

SMUCKER J M CO
Form DEF 14A
July 10, 2001
Table of Contents

SCHEDULE 14A

(Rule 14A-101)
INFORMATION REQUIRED IN PROXY STATEMENT
SCHEDULE 14A INFORMATION
Proxy Statement Pursuant to Section 14(a) of the Securities
Exchange Act of 1934
(Amendment No.)

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

Confidential, for Use of the Commission Only
(as permitted by Rule 14a-6(e)(2))

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Pursuant to Rule 14a-11(c) or Rule 14a-12.

The J. M. Smucker Company

(Name of Registrant as Specified in its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

No fee required.

Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:

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(3) Filing Party:

(4) Date Filed:

TABLE OF CONTENTS

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

GENERAL INFORMATION

ELECTION OF DIRECTORS

REPORT OF THE AUDIT COMMITTEE OF THE BOARD OF DIRECTORS

REPORT OF THE EXECUTIVE COMPENSATION COMMITTEE OF THE BOARD OF DIRECTORS

OWNERSHIP OF COMMON SHARES

PROPOSAL TO APPROVE NONEMPLOYEE DIRECTOR STOCK OPTION PLAN

RATIFICATION OF APPOINTMENT OF INDEPENDENT AUDITORS

ANNUAL REPORT

2002 SHAREHOLDER PROPOSALS

OTHER MATTERS

VOTING RIGHTS OF COMMON SHARES

CONFIRMATION OF BENEFICIAL OWNERSHIP

AUDIT COMMITTEE CHARTER

NONEMPLOYEE DIRECTOR STOCK OPTION PLAN

Table of Contents

Notice of

2001 Annual Meeting of Shareholders and Proxy Statement

[SMUCKER S LOGO]

Table of Contents

THE J. M. SMUCKER COMPANY

STRAWBERRY LANE
ORRVILLE, OHIO 44667-0280

Dear Shareholder:

You are cordially invited to attend The J. M. Smucker Company's Annual Meeting of Shareholders at 11:00 a.m., eastern daylight time, on Tuesday, August 14, 2001, in Fisher Auditorium at the Ohio Agricultural Research and Development Center, 1680 Madison Avenue, Wooster, Ohio. A map showing the location of Fisher Auditorium is on the back cover. A notice of the annual meeting and the proxy statement follow.

If you are a record holder of common shares, you also will find enclosed a proxy card and an envelope in which to return it. Whether or not you plan to attend the meeting, please sign, date, and return the proxy card at your earliest convenience. For more information concerning voting by proxy, please see the sections of the proxy statement entitled "Voting Rights of Common Shares" and "Confirmation of Beneficial Ownership."

PLEASE NOTE THAT ADMISSION TO THE MEETING WILL BE BY ADMISSION CARD ONLY. If you plan to attend the meeting, you may obtain an admission card as follows:

1. If you are a record holder of common shares, please mark the appropriate box on the enclosed proxy card so that we can mail an admission card to you in advance of the meeting.
2. If you are not a record holder, but instead hold common shares in the name of your broker, bank, or other nominee, please write to the corporate secretary to request an admission card and furnish proof of shareholder status, such as a bank or brokerage firm account statement.

Sincerely,

/s/ Tim Smucker
Chairman and
Co-Chief Executive Officer

/s/ Richard K. Smucker
President and
Co-Chief Executive Officer

Table of Contents

THE J. M. SMUCKER COMPANY

STRAWBERRY LANE
ORRVILLE, OHIO 44667-0280

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

The 2001 Annual Meeting of Shareholders of The J. M. Smucker Company will be held at 11:00 a.m., eastern daylight time, on Tuesday, August 14, 2001, in Fisher Auditorium at the Ohio Agricultural Research and Development Center, 1680 Madison Avenue, Wooster, Ohio, for the following purposes:

- (1) to elect directors to the class whose term of office will expire in 2004;
- (2) to approve the Nonemployee Director Stock Option Plan;

(3) to ratify the appointment of Ernst & Young LLP as our independent auditors for the 2002 fiscal year; and

(4) to consider any other matter that may properly come before the meeting.

Please note that admission to the meeting will be by admission card only. If you plan to attend the meeting, you may obtain an admission card as follows:

If you are a record holder of common shares, mark the appropriate box on the enclosed proxy card so that we can mail an admission card to you in advance of the meeting.

If you are not a record holder, but instead hold common shares in the name of your broker, bank, or other nominee, write to the corporate secretary at Strawberry Lane, Orrville, Ohio 44667-0280, to request an admission card. Please remember to furnish proof of shareholder status, such as a bank or brokerage firm account statement.

