are 23 years, 13 years, and 15 years, respectively. The weighted-average useful life of total finite-lived intangible assets is 22 years. Based on the amount of intangible assets subject to amortization at April 30, 2015, including the amortization for Big Heart based on the preliminary purchase price allocation, the estimated amortization expense is \$212.2 for 2016, \$211.5 for 2017, \$209.1 for 2018, \$208.9 for 2019, and \$207.4 for 2020.

We review goodwill and other indefinite-lived intangible assets at least annually for impairment. The annual impairment review was performed as of February 1, 2015. Goodwill impairment is tested at the reporting unit level. At February 1, 2015, we had six reporting units. No goodwill impairment was recognized as a result of the annual evaluation performed as of February 1, 2015. The estimated fair value of each reporting unit and material other indefinite-lived intangible asset was substantially in excess of its carrying value as of the annual test date. An immaterial nonrecurring fair value adjustment was recognized in 2015 and included in amortization on the Statement of Consolidated Income.

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NOTE 6 DEBT AND FINANCING ARRANGEMENTS

In April 2015, the FASB issued ASU 2015-03, *Interest – Imputation of Interest (Subtopic 835-30) Simplifying the Presentation of Debt Issuance Costs*. ASU 2015-03 requires debt issuance costs to be presented in the balance sheet as a direct deduction from the carrying amount of the related debt. ASU 2015-03 is effective for us on May 1, 2016, but we have elected early adoption. As of April 30, 2015, we have reclassified debt issuance costs associated with our long-term debt from other noncurrent assets to long-term debt. Prior year amounts have been reclassified to conform to the current year classification in accordance with ASU 2015-03, resulting in an adjustment to long-term debt of \$6.7 for the year ended April 30, 2014.

Long-term debt consists of the following:

	April 30, 2015		April 30, 2014	
	Principal Outstanding	Carrying Amount	Principal Outstanding	Carrying Amount
4.78% Senior Notes due June 1, 2014	\$ —	\$ —	\$ 100.0	\$ 100.0
6.12% Senior Notes due November 1, 2015	—	—	24.0	24.0
6.63% Senior Notes due November 1, 2018	—	—	376.0	391.4
3.50% Senior Notes due October 15, 2021	750.0	796.0	750.0	758.8
5.55% Senior Notes due April 1, 2022	—	—	300.0	299.2
4.50% Senior Notes due June 1, 2025	—	—	400.0	399.7
1.75% Senior Notes due March 15, 2018	500.0	496.9	—	—
2.50% Senior Notes due March 15, 2020	500.0	494.3	—	—
3.00% Senior Notes due March 15, 2022	400.0	395.3	—	—
3.50% Senior Notes due March 15, 2025	1,000.0	991.9	—	—
4.25% Senior Notes due March 15, 2035	650.0	641.8	—	—
4.38% Senior Notes due March 15, 2045	600.0	583.8	—	—
Term Loan Credit Agreement due March 23, 2020	1,550.0	1,544.9	—	—
Total long-term debt	\$5,950.0	\$5,944.9	\$ 1,950.0	\$1,973.1
Current portion of long-term debt	—	—	100.0	100.0
Total long-term debt, less current portion	\$5,950.0	\$5,944.9	\$ 1,850.0	\$1,873.1

On June 1, 2014, we repaid \$100.0 related to the 4.78 percent Senior Notes as scheduled.

On March 2, 2015, we entered into a \$3.8 billion 364-day senior unsecured Bridge Term Loan Credit Agreement (“Bridge Loan”) as committed financing for the Big Heart acquisition as disclosed in Note 2: Acquisitions. No balances were drawn against this facility as alternate permanent financing was obtained to finance the acquisition. Included in other debt costs on the Statement of Consolidated Income at April 30, 2015, was \$21.5 related to financing fees associated with the Bridge Loan. This facility was terminated on March 20, 2015.

Also on March 2, 2015, 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 \$1.8 billion. The full amount of the Term Loan was drawn on March 23, 2015, to partially finance the Big Heart acquisition. The Term Loan included \$5.2 of capitalized debt issuance costs to be amortized to interest expense over the time for which the debt is outstanding. 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 weighted-average interest rate on the Term Loan at April 30, 2015, was 1.53 percent. The Term Loan requires quarterly amortization payments of 2.5 percent of the original principal amount starting in the third quarter of 2016. Voluntary prepayments are permitted without premium or penalty and are applied to the schedule of required quarterly minimum payment obligations in direct order of maturity. As of April 30, 2015, we have prepaid \$200.0 on the Term Loan, and therefore no additional payments are required until January 31, 2017.

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On March 20, 2015, we completed an offering of \$3.7 billion in Senior Notes due beginning March 15, 2018 through March 15, 2045. The Senior Notes included \$46.4 of capitalized debt issuance costs and offering discounts to be amortized to interest expense over the time for which the debt is outstanding. As part of the Big Heart acquisition, we assumed \$1.7 billion in debt related to Big Heart's senior secured term loan agreement and \$0.9 billion in debt related to their 7.625 percent senior notes. We repaid these obligations upon completion of the acquisition. The proceeds from the offering, along with the Term Loan, were used to partially finance the Big Heart acquisition, pay off the debt assumed as part of the Big Heart acquisition, and prepay our privately placed Senior Notes. The prepayment of our Senior Notes resulted in a principal prepayment of \$1.1 billion and \$163.3 of related make-whole payments. Other debt costs of \$173.3 on the Statement of Consolidated Income consist primarily of make-whole payments and Bridge Loan financing fees, offset by the write-off of the remaining fair value interest rate swap gain.

All of our Senior Notes outstanding at April 30, 2015, are unsecured and interest is paid semiannually. There are no required scheduled principal payments on our Senior Notes. We may prepay at any time 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 February 2015, we entered into a series of forward-starting interest rate swaps to partially hedge the risk of an increase in the benchmark interest rate during the period leading up to the anticipated issuance of our long-term Senior Notes. The interest rate swaps were designated as cash flow hedges with an aggregate notional amount of \$1.1 billion. On March 12, 2015, in conjunction with the pricing of the series of Senior Notes, we terminated the interest rate swaps prior to maturity. The termination resulted in a net loss of \$4.0, which will be amortized over the life of the remaining debt. For additional information, see Note 8: Derivative Financial Instruments.

During the second quarter of 2015, we entered into a commercial paper program under which we can issue short-term, unsecured commercial paper not to exceed \$1.0 billion at any time. The commercial paper program is backed by our revolving credit facility and reduces what we can borrow under the revolving credit facility by the amount of commercial paper outstanding. Commercial paper will be used as a continuing source of short-term financing for general corporate purposes. As of April 30, 2015, we had \$226.0 of short-term borrowings outstanding, all of which were issued under our commercial paper program at a weighted-average interest rate of 0.45 percent.

We have available a \$1.5 billion revolving credit facility with a group of 11 banks that matures in September 2018. Borrowings under the revolving credit facility bear interest based on the prevailing U.S. Prime Rate, Canadian Base 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. During 2015, we amended this credit facility to alter the financial covenant restrictions and provide financial flexibility for the Big Heart acquisition. At April 30, 2015, we did not have a balance outstanding under the revolving credit facility.

During 2014, we entered into an interest rate swap, with a notional amount of \$750.0, on the 3.50 percent Senior Notes due October 15, 2021, converting the Senior Notes from a fixed- to a variable-rate basis. The interest rate swap was designated as a fair value hedge of the underlying debt obligation. On January 16, 2015, we terminated the interest rate swap agreement prior to maturity. 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 will be recognized ratably as a reduction to future interest expense over the remaining life of the related debt. At April 30, 2015, the remaining benefit of \$51.3 was recorded as an increase in the long-term debt balance. The fair value adjustment of the interest rate swap at April 30, 2014, was \$14.9 and was also recorded as an increase in the long-term debt balance. For additional information, see Note 8: Derivative Financial Instruments.

Interest paid totaled \$92.3, \$83.3, and \$97.7 in 2015, 2014, and 2013, respectively. This differs from interest expense due to the timing of payments, amortization of fair value swap adjustments, effect of the interest rate swap, amortization of debt issuance costs, and capitalized interest.

