

SMUCKER J M CO  
Form S-4  
April 05, 2004  
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As filed with the Securities and Exchange Commission on April 5, 2004

Registration No. 333-

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**SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

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**FORM S-4**

**REGISTRATION STATEMENT UNDER THE SECURITIES ACT OF 1933**

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**THE J. M. SMUCKER COMPANY**

*(Exact Name of Registrant as Specified in Its Charter)*

**Ohio**  
*(State or Other Jurisdiction  
of Incorporation or Organization)*

**2033**  
*(Primary Standard Industrial  
Classification Code Number)*

**34-0538550**  
*(I.R.S. Employer  
Identification Number)*

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**Strawberry Lane**  
**Orrville, Ohio 44667-0280**  
**(330) 682-3000**

*(Address, Including Zip Code, and Telephone Number, Including Area Code, of Registrant's Principal Executive Offices)*

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**M. Ann Harlan, Esq.**

**Vice President, General Counsel and Secretary**

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The J. M. Smucker Company

Strawberry Lane

Orrville, Ohio 44667-0280

(330) 682-3000

(Name, Address, Including Zip Code, and Telephone Number, Including Area Code, of Agent for Service)

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Copies to:

William P. Ritchie, Esq.  
Jones Day  
77 West Wacker  
Chicago, Illinois 60601  
(312) 782-3939

David P. Porter, Esq,  
Jones Day  
North Point  
901 Lakeside Avenue  
Cleveland, Ohio 44114-1190  
(216) 586-3939

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**Approximate date of commencement of proposed sale to public:** As soon as practicable following the effective date of this registration statement and the date on which all other conditions to the merger of International Multifoods Corporation with and into MIX Acquisition Corporation pursuant to the merger agreement described in the enclosed document have been satisfied or waived.

If the securities being registered on this form are being offered in connection with the formation of a holding company and there is compliance with General Instruction G, check the following box. "

If this form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. "

If this form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. "

**CALCULATION OF REGISTRATION FEE**

Title of Each Class of Securities to Be Registered	Amount To Be Registered <sup>(1)</sup>	Proposed Maximum Offering Price Per Unit <sup>(2)</sup>	Proposed Maximum Aggregate Offering Price <sup>(3)</sup>	Amount of Registration Fee
Common shares, without par value <sup>(4)</sup>	10,015,813	Not applicable	\$ 391,582,978.30	\$ 49,614
	common shares			

(1) The maximum number of common shares of The J. M. Smucker Company that may be registered is based on the maximum number of shares issuable upon consummation of the merger described in this document.

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- (2) Not included pursuant to Rule 457(o).
- (3) Based upon \$24.72, which is the average high and low prices in the consolidated reporting system of the common stock, par value \$0.10 per share, of International Multifoods Corporation on the New York Stock Exchange on March 30, 2004, multiplied by the maximum number of shares of common stock of International Multifoods Corporation presently outstanding or issuable or expected to be issued in connection with the consummation of the merger described in this document (19,857,149 shares), less \$99,285,745, which is the total cash consideration expected to be paid by The J. M. Smucker Company for the outstanding common stock of International Multifoods Corporation upon consummation of the merger described in this document, in accordance with Rules 457(c) and (f), and estimated solely for the purpose of determining the amount of the registration fee pursuant to Rule 457.
- (4) One preferred share purchase right will attach to and trade with each common share. Those rights are also covered by this registration statement and the value attributed to them, if any, is reflected in the market price of the common shares of The J. M. Smucker Company.

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**The registrant hereby amends this registration statement on such date or dates as may be necessary to delay its effective date until the registrant shall file a further amendment which specifically states that this registration statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until the registration statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.**

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**The information in this joint proxy statement/prospectus is not complete and may be changed. We may not sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This joint proxy statement/prospectus is not an offer to sell these securities and it is not soliciting an offer to buy these securities in any state where the offer or sale is not permitted.**

**PRELIMINARY COPY**

**SUBJECT TO COMPLETION, DATED APRIL 5, 2004**

**MERGER PROPOSED YOUR VOTE IS IMPORTANT**

The boards of directors of The J. M. Smucker Company and International Multifoods Corporation have approved a merger in which Smucker would acquire Multifoods. Upon the successful completion of the merger, Multifoods shareholders will receive a combination of cash and Smucker common shares in exchange for their shares of Multifoods common stock. Pursuant to the merger, each share of Multifoods common stock will be converted into the right to receive the number of Smucker common shares that is equal to \$20 in value based on the average closing price of Smucker common shares for the 20 consecutive trading days ending on the trading day immediately preceding the closing date of the merger, and \$5 in cash, without interest. The proportion of cash and Smucker common shares constituting the merger consideration may be adjusted, however, as described in this document. We expect that the maximum number of Smucker common shares to be exchanged for Multifoods common stock in the merger will be 10,015,813 Smucker common shares. Smucker shareholders will continue to own their Smucker common shares after the merger, and Smucker common shares will continue to be listed on the New York Stock Exchange under the symbol SJM. The closing per share price for Smucker common shares on April 2, 2004, the last trading day prior to the filing of this document, was \$52.01. Upon completion of the merger, Multifoods common stock, which is currently listed on the New York Stock Exchange under the symbol IMC, will be delisted.

Assuming an average closing price of Smucker common shares of \$51.65, which is the average closing price of Smucker common shares for the 20 consecutive trading days ending on April 2, 2004, which is the last trading day prior to the filing of this document, and assuming approximately 1,290,000 outstanding Multifoods options with an average exercise price of \$19.12 were exercised on April 2, 2004, we expect that Multifoods shareholders will hold approximately 13.9% of the outstanding Smucker common shares following the merger. Pursuant to the terms of the merger agreement, Smucker will not issue to Multifoods shareholders in the merger more than 19.9% of the Smucker common shares outstanding immediately prior to the merger.

The boards of directors of Smucker and Multifoods believe that the merger will add an attractive array of North American icon brands including Pillsbury baking mixes and ready-to-spread frostings, Hungry Jack, Martha White, Pet, Robin Hood and Bick's to Smucker's leading North American icon brands, which include Smucker's, Jif and Crisco, providing the combined company with greater earnings power and a strong platform for future growth.

We cannot complete the merger unless Smucker shareholders approve the proposal relating to the issuance of Smucker common shares in the merger and Multifoods shareholders adopt and approve the merger agreement and the merger and the transactions contemplated by the merger agreement. Each company has scheduled special meetings for shareholders to vote on these important matters. **The boards of directors of each of Smucker and Multifoods unanimously recommend that you vote FOR the proposals presented at your special meeting.** When you are asked to vote on the proposals on the date of the special meetings, you will not know the exchange ratio or, except in the event the limitation

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described above becomes applicable, the exact number of Smucker common shares that will be issued to Multifoods shareholders in the merger.