All shareholders **with admission cards** are cordially invited to attend the meeting, although only those shareholders of record at the close of business on June 15, 2001, are entitled to notice of the meeting and to vote at the meeting or any adjournment or postponement of the meeting.

STEVEN J. ELLCESSOR
*Vice President-Finance and Administration,
Secretary, and General Counsel*

Orrville, Ohio, July 10, 2001

**Your vote is important. Please return your signed and
dated proxy card at your earliest convenience.
You can find instructions for voting on the enclosed proxy card.**

Table of Contents

GENERAL INFORMATION

Record Date; Voting Information

Smucker's board of directors has fixed the close of business on June 15, 2001, as the record date for the determination of shareholders entitled to notice of and to vote at the annual meeting of shareholders to be held on August 14, 2001. As of the record date, Smucker had outstanding and entitled to vote at the meeting 24,418,781 common shares.

Our amended articles of incorporation provide generally that each common share may entitle the holder to ten votes on each matter to be considered at the meeting. If, though, there has been a change in beneficial ownership of a common share during the four years immediately preceding the record date, the current owner of that share will be entitled to only one vote with respect to that share until four years pass without a change in beneficial ownership of the share.

Common shares that formerly were Class B common shares prior to the combination of the Class A and Class B common shares on August 28, 2000, are an exception to these general voting provisions. Holders of these formerly Class B common shares are currently entitled to one vote per share. They will become entitled to ten votes per share once the former Class B common shares have been held without a change in beneficial ownership for a period of at least four years from and after August 28, 2000.

Based on the information with respect to beneficial ownership we possess on the date of this document, the holders of between 4,232,120 and 11,740,988 common shares will be entitled to exercise ten votes per share at the meeting, and the holders of the remainder of the outstanding common shares will be entitled to exercise one vote per share. The actual voting power of each holder of common shares will be based on information we possess at the time of the annual meeting. For a more detailed explanation of the voting rights of the common shares, see [Voting Rights of Common Shares](#) beginning on page 19.

At the annual meeting, the inspector of elections will tabulate the results of shareholder voting. The presence in person or by proxy at the annual meeting of the holders of shares entitled to exercise at least a majority of the outstanding voting power of the common shares, giving effect to ten-vote shares, constitutes a quorum for the annual meeting. Properly signed proxies that are marked [abstain](#) are known as [abstentions](#). Properly signed proxies that are held in [street name](#) by brokers and not voted on one or more of the items before the annual meeting but are otherwise voted on at least one item, are known as [broker non-votes](#). Abstentions and broker non-votes will be counted for the purposes of determining whether a quorum has been achieved at the annual meeting.

In the election of directors, the three candidates receiving the greatest number of votes will be elected. Votes withheld in respect of any candidate in the election of directors will have no impact on the election. The affirmative vote of the holders of at least a majority of the votes cast at the meeting is required to approve the Nonemployee Director Stock Option Plan and to ratify the appointment of the independent auditors; only affirmative and negative votes will be counted, and abstentions and broker non-votes will have no effect on the outcome of the vote.

Voting by Proxy; Revocation of Proxies

If you sign and return the enclosed proxy card, your shares will be voted as indicated on the card. Without affecting any vote previously taken, if you are a record holder, you may revoke your proxy in any of the following ways:

sending a written notice to the corporate secretary of Smucker that is received prior to the annual meeting and states that you are revoking your proxy;

signing a new, later dated proxy card that is received by our proxy solicitor prior to the annual meeting; or

obtaining an admission card, attending the annual meeting, and voting in person.

Table of Contents

If your broker holds your shares, you must contact your broker in order to revoke your proxy. Your presence at the annual meeting will not, in and of itself, revoke your proxy. You must take affirmative action in order to revoke your proxy.

Cumulative Voting

Under Ohio law, all of the common shares may be voted cumulatively in the election of directors if a shareholder of record wishing to exercise cumulative voting rights provides written notice to our president or our secretary not less than 48 hours before the time of the meeting. The notice must state that the shareholder desires that the voting at the election be cumulative. Also, an announcement of the giving of the notice must be made when the meeting is convened by the chairman or the secretary or by or on behalf of the shareholder giving the notice. Under cumulative voting, the number of votes to which each shareholder otherwise is entitled is multiplied by the number of directors to be elected, and the shareholder then may cast that aggregate number of votes all for one candidate, or may spread

them out among the candidates as the shareholder deems appropriate.