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

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NOTE 7

PENSIONS AND OTHER POSTRETIREMENT BENEFITS

We have defined benefit pension plans covering certain U.S. and Canadian employees, including the recently acquired pension and other postretirement plans of Big Heart, as discussed in Note 2: Acquisitions. 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.

During 2013, a portion of our terminated pension participants received lump-sum cash settlements in order to reduce our future pension obligation and administrative costs. The charges related to the lump-sum cash settlements are included below in settlement loss and were reported in other special project costs in the Statement of Consolidated Income for the year ended April 30, 2013. The lump-sum offerings in 2013 concluded the pension settlement special project cost activities.

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

Year Ended April 30,	Defined Benefit Pension Plans			Other Postretirement Benefits		
	2015	2014	2013	2015	2014	2013
Service cost	\$ 9.0	\$ 8.7	\$ 8.8	\$ 2.3	\$ 2.3	\$ 2.5
Interest cost	23.2	21.8	23.9	2.4	2.3	3.0
Expected return on plan assets	(25.6)	(25.4)	(25.3)	—	—	—
Amortization of prior service cost (credit)	1.0	1.2	1.0	(1.1)	(1.1)	(0.4)
Amortization of net actuarial loss (gain)	10.0	13.2	13.1	(0.1)	—	—
Settlement loss	3.5	—	6.7	—	—	—
Net periodic benefit cost	\$ 21.1	\$ 19.5	\$ 28.2	\$ 3.5	\$ 3.5	\$ 5.1
Other changes in plan assets and benefit liabilities recognized in accumulated other comprehensive loss before income taxes:						
Prior service (cost) credit arising during the year	\$ (0.3)	\$ —	\$ (4.0)	\$ —	\$ 1.7	\$ 9.6
Net actuarial (loss) gain arising during the year	(23.7)	19.3	(20.5)	1.6	7.5	(4.5)
Amortization of prior service cost (credit)	1.0	1.2	1.0	(1.1)	(1.1)	(0.4)
Amortization of net actuarial loss (gain)	10.0	13.2	13.1	(0.1)	—	—
Curtailed loss	—	—	2.0	—	—	—
Settlement loss	3.5	—	6.7	—	—	—
Foreign currency translation	2.7	2.9	0.9	—	—	—
Net change for year	\$ (6.8)	\$ 36.6	\$ (0.8)	\$ 0.4	\$ 8.1	\$ 4.7
Weighted-average assumptions used in determining net periodic benefit costs:						
U.S. plans:						
Discount rate	4.42%	3.99%	4.70%	4.27%	3.80%	4.70%
Expected return on plan assets	6.72	6.75	7.00	—	—	—
Rate of compensation increase	4.13	4.13	4.12	—	—	—
Canadian plans:						
Discount rate	4.11%	3.65%	4.20%	4.10%	3.70%	4.20%
Expected return on plan assets	5.64	5.78	6.17	—	—	—
Rate of compensation increase	3.00	3.00	4.00	—	—	—

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 five percent of participants that are active, average life expectancy is used instead of the average expected useful service period.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

April 30,	Defined Benefit Pension Plans		Other Postretirement Benefits	
	2015	2014	2015	2014
Change in benefit obligation:				
Benefit obligation at beginning of year	\$ 542.3	\$ 575.7	\$ 58.5	\$ 67.1
Service cost	9.0	8.7	2.3	2.3
Interest cost	23.2	21.8	2.4	2.3
Amendments	0.3	—	—	(1.7)
Actuarial loss (gain)	39.8	(19.7)	(1.6)	(7.5)
Participant contributions	0.1	0.1	0.7	1.2
Benefits paid	(31.8)	(34.2)	(4.4)	(3.5)
Foreign currency translation adjustments	(10.6)	(10.1)	(1.1)	(1.1)
Settlement	(8.6)	—	—	—
Acquisition	176.7	—	18.9	—
Other adjustments	—	—	0.1	(0.6)
Benefit obligation at end of year	\$ 740.4	\$ 542.3	\$ 75.8	\$ 58.5
Change in plan assets:				
Fair value of plan assets at beginning of year	\$ 402.1	\$ 410.7	\$ —	\$ —
Actual return on plan assets	41.7	25.0	—	—
Company contributions	15.7	9.4	3.7	2.3
Participant contributions	0.1	0.1	0.7	1.2
Benefits paid	(31.8)	(34.2)	(4.4)	(3.5)
Settlement	(8.6)	—	—	—
Acquisition	141.1	—	—	—
Foreign currency translation adjustments	(10.3)	(8.9)	—	—
Fair value of plan assets at end of year	\$ 550.0	\$ 402.1	\$ —	\$ —
Funded status of the plans	\$ (190.4)	\$ (140.2)	\$ (75.8)	\$ (58.5)
Defined benefit pensions	\$ (188.9)	\$ (135.7)	\$ —	\$ —
Other noncurrent assets	2.0	—	—	—
Accrued compensation	(3.5)	(4.5)	(1.2)	—
Postretirement benefits other than pensions	—	—	(74.6)	(58.5)
Net benefit liability	\$ (190.4)	\$ (140.2)	\$ (75.8)	\$ (58.5)

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

April 30,	Defined Benefit Pension Plans		Other Postretirement Benefits	
	2015	2014	2015	2014
Net actuarial (loss) gain	\$ (174.2)	\$ (166.7)	\$ 6.9	\$ 5.3
Prior service (cost) credit	(4.2)	(4.9)	10.3	11.5
Total recognized in accumulated other comprehensive loss	\$ (178.4)	\$ (171.6)	\$ 17.2	\$ 16.8

During 2016, we expect to recognize amortization of net actuarial losses and prior service credit of \$10.7 and \$0.5, respectively, in net periodic benefit cost.

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

April 30,	Defined Benefit Pension Plans		Other Postretirement Benefits	
	2015	2014	2015	2014
U.S. plans:				
Discount rate	4.01%	4.45%	3.97%	4.30%
Rate of compensation increase	4.06	4.13	—	—
Canadian plans:				
Discount rate	3.51%	4.11%	3.50%	4.10%
Rate of compensation increase	3.00	3.00	—	—

For 2016, the assumed health care trend rates are 7.5 percent and 5.0 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 2026 and 4.5 percent in 2017 for the U.S. and Canadian plans, respectively. 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, 2015:

	One Percentage Point	
	Increase	Decrease
Effect on total service and interest cost components	\$0.1	\$0.1
Effect on benefit obligation	2.5	2.3

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 65 and 66.

Year Ended April 30,	Defined Benefit Pension Plans		Other Postretirement Benefits	
	2015	2014	2015	2014
Benefit obligation at end of year	\$104.4	\$ 113.3	\$ 10.9	\$ 11.4
Fair value of plan assets at end of year	104.1	105.6	—	—
Funded status of the plans	\$ (0.3)	\$ (7.7)	\$(10.9)	\$(11.4)
Components of net periodic benefit cost:				
Service cost	\$ 0.4	\$ 0.5	\$ —	\$ —
Interest cost	4.3	4.2	0.4	0.5
Expected return on plan assets	(5.6)	(5.8)	—	—
Amortization of net actuarial loss	0.9	1.3	—	—
Net periodic benefit cost	\$ —	\$ 0.2	\$ 0.4	\$ 0.5
Changes in plan assets:				
Company contributions	\$ 5.1	\$ 5.4	\$ 0.7	\$ 0.8
Participant contributions	0.1	0.1	—	—
Benefits paid	(8.4)	(8.6)	(0.7)	(0.8)
Actual return on plan assets	11.9	10.6	—	—
Foreign currency translation	(10.3)	(8.9)	—	—

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

	April 30,	
	2015	2014
Accumulated benefit obligation for all pension plans	\$691.8	\$507.3
Plans with an accumulated benefit obligation in excess of plan assets:		
Accumulated benefit obligation	\$481.6	\$507.3
Fair value of plan assets	337.8	402.1
Plans with a projected benefit obligation in excess of plan assets:		
Projected benefit obligation	\$669.3	\$542.3
Fair value of plan assets	477.3	402.1

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 11.6 percent and 6.9 percent for the years ended April 30, 2015 and 2014, respectively.