**Your vote is very important.** Please vote by completing, signing and dating the enclosed proxy card(s) for your special meeting and mailing the proxy card(s) to us, whether or not you plan to attend your special meeting. If you sign, date and mail your proxy card without indicating how you want to vote, your proxy will be counted as a vote **FOR** each of the proposals presented at your special meeting. In addition, Smucker shareholders of record at the close of business on [ ], 2004 may vote by proxy by calling the toll-free telephone number or by using the internet as described in the instructions included with Smucker shareholders proxy card(s). If you do not return your card, vote by telephone or the internet, if available, or if you do not specifically instruct your broker how to vote any shares held for you in street name, your shares will not be voted on the proposals relating to the merger or the issuance of Smucker common shares in the merger, as applicable, at your special meeting. The special meetings will be held as follows:

**FOR SMUCKER SHAREHOLDERS:**

**FOR MULTIFOODS SHAREHOLDERS:**

[ ], 2004

[ ], 2004

[ ] a.m., Central Daylight Time

[ ] a.m., Central Daylight Time

[ ]

[ ]

This document is a prospectus relating to the proposal relating to the issuance of Smucker common shares in the merger. It is also a joint proxy statement by Smucker and Multifoods for their use in soliciting proxies for the special meetings. This document answers questions about the proposed merger and the special meetings and includes a summary description of the merger. We urge you to review this entire document carefully. **In particular, you should also consider the matters discussed under Risk Factors beginning on page [ ].**

We are very excited about the opportunities the proposed merger brings to the shareholders of Smucker and Multifoods, and we thank you for your consideration and continued support.

\*\*\*\*\*

Timothy P. Smucker  
Chairman and  
Co-Chief Executive Officer  
The J. M. Smucker Company

\*\*\*\*\*

Richard K. Smucker  
President, Co-Chief Executive  
Officer and Chief Financial Officer  
The J. M. Smucker Company

\*\*\*\*\*

Gary E. Costley  
Chairman of the Board, President and  
Chief Executive Officer  
International Multifoods Corporation

**Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or passed upon the adequacy or accuracy of this joint proxy statement/prospectus. Any representation to the contrary is a criminal offense.**

This joint proxy statement/prospectus is dated [ ], 2004,

and is first being mailed to Smucker and Multifoods shareholders on or about [ ], 2004.

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**REFERENCES TO ADDITIONAL INFORMATION**

Except where we indicate otherwise, as used in this document, "Smucker" refers to The J. M. Smucker Company and its consolidated subsidiaries and "Multifoods" refers to International Multifoods Corporation and its consolidated subsidiaries. This document incorporates important business and financial information about Smucker and Multifoods from documents that each company has filed with the Securities and Exchange Commission but that have not been included in or delivered with this document. For a list of documents incorporated by reference into this document, see "Where You Can Find More Information" beginning on page [ ].

This information is available to you without charge upon your written or oral request. You can obtain the documents incorporated by reference into this document by accessing the Securities and Exchange Commission's website maintained at [www.sec.gov](http://www.sec.gov).

In addition, Smucker's Securities and Exchange Commission filings are available to the public on Smucker's website, [www.smuckers.com](http://www.smuckers.com), and Multifoods' filings with the Securities and Exchange Commission are also available to the public on Multifoods' website, [www.multifoods.com](http://www.multifoods.com). Information contained on Smucker's website and Multifoods' website is not incorporated by reference into this document, and you should not consider information contained on those websites as part of this document.

**Smucker will provide you with copies of this information relating to Smucker, without charge, if you request them in writing or by telephone from:**

The J. M. Smucker Company

Strawberry Lane

Orrville, Ohio 44667-0280

Attention: Shareholder Relations (330) 682-3000

**If you would like to request documents from Smucker, please do so by [ ] [ ], 2004 in order to receive them before the Smucker special meeting.**

**Multifoods will provide you with copies of this information relating to Multifoods, without charge, if you request them in writing or by telephone from:**

International Multifoods Corporation

110 Cheshire Lane, Suite 300

Minnetonka, Minnesota 55305

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Attention: Investor Relations (952) 594-3300

**If you would like to request documents from Multifoods, please do so by [ ] [ ], 2004 in order to receive them before the Multifoods special meeting.**

Smucker has supplied all information contained in or incorporated by reference in this document relating to Smucker, and Multifoods has supplied all information contained in or incorporated by reference in this document relating to Multifoods. Smucker and Multifoods have both contributed to information contained in this document relating to the merger.

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**THE J. M. SMUCKER COMPANY**

**Strawberry Lane**

**Orrville, Ohio 44667-0280**

**NOTICE OF SPECIAL MEETING OF SHAREHOLDERS**

A special meeting of shareholders of The J. M. Smucker Company ( Smucker ), will be held at [ ] a.m., Central Daylight Time, on [ ], [ ], 2004. The Smucker special meeting will be held for the following purposes:

1. To consider and vote upon a proposal relating to the issuance of Smucker common shares in a merger of International Multifoods Corporation ( Multifoods ) with and into MIX Acquisition Corporation, a wholly owned subsidiary of Smucker. In the merger, each outstanding share of Multifoods common stock will be converted into the right to receive:

the number of Smucker common shares that is equal to \$20 in value based on the average closing price of Smucker common shares for the 20 consecutive trading days ending on the trading day immediately preceding the closing date of the merger (the average closing price ); and

\$5 in cash, without interest.

The merger agreement provides that if, based on the exchange ratio (\$20 divided by the average closing price), Smucker is required to issue more than 19.9% of the Smucker common shares that are outstanding immediately prior to the issuance of Smucker common shares in the merger, the exchange ratio will be adjusted so that the number of Smucker common shares issued in the merger will not exceed 19.9% of the Smucker common shares outstanding immediately prior to the issuance of such shares in the merger and the cash portion of the merger consideration will be increased so that the value of the merger consideration paid to Multifoods shareholders will be \$25 per share based on the average closing price.

When you are asked to vote on this proposal on the date of the Smucker special meeting, you will not know the exchange ratio or, except in the event that the limitation described above becomes applicable, the exact number of Smucker common shares that will be issued to Multifoods shareholders in the merger.

2. To consider and vote upon a proposal to approve adjournments or postponements of the Smucker special meeting, if necessary, to permit further solicitation of proxies if there are not sufficient votes at the time of the Smucker special meeting to approve the above proposal.

3. To consider and take action upon any other business that may properly come before the Smucker special meeting or any reconvened meeting following an adjournment or postponement of the Smucker special meeting.



Smucker's board of directors has unanimously approved the merger agreement and determined that the terms of the merger agreement, including the issuance of Smucker common shares in the merger, are advisable, fair to and in the best interests of Smucker and its shareholders. Smucker's board of directors unanimously recommends that Smucker shareholders vote FOR the proposal relating to the issuance of Smucker common shares in the merger.

All Smucker shareholders are cordially invited to attend the Smucker special meeting, although only those shareholders of record at the close of business on [ ], [ ], 2004, are entitled to notice of the Smucker special meeting and to vote at the Smucker special meeting and any adjournment or postponement of the Smucker special meeting.

**WHETHER OR NOT YOU PLAN TO ATTEND THE SMUCKER SPECIAL MEETING IN PERSON, PLEASE COMPLETE, DATE, SIGN AND RETURN THE ENCLOSED PROXY CARD(S) IN THE ENCLOSED POSTAGE-PAID ENVELOPE OR VOTE YOUR SMUCKER COMMON SHARES BY CALLING THE TOLL-FREE TELEPHONE NUMBER OR BY USING THE INTERNET AS DESCRIBED IN THE INSTRUCTIONS INCLUDED WITH YOUR PROXY CARD(S) AT YOUR EARLIEST CONVENIENCE.**

\* \* \* \* \*

M. ANN HARLAN

*Vice President, General Counsel and Secretary*

*The J. M. Smucker Company*

**Please vote your shares promptly. You can find instructions for voting on the enclosed proxy card(s).**

---

If you have questions, contact

Georgeson Shareholder Communications, Inc.