We intend to vote all proxies we solicit whether or not there is cumulative voting at the meeting. In the event that there is cumulative voting, unless a shareholder provides contrary instructions on his or her proxy, all votes represented by proxies will be divided evenly among the nominees named in this document, unless it appears that voting in that way would not be effective to elect all of those nominees. In that case, the votes represented by proxies will be cast at the discretion of the board of directors so as to maximize the number of nominees elected.

Proxy Solicitation Information

We are furnishing this document to you in connection with the solicitation by our board of directors of the enclosed form of proxy for our August 14, 2001, annual meeting. In addition to solicitation by mail, we may solicit proxies in person, by telephone, telecopy, or e-mail. Also, we have engaged a professional proxy solicitation firm, Georgeson Shareholder Communications Inc., to assist us in soliciting proxies. Smucker will pay to Georgeson Shareholder Communications Inc. a fee of \$7,500, plus expenses, for its services and will bear all costs of the proxy solicitation.

Table of Contents

ELECTION OF DIRECTORS

(Item 1 on Proxy)

Unless instructed otherwise, the proxy holders intend to vote for the election of Kathryn W. Dindo, Richard K. Smucker, and William H. Steinbrink, as directors, each for a term of three years. These individuals comprise the class of directors whose terms of office expire this year and who are standing for reelection.

In the event of the death or inability to act of any of the candidates for directors, the proxy to that extent will be voted for such other person or persons as the board of directors may recommend. Smucker's management has no reason to believe that the persons listed as candidates for directors will be unable to serve.

The members of the board of directors, including those who are nominees for election, with information as to each of them based on data furnished to Smucker by these persons as of June 30, 2001, are as follows:

[VINCENT C. BYRD PHOTO]	VINCENT C. BYRD	Mr. Byrd, 46, has been a director since April 1999. He has been vice president and general manager, consumer market of Smucker since January 1995. Mr. Byrd also is a director of Spangler Candy Company, a manufacturer of confectionery products. His term will expire in 2002.
[KATHRYN W. DINDO PHOTO]	KATHRYN W. DINDO	Ms. Dindo, 52, has been a director since February 1996. She has been vice president of FirstEnergy Corp., a utility holding company, since 1998. Prior to that time, she was vice president and controller of Caliber System, Inc., a subsidiary of FDX Corporation, a transportation services company, since January 1996. Ms. Dindo is chair of the audit committee. Her proposed term would expire in 2004.
[FRED A. DUNCAN PHOTO]	FRED A. DUNCAN	Mr. Duncan, 55, has been a director since April 1999. He has been vice president and general manager, industrial market of Smucker since February 1995. Mr. Duncan also is a director of Bush Brothers and

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Company and Rocco, Inc., both of which are food processing and manufacturing companies. His term will expire in 2003.

[ELIZABETH VALK
LONG PHOTO]

ELIZABETH VALK LONG

Ms. Long, 51, has been a director since May 1997. She has been executive vice president of Time Inc., a subsidiary of AOL Time Warner, a media and entertainment company, since May 1995. She is also a director of Wachovia Corporation, a bank holding company, and Steelcase Corporation, a furniture and office systems manufacturer. Ms. Long is a member of the audit committee. Her term will expire in 2002.

3

Table of Contents

[RUSSELL G. MAWBY
PHOTO]

RUSSELL G. MAWBY

Dr. Mawby, 73, has been a director since 1983. He was chairman and chief executive officer of the W.K. Kellogg Foundation, Battle Creek, Michigan, until his retirement in 1995 and is now chairman emeritus. Dr. Mawby is chairman of the nominating committee and a member of the executive compensation committee. His term expires this year.

[CHARLES S. MECHEM,
JR. PHOTO]

CHARLES S. MECHEM, JR.

Mr. Mechem, 70, has been a director since 1982. He retired as chairman of Convergys Corporation, a provider of customer management products and services, in 2000, a post he was elected to in 1999. Prior to that he was chairman of Cincinnati Bell Inc., a telecommunications services holding company, since April 1996. He has also been a consultant with Arnold Palmer Enterprises since March 1996. He retired in December 1995 as commissioner of the Ladies Professional Golf Association and is now commissioner emeritus of that organization. He also is a director of the Ladies Professional Golf Association, Royal Precision, Inc., a manufacturer of steel golf shafts, Molecular Circuitry, Inc., a science-based biotech company, and Myers Y. Cooper, a commercial real estate broker. Mr. Mechem is chairman of the executive compensation committee and a member of the nominating committee. His term will expire in 2003.