The following tables summarize the fair value of the major asset classes for the U.S. and Canadian defined benefit pension plans and the levels within the fair value hierarchy in which the fair value measurements fall.

	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, 2015
Cash and cash equivalents ^(A)	\$ 4.6	\$ —	\$ —	\$ 4.6
Equity securities:				
U.S. ^(B)	105.0	45.5	—	150.5
International ^(C)	81.0	24.5	—	105.5
Fixed-income securities:				
Bonds ^(D)	151.3	—	—	151.3
Fixed income ^(E)	44.1	68.5	—	112.6
Other types of investments ^(F)	—	7.0	18.5	25.5
Total financial assets measured at fair value	\$ 386.0	\$ 145.5	\$ 18.5	\$ 550.0

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	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, 2014
Cash and cash equivalents ^(A)	\$ 2.0	\$ –	\$ –	\$ 2.0
Equity securities:				
U.S. ^(B)	91.0	16.4	–	107.4
International ^(C)	72.3	12.4	–	84.7
Fixed-income securities:				
Bonds ^(D)	148.2	–	–	148.2
Fixed income ^(E)	44.8	–	–	44.8
Other types of investments ^(F)	–	–	15.0	15.0
Total financial assets measured at fair value	\$358.3	\$28.8	\$15.0	\$402.1

- (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 primarily in a diversified portfolio of common stocks and index funds that invest in U.S. stocks with market capitalization ranges similar to those found in the S&P 500 Index and/or the various Russell Indexes 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 assets are pooled or common collective trust funds that consist of equity securities traded on active exchanges.
- (C) This category is invested primarily in common stocks and other equity securities traded on active exchanges whose issuers are 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 assets are pooled or common collective trust funds that consist of equity securities traded on active exchanges.
- (D) This category is comprised of bond funds, which seek to duplicate the return characteristics of high-quality corporate bonds with a duration range of 10 to 13 years. 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 market as well as emerging markets. The Level 1 assets are valued using quoted market prices for identical securities in active markets. Contained within the Level 2 assets is a Core Plus pool of funds investing primarily in high-yield, emerging market debt and global bonds, as well as an international bond fund which invests in fixed-income securities denominated in currencies other than U.S. dollars. The Level 2 assets are pooled or common collective trust funds that consist of fixed-income securities traded on active exchanges.
- (F) This category is comprised of a global alpha collective trust fund, a private limited investment partnership, and a private equity fund in 2015. In 2014, the category was comprised only of the private equity fund. The global alpha collective trust fund is comprised of U.S. and global equity and fixed-income securities inclusive of derivatives within the asset mix. This collective trust fund is classified as a Level 2 asset, whereby the underlying securities are valued utilizing quoted market prices for identical securities in active markets. 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 equity fund consists primarily of limited partnership interests in corporate finance and venture capital funds. The private equity fund is classified as a Level 3 asset and is valued based on the fund's net asset value ("NAV"). NAV is calculated based on the estimated fair value of the underlying investment funds within the portfolio and is corroborated by our review. The private equity fund and private investment limited partnership cannot be redeemed and the return of principal is based on the liquidation of the underlying assets.

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

	2015	2014
Balance at May 1,	\$15.0	\$ 15.0
Big Heart pension assets acquired	2.8	–
Actual return on plan assets still held at reporting date	0.7	–
Balance at April 30,	\$18.5	\$ 15.0

The 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, 2015. The total market value of these shares was \$36.8 at April 30, 2015. We paid dividends of \$0.8 on these shares during 2015.

We expect to contribute approximately \$3.5 to the defined benefit pension plans in 2016. We expect the following payments to be made from the defined benefit pension and other postretirement benefit plans: \$49.9 in 2016, \$51.0 in 2017, \$56.6 in 2018, \$53.5 in 2019, \$60.2 in 2020, and \$304.0 in 2021 through 2025.

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As a result of the Big Heart acquisition we now 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 2015, a total of \$1.7 was contributed to the plan, of which \$0.1 was contributed since acquisition and was recognized in the Statement of Consolidated Income.

The risks of participating in multi-employer pension plans are different from the risks of participating in single-employer pension plans in the following respects: the assets contributed to the multi-employer plan by one employer may be used to provide benefits to employees of other participating employers; 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; and, 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 2014, the Bakery and Confectionery Union Fund was in Red Zone status. Although the current funding status as of calendar year 2014 was 65.1 percent, the plan’s actuary concluded that the funding status is more likely than not to fall below 65 percent within the next five years and has classified the Bakery and Confectionery Union Fund in Red Zone status. A funding improvement plan or rehabilitation plan has been implemented.

NOTE 8

DERIVATIVE FINANCIAL INSTRUMENTS

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

Commodity Price Management: We enter into commodity futures and options contracts 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, and wheat. We also enter into commodity futures and options contracts to manage price risk for energy input costs, including natural gas and diesel fuel. Our derivative instruments generally have maturities of less than one year.

Effective May 1, 2014, we elected to no longer qualify commodity derivatives for hedge accounting treatment and, as a result, the derivative gains and losses are immediately recognized in earnings. Prior to 2015, certain of our derivative instruments met the hedge criteria and were accounted for as cash flow hedges. The mark-to-market gains and losses on qualifying hedges were deferred and included as a component of accumulated other comprehensive loss to the extent effective, and reclassified to cost of products sold in the period during which the hedged transaction affected earnings. Cash flows related to qualifying hedges are classified consistently with the cash flows from the hedged item in the Statements of Consolidated Cash Flows. Although we no longer 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 commodity 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 forwards and options contracts 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.

Effective May 1, 2014, we elected to no longer qualify instruments used to manage foreign currency exchange exposures for hedge accounting treatment. Prior to 2015, instruments used to manage foreign currency exchange exposures did not qualify for hedge accounting treatment and the change in value of these instruments was immediately recognized in cost of products sold.

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Interest Rate Hedging: We utilize derivative instruments to manage changes in the fair value of our debt. Interest rate swaps 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 swap are deferred and included as a component of accumulated other comprehensive loss to the extent effective, 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 swap would be recognized at fair value on the balance sheet and changes in the fair value would be 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.

On February 24, 2015, we entered into a series of forward-starting interest rate swaps to hedge a portion of the interest rate risk related to our anticipated issuance of Senior Notes. The notional hedged amount was \$1.1 billion, with expected maturity tenors of 10, 20, and 30 years. The swap agreements were designated as cash flow hedges, where changes in fair value are recorded in other comprehensive (loss) income. On March 12, 2015, in conjunction with the pricing of the Senior Notes, we terminated the interest rate swaps prior to maturity. The termination resulted in a net loss of \$4.0, which will be amortized over the life of the remaining debt as an increase to interest expense and approximately \$0.2 per year will be recognized beginning in 2026 through 2045. For additional information, see Note 6: Debt and Financing Arrangements.

During 2014, we entered into an 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. We received cash flows from the counterparty at a fixed rate and paid the counterparty variable rates based on LIBOR. On January 16, 2015, we terminated the interest rate swap on the 3.50 percent Senior Notes prior to maturity. As a result of the early termination, we received \$58.1 in cash, which included \$4.6 of accrued and prepaid interest. The remaining benefit was deferred and will be recognized over the remaining life of the underlying debt as a reduction of future interest expense and will be recognized as follows: \$7.4 in 2016, \$7.6 in 2017, \$7.8 in 2018, \$8.0 in 2019, \$8.1 in 2020, \$8.4 in 2021, and \$4.0 in 2022. For additional information, see Note 6: Debt and Financing Arrangements.

The following table sets forth the gross fair value of derivative instruments recognized in the Consolidated Balance Sheets.