Call Toll-Free: (800) 368-9819

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Orrville, Ohio, [ ], 2004

**Your vote is important. Please complete, date, sign and return your proxy card(s) or vote your Smucker common shares by calling the toll-free telephone number or by using the internet as described in the**

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**instructions included with your proxy card(s) at your earliest convenience.**

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**INTERNATIONAL MULTIFOODS CORPORATION**

**110 Cheshire Lane, Suite 300**

**Minnetonka, Minnesota 55305**

**NOTICE OF SPECIAL MEETING OF SHAREHOLDERS**

A special meeting of shareholders of International Multifoods Corporation ( Multifoods ) will be held at [ ] a.m., Central Daylight Time, on [ ], [ ], 2004. The Multifoods special meeting will be held for the following purposes:

1. To adopt and approve the Agreement and Plan of Merger, dated as of March 7, 2004 (the merger agreement ), by and among Multifoods, The J. M. Smucker Company, and MIX Acquisition Corporation, a wholly owned subsidiary of The J. M. Smucker Company, and the merger pursuant to which Multifoods will merge with and into MIX Acquisition Corporation on and subject to the terms contained in the merger agreement and the transactions contemplated by the merger agreement. A copy of the merger agreement is attached as Annex A to the accompanying joint proxy statement/prospectus.
2. To consider and vote upon a proposal to approve adjournments or postponements of the Multifoods special meeting, if necessary, to permit further solicitation of proxies if there are not sufficient votes at the time of the Multifoods special meeting to approve the above proposal.
3. To consider and take action upon any other business that may properly come before the Multifoods special meeting or any reconvened meeting following an adjournment or postponement of the Multifoods special meeting.

**Multifoods board of directors has unanimously approved the merger agreement and determined that the terms of the merger agreement and the merger are advisable, fair to and in the best interests of Multifoods and its shareholders. Multifoods board of directors unanimously recommends that Multifoods shareholders vote FOR the proposal to adopt and approve the merger agreement and the merger and the transactions contemplated by the merger agreement.**

Only shareholders of record at the close of business on [ ], 2004 are entitled to notice of the Multifoods special meeting and to vote at the Multifoods special meeting and any adjournments or postponement of the Multifoods special meeting.

**WHETHER OR NOT YOU PLAN TO ATTEND THE MULTIFOODS SPECIAL MEETING IN PERSON, PLEASE COMPLETE, DATE, SIGN AND RETURN THE ENCLOSED PROXY CARD(S) IN THE ENCLOSED POSTAGE-PAID ENVELOPE AT YOUR EARLIEST CONVENIENCE.**

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Under Delaware law, dissenters' appraisal rights will be available to Multifoods shareholders of record. To exercise your dissenters' appraisal rights, you must strictly follow the procedures prescribed by Delaware law. These procedures are summarized in the accompanying joint proxy statement/prospectus.

\*\*\*\*\*

FRANK W. BONVINO

*Secretary*

*International Multifoods Corporation*

**Please vote your shares promptly. You can find instructions for voting on the enclosed proxy card(s).**

---

If you have questions, contact

Georgeson Shareholder Communications, Inc.

Call Toll-Free: (800) 368-9819

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Minnetonka, Minnesota, [            ], 2004

**Your vote is important. Please complete, date, sign and return your proxy  
card(s) at your earliest convenience.**

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**QUESTIONS AND ANSWERS ABOUT THE SPECIAL MEETINGS AND THE MERGER**

*The following questions and answers briefly address some commonly asked questions about the special meetings and the merger. They may not include all the information that is important to you. We urge you to read carefully this entire document, including the annexes and the other documents to which we have referred you. We have included page references in the answers to the questions to direct you to a more detailed description elsewhere in this document of each topic addressed by the following questions and answers.*

**The Merger**

**Q: When is the Multifoods special meeting?**

A: The Multifoods special meeting will be held on [ ], 2004 at the location and time indicated on the cover of this document. See page [ ].

**Q: When is the Smucker special meeting?**

A: The Smucker special meeting will be held on [ ], 2004 at the location and time indicated on the cover of this document. See page [ ].

**Q: On what are Multifoods shareholders being asked to vote?**

A: Multifoods shareholders are being asked to adopt and approve the merger agreement and the merger and the transactions contemplated by the merger agreement. See page [ ].

**Q: On what are Smucker shareholders being asked to vote?**

A: Smucker shareholders are being asked to approve the issuance of Smucker common shares in the merger. See page [ ].

**Q: Who is eligible to vote at the Multifoods special meeting?**

A: Multifoods shareholders are eligible to vote at the Multifoods special meeting if they were shareholders of record at the close of business on [ ], 2004. See page [ ].

**Q: Who is eligible to vote at the Smucker special meeting?**

A: Smucker shareholders are eligible to vote at the Smucker special meeting if they were shareholders of record at the close of business on [ ], 2004. See page [ ].

**Q: What is the position of Multifoods board of directors regarding the merger?**

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A: Multifoods board of directors has unanimously approved the merger agreement and determined that the transactions contemplated by the merger agreement are advisable, fair to and in the best interests of Multifoods and its shareholders. Multifoods board of directors unanimously recommends that Multifoods shareholders vote **FOR** the proposal to adopt and approve the merger agreement and the merger and the transactions contemplated by the merger agreement. See page [ ].

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**Q: What is the position of Smucker's board of directors regarding the merger?**

A: Smucker's board of directors has unanimously approved the merger agreement and determined that the terms of the merger agreement, including the issuance of Smucker common shares in the merger, are advisable, fair to and in the best interests of Smucker and its shareholders. Smucker's board of directors unanimously recommends that Smucker shareholders vote **FOR** the proposal relating to the issuance of Smucker common shares in the merger. See page [ ].

**Q: Why should I vote in favor of the proposals at my special meeting?**

A: The boards of directors of Smucker and Multifoods believe, among other reasons, that the merger of Smucker and Multifoods will add an attractive array of North American icon brands including *Pillsbury* baking mixes and ready-to-spread frostings, *Hungry Jack*, *Martha White*, *Pet*, *Robin Hood* and *Bick's* to Smucker's leading icon brands, which include *Smucker's*, *Jif* and *Crisco*, providing the combined company with greater earnings power and a strong platform for future growth.

In addition, Multifoods' board of directors is recommending the merger, among other reasons, because the consideration to be received by Multifoods shareholders, as of March 5, 2004, represented a 29.4% premium over the average closing price of Multifoods common stock during the 20 consecutive trading days ending on that date, and a 27.4% premium over the March 5, 2004 closing price of Multifoods common stock, the last trading day prior to the day the proposed merger was announced. See page [ ].

**Q: What vote is needed by Multifoods shareholders to adopt and approve the merger agreement and the merger and the transactions contemplated by the merger agreement?**

A: The merger requires the approval of a majority of the votes entitled to be cast by the holders of outstanding shares of Multifoods common stock. If a Multifoods shareholder does not vote, it will have the same effect as a vote against the merger. See page [ ].