[RICHARD K.
SMUCKER PHOTO]

RICHARD K. SMUCKER

Mr. Smucker, 53, has been a director since 1975. He is the president and co-chief executive officer of Smucker. Mr. Smucker also is a director of Wm. Wrigley Jr. Company, a manufacturer of confectionery, primarily chewing gum products, The Sherwin-Williams Company, a manufacturer of coatings and related products, and International Multifoods Corporation, a manufacturer and marketer of food products and a food service distribution company. Mr. Smucker is the brother of Tim Smucker. His proposed term would expire in 2004.

[TIMOTHY P.
SMUCKER PHOTO]

TIMOTHY P. SMUCKER

Mr. Smucker, 57, has been a director since 1973. He is the chairman and co-chief executive officer of Smucker. Mr. Smucker also is a director of Huntington BancShares Incorporated, a bank holding company, Dreyer's Grand Ice Cream Inc., a manufacturer and distributor of premium ice cream products, and The Earthgrains Company, a manufacturer of bread and bakery products. He is a member of the nominating committee. Mr. Smucker is the brother of Richard Smucker. His term will expire in 2003.

4

Table of Contents

WILLIAM H. STEINBRINK

[WILLIAM H.
STEINBRINK PHOTO]

Mr. Steinbrink, 58, has been a director since 1994. He is the former president and chief executive officer of CSM Industries, Inc., a manufacturer of specialty metals, a position he held between November 1996 and November 2000. Prior to that time, he was president and chief executive officer of Laurel Industries, Inc., a manufacturer of specialty chemicals. Mr. Steinbrink is a member of the executive compensation committee. His proposed term would expire in 2004.

[WILLIAM WRIGLEY,
JR. PHOTO] WILLIAM WRIGLEY, JR.

Mr. Wrigley, 37, has been a director since 1992. From 1991 to 1999 he was vice president, and from 1999 he has been president and chief executive officer, of Wm. Wrigley Jr. Company, a manufacturer of confectionery, primarily chewing gum products. Mr. Wrigley also is a director of Wm. Wrigley Jr. Company as well as a trustee of Northwestern University. Mr. Wrigley is a member of the audit committee. His term will expire in 2002.

The board of directors recommends a vote FOR each of the nominees for election to the board of directors.

Director Compensation

Directors of Smucker who are not also employees are compensated for services as a director on the basis of \$24,000 per year, plus \$1,000 per year (\$3,000 per year for the chairman) for each committee on which the director serves. Nonemployee directors may elect to receive all or 50% of their annual retainer and committee fees in the form of units under Smucker's Nonemployee Director Stock Plan. All units, together with dividends credited thereon, are paid out in the form of common shares upon termination of service as a director.

If approved by the shareholders of Smucker, the board of directors will implement a Nonemployee Director Stock Option Plan. The plan is designed to provide additional compensation for nonemployee directors of Smucker and to attract and retain candidates of the highest quality to serve on the board. It provides for an annual grant of 1,500 stock options to each eligible nonemployee director. The options granted under this plan will fully vest six months after the date of grant and will have a term of ten years. If approved by the shareholders of Smucker, the initial grant of options will be made on September 1, 2001. See Proposal to Approve Nonemployee Director Stock Option Plan beginning on page 16.

Meetings and Committee Reports

During the 2001 fiscal year there were six meetings of the Smucker's board of directors. All directors attended at least 75% of the total number of board and committee meetings for which they were eligible. The board of directors has a nominating committee, an audit committee, and an executive compensation committee.

Nominating Committee. The nominating committee met once during the 2001 fiscal year. This committee is responsible for recommending to the board of directors nominees for election as directors and for considering suggestions forwarded by shareholders to the secretary of Smucker concerning qualified candidates for election as directors.

Audit Committee. The audit committee met three times during the 2001 fiscal year. The principal functions of this committee include: reviewing with the independent auditors of Smucker the scope and thoroughness of the auditors' examination and considering recommendations of the independent auditors; recommending to the board of directors the appointment of independent auditors for the year; and reviewing

Table of Contents

the sufficiency of Smucker's system of internal controls with the financial officers, the independent auditors, and, to the extent the committee deemed necessary, legal counsel.

Executive Compensation Committee. The executive compensation committee met three times during the 2001 fiscal year. The principal functions of this committee include: fixing the compensation of executives of Smucker; administering Smucker's restricted stock bonus and stock option programs; and, considering employee benefit programs generally.