	April 30, 2015				April 30, 2014		
	Other Current Assets	Other Current Liabilities	Other Noncurrent Assets	Other Noncurrent Liabilities	Other Current Assets	Other Current Liabilities	Other Noncurrent Liabilities
Derivatives designated as hedging instruments:							
Commodity contracts	\$ —	\$ —	\$ —	\$ —	\$ 23.4	\$ 10.9	\$ —
Interest rate contract	—	—	—	—	18.0	—	3.1
Total derivatives designated as hedging instruments	\$ —	\$ —	\$ —	\$ —	\$ 41.4	\$ 10.9	\$ 3.1
Derivatives not designated as hedging instruments:							
Commodity contracts	\$ 6.4	\$ 23.9	\$ 0.2	\$ 3.8	\$ 11.6	\$ 5.8	\$ —
Foreign currency exchange contracts	4.8	1.0	—	—	1.4	0.7	—
Total derivatives not designated as hedging instruments	\$ 11.2	\$ 24.9	\$ 0.2	\$ 3.8	\$ 13.0	\$ 6.5	\$ —
Total derivative instruments	\$ 11.2	\$ 24.9	\$ 0.2	\$ 3.8	\$ 54.4	\$ 17.4	\$ 3.1

We have elected to not offset fair value amounts recognized for our exchange-traded commodity 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, 2015 and 2014, we maintained cash margin account balances of \$38.2 and \$8.1, 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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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The following table presents information on pre-tax commodity contract net gains and losses recognized on derivatives designated as cash flow hedges prior to May 1, 2014, and pre-tax losses related to the termination of interest rate swaps.

	Year Ended April 30,	
	2015	2014
(Losses) gains recognized in other comprehensive (loss) income (effective portion)	\$ (4.0)	\$21.0
Gains (losses) reclassified from accumulated other comprehensive loss to cost of products sold (effective portion)	29.1	(20.3)
Losses reclassified from accumulated other comprehensive loss to interest expense (effective portion)	(0.6)	(0.6)
Change in accumulated other comprehensive loss	\$(32.5)	\$41.9
Gains recognized in cost of products sold (ineffective portion)	\$ –	\$ 1.4
Losses recognized in interest expense (ineffective portion)	\$ (0.1)	\$ –

Due to our election to no longer qualify commodity derivatives for hedge accounting treatment, there was no remaining balance in accumulated other comprehensive loss at April 30, 2015. Included as a component of accumulated other comprehensive loss at April 30, 2014, was a deferred pre-tax net gain of \$29.1 related to commodity contracts. The related tax expense recognized in accumulated other comprehensive loss was \$10.8 at April 30, 2014.

Also included as a component of accumulated other comprehensive loss at April 30, 2015 and 2014, were deferred pre-tax losses of \$8.2 and \$4.8, respectively, related to the termination of interest rate swaps. The related tax benefit recognized in accumulated other comprehensive loss was \$2.9 and \$1.7 at April 30, 2015 and 2014, respectively. Approximately \$0.6 of the pre-tax loss will be recognized over the next 12 months.

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

	Year Ended April 30,	
	2015	2014
(Losses) gains on commodity contracts	\$(48.5)	\$5.2
Gains on foreign exchange contracts	8.8	3.3
Total (losses) gains recognized in costs of products sold	\$(39.7)	\$8.5

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,	
	2015	2014
Net (losses) gains on mark-to-market valuation of unallocated derivative positions	\$(39.7)	\$8.5
Net losses (gains) on derivative positions reclassified to segment operating profit	15.2	(3.2)
Net mark-to-market valuation of certain derivative positions recognized in unallocated (losses) gains	\$(24.5)	\$5.3

The net cumulative unallocated derivative losses at April 30, 2015, was \$20.4, including net realized losses of \$13.9.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

	Year Ended April 30,	
	2015	2014
Commodity contracts	\$640.6	\$790.3
Foreign currency exchange contracts	136.4	158.1
Interest rate contract	—	750.0

NOTE 9

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. With respect to trade receivables, we believe there is no concentration of risk with any single customer whose failure or nonperformance would materially affect our results other than as discussed in Note 3: Reportable Segments. We do not require collateral from our customers. Our other 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 amount and fair value of our financial instruments.

	April 30, 2015		April 30, 2014	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Other investments	\$ 48.4	\$ 48.4	\$ 55.4	\$ 55.4
Derivative financial instruments - net	(17.3)	(17.3)	33.9	33.9
Long-term debt	(5,944.9)	(6,011.3)	(1,973.1)	(2,239.1)

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, 2015
Other investments: ^(A)				
Equity mutual funds	\$ 9.7	\$ —	\$ —	\$ 9.7
Municipal obligations	—	37.9	—	37.9
Money market funds	0.8	—	—	0.8
Derivatives: ^(B)				
Commodity contracts - net	(12.4)	(8.7)	—	(21.1)
Foreign currency exchange contracts - net	(0.2)	4.0	—	3.8
Long-term debt ^(C)	(4,459.0)	(1,552.3)	—	(6,011.3)
Total financial instruments measured at fair value	\$(4,461.1)	\$(1,519.1)	\$ —	\$(5,980.2)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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	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, 2014
Other investments: ^(A)				
Equity mutual funds	\$ 12.0	\$ —	\$ —	\$ 12.0
Municipal obligations	—	34.4	—	34.4
Money market funds	9.0	—	—	9.0
Derivatives: ^(B)				
Commodity contracts - net	13.5	4.8	—	18.3
Foreign currency exchange contracts - net	—	0.7	—	0.7
Interest rate contract - net	—	14.9	—	14.9
Long-term debt ^(C)	(772.0)	(1,467.1)	—	(2,239.1)
Total financial instruments measured at fair value	\$ (737.5)	\$ (1,412.3)	\$ —	\$ (2,149.8)

(A) 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, 2015, our municipal obligations are scheduled to mature as follows: \$0.9 in 2016, \$1.3 in 2017, \$1.1 in 2018, \$3.0 in 2019, and the remaining \$31.6 in 2020 and beyond. For additional information, see Marketable Securities and Other Investments in Note 1: Accounting Policies.

(B) Level 1 commodity contract and foreign currency exchange derivatives are valued using quoted market prices for identical instruments in active markets. Level 2 commodity contract and foreign currency exchange derivatives are valued using quoted prices for similar assets or liabilities in active markets. The Level 2 interest rate contract derivative is valued using the income approach, observable Level 2 market expectations at the measurement date, and standard valuation techniques to convert future amounts to a single discounted present value. Level 2 inputs for the interest rate contract are limited to quoted prices for similar assets or liabilities in active markets and inputs other than quoted prices that are observable for the asset or liability. For additional information, see Note 8: Derivative Financial Instruments.

(C) Long-term debt is comprised of \$750.0 in public Senior Notes and the \$3.7 billion Senior Notes issued in 2015 classified as Level 1 and the Term Loan classified as Level 2 in 2015. Long-term debt is comprised of public Senior Notes classified as Level 1 and private Senior Notes classified as Level 2 in 2014. The public Senior Notes are traded in an active secondary market and valued using quoted prices. The value of the private Senior Notes and Term Loan are based on the net present value of each interest and principal payment calculated, utilizing an interest rate derived from a fair market yield curve for private Senior Notes or an estimated yield curve obtained from independent pricing sources for similar types of term loan borrowing arrangements. For additional information, see Note 6: Debt and Financing Arrangements.

NOTE 10

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 approved by our shareholders in August 2010. 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, 2015, there were 5,820,288 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: During 2015, we granted 955,000 stock options under the 2010 Equity and Incentive Compensation Plan. 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 options granted is equal to the market value of the shares on the date of grant. All options granted during 2015 have a contractual term of 10 years.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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The fair value of each 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:

	2015
Expected volatility (%)	25.0%
Dividend Yield (%)	2.2%
Risk-free interest rate (%)	1.5%
Expected life of stock option (years)	5.6

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. A simplified method was used in this calculation given the change in demographics since our last stock option issuance in 2005; therefore, we expect that the exercise patterns under this grant will be different from those under previous stock option grants.

The following table is a summary of our option activity.