**Q: What vote is needed by Smucker shareholders to approve the proposal relating to the issuance of Smucker common shares in the merger?**

A: The proposal to issue Smucker common shares in the merger requires the approval of a majority of the votes cast in person or by proxy at the Smucker special meeting at which at least a majority of the outstanding voting power of Smucker, giving effect to the ten-votes-per-share provisions of Smucker's articles of incorporation, entitled to vote is present in person or by proxy and votes on the proposal. See page [ ].

**Q: How many votes does each share of Multifoods common stock have?**

A: Each share of Multifoods common stock has one vote per share under Multifoods' certificate of incorporation. See page [ ]. For a copy of Multifoods' certificate of incorporation, see *Where You Can Find More Information* beginning on page [ ].

**Q: How many votes does each Smucker common share have on the proposal relating to the issuance of Smucker common shares in the merger?**

A: Under the time-phase voting structure contained in Smucker's articles of incorporation, each Smucker common share will have ten votes on the proposal relating to the issuance of Smucker common shares in the merger, unless there has been a change in beneficial ownership of that Smucker common share since the effective time of the merger on June 1, 2002 of The Procter & Gamble Ohio Brands Company with



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and into Smucker. In the event that there has been a change in beneficial ownership of a Smucker common share

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since that time, the holder of record on [ ], 2004 of that Smucker common share will have only one vote with respect to that Smucker common share. See page [ ]. For a copy of Smucker's articles of incorporation, see [Where You Can Find More Information](#) beginning on page [ ].

**Q: How do Multifoods' directors and executive officers intend to vote?**

A: Multifoods' directors and executive officers have indicated that they intend to vote their Multifoods common stock **FOR** the proposal to adopt and approve the merger agreement and the merger and the transactions contemplated by the merger agreement. At the close of business on [ ], 2004, the record date for the Multifoods special meeting, directors and executive officers of Multifoods and their affiliates were entitled to vote approximately [ ]% of the shares of Multifoods common stock outstanding on that date. See page [ ].

**Q: How do Smucker's directors and executive officers intend to vote?**

A: Smucker's directors and executive officers have indicated that they intend to vote their Smucker common shares **FOR** the proposal relating to the issuance of Smucker common shares in the merger. At the close of business on [ ], 2004, the record date for the Smucker special meeting, directors and executive officers of Smucker and their affiliates were entitled to vote approximately [ ]% of the Smucker common shares outstanding on that date. A substantial majority of those Smucker common shares will be entitled to ten votes with respect to the proposal relating to the issuance of Smucker common shares in the merger under Smucker's time-phase voting structure. As of [ ], 2004, the record date for the Smucker special meeting, those shares had a minimum of [ ]% and a maximum of [ ]% of the voting power of the outstanding Smucker common shares, giving effect to the ten-votes-per-share provisions of Smucker's articles of incorporation, on the proposal relating to the issuance of Smucker common shares in the merger. We cannot, however, determine the actual voting power of those shares until the special meeting, when we will have received certifications as to the voting power of Smucker common shares that are held in street name by brokers, banks or other nominees.

Tim Smucker and Richard Smucker, each individually and as a trustee of certain trusts for the benefit of members of the Smucker family, have also entered into an agreement with Multifoods that requires them to vote their Smucker common shares for the proposal relating to the issuance of Smucker common shares in the merger and have granted to Multifoods a proxy to vote their Smucker common shares in favor of the proposal relating to the issuance of Smucker common shares in the merger. As of [ ], 2004, the record date for the Smucker special meeting, Tim Smucker and Richard Smucker were entitled to vote, individually or as trustee of the trusts described above, approximately [ ] Smucker common shares in the aggregate, or approximately [ ]% of the outstanding Smucker common shares, all of which will be entitled to ten votes with respect to the proposal relating to the issuance of Smucker common shares in the merger under Smucker's time-phase voting structure. As of [ ], 2004, the record date for the Smucker special meeting, those shares had a minimum of [ ]% and a maximum of [ ]% of the voting power of the outstanding Smucker common shares, giving effect to the ten-votes-per-share provisions of Smucker's articles of incorporation, on the proposal relating to the issuance of Smucker common shares in the merger. We cannot, however, determine the actual voting power of those shares until the special meeting, when we will have received certifications as to the voting power of Smucker common shares that are held in street name by brokers, banks or other nominees. See page [ ].

**Q: What will happen in the proposed merger?**

A: The proposed merger will combine the businesses of Smucker and Multifoods. As a result of the merger of Multifoods with and into a wholly owned subsidiary of Smucker, Multifoods will cease to exist and Smucker will continue as a public company that holds and conducts the combined business of Smucker and Multifoods. Assuming an average closing price of Smucker common shares of \$51.65, which is the

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average closing price of Smucker common shares for the 20 consecutive trading days ending on April 2, 2004, which is the last trading day prior to the filing of this document, and assuming approximately 1,290,000 outstanding Multifoods options with an average exercise price of \$19.12 were exercised on April 2, 2004, we expect that former Multifoods shareholders will hold approximately 13.9% of the outstanding Smucker common shares following the merger. Pursuant to the terms of the merger agreement, Smucker will not issue to Multifoods shareholders in the merger more than 19.9% of the Smucker common shares that will be outstanding immediately prior to the merger. See page [ ].

**Q: What will Multifoods shareholders receive in the merger?**

A: In the merger, Multifoods shareholders will receive for each share of Multifoods common stock:

the number of Smucker common shares that is equal to \$20 in value based on the average closing price of Smucker common shares for the 20 consecutive trading days ending on the trading day immediately preceding the closing date of the merger (the average closing price); and

\$5 in cash, without interest.

The merger agreement provides that if, based on the exchange ratio (\$20 divided by the average closing price), Smucker is required to issue more than 19.9% of the Smucker common shares that are outstanding immediately prior to the issuance of Smucker common shares in the merger, the exchange ratio will be adjusted so that the number of Smucker common shares issued in the merger will not exceed 19.9% of the Smucker common shares outstanding immediately prior to the issuance of such shares in the merger and the cash portion of the merger consideration will be increased so that the value of the merger consideration paid to Multifoods shareholders will be \$25 per share based on the average closing price.

All of the Smucker common shares issued to holders of Multifoods common stock in the merger will initially have ten votes on certain specified matters under Smucker's time-phase voting structure. Upon a change of beneficial ownership of any Smucker common share following the merger, the new holder will be entitled to only one vote on those specified matters until that holder has held that share for four years without a further change in beneficial ownership. With respect to all other matters, including the election of directors, all Smucker common shares issued upon the conversion of shares of Multifoods common stock in the merger, like all other Smucker common shares, will be entitled to one vote per share.

When you are asked to vote on the proposals on the date of the special meetings, you will not know the exchange ratio or, except in the event that the limitation described above becomes applicable, the exact number of Smucker common shares that will be issued to Multifoods shareholders in the merger.

If April 5, 2004 had been the closing date of the merger, the average closing price of Smucker common shares for the 20 consecutive trading days ending on April 2, 2004 would have been \$51.65 and a Multifoods shareholder would have received in the merger (i) .3872 Smucker common shares for each share of Multifoods common stock, and (ii) \$5 in cash, without interest. For a period of approximately one month prior to the special meetings, we will make available a toll-free number that will indicate for each business day what the 20-trading-day average would have been if that particular day had been the closing date of the merger. Information regarding how to access the toll-free number, when it becomes available, will be posted on each of Smucker's and Multifoods' websites. See [Where You Can Find More Information](#) beginning on page [ ].