REPORT OF THE AUDIT COMMITTEE

OF THE BOARD OF DIRECTORS

The audit committee of the board of directors serves as the primary communication link between the board of directors as the representative of the shareholders, on the one hand, and Smucker's independent and internal auditors, on the other hand. Management has the primary responsibility for financial statements and the reporting process including the systems of internal control. The committee operates under a written charter adopted by the board of directors that is included in this proxy statement as *Appendix A*.

In fulfilling its responsibilities, the committee reviewed with management the audited financial statements and related financial statement disclosures to be included in Smucker's Annual Report on Form 10-K. Also, the committee reviewed with the independent auditors their judgments as to the quality, not just the acceptability, of Smucker's accounting principles. The committee's review with the independent auditors also included a discussion of other matters required under generally accepted accounting standards, including those matters required by the Statement on Auditing Standards No. 61.

The committee has received the written disclosures from the independent auditors required by the Independence Standards Board Statement No. 1 and has discussed those disclosures with the independent auditors. The committee has considered the compatibility of nonaudit services with the auditors' independence.

The committee has discussed with Smucker's internal and independent auditors the overall scope and plans for their respective audits. The committee met with the internal and independent auditors to discuss the results of the auditors' examinations, their evaluation of Smucker's internal controls, and the overall quality of Smucker's financial reporting.

In reliance on the reviews and discussions referred to above, the committee recommended to the board of directors that the audited financial statements be included in Smucker's Annual Report on Form 10-K for the year ended April 30, 2001. The committee recommended to the board of directors, subject to shareholder approval, the appointment of Ernst & Young LLP, as Smucker's independent auditors for the 2002 fiscal year.

AUDIT COMMITTEE

Kathryn W. Dindo, Chair
Elizabeth Valk Long
William Wrigley, Jr.

Table of Contents

REPORT OF THE EXECUTIVE COMPENSATION COMMITTEE

OF THE BOARD OF DIRECTORS

The executive compensation committee of the board of directors is composed of three independent, nonemployee directors and is responsible for establishing the levels of compensation and benefits for executive officers of Smucker. The committee evaluates Smucker's performance and the compensation paid to its executive officers on an ongoing basis.

Compensation Philosophy

The committee believes that an effective executive compensation program must have two parts. First, it should have a cash component that is competitive enough to retain highly qualified executives, while providing performance-based incentives. The committee believes that Smucker's base salary structure and Management Incentive Plan bonuses combine to meet these requirements.

The second part of the program is equity-based in order to provide long-term incentives and ensure that management's long-term interests are aligned with those of other shareholders. The equity-based components of the compensation program are provided by the Restricted Stock Bonus Plan, the 1987 Stock Option Plan, and the 1998 Equity and Performance Incentive Plan.

Salaries

Base compensation for all salaried positions in Smucker, including executive officers, is determined by reference to individual performance and position within the salary range for the particular job classification. Smucker's human resources department develops the salary ranges and classifications with assistance from outside consultants who help to ensure that the overall salary structure is competitive. Smucker's goal with regard to salaries and compensation is to provide a structure that is competitive with other comparably sized manufacturing companies. Over 300 companies are used for comparison purposes, and many of them are included in the Standard & Poor's Food Group Index (see the total shareholder return graph presented elsewhere in this document). Included in the comparison group are such companies as Campbell Soup Company, General Mills, Inc., Kellogg Company, Mars, Inc., McCormick & Company, Inc., Nestlé USA, Inc, Ralston Purina Company, Sara Lee Corporation, and Wm. Wrigley Jr. Company.

Generally, Smucker targets its salary ranges at approximately the fiftieth percentile. It then adjusts the ranges to account for the fact that most of the comparison companies are significantly larger than Smucker. Overall, the committee believes that Smucker's compensation structure rewards its employees appropriately and is sufficiently competitive to retain key employees.

Although the salary ranges for the executive officers are recommended by the human resources department based on its own research and the advice of outside consultants, those ranges are regularly reviewed by the committee and are subject to its approval, as are any changes to an officer's salary grade level.

Management's salary recommendations for executive officers usually are submitted to the committee for consideration at its April meeting. These recommendations generally are based upon the salary increase guidelines that have been determined by management for all corporate salaries as part of the planning and budgeting process for the coming fiscal year. The average of the salary increases granted to members of the officer group for fiscal year 2001 was 4.4%.