	Number of Options	Weighted- Exercise Price
Outstanding at May 1, 2014	33,667	\$ 44.50
Granted	955,000	112.59
Exercised	31,667	44.29
Outstanding at April 30, 2015	957,000	\$112.45
Exercisable at April 30, 2015	2,000	\$ 47.78

The average remaining contractual term for options outstanding and exercisable at April 30, 2015, are 9.9 and 0.3 years, respectively. The aggregate intrinsic value of options outstanding and exercisable at April 30, 2015, are \$3.3 and \$0.1, respectively. The options granted in 2015 have a weighted-average grant date fair value of \$21.68 per option. No options were granted in 2014 and 2013. The total intrinsic value of options exercised was \$1.9, \$0.8, and \$3.4 for 2015, 2014, and 2013, respectively. The closing market price of our common stock on the last trading day of 2015 was \$115.92 per share.

For options granted during 2015, 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. Compensation cost for stock option awards totaled \$1.2 for the year ended April 30, 2015, and was included in other special project costs in the Statement of Consolidated Income. No compensation cost was incurred during 2014 and 2013. The tax benefit related to the stock option expense for 2015 was \$0.4. At April 30, 2015, we had \$18.5 of total unrecognized compensation expense, net of estimated forfeitures, related to stock options that will be recognized over a weighted-average period of 2.0 years.

Cash received from option exercises for the years ended April 30, 2015, 2014, and 2013 was \$0.8, \$0.5, and \$2.2, respectively.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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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- Conversion Date Fair Value
Outstanding at May 1, 2014	839,188	\$ 76.54	101,020	\$104.91
Granted	109,091	104.82	75,848	111.41
Converted	101,020	104.91	(101,020)	104.91
Vested	(416,328)	68.59	—	—
Forfeited	(36,082)	90.65	—	—
Outstanding at April 30, 2015	596,889	\$ 91.21	75,848	\$111.41

The weighted-average grant date fair value of equity awards other than stock options that vested in 2015, 2014, and 2013 was \$28.6, \$20.8, and \$11.8, respectively. The vesting date fair value of equity awards other than stock options that vested in 2015, 2014, and 2013 was \$43.4, \$40.2, and \$15.4, 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 in 2015, 2014, and 2013.

Year Ended April 30,	Restricted Shares and Deferred Stock Units	Weighted-Average Grant Date Fair Value	Performance Units	Weighted- Conversion Date Fair Value
2015	109,091	\$104.82	75,848	\$111.41
2014	167,134	101.08	101,020	104.91
2013	109,770	76.37	106,666	100.54

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 11 INCOME TAXES

Income before income taxes is as follows:

	Year Ended April 30,		
	2015	2014	2013
Domestic	\$500.7	\$827.4	\$791.9
Foreign	22.3	22.3	25.4
Income before income taxes	\$523.0	\$849.7	\$817.3

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

	Year Ended April 30,		
	2015	2014	2013
Current:			
Federal	\$147.8	\$265.4	\$262.1
Foreign	4.7	4.2	6.1
State and local	17.9	22.9	20.5
Deferred:			
Federal	2.3	(13.9)	(15.6)
Foreign	0.5	2.4	0.9
State and local	4.9	3.5	(0.9)
Total income tax expense	\$178.1	\$284.5	\$273.1

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

Percent of Pretax Income	Year Ended April 30,		
	2015	2014	2013
Statutory federal income tax rate	35.0%	35.0%	35.0%
State and local income taxes	2.4	1.9	1.8
Domestic manufacturing deduction	(2.9)	(3.0)	(3.1)
Other items – net	(0.4)	(0.4)	(0.3)
Effective income tax rate	34.1%	33.5%	33.4%
Income taxes paid	\$199.3	\$294.4	\$279.2

We are a voluntary participant in the Compliance Assurance Process (“CAP”) program offered by the Internal Revenue Service (“IRS”) and are currently under a CAP examination for the tax year ended April 30, 2015. 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 tax years ended April 30, 2012, 2013, and 2014. Tax years prior to 2012 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 tax years prior to 2011 and for tax years prior to 2008 for foreign jurisdictions. BAG has been notified that the IRS will examine its federal income tax returns for the fiscal year ending April 27, 2014, and the period ending March 22, 2015.

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,	
	2015	2014
Deferred tax liabilities:		
Intangible assets	\$2,499.4	\$1,028.7
Property, plant, and equipment	158.0	94.5
Other	9.6	19.4
Total deferred tax liabilities	\$2,667.0	\$1,142.6
Deferred tax assets:		
Post-employment and other employee benefits	\$ 143.4	\$ 103.3
Tax credit and loss carryforwards	44.8	–
Intangible assets	22.1	7.6
Inventory	11.6	–
Property, plant, and equipment	19.4	–
Other	32.9	29.8
Total deferred tax assets	\$ 274.2	\$ 140.7
Valuation allowance	(4.2)	–
Total deferred tax assets, less allowance	\$ 270.0	\$ 140.7
Net deferred tax liability	\$2,397.0	\$1,001.9

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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The following table summarizes domestic loss and credit carryforwards at April 30, 2015.

	Related Tax Deduction	Deferred Tax Asset	Valuation Allowance	Expiration Date
Tax carryforwards:				
Federal loss carryforwards	\$104.6	\$36.6	\$4.2	2035
State loss carryforwards	119.4	5.9	—	2020 to 2035
Federal tax credit carryforwards	—	0.5	—	2035
State tax credit carryforwards	—	1.8	—	2021
Total tax carryforwards	\$224.0	\$44.8	\$4.2	

We evaluate the realizability of deferred tax assets for each of the jurisdictions in which we operate. The total valuation allowance increased by \$4.2 related to a federal capital loss carryforward recorded with the Big Heart acquisition.

Deferred income taxes have not been provided on approximately \$248.6 of undistributed earnings of foreign subsidiaries since these amounts are considered to be permanently reinvested. Any additional taxes payable on the earnings of foreign subsidiaries, if remitted, would be partially offset by domestic tax deductions or tax credits for foreign taxes paid. It is not practical to estimate the amount of additional taxes that might be payable on such undistributed earnings.

Our unrecognized tax benefits as of April 30, 2015, 2014, and 2013, were \$45.0, \$29.1, and \$29.7, respectively. Of the unrecognized tax benefits, \$32.2, \$19.5, and \$20.6 would affect the effective tax rate, if recognized, as of April 30, 2015, 2014, and 2013, respectively. Our accrual for tax-related net interest and penalties totaled \$3.4 as of April 30, 2015, and \$2.0 as of April 30, 2014 and 2013. Interest charged to earnings totaled \$0.7, \$0.1, and \$0.3 during 2015, 2014, and 2013, respectively.

Within the next 12 months, it is reasonably possible that we could decrease our unrecognized tax benefits by an estimated \$2.1, primarily as a result of the expiration of statute of limitation periods.

A reconciliation of our unrecognized tax benefits is as follows:

	2015	2014	2013
Balance at May 1,	\$29.1	\$29.7	\$24.0
Increases:			
Current year tax positions	2.4	5.1	4.8
Prior year tax positions	1.2	0.1	2.5
Acquired businesses	13.4	—	—
Decreases:			
Prior year tax positions	0.4	1.6	0.2
Settlement with tax authorities	—	1.5	1.0
Expiration of statute of limitations periods	0.7	2.7	0.4
Balance at April 30,	\$45.0	\$29.1	\$29.7

