



November 12, 2012

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TO: Our Valued Customer

SUBJECT: Smucker's® Frozen Handheld Schools Portfolio Updates

Please be advised that a number of changes will be occurring over the next few months with the **Smucker's** Frozen portfolio. These are strategic steps to provide the most efficient and effective long-term strategy for success in our frozen handheld business. Below provides a highlight of the changes that are occurring in time order.

- 1) Apple Cinnamon **Snack'n Waffles**® will no longer be available through FY13. (effective immediately)
- 2) Discontinue **large Smucker's Uncrustables**® sandwiches. (effective December 14, 2012*)
- 3) Discontinue **72-count white and 100% whole wheat Uncrustables** sandwiches. (effective June 30, 2013)
- 4) Exit the **Commodity** business. (effective June 30, 2013)
- 5) **Continue transition Uncrustables** (3 sku's) and **Snack'n Waffles** (5 sku's) (effective July 1, 2013)

*Large sandwiches soft market discontinuation (December – February), therefore be sure to note specific sku for discontinued date

To provide more details behind each of the tasks outlined above, please see below item support details.

1) Apple Cinnamon Snack'n Waffles – Launch Delayed

To ensure success with this new product launch, and deliver the best quality product, we have decided to delay the introduction of this item until our next fiscal year. Within our FY14, we will reintroduce both this item and the re-sized 2.4 oz varieties of waffles. Effective May 1, 2013, 72-count Apple Cinnamon Snack'n Waffles will re-launch into Schools (UPC noted below in section #5).

2) Large sandwiches - Discontinuation

We have chosen to stream-line our product portfolio to maximize consumer interest, and at the same time improve operational efficiencies with a simplified portfolio. As a result, effective as soon as mid-December 2012, through February 2013, or while supplies last (pending specific item), we will no longer offer **large Smucker's Uncrustables** sandwiches. Executing the balance of the year, we are encouraging use of similar small item varieties as replacement options for the large sandwiches.

3) 72-count White & 100% Whole Wheat - Discontinuation

As a branded category, we are addressing the changes to the USDA school meal program guidelines to assist with easier menu planning options. Grain Equivalents have become an important qualifying feature in the new School Year 2013/2014 School Menu requirements (See USDA Meal Program Detail below in section #5). For this reason, effective June 30, 2013, or while supplies last, we will no longer offer **72-count white and 100% whole wheat Uncrustables** sandwiches.

4) Commodity Business – Discontinuation

Effective June 30, 2013, we will no longer be participating in the Commodity school program. We will honor our contracts through the balance of fiscal year 2013 – with the exception of the large sandwiches as previously noted. We are making this decision to maintain and control our commitment to quality. As our company continues to grow, our basic belief in superior quality grows in importance.

5) **New School items - Portfolio Transition**

Effective June 30, 2013, we will be **transitioning the existing “new wheat” *Uncrustables* (3 sku’s) and *Snack’n Waffles* (5 sku’s including Apple Cinnamon re-launch) to new formulations and new UPC’s**. This is due to the efforts to supply our customers with a more extensive product portfolio that complies with the recently released USDA guideline to increase the amount of whole grains offered in each meal by SY2014.

There are a number of changes which have impacted the school meal program. Specific changes to the guidelines that affect the **Smucker** Portfolio include

USDA School Meal Program Changes Effective School Year 2013/2014

1. Age Categories have been reclassified and reflect 3 different sets, per age group, of requirements to the school Breakfast and Lunch programs.
2. At least half of the grains offered must be whole grain-rich in the school Breakfast and Lunch Programs beginning July 1, 2013 (School Year 2013/2014).
3. All grain products must be credited based on per oz. equivalent standards beginning on July 1, 2013 (School Year 2013/2014). The grain component weights have been updated to reflect the change from 14.75 grams of creditable grain to 16.0 grams of creditable grain per oz equivalent.
4. Beginning July 1, 2013 (School Year 2013/2014), schools may substitute 1 oz. equivalent of meat/meat alternate for 1 oz. equivalent of grains, after the minimum daily grains requirement are met at breakfast.

Implications to Smucker’s Frozen Portfolio

With the USDA changes to the school meal program we have made formula changes to our **Smucker** new wheat ***Uncrustables***® and ***Snack’n Waffle***® items to accommodate the changes effective for School Year 2013/2014. With the formula changes we have updated the Grain Equivalent to be a whole number to help with easier meal planning. These new items will be introduced to our portfolio via a hard transition of 8 sku’s with changes summarized as follows:

➡	New Whole Grain Rich =	1 Grain Equivalent, 1 Meat Alternate
	Wheat Small Sandwiches	& 2.6 oz. unit (<i>soy is 2.3 oz. unit</i>)
➡	Waffles =	2 Grain Equivalents

Child Nutrition (CN) Labeling

The new wheat ***Uncrustables*** will reflect updated CN labels (School Year 2013/2014 nutritional requirements).

Your J.M. Smucker Company sales representative will provide you specific details of this change will answer any questions you may have.

The J.M. Smucker Company

Kelly Crouse

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