**Q: Do Multifoods shareholders have dissenters appraisal rights?**

A: Yes. Multifoods shareholders who do not vote in favor of the merger agreement and otherwise comply with the requirements of Delaware law will be entitled to dissenters appraisal rights to receive the statutorily determined fair value of their shares of Multifoods common stock. See page [ ].

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**Q: Do Smucker shareholders have dissenters' appraisal rights?**

A: No. Smucker shareholders do not have dissenters' appraisal rights relating to the merger under Ohio law. See page [ ].

**Q: Will the rights of Multifoods shareholders change as a result of the merger?**

A: Yes. Multifoods shareholders will become Smucker shareholders and their rights as Smucker shareholders will be governed by Ohio law and Smucker's articles of incorporation and regulations. A description of those rights begins on page [ ]. For a copy of Smucker's articles of incorporation or regulations, see "Where You Can Find More Information" beginning on page [ ].

**Q: Will the rights of Smucker shareholders change as a result of the merger?**

A: No. Smucker shareholders' rights will continue to be governed by Smucker's articles of incorporation and regulations, which are not being amended in connection with the merger, and Ohio law. A description of Smucker's capital stock begins on page [ ]. For a copy of Smucker's articles of incorporation or regulations, see "Where You Can Find More Information" beginning on page [ ].

**Q: Are Smucker common shares listed on the New York Stock Exchange?**

A: Yes. Smucker common shares trade on the New York Stock Exchange under the symbol "SJM." See page [ ].

**Q: What will happen to Smucker common shares in the merger?**

A: Each outstanding Smucker common share will remain outstanding as a Smucker common share. See page [ ].

**Q: Are there risks associated with the merger that I should consider in deciding how to vote?**

A: Yes. Among other things, the combined company may not achieve the expected benefits of the merger because of the risks and uncertainties discussed in the sections entitled "Risk Factors" beginning on page [ ] and "Special Note Regarding Forward-Looking Statements" beginning on page [ ]. Those risks include risks relating to the uncertainty that Smucker will be able to integrate Multifoods businesses successfully, uncertainties as to whether the combined company will achieve synergies expected to result from the merger and uncertainties relating to the performance of the combined company following the merger. See page [ ].

**Q: When do you expect to complete the merger?**

A: If the proposals are approved at the special meetings, we expect to complete the merger as soon as practicable after the satisfaction of the conditions to the merger. We currently anticipate that the merger will be completed in June 2004. See page [ ].

**Q: What are the material U.S. federal income tax consequences of the merger to Multifoods shareholders?**

A: Generally, each Multifoods shareholder will recognize gain (but not loss) equal to the lesser of:

the amount of cash received in the merger; and

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the amount, if any, by which the sum of the fair market value as of the effective time of the merger of the Smucker common shares received and the amount of cash received exceeds such shareholder's adjusted tax basis in his, her or its shares of Multifoods common stock.

We encourage Multifoods shareholders to consult their own tax advisors regarding the tax consequences of the merger to them based on their particular circumstances. See "Material U.S. Federal Income Tax Consequences" beginning on page [ ].

## **Procedures**

### **Q: What should I do now?**

A: You should read this document carefully and return your completed, signed and dated proxy card(s) by mail in the enclosed postage-paid envelope as soon as possible so that your shares will be represented and voted at your special meeting. You may vote your shares by signing, dating and mailing the enclosed proxy card(s). In addition, Smucker shareholders of record at the close of business on [ ], 2004 may vote by proxy by calling the toll-free telephone number or by using the internet as described in the instructions included with Smucker shareholders' proxy card(s). A number of banks and brokerage firms participate in a program that also permits shareholders whose shares are held in "street name" to direct their vote by the internet or telephone. This option, if available, will be reflected in the voting instructions from the bank or brokerage firm that accompany this document. If your shares are held in an account at a bank or brokerage firm that participates in such a program, you may direct the vote of these shares by the internet or telephone by following the voting instructions enclosed with the proxy form from the bank or brokerage firm. See page [ ].

### **Q: If I am not going to attend my special meeting, should I return my proxy card(s)?**

A: Yes. Returning your signed and dated proxy card(s) ensures that your shares will be represented and voted at your special meeting, even if you are unable to or do not attend. Instead of returning their proxy card(s), Smucker shareholders may vote by proxy by calling the toll-free telephone number or by using the internet as described in the instructions included with Smucker shareholders' proxy card(s). See page [ ].

### **Q: How will my proxy be voted?**

A: If you complete, sign and date your proxy card(s), or, if available, vote by telephone or the internet, your proxy will be voted in accordance with your instructions. If you sign and date your proxy card(s) but do not indicate how you want to vote, your shares will be voted **FOR** the proposals at your special meeting. If a Multifoods shareholder's shares of Multifoods common stock are voted for the merger proposal at the Multifoods special meeting, that Multifoods shareholder will lose the dissenters' appraisal rights to which that Multifoods shareholder would otherwise be entitled. See page [ ].

### **Q: Can I change my vote after I mail my proxy card(s) or, if available, vote by telephone or the internet?**

A: Yes. If you are a record holder of Smucker common shares at the close of business on [ ], 2004 or Multifoods common stock at the close of business on [ ], you can change your vote by:

sending a written notice to the corporate secretary of Smucker or Multifoods, respectively, that is received prior to the special meeting and states that you revoke your proxy;

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signing and dating a new proxy card(s) and submitting your proxy so that it is received prior to the special meeting or, if available, voting by telephone or the internet prior to the special meeting; or

attending your special meeting and voting in person.



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If your shares are held in street name by your broker, you will need to contact your broker to revoke your proxy. See page [ ].

**Q: What if my shares are held in street name by my broker?**

**A: Your broker will vote your shares with respect to the proposals at your special meeting only if you provide written instructions to your broker on how to vote.** You should instruct your broker using the instruction form and envelope provided by your broker. If you do not provide your broker with instructions, under the rules of the New York Stock Exchange, your broker will not be authorized to vote with respect to the proposals relating to the merger or the issuance of Smucker common shares at your special meeting. If you hold your shares in your broker's name and wish to vote in person at the special meeting, you must contact your broker and request a document called a legal proxy. You must bring this legal proxy to your special meeting in order to vote in person. See page [ ].

**Q: What if Multifoods shareholders abstain from voting or do not instruct their brokers to vote their shares?**

**A:** If a Multifoods shareholder does not vote or does not instruct a broker how to vote shares of Multifoods common stock held in street name, it will have the same effect as a vote against the proposal to adopt and approve the merger agreement and the merger and the transactions contemplated by the merger agreement. Abstentions and broker non-votes relating to shares of Multifoods common stock will also have the effect of votes against the adoption and approval of the merger agreement and the merger and the transactions contemplated by the merger agreement. See page [ ].

**Q: What if Smucker shareholders abstain from voting or do not instruct their brokers to vote their shares?**

**A:** Abstentions relating to Smucker common shares will have the same effect as a vote against the proposal relating to the issuance of Smucker common shares in the merger, but broker non-votes relating to Smucker common shares will have no effect so long as a majority of the outstanding Smucker common shares have voted on the proposal. See page [ ].