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NOTE 12

ACCUMULATED OTHER COMPREHENSIVE LOSS

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

	Foreign Currency Translation Adjustment	Unrealized (Loss) Gain on Cash Flow Hedging Derivatives ^(A)	Pension and Other Postretirement Liabilities ^(B)	Unrealized Gain on Available-for-Sale Securities ^(C)	Accumulated Other Comprehensive Loss
Balance at May 1, 2012	\$ 67.0	\$(19.2)	\$ (134.3)	\$ 2.5	\$ (84.0)
Reclassification adjustments	—	40.1	20.4	—	60.5
Current period (charge) credit	(5.5)	(27.5)	(16.5)	3.1	(46.4)
Income tax expense	—	(4.6)	(1.0)	(1.1)	(6.7)
Balance at April 30, 2013	\$ 61.5	\$(11.2)	\$ (131.4)	\$ 4.5	\$ (76.6)
Reclassification adjustments	—	20.9	13.3	(3.7)	30.5
Current period (charge) credit	(29.8)	21.0	31.4	1.9	24.5
Income tax (expense) benefit	—	(15.4)	(15.3)	0.7	(30.0)
Balance at April 30, 2014	\$ 31.7	\$ 15.3	\$ (102.0)	\$ 3.4	\$ (51.6)
Reclassification adjustments	—	(28.5)	9.8	—	(18.7)
Current period charge	(34.0)	(4.0)	(16.2)	(0.1)	(54.3)
Income tax benefit	—	12.0	2.8	—	14.8
Balance at April 30, 2015	\$ (2.3)	\$ (5.2)	\$ (105.6)	\$ 3.3	\$(109.8)

(A) Of the total reclassification adjustments from accumulated other comprehensive loss, \$29.1 of income and \$20.3 and \$39.6 of expense were reclassified to cost of products sold related to commodity derivatives during 2015, 2014, and 2013, respectively. An additional \$0.6 during 2015 and 2014, and \$0.5 during 2013 was reclassified to interest expense related to the interest rate swap. At April 30, 2015, the remaining balance in accumulated other comprehensive loss related entirely to the interest rate swap.

(B) Amortization of net losses was reclassified from accumulated other comprehensive loss to selling, distribution, and administrative expenses.

(C) The gain on the sale of marketable securities was reclassified from accumulated other comprehensive loss to other income – net during 2014.

NOTE 13

RESTRUCTURING

During 2010, we announced plans to restructure our coffee and fruit spreads operations as part of our ongoing efforts to enhance the long-term strength and profitability of our leading brands. Since then, we expanded our restructuring plan to include the Canadian pickle and condiments operations and the capacity expansion of our peanut butter business. Pickle and condiments production was transitioned to third-party manufacturers during 2012. The consolidation of coffee production in New Orleans, Louisiana, related to these restructuring initiatives is complete, and the transitioned retail and foodservice fruit spreads volume is being produced at our new facility in Orrville, Ohio. All of the impacted facilities have been closed, resulting in the reduction of 850 full-time positions as anticipated.

We have incurred total restructuring costs of \$263.8 through April 30, 2015. As of April 30, 2015, all restructuring activities related to the approved plans were complete.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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The following table summarizes the restructuring activity, including the liabilities recorded and the total amount incurred.

	Long-Lived Asset Charges	Employee Separation	Site Preparation and Equipment Relocation	Production Start-up	Other Costs	Total
Total restructuring charge	\$102.7	\$64.0	\$45.5	\$42.2	\$9.4	\$263.8
Balance at May 1, 2012	\$ —	\$ 8.8	\$ —	\$ —	\$ —	\$ 8.8
Charge to expense	8.2	3.4	13.4	10.8	3.0	38.8
Cash payments	—	(4.5)	(13.4)	(10.8)	(3.0)	(31.7)
Noncash utilization	(8.2)	—	—	—	—	(8.2)
Balance at April 30, 2013	\$ —	\$ 7.7	\$ —	\$ —	\$ —	\$ 7.7
Charge to expense	2.7	2.6	7.2	7.2	1.1	20.8
Cash payments	—	(8.4)	(7.2)	(7.2)	(1.1)	(23.9)
Noncash utilization	(2.7)	(0.2)	—	—	—	(2.9)
Balance at April 30, 2014	\$ —	\$ 1.7	\$ —	\$ —	\$ —	\$ 1.7
Charge to expense	0.1	0.5	5.3	8.4	1.1	15.4
Cash payments	—	(1.7)	(5.3)	(8.4)	(1.1)	(16.5)
Noncash utilization	(0.1)	—	—	—	—	(0.1)
Balance at April 30, 2015	\$ —	\$ 0.5	\$ —	\$ —	\$ —	\$ 0.5

During the years ended April 30, 2015, 2014, and 2013, total restructuring charges of \$15.4, \$20.8, and \$38.8, respectively, were reported in the Statements of Consolidated Income. Of the total restructuring charges, \$1.1, \$5.1, and \$10.0 were reported in cost of products sold in the years ended April 30, 2015, 2014, and 2013, respectively. The remaining charges were reported in other special project costs. The restructuring costs classified as cost of products sold primarily include long-lived asset charges for accelerated depreciation related to property, plant, and equipment that had been used at the affected production facilities prior to closure.

Employee separation costs include severance, retention bonuses, and pension costs. Severance costs and retention bonuses are recognized over the estimated future service period of the affected employees.

Other costs include professional fees, costs related to closing the facilities, and miscellaneous expenditures associated with the restructuring initiative and are expensed as incurred.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

The J. M. Smucker Company

NOTE 14

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 costs for contingent liabilities when such liabilities are probable and amounts can be reasonably estimated. Based on the information known to date, we do not believe the final outcome of these proceedings will have a material adverse effect on our financial position, results of operations, or cash flows.

On October 9, 2013, Big Heart entered into a Purchase Agreement with Del Monte Pacific Limited and its subsidiary, Del Monte Foods Consumer Products, Inc. (which changed its name to Del Monte Foods, Inc.) (“DMFI”). Big Heart sold to DMFI the interests of certain subsidiaries related to Big Heart’s consumer products business and generally all assets and liabilities primarily related to the consumer products business for a purchase price of \$1.7 billion, subject to a post-closing working capital adjustment. In connection with the closing of the transaction, Big Heart received approximately \$110.0 in incremental proceeds representing the preliminary working capital adjustment subject to a true-up in accordance with the terms of the Purchase Agreement. Big Heart made a claim of \$16.3 for the working capital adjustment related to the sale of the consumer products business. In June 2014, Big Heart received a notice of disagreement from DMFI disputing the \$16.3 working capital adjustment, as well as the incremental preliminary working capital adjustment of approximately \$110.0 paid by DMFI at closing. Pursuant to the terms of the Purchase Agreement, the working capital dispute has been submitted to a mutually agreed upon independent certified public accounting firm of national recognition in the U.S. We believe that the working capital adjustment presented to DMFI is appropriate and is in accordance with the terms of the Purchase Agreement, and we plan to vigorously defend Big Heart’s position. However, we cannot currently predict the ultimate outcome of this dispute and have not recorded a receivable or liability as part of the Big Heart acquisition, but are continuing to evaluate the impact on the opening balance sheet.

NOTE 15

GUARANTOR AND NON-GUARANTOR FINANCIAL INFORMATION

Our 3.50 percent Senior Notes due October 15, 2021, are fully and unconditionally guaranteed, on a joint and several basis, by J.M. Smucker LLC and The Folgers Coffee Company (the “subsidiary guarantors”), which are 100 percent wholly-owned subsidiaries of the Company. A subsidiary guarantor will be released from its obligations under the indenture governing the notes (a) if we exercise our legal or covenant defeasance option or if our obligations under the indenture are discharged in accordance with the terms of the indenture or (b) upon delivery of an officer’s certificate to the trustee that the subsidiary guarantor does not guarantee our obligations under any of our other primary senior indebtedness and that any other guarantees of such primary senior indebtedness of the subsidiary guarantor have been released other than through discharges as a result of payment by such guarantor on such guarantees.