Tim Smucker, Smucker's chairman, and Richard Smucker, Smucker's president, operate jointly as co-chief executive officers. Management submitted no recommendation concerning a salary increase for Tim Smucker or Richard Smucker. The committee determined that each of them should be given an increase of 4% for 2001, equal to the salary increase guideline for Smucker as a whole.

Factors considered when assessing executive officers' performance for compensation purposes, including Tim Smucker and Richard Smucker, include, in no particular order, Smucker's sales and earnings results,

Table of Contents

market share gains, whether Smucker's business plan and strategic goals are being met, and individual performance evaluations. None of these factors, however, is necessarily weighed more heavily than any other.

Management Incentive Plan

Smucker maintains a management incentive program designed to recognize key management members based on their individual performance and their contribution to the achievement of company objectives. A target award is set for each participant based on salary grade level and competitive award levels for similarly situated individuals at comparable manufacturing companies, which are generally the same companies used in establishing base salary ranges. The actual award given, if any, is based on personal performance, Smucker's performance to its earnings goal for the year and, if the participant is part of a strategic business area, that area's performance to its profit goal. No awards are given if Smucker does not meet minimum performance standards, and the maximum award a participant may receive is limited to twice the target award.

After the end of each fiscal year, management presents the committee with a summary and recommendation for management incentive bonuses. The presentation includes:

information on Smucker's performance for the fiscal year just ended (earnings per share for the year with a comparison to the prior year and to Smucker's plan, and operating margins for the strategic business areas);

awards to each individual in the plan in the prior three years;

current salary, salary range, and target award information; and

a specific recommendation based on all of the foregoing.

The committee then reviews the information and recommendations with management and makes a decision as to which recommendations to accept and whether any should be modified.

The management incentive awards for Tim Smucker and Richard Smucker each year are made based on the same factors as those used for other members of the Management Incentive Plan. No recommendation is made by management concerning the individual portion of the awards for the chairman or the president; that amount is determined by the committee based on its appraisal of individual performance.

Smucker's earnings results for fiscal 2001 failed to reach the profit plan goal but exceeded the prior year results by 3%. The results also met the minimum performance standards necessary to support the giving of awards under the plan. As a result, the portion of the awards based on corporate performance (including those given to Tim and Richard Smucker) were equal in each case to approximately 70% of the participant's target award. The amount of the incentive awards based on corporate performance is determined by a mathematical calculation, the elements of which are the

same for all participants, including Tim and Richard Smucker.

In addition to the portion of the award based on corporate performance, the total incentive plan award for each participant includes an amount related to individual performance. This individual performance award is based on an assessment of the participant's individual contributions in helping Smucker to achieve its earnings and other goals. It may be above or below the corporate award portion if the committee feels that to be appropriate in an individual case. In the case of Tim and Richard Smucker, the committee believed that they deserved recognition for their efforts in connection with the Shareholder Value Enhancement Plan implemented during the fiscal year and the resulting improvement in the market value of the Smucker common shares. On that basis, the committee approved an individual performance award for each of them that was slightly greater in amount than their respective corporate awards.

Restricted Stock Bonus Plan

Smucker's Restricted Stock Bonus Plan was implemented in 1981 based on the board of directors' determination that such a plan would help Smucker to attract and retain key senior managers and would give those managers a personal interest in Smucker as a shareholder. The enactment of the 1998 Equity and Performance Incentive Plan permits Smucker to continue making restricted stock awards for those purposes.

8

Table of Contents

Restricted stock awards generally are considered every two years. The last awards made were with respect to the 1999 fiscal year. The committee, therefore, considered awards with regard to the 2001 fiscal year at its May meeting this year. Smucker's human resources department, with the assistance of outside compensation consultants, develops award recommendations based upon a competitive formula designed with the consultants. Participants in the plan are grouped by levels of responsibility, and the recommendations made are based on a percentage of the average salary for the group in which the particular participant is placed.

After determination of the competitive formula recommendations, management reviews those results and prepares a final recommendation, which is presented to the committee along with information on prior awards.

Because the plan is intended to provide long term incentives to participants, the focus in deciding whether to make awards in particular years and in determining the amount of those awards is based on the progress that Smucker is making in implementing its strategy and achieving its longer term goals. After consideration of this factor and discussions with management, the committee accepted management's recommendations that awards be made and determined that the size of the awards should be consistent with the competitive formula recommendations.

Tim and Richard Smucker each received awards of 14,000 shares under the plan this year. That is equal to their respective competitive formula recommendation amounts. Their awards were based on the same factors as all other participants, as discussed in the preceding paragraphs.