**Q: Where can I find the voting results of the special meetings?**

**A:** The preliminary voting results of each special meeting will be announced at that special meeting. If the merger is completed, Smucker will publish a press release regarding the final voting results of the special meetings and post a copy of the press release on its website. See *Where You Can Find More Information* beginning on page [ ].

## **General**

**Q: Should Multifoods shareholders send in their Multifoods stock certificates now?**

**A:** No. If the merger is completed, Multifoods shareholders will be sent written instructions for sending in their stock certificates. See page [ ].

**Q: What does it mean if I receive multiple proxy cards?**

**A:**

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Your shares may be registered in more than one account, such as brokerage accounts and 401(k) accounts. It is important that you complete, sign, date and return each proxy card you receive, or, if available, vote using the telephone or the internet as described in the instructions included with your proxy card(s). See page [ ].

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**Q: Who can answer my questions?**

A: If you have any questions about the merger or the special meetings, need assistance in voting your shares, or need additional copies of this document or the enclosed proxy card(s) or voting instructions, you should contact:

If you are a Smucker shareholder:

17 State Street

10th Floor

New York, NY 10004

Telephone: (800) 368-9819

or

The J. M. Smucker Company

Strawberry Lane

Orrville, Ohio 44667-0280

Attention: Shareholder Relations

Telephone: (330) 682-3000

If you are a Multifoods shareholder:

17 State Street

10th Floor

New York, NY 10004

Telephone: (800) 368-9819

or

International Multifoods Corporation

110 Cheshire Lane, Suite 300

Minnetonka, Minnesota 55305

Attention: Investor Relations

Telephone: (952) 594-3300

**Q: Where can I find more information about Smucker and Multifoods?**

A: You can find more information about Smucker and Multifoods from various sources described under **Where You Can Find More Information** beginning on page [ ].

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**SUMMARY**

*This summary of the material information contained in this document may not include all the information that is important to you. To understand fully the proposed merger, and for a more detailed description of the terms and conditions of the merger, you should read this entire document and the documents to which we have referred you. See *Where You Can Find More Information* beginning on page [ ]. We have included page references parenthetically in this summary to direct you to a more detailed description elsewhere in this document of each topic presented in this summary.*

**Information about Smucker (beginning on page [ ])**

Smucker, an Ohio corporation, manufactures and markets food products on a worldwide basis. Smucker's principal products are fruit spreads, peanut butter, shortening and oils, dessert toppings, fruit and vegetable juices, juice beverages, industrial fruit products such as bakery and yogurt fillings, syrups, condiments and frozen foods. Smucker is headquartered in Orrville, Ohio and currently employs approximately 2,950 people.

The J. M. Smucker Company

Strawberry Lane

Orrville, Ohio 44667-0280

Attention: Shareholder Relations

(330) 682-3000

**Information about Multifoods (beginning on page [ ])**

Multifoods, a Delaware corporation, manufactures and markets, among other food products, flour and scratch ingredients, dessert and baking mixes, ready-to-spread frostings, potato mixes, dry breakfast mixes, syrups and frozen batters, doughs and desserts in the United States, and flour, baking mixes, pickles, relish condiments, hot cereals and frozen desserts in Canada. Multifoods is headquartered in Minnetonka, Minnesota and currently employs approximately 2,160 people.

International Multifoods Corporation

110 Cheshire Lane, Suite 300

Minnetonka, Minnesota 55305

Attention: Investor Relations

**The Merger (beginning on page [ ])**

***General***

On March 7, 2004, the boards of directors of each of Smucker and Multifoods approved the merger of Multifoods with and into MIX Acquisition Corporation, a newly formed Delaware corporation and a direct, wholly owned subsidiary of Smucker, on the terms and subject to the conditions of the merger agreement. We refer to MIX Acquisition Corporation throughout this document as Acquisition Sub. Acquisition Sub will be the surviving company of the merger and will remain a wholly owned subsidiary of Smucker. The separate corporate existence of Multifoods will cease at the effective time of the merger. Smucker will, however, operate Acquisition Sub under the Multifoods name and will retain Multifoods' current brand names. Smucker will continue to use the name "The J. M. Smucker Company" following the merger.

We encourage you to read the merger agreement, which governs the merger and is attached as Annex A to this document, because it sets forth the terms of the merger of Multifoods with and into Acquisition Sub.

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### *Merger Consideration*

Holders of Multifoods common stock (other than Multifoods, Smucker and dissenting Multifoods shareholders) will be entitled to receive for each share of Multifoods common stock:

the number of Smucker common shares that is equal to \$20 in value based on the average closing price of Smucker common shares for the 20 consecutive trading days ending on the trading day immediately preceding the closing date of the merger; and

\$5 in cash, without interest.

The number of Smucker common shares and the amount of cash Multifoods shareholders will receive in the merger will be determined by an exchange ratio that will be calculated on the day immediately before the day the merger becomes effective. The exchange ratio is calculated by dividing \$20 by the average closing price of Smucker common shares. For purposes of determining the exchange ratio, the average closing price of Smucker common shares is the average per share closing price of Smucker common shares for the 20 consecutive trading days in the period ending with the trading day immediately preceding the effective date of the merger, which we refer to as the average closing price throughout this document. The number of Smucker common shares to be received in exchange for each share of Multifoods common stock is referred to throughout this document as the exchange ratio.

When you are asked to vote on the proposals on the date of the special meetings, you will not know the exchange ratio or, except in the event the limitation described below becomes applicable, the exact number of Smucker common shares that will be issued to Multifoods shareholders in the merger.

The merger agreement provides that if, based on the exchange ratio (\$20 divided by the average closing price), Smucker is otherwise required to issue more than 19.9% of the Smucker common shares that are outstanding immediately prior to the issuance of Smucker common shares in the merger, the exchange ratio will be adjusted so that the number of Smucker common shares issued in the merger will not exceed 19.9% of the Smucker common shares outstanding immediately prior to the issuance of such shares in the merger and the cash portion of the merger consideration will be increased so that the value of the merger consideration paid to Multifoods shareholders will be \$25 per share based on the average closing price. See *The Merger Agreement* Merger Consideration.

No fractional Smucker common shares will be issued in the merger. All fractional Smucker common shares that a Multifoods shareholder is entitled to receive will be aggregated. Any fractional Smucker common shares resulting from this aggregation will be paid in cash, without interest, in an amount equal to the fractional share interest multiplied by the Smucker average closing price described above.

### **Recommendation of Smucker's Board of Directors to Smucker Shareholders (beginning on page [ ])**

Smucker's board of directors has unanimously approved the merger agreement and determined that the terms of the merger agreement, including the issuance of Smucker common shares in the merger, are advisable, fair to and in the best interests of Smucker and its shareholders. Smucker's board of directors unanimously recommends that Smucker shareholders vote **FOR** the proposal relating to the issuance of Smucker common shares in the merger.

**Recommendation of Multifoods Board of Directors to Multifoods Shareholders (beginning on page [ ])**

Multifoods board of directors has unanimously approved the merger agreement and determined that the transactions contemplated by the merger agreement are advisable, fair to and in the best interests of the Multifoods shareholders. Multifoods board of directors unanimously recommends that Multifoods shareholders vote **FOR** the proposal to adopt and approve the merger agreement and the merger and the transactions contemplated by the merger agreement.