Condensed consolidating financial statements for the Company, the subsidiary guarantors, and the other subsidiaries of the Company that are not guaranteeing the indebtedness under the 3.50 percent Senior Notes (the “non-guarantor subsidiaries”) are provided below. The principal elimination entries relate to investments in subsidiaries and intercompany balances and transactions, including transactions with our 100 percent wholly-owned subsidiary guarantors and non-guarantor subsidiaries. We have accounted for investments in subsidiaries using the equity method.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

The J. M. Smucker Company

CONDENSED CONSOLIDATING STATEMENTS OF COMPREHENSIVE INCOME

	Year Ended April 30, 2015				
	The J. M. Smucker Company (Parent)	Subsidiary	Non-Guarantor		Consolidated
		Guarantors	Subsidiaries	Eliminations	
Net sales	\$2,998.0	\$1,184.0	\$6,622.4	\$(5,111.7)	\$5,692.7
Cost of products sold	2,457.8	1,080.0	5,301.6	(5,115.4)	3,724.0
Gross Profit	540.2	104.0	1,320.8	3.7	1,968.7
Selling, distribution, and administrative expenses and other special project costs	234.9	53.8	799.2	—	1,087.9
Amortization	4.2	—	106.7	—	110.9
Other operating expense (income) - net	0.3	(2.4)	—	—	(2.1)
Operating Income	300.5	52.6	414.9	3.7	772.0
Interest (expense) income - net	(80.7)	1.2	(0.4)	—	(79.9)
Other debt costs	(173.3)	—	—	—	(173.3)
Other income - net	0.6	0.1	3.5	—	4.2
Equity in net earnings of subsidiaries	312.6	131.4	52.7	(496.7)	—
Income Before Income Taxes	360.0	185.3	470.7	(493.0)	523.0
Income taxes	15.1	0.4	162.6	—	178.1
Net Income	\$ 344.9	\$ 184.9	\$ 308.1	\$ (493.0)	\$ 344.9
Other comprehensive loss, net of tax	(58.2)	(18.5)	(43.3)	61.8	(58.2)
Comprehensive Income	\$ 286.7	\$ 166.4	\$ 264.8	\$ (431.2)	\$ 286.7

CONDENSED CONSOLIDATING STATEMENTS OF COMPREHENSIVE INCOME

	Year Ended April 30, 2014				
	The J. M. Smucker Company (Parent)	Subsidiary	Non-Guarantor		Consolidated
		Guarantors	Subsidiaries	Eliminations	
Net sales	\$3,162.8	\$1,278.8	\$6,601.3	\$(5,432.3)	\$5,610.6
Cost of products sold	2,573.6	1,166.0	5,268.5	(5,428.5)	3,579.6
Gross Profit	589.2	112.8	1,332.8	(3.8)	2,031.0
Selling, distribution, and administrative expenses and other special project costs	197.1	47.5	769.8	—	1,014.4
Amortization	4.2	—	94.7	—	98.9
Other operating (income) expense - net	(1.3)	0.9	(0.9)	—	(1.3)
Operating Income	389.2	64.4	469.2	(3.8)	919.0
Interest (expense) income - net	(80.8)	1.2	(1.5)	1.7	(79.4)
Other income (expense) - net	10.8	—	1.0	(1.7)	10.1
Equity in net earnings of subsidiaries	345.1	141.4	64.4	(550.9)	—
Income Before Income Taxes	664.3	207.0	533.1	(554.7)	849.7
Income taxes	99.1	0.4	185.0	—	284.5
Net Income	\$ 565.2	\$ 206.6	\$ 348.1	\$ (554.7)	\$ 565.2
Other comprehensive income, net of tax	25.0	27.4	6.0	(33.4)	25.0
Comprehensive Income	\$ 590.2	\$ 234.0	\$ 354.1	\$ (588.1)	\$ 590.2

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

The J. M. Smucker Company

CONDENSED CONSOLIDATING STATEMENTS OF COMPREHENSIVE INCOME

	Year Ended April 30, 2013				
	The J. M. Smucker Company (Parent)	Subsidiary Guarantors	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Net sales	\$ 4,447.6	\$1,296.4	\$5,430.3	\$(5,276.6)	\$5,897.7
Cost of products sold	3,957.3	1,190.6	4,015.0	(5,292.8)	3,870.1
Gross Profit	490.3	105.8	1,415.3	16.2	2,027.6
Selling, distribution, and administrative expenses and other special project costs	199.0	42.9	781.5	—	1,023.4
Amortization	4.8	—	92.0	—	96.8
Other operating (income) expense - net	(2.7)	(2.2)	1.9	—	(3.0)
Operating Income	289.2	65.1	539.9	16.2	910.4
Interest (expense) income - net	(94.4)	1.2	(0.2)	—	(93.4)
Other income (expense) - net	0.7	1.1	(1.5)	—	0.3
Equity in net earnings of subsidiaries	408.6	156.7	66.4	(631.7)	—
Income Before Income Taxes	604.1	224.1	604.6	(615.5)	817.3
Income taxes	59.9	0.4	212.8	—	273.1
Net Income	\$ 544.2	\$ 223.7	\$ 391.8	\$ (615.5)	\$ 544.2
Other comprehensive income, net of tax	7.4	9.0	4.1	(13.1)	7.4
Comprehensive Income	\$ 551.6	\$ 232.7	\$ 395.9	\$ (628.6)	\$ 551.6

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

The J. M. Smucker Company

CONDENSED CONSOLIDATING BALANCE SHEETS

April 30, 2015

	The J. M. Smucker Company (Parent)	Subsidiary Guarantors	Non-Guarantor Subsidiaries	Eliminations	Consolidated
ASSETS					
Current Assets					
Cash and cash equivalents	\$ 7.1	\$ —	\$ 118.5	\$ —	\$ 125.6
Inventories	—	180.3	979.6	3.7	1,163.6
Other current assets	427.4	4.8	343.5	(12.6)	763.1
Total Current Assets	434.5	185.1	1,441.6	(8.9)	2,052.3
Property, Plant, and Equipment-Net	258.0	591.3	829.0	—	1,678.3
Investments in Subsidiaries	14,610.4	4,179.7	272.4	(19,062.5)	—
Intercompany Receivable	—	305.2	133.1	(438.3)	—
Other Noncurrent Assets					
Goodwill	1,082.0	—	4,927.8	—	6,009.8
Other intangible assets-net	501.1	—	6,449.2	—	6,950.3
Other noncurrent assets	55.6	10.5	125.8	—	191.9
Total Other Noncurrent Assets	1,638.7	10.5	11,502.8	—	13,152.0
Total Assets	\$16,941.6	\$5,271.8	\$14,178.9	\$(19,509.7)	\$16,882.6
LIABILITIES AND SHAREHOLDERS' EQUITY					
Current Liabilities	\$ 484.0	\$ 82.6	\$ 468.6	\$ (12.6)	\$ 1,022.6
Noncurrent Liabilities					
Long-term debt	5,944.9	—	—	—	5,944.9
Deferred income taxes	106.9	—	2,366.4	—	2,473.3
Intercompany payable	3,080.2	—	—	(3,080.2)	—
Other noncurrent liabilities	238.7	15.2	101.0	—	354.9
Total Noncurrent Liabilities	9,370.7	15.2	2,467.4	(3,080.2)	8,773.1
Total Liabilities	9,854.7	97.8	2,936.0	(3,092.8)	9,795.7
Total Shareholders' Equity	7,086.9	5,174.0	11,242.9	(16,416.9)	7,086.9
Total Liabilities and Shareholders' Equity	\$16,941.6	\$5,271.8	\$14,178.9	\$(19,509.7)	\$16,882.6

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

The J. M. Smucker Company

CONDENSED CONSOLIDATING BALANCE SHEETS

April 30, 2014

	The J. M. Smucker Company (Parent)	Subsidiary Guarantors	Non-Guarantor Subsidiaries	Eliminations	Consolidated
ASSETS					
Current Assets					
Cash and cash equivalents	\$ 6.8	\$ —	\$ 146.7	\$ —	\$ 153.5
Inventories	—	173.3	761.4	(3.7)	931.0
Other current assets	360.2	9.9	94.6	(10.1)	454.6
Total Current Assets	367.0	183.2	1,002.7	(13.8)	1,539.1
Property, Plant, and Equipment - Net	233.6	551.1	480.9	—	1,265.6
Investments in Subsidiaries	8,367.6	4,063.3	237.9	(12,668.8)	—
Intercompany Receivable	—	315.5	1,132.2	(1,447.7)	—
Other Noncurrent Assets					
Goodwill	1,082.0	—	2,016.2	—	3,098.2
Other intangible assets - net	505.5	—	2,518.8	—	3,024.3
Other noncurrent assets	58.5	11.1	63.4	—	133.0
Total Other Noncurrent Assets	1,646.0	11.1	4,598.4	—	6,255.5
Total Assets	\$10,614.2	\$5,124.2	\$7,452.1	\$ (14,130.3)	\$9,060.2
LIABILITIES AND SHAREHOLDERS' EQUITY					
Current Liabilities	\$ 590.7	\$ 103.8	\$ 201.4	\$(10.1)	\$ 885.8
Noncurrent Liabilities					
Long-term debt	1,873.1	—	—	—	1,873.1
Deferred income taxes	107.6	—	913.1	—	1,020.7
Intercompany payable	2,792.9	—	—	(2,792.9)	—
Other noncurrent liabilities	220.3	12.8	17.9	—	251.0
Total Noncurrent Liabilities	4,993.9	12.8	931.0	(2,792.9)	3,144.8
Total Liabilities	5,584.6	116.6	1,132.4	(2,803.0)	4,030.6
Total Shareholders' Equity	5,029.6	5,007.6	6,319.7	(11,327.3)	5,029.6
Total Liabilities and Shareholders' Equity	\$10,614.2	\$5,124.2	\$7,452.1	\$ (14,130.3)	\$9,060.2