Stock Option Plans

The 1987 Stock Option Plan was enacted for two reasons. It was determined by the board of directors that the ability of Smucker to provide the benefits of such a plan was an important element in ensuring that Smucker's overall compensation program for its key managers remained competitive. Also, the board believed that the added long-term incentives provided by the plan would be beneficial to both Smucker and its shareholders. The 1998 Equity and Performance Incentive Plan serves these same purposes. Participants in the plans include both executive officers and other key managers.

Awards under the plans are considered annually and are made by the committee following a review of the recommendations of management. Target grant levels are determined for individual participants based on salary grade level and a determination by Smucker's human resources department of the prevailing competitive award levels for comparably situated individuals at other comparable manufacturing companies. The companies considered are largely the same as those used in establishing base salary ranges. Individual performance and the performance of Smucker are also considered in establishing each proposed award. Although all of these factors are considered in making an award, no specific weight is assigned to them, and the relative importance of each factor may vary from participant to participant. The committee does not specifically consider the total number of options held by a participant in determining the size of a new award, but information with regard to all previous awards is presented to and reviewed by the committee when awards are made.

The options awarded to executive officers during fiscal 2001 (including Tim and Richard Smucker) were for amounts equivalent to the prior year's awards to those participants.

The committee has considered the potential impact on Smucker's compensation plans of the \$1,000,000 cap on deductible compensation under Section 162(m) of the Internal Revenue Code, which was enacted as part of the Omnibus Budget Reconciliation Act of 1993. The committee believes that stock option awards under Smucker's 1998 Equity and Performance Incentive Plan qualify under Section 162(m) as deductible compensation, and there were no restricted stock awards as to which restrictions lapsed in fiscal 2001. Therefore, the committee does not believe that Section 162(m) has any impact on Smucker at this time. The committee will, however, review the matter periodically to assess the need for further action.

Table of Contents

The committee believes that Smucker's compensation plans and practices are sound and well considered. It also believes that the level of compensation provided to the executive officers is appropriately related to both the competitive market and the historic and current performance of Smucker. The committee in the future will continue to focus on these factors and on maintaining a compensation system that will encourage maximization of long-term shareholder value.

EXECUTIVE COMPENSATION COMMITTEE

Charles S. Mechem, Jr., Chairman
 Russell G. Mawby
 William H. Steinbrink

Summary Compensation Table

The following table sets forth a summary of the compensation over the past three fiscal years for our chairman and the other four most highly compensated executive officers.

Summary Compensation Table

Annual Compensation		Long Term Compensation Awards	
Salary	Other Compensation	Restricted Annual Stock Awards	All Other Compensation

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Name & Principal Position	Year	(\$)	(\$)	(\$)	(\$)(1)	(#)(2)	(\$)
Timothy P. Smucker	2001	\$444,739	\$208,760	\$	\$348,040	50,000	\$7,970(3)
Chairman and Co-Chief Executive Officer	2000	432,293	118,420		0	50,000	7,582
	1999	407,692	208,000		331,500	30,000	8,013
Richard K. Smucker	2001	438,000	208,760	348,040	50,000	7,970(3)	
President and Co-Chief Executive Officer	2000	423,277	118,420	0	50,000	7,570	
	1999	400,000	208,000	331,500	30,000	7,782	
Vincent C. Byrd	2001	195,116	103,800	99,440	15,000	7,970(3)	
Vice President and General Manager, Consumer Market	2000	178,748	43,640	0	15,000	7,397	
	1999	169,442	77,300	97,500	10,000	7,979	
Fred A. Duncan	2001	190,401	101,640	99,440	15,000	7,970(3)	
Vice President and General Manager, Industrial Market	2000	183,489	51,500	0	15,000	7,405	
	1999	175,577	81,320	97,500	10,000	8,058	
Steven J. Ellcessor	2001	183,000	68,660	99,440	15,000	7,970(3)	
Vice President-Finance and Administration, Secretary, and General Counsel	2000	173,681	43,520	0	15,000	7,490	
	1999	163,000	63,260	97,500	10,000	7,862	

(1) Smucker's Restricted Stock Bonus Plan was implemented in 1981 and its 1998 Equity and Performance Incentive Plan was implemented in 1998. Shares awarded under the plan are entitled to dividends at the same rate and on the same terms as unrestricted shares of the same class. The aggregate number and value of restricted shares held by the individuals listed above, valued as of April 30, 2001, are as follows: Timothy P. Smucker, 39,000 shares (\$1,020,240); Richard K. Smucker, 39,000 shares (\$1,020,240); Vincent C. Byrd, 12,000 shares (\$313,920); Fred A. Duncan, 12,000 shares (\$313,920); and Steven J. Ellcessor, 12,000 shares (\$313,920).