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**Opinion of Smucker's Financial Advisor (beginning on page [ ])**

In deciding to approve the merger, Smucker's board of directors considered an opinion from its financial advisor, William Blair & Company, L.L.C., as to the fairness, from a financial point of view, to Smucker of the consideration to be paid by Smucker to the holders of Multifoods common stock in the merger pursuant to the merger agreement. The opinion is attached as Annex C to this document. We encourage you to read the opinion in its entirety.

Pursuant to a letter agreement dated February 10, 2004, William Blair was paid a fee of \$500,000 for its role as financial advisor in connection with the merger. In addition, under the terms of the letter agreement, William Blair will receive an additional fee of \$1,500,000 contingent upon the closing of the merger. Smucker has also agreed to reimburse William Blair for all of its out-of-pocket expenses reasonably incurred by it in connection with its services to Smucker under the letter agreement and will indemnify William Blair against potential liabilities arising out of its engagement.

**Opinion of Multifoods' Financial Advisor (beginning on page [ ])**

In deciding to approve the merger agreement, Multifoods' board of directors considered an opinion from its financial advisor, Greenhill & Co., LLC, as to the fairness, from a financial point of view, to holders of Multifoods common stock of the consideration to be paid by Smucker to the holders of Multifoods common stock in the merger pursuant to the merger agreement. The opinion is attached as Annex D to this document. We encourage you to read the opinion in its entirety.

Pursuant to a letter agreement dated February 10, 2004, Greenhill will receive from Multifoods a fee of approximately \$6.72 million (assuming an enterprise value of Multifoods of \$840 million). In addition, Multifoods has agreed to reimburse Greenhill for its out-of-pocket expenses (including fees and expenses of its counsel), not to exceed \$50,000 without the advance consent of Multifoods, reasonably incurred by it in connection with its services to Multifoods under the letter agreement and will indemnify Greenhill against potential liabilities arising from its engagement.

**Share Ownership of Directors and Executive Officers of Smucker and Multifoods (pages [ ] and [ ])**

At the close of business on [ ], 2004, the record date for the Smucker special meeting, directors and executive officers of Smucker and their affiliates were entitled to vote approximately [ ]% of the Smucker common shares outstanding on that date. A substantial majority of those Smucker common shares will be entitled to ten votes with respect to the proposal relating to the issuance of Smucker common shares in the merger under Smucker's time-phase voting structure. As of [ ], 2004, those shares had a minimum of [ ]% and a maximum of [ ]% of the voting power of the outstanding Smucker common shares, giving effect to the ten-votes-per-share provisions of Smucker's articles of incorporation, on the proposal relating to the issuance of Smucker common shares in the merger. We cannot, however, determine the actual voting power of those shares until the special meeting, when we will have received certifications as to the voting power of Smucker common shares that are held in street name by brokers, banks or other nominees.

At the close of business on [ ], 2004, the record date for the Multifoods special meeting, directors and executive officers of Multifoods and their affiliates were entitled to vote approximately [ ]% of the shares of Multifoods common stock outstanding on that date.

**Interests of Smucker's Directors and Executive Officers in the Merger (page [ ])**

As of March 31, 2004, Richard Smucker owned 3,884 shares of Multifoods common stock. Richard Smucker intends to retain his shares of Multifoods common stock through the effective date of the merger.

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**Interests of Multifoods Directors and Executive Officers in the Merger (beginning on page [ ])**

When considering the recommendation of Multifoods' board of directors with respect to the merger, Multifoods shareholders should be aware that Multifoods' directors and executive officers have interests in the merger that are different from, or in addition to, their interests as Multifoods shareholders and the interests of Multifoods shareholders generally. These interests include, among other things, the following:

under the terms of the employment agreement entered into between Gary Costley and Multifoods, if his employment with Multifoods or its successor is terminated for any reason following the merger or if he elects to resign his employment with Multifoods or its successor for any reason, in each case within 180 days after the effective date of the merger, he will be entitled to severance benefits, including so-called "golden parachute" excise tax gross-up payments;

under the terms of the change-in-control severance agreements entered into between the executive officers of Multifoods and Multifoods, if Multifoods or its successor terminates the executive officer's employment (other than for cause or disability) or if the executive officer terminates his or her own employment for good reason, in each case within the two-year period beginning with the effective date of the merger, the executive officer will be entitled to severance benefits, including, in some cases, so-called "golden parachute" excise tax gross-up payments;

under the terms of the memorandum of understanding between Frank Bonvino and Multifoods, if his employment with Multifoods is terminated, he will be entitled to severance benefits in addition to the severance benefits payable to him pursuant to his change-in-control severance agreement;

under the terms of the Multifoods Management Incentive Plan, as a result of the merger, executive officers of Multifoods will be entitled to at least 100% of their target awards for the award year, which corresponds to Multifoods' fiscal year, in which the merger occurs;

under the terms of Multifoods equity compensation plans (or the individual agreements entered into pursuant to such plans), stock options, restricted stock and restricted stock units of executive officers and stock options and restricted stock of non-employee directors will be accelerated and vest fully, to the extent they are not already vested, on the effective date of the merger or, in some cases, upon approval of the merger by the Multifoods shareholders;

under the terms of the Multifoods nonqualified deferred compensation and supplemental retirement plans, the benefits of certain executive officers will become vested (to the extent they are not already vested on the closing date of the merger) and payable as a result of the merger; and

Multifoods' directors and officers are entitled to indemnification against certain liabilities arising from acts or omissions occurring at or prior to the effective time of the merger (including acts or omissions relating to the merger).

Each of Smucker's and Multifoods' board of directors was aware of these arrangements during its respective deliberations on the merits of the merger and in deciding to recommend that you vote for the approval of the proposals presented at your special meeting. Smucker anticipates that the implementation of its integration plans will trigger a substantial majority of these change-in-control payments that become due upon termination of an individual's employment.

**Conditions Precedent (beginning on page [ ])**

Completion of the merger depends on a number of conditions being satisfied or waived. In addition to customary conditions relating to material compliance by each party with its covenants in the merger agreement, these conditions include the following:

adoption and approval of the merger agreement and the merger and the transactions contemplated by the merger agreement by a majority of the votes entitled to be cast by the holders of outstanding shares of Multifoods common stock;

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approval of the proposal relating to the issuance of Smucker common shares in the merger pursuant to and in accordance with the merger agreement by a majority of the votes cast at the Smucker special meeting at which at least a majority of the outstanding voting power, giving effect to the ten-votes-per-share provisions of Smucker's articles of incorporation, entitled to vote is present in person or by proxy and votes on such proposal;

receipt of consents and approvals of governmental entities, including expiration or early termination of the waiting periods under domestic and foreign antitrust laws;

absence of any judgment, order, decree, statute, law, ordinance, rule or regulation preventing the consummation of the merger, so long as the parties have used their reasonable best efforts to prevent or remove any such restraint;

receipt of opinions by Smucker and Multifoods from their respective tax counsel that the merger will constitute a reorganization within the meaning of Section 368(a) of the Internal Revenue Code;

approval for listing of the Smucker common shares to be issued in the merger on the New York Stock Exchange upon official notice of issuance;

continued effectiveness of the registration statement of which this document is a part and the absence of a stop order by the Securities and Exchange Commission suspending the effectiveness of the registration statement;

absence of a material adverse change (as defined in the merger agreement) relating to either Smucker or Multifoods; and

accuracy of each party's representations and warranties in the merger agreement, except as would not have a material adverse effect (as defined in the merger agreement) on the party making the representations.