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

The J. M. Smucker Company

CONDENSED CONSOLIDATING STATEMENTS OF CASH FLOWS

Year Ended April 30, 2015

	The J. M. Smucker Company (Parent)	Subsidiary Guarantors	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Net Cash Provided by Operating Activities	\$ 239.2	\$ 87.8	\$ 406.2	\$ –	\$ 733.2
Investing Activities					
Businesses acquired, net of cash acquired	(1,240.0)	–	(80.5)	–	(1,320.5)
Additions to property, plant, and equipment	(56.3)	(93.3)	(98.1)	–	(247.7)
Proceeds from disposal of property, plant, and equipment	–	1.1	1.5	–	2.6
Equity investments in subsidiaries	(2,715.3)	–	–	2,715.3	–
Repayments from (disbursements of) intercompany loans	–	10.2	(297.5)	287.3	–
Other - net	–	(5.8)	(24.3)	–	(30.1)
Net Cash (Used for) Provided by Investing Activities	(4,011.6)	(87.8)	(498.9)	3,002.6	(1,595.7)
Financing Activities					
Short-term repayments - net	(5.3)	–	(17.1)	–	(22.4)
Proceeds from long-term debt	5,382.5	–	–	–	5,382.5
Repayments of long-term debt, including make-whole payments	(1,580.8)	–	(2,613.1)	–	(4,193.9)
Quarterly dividends paid	(254.0)	–	–	–	(254.0)
Purchase of treasury shares	(24.3)	–	–	–	(24.3)
Proceeds from stock option exercises	0.8	–	–	–	0.8
Investments in subsidiaries	–	–	2,715.3	(2,715.3)	–
Intercompany payable	287.3	–	–	(287.3)	–
Other - net	(33.5)	–	8.0	–	(25.5)
Net Cash Provided by (Used for) Financing Activities	3,772.7	–	93.1	(3,002.6)	863.2
Effect of exchange rate changes on cash	–	–	(28.6)	–	(28.6)
Net decrease in cash and cash equivalents	0.3	–	(28.2)	–	(27.9)
Cash and cash equivalents at beginning of year	6.8	–	146.7	–	153.5
Cash and Cash Equivalents at End of Year	\$ 7.1	\$ –	\$ 118.5	\$ –	\$ 125.6

() Denotes use of cash

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

The J. M. Smucker Company

CONDENSED CONSOLIDATING STATEMENTS OF CASH FLOWS

	Year Ended April 30, 2014				
	The J. M. Smucker Company (Parent)	Subsidiary Guarantors	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Net Cash Provided by Operating Activities	\$ 297.8	\$ 168.5	\$ 389.7	\$ –	\$ 856.0
Investing Activities					
Businesses acquired, net of cash acquired	–	–	(101.8)	–	(101.8)
Additions to property, plant, and equipment	(31.1)	(163.2)	(85.2)	–	(279.5)
Sales and maturities of marketable securities	10.0	–	–	–	10.0
Proceeds from disposal of property, plant, and equipment	–	0.6	10.1	–	10.7
Equity investments in subsidiaries	(108.9)	(17.1)	–	126.0	–
Repayments from (disbursements of) intercompany loans	–	9.3	(283.0)	273.7	–
Other - net	(3.2)	0.2	(6.7)	–	(9.7)
Net Cash (Used for) Provided by Investing Activities	(133.2)	(170.2)	(466.6)	399.7	(370.3)
Financing Activities					
Short-term borrowing - net	248.4	–	–	–	248.4
Repayments of long-term debt	(50.0)	–	–	–	(50.0)
Quarterly dividends paid	(238.0)	–	–	–	(238.0)
Purchase of treasury shares	(508.5)	–	–	–	(508.5)
Proceeds from stock option exercises	0.5	–	–	–	0.5
Investments in subsidiaries	–	–	126.0	(126.0)	–
Intercompany payable	273.7	–	–	(273.7)	–
Other - net	8.1	1.7	(37.7)	–	(27.9)
Net Cash (Used for) Provided by Financing Activities	(265.8)	1.7	88.3	(399.7)	(575.5)
Effect of exchange rate changes on cash	–	–	(13.1)	–	(13.1)
Net decrease in cash and cash equivalents	(101.2)	–	(1.7)	–	(102.9)
Cash and cash equivalents at beginning of year	108.0	–	148.4	–	256.4
Cash and Cash Equivalents at End of Year	\$ 6.8	\$ –	\$ 146.7	\$ –	\$ 153.5

() Denotes use of cash

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

The J. M. Smucker Company

CONDENSED CONSOLIDATING STATEMENTS OF CASH FLOWS

	Year Ended April 30, 2013				
	The J. M. Smucker Company (Parent)	Subsidiary Guarantors	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Net Cash Provided by Operating Activities	\$ 201.7	\$ 46.4	\$ 607.7	\$ –	\$ 855.8
Investing Activities					
Additions to property, plant, and equipment	(33.6)	(103.1)	(69.8)	–	(206.5)
Proceeds from disposal of property, plant, and equipment	–	0.1	3.2	–	3.3
Equity investments in subsidiaries	(3.7)	(174.2)	–	177.9	–
Repayments from (disbursements of) intercompany loans	–	227.4	(693.6)	466.2	–
Other - net	(9.5)	3.4	23.7	–	17.6
Net Cash (Used for) Provided by Investing Activities	(46.8)	(46.4)	(736.5)	644.1	(185.6)
Financing Activities					
Repayments of long-term debt	(50.0)	–	–	–	(50.0)
Quarterly dividends paid	(222.8)	–	–	–	(222.8)
Purchase of treasury shares	(364.2)	–	–	–	(364.2)
Proceeds from stock option exercises	2.2	–	–	–	2.2
Investments in subsidiaries	9.9	–	168.0	(177.9)	–
Intercompany payable	466.2	–	–	(466.2)	–
Other - net	3.5	–	(9.7)	–	(6.2)
Net Cash (Used for) Provided by Financing Activities	(155.2)	–	158.3	(644.1)	(641.0)
Effect of exchange rate changes on cash	–	–	(2.5)	–	(2.5)
Net (decrease) increase in cash and cash equivalents	(0.3)	–	27.0	–	26.7
Cash and cash equivalents at beginning of year	108.3	–	121.4	–	229.7
Cash and Cash Equivalents at End of Year	\$ 108.0	\$ –	\$ 148.4	\$ –	\$ 256.4

() Denotes use of cash

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

The J. M. Smucker Company

NOTE 16

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 of Directors (“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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

The J. M. Smucker Company

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 BAG, or any of its affiliates will be deemed to be an acquiring person for purposes of the plan.

Repurchase Programs: We did not repurchase any shares in 2015 and at April 30, 2015, had approximately 10.0 million common shares available for repurchase under the Board's authorizations. We do not expect to repurchase any of these shares in the near term due to our focus on debt repayment.

We repurchased 4.9 million common shares for \$495.0 in 2014 and 4.0 million common shares for \$359.4 in 2013.