(2) All options are for common shares. Smucker does not award stock appreciation rights (SARs).

(3) These amounts represent contributions by Smucker on behalf of the individual indicated under the Smucker 401(k) Savings Plan and the value of allocations during the year under the Smucker Employee Stock Ownership Plan. On behalf of each individual listed above, Smucker contributed \$5,100 to the Smucker 401(k) Savings Plan and allocated \$2,870 to the Smucker Employee Stock Ownership Plan.

Table of Contents

Stock Options

The following table summarizes options granted during fiscal 2001 to the officers listed in the Summary Compensation Table under the Smucker 1987 Stock Option Plan and/or the 1998 Equity and Performance Incentive Plan.

Option Grants in Last Fiscal Year(1)

Name	Individual Grants				Potential Realizable Value at Assumed Annual Rates of Stock Price Appreciation for Option Term		
	Options Granted(#)	% of Total Options Granted to Employees in Fiscal Year	Exercise or Base Price (\$/SH)	Expiration Date	0%	5%	10%
Timothy P. Smucker	50,000	12.2%	23.62500	10/23/10	\$0	\$742,900	\$1,882,600
Richard K. Smucker	50,000	12.2%	23.62500	10/23/10	0	742,900	1,882,600
Vincent C. Byrd	15,000	3.6%	23.62500	10/23/10	0	222,900	564,800
Fred A. Duncan	15,000	3.6%	23.62500	10/23/10	0	222,900	564,800
Steven J. Ellcessor	15,000	3.6%	23.62500	10/23/10	0	222,900	564,800

(1) No option granted is transferable except by will or the laws of descent and distribution. Options are exercisable to the extent of one-third of the shares covered by the option after the optionee has been in the continuous employ of Smucker or one of its subsidiaries for one full year from the date of grant, and to the extent of an additional one-third after each of the next two years of continuous employment. Options also become immediately exercisable upon the occurrence of certain events related to a change of control of Smucker.

Options exercised by the officers listed in the preceding table during the 2001 fiscal year, along with the number of unexercised options held by such officers at fiscal year-end and the value of their unexercised, in-the-money options, are set forth in the following table.

Aggregated Option Exercises in Last Fiscal Year and FY-End Option Values

Name	Acquired on Exercise(#)	Value Realized(\$)	Number of Securities Underlying Unexercised Options at FY-End(#) Exercisable/ Unexercisable	Value of Unexercised In-The-Money Options at FY-End(\$) Exercisable/ Unexercisable
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Timothy P. Smucker
 58,000 \$264,750 179,168 93,332 \$706,229 \$439,141
 Richard K. Smucker
 58,000 263,250 179,168 93,332 706,229 439,141
 Vincent C. Byrd
 8,000 44,000 54,668 28,332 289,581 133,330
 Fred A. Duncan
 8,000 32,250 54,668 28,332 289,581 133,330
 Steven J. Ellcessor
 13,000 86,428 46,668 28,332 212,457 133,330

Pension Plan

Under The J. M. Smucker Company Employees Retirement Plan, retirement benefits are payable to all eligible employees of Smucker and its subsidiaries, including officers. The present executive officers of Smucker, including those named in the Summary Compensation Table, are also eligible upon retirement to receive a benefit from a nonqualified supplemental retirement plan. The amounts set forth in the pension plan table below assume participation in the supplemental plan and set forth the estimated annual benefit,

Table of Contents

computed as a straight-life annuity, payable under the retirement plan, as amended, at normal retirement (age 65):

Pension Plan Table

Remuneration	Years of Service				
	15	20	25	30	35
\$125,000	\$ 28,500	\$ 44,000	\$ 50,500	\$ 50,500	\$ 50,500
150,000	38,000	56,500	64,000	64,000	64,000
175,000	47,000	69,000	78,000	78,000	78,000
200,000	56,500	81,500	91,500	91,500	91,500
225,000	66,000	94,000	105,500	105,500	105,500
250,000	75,500	106,500	119,000	119,000	119,000
300,000	94,000	131,500	146,500	146,500	146,500
400,000	131,500	181,500	201,500	201,500	201,500
450,000	150,500	206,500	229,000	229,000	229,000
500,000	169,000				