**Termination of the Merger Agreement (beginning on page [ ])**

Before the effective time of the merger, the merger agreement may be terminated:

by the mutual written consent of Smucker and Multifoods;

by either Smucker or Multifoods if:

the parties fail to consummate the merger on or before December 31, 2004 or such later date, if any, as Smucker and Multifoods may agree, which we refer to as the termination date, unless the failure is the result of a material breach of the merger agreement by the party seeking the termination;

the Multifoods special meeting has concluded and the adoption and approval of the merger agreement and the merger and the transactions contemplated by the merger agreement by Multifoods shareholders is not obtained;

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the Smucker special meeting has concluded and the approval by the Smucker shareholders of the proposal relating to the issuance of Smucker common shares in the merger is not obtained; or

any judgment, order, decree, statute, law, ordinance, rule or regulation preventing the consummation of the merger has become final and nonappealable, provided that the right to terminate the merger agreement is not available to a party whose material breach of the merger agreement results in or causes this restraint or the failure of such restraint to be removed;

by Smucker if:

any of the conditions to the merger set forth above that relate to Smucker's obligation to complete the merger, including the conditions relating to the accuracy of Multifoods' representations and warranties and Multifoods' performance of obligations under the merger agreement, are or have

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become incapable of being fulfilled at any time on or before the termination date and have not been waived by Smucker;

Multifoods board of directors or any committee of Multifoods board of directors has:

withdrawn or modified in any manner adverse to Smucker its approval of the merger agreement or its recommendation to Multifoods shareholders regarding the merger;

approved or recommended any company takeover proposal (as defined in the merger agreement);

proposed or announced any intention to enter into or entered into any acquisition agreement with respect to a company takeover proposal, except to the extent Multifoods is required by the merger agreement to provide notice to Smucker in connection with Multifoods termination rights; or

materially breached its non-solicitation obligations or obligations with respect to the Multifoods special meeting;

by Multifoods if:

any of the conditions to the merger set forth above that relate to Multifoods obligation to complete the merger, including the conditions relating to the accuracy of Smucker's representations and warranties and Smucker's performance of obligations under the merger agreement, are or have become incapable of being fulfilled at any time on or before the termination date and have not been waived by Multifoods; or

at any time before obtaining the required approval of its shareholders for the adoption and approval of the merger agreement and the merger and the transactions contemplated by the merger agreement, it has notified Smucker of its receipt of a company takeover proposal that is determined to be a superior proposal, including additional notices informing Smucker of any amendment to the financial terms or other material term of the superior proposal, the company takeover proposal remains a superior proposal after taking into account any adjustments made by Smucker to the terms of the merger during the three-business-day period following this notice (or any required additional notice as described above) to Smucker and it has paid a \$17 million termination fee to Smucker.

**Termination Fees and Expenses (beginning on page [ ])**

Multifoods must pay Smucker a \$17 million termination fee if prior to the Multifoods special meeting a company takeover proposal has been made to Multifoods and has become known publicly or has been made directly to Multifoods shareholders generally or any person has publicly announced an intention (whether or not conditional) to make a company takeover proposal for Multifoods and:

the merger agreement is terminated by Smucker or Multifoods because the merger has not been consummated by the termination date and within 12 months after termination Multifoods consummates any company takeover proposal or enters into a definitive agreement with respect to any company takeover proposal that is subsequently consummated within or after this 12-month period;

the merger agreement is terminated by Smucker or Multifoods because the Multifoods special meeting has concluded and the required Multifoods shareholder approval is not obtained and within 12 months of the termination Multifoods consummates any company takeover proposal or enters into a definitive agreement with respect to any company takeover proposal that is subsequently

consummated within or after this 12-month period; or

the merger agreement is terminated by Smucker because the conditions to the closing of the merger relating to the accuracy of Multifoods' representations and warranties or the performance of its obligations under the merger agreement have not been satisfied or waived and within 12 months of the



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termination Multifoods consummates any company takeover proposal or enters into a definitive agreement with respect to any company takeover proposal that is subsequently consummated within or after this 12-month period.

In addition, Multifoods must pay Smucker a \$17 million termination fee if Smucker terminates the merger agreement because Multifoods' board of directors or any committee of Multifoods' board of directors has:

withdrawn or modified in a manner adverse to Smucker its approval of the merger agreement or its recommendation to Multifoods shareholders regarding the merger;

approved or recommended, or proposed to or announced any intention to approve or recommend, any company takeover proposal for the acquisition of Multifoods;

proposed or announced any intention to enter into or entered into any acquisition agreement with respect to a company takeover proposal except to the extent Multifoods is required by the merger agreement to provide notice to Smucker in connection with Multifoods' termination rights; or

materially breached its non-solicitation obligations or obligations with respect to the Multifoods special meeting.

Also, Multifoods must pay Smucker a \$17 million termination fee if Multifoods exercises its rights described above to terminate the merger agreement to enter into a definitive agreement with respect to a superior proposal.

In general, each of Smucker, Acquisition Sub and Multifoods will bear its own expenses in connection with the merger agreement and the related transactions except that Smucker and Multifoods will share equally the costs and expenses in connection with filing the registration statement and printing and mailing this document.

**No Solicitation by Multifoods (beginning on page [ ])**

The merger agreement restricts the ability of Multifoods to solicit or engage in discussions or negotiations with a third party regarding a proposal to acquire a significant interest in Multifoods. However, if Multifoods receives an acquisition proposal from a third party that Multifoods' board of directors determines in good faith (after consultation with its outside counsel and its financial advisor) constitutes a superior proposal or would reasonably be expected to lead to a superior proposal and Multifoods complies with specified procedures contained in the merger agreement, Multifoods may furnish nonpublic information to that third party and engage in negotiations regarding an acquisition proposal with that third party, subject to specified conditions.

**The Shareholders Agreement (beginning on page [ ])**

In connection with the merger, Tim Smucker and Richard Smucker, each individually and as a trustee for specified family trusts, entered into an agreement with Multifoods that requires him to vote for the proposal relating to the issuance of Smucker common shares in the merger and grants to Multifoods a proxy to vote their shares:

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in favor of the proposal relating to the issuance of Smucker common shares in the merger;

against the approval of any action, agreement or proposal that would result in Smucker or Acquisition Sub breaching the merger agreement or that would delay the completion of the merger or that would prevent fulfillment of a condition to any party's obligation to complete the merger; and

against any action, agreement or proposal made in opposition to or in competition with the issuance of Smucker common shares pursuant to the merger and the completion of the merger.

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As of [ ], 2004, the record date for the Smucker special meeting, Tim Smucker and Richard Smucker were entitled to vote in the aggregate approximately [ ] Smucker common shares, or approximately [ ]% of the outstanding Smucker common shares. As of the record date for the Smucker special meeting, those shares had a minimum of [ ]% and a maximum of [ ]% of the voting power of the outstanding Smucker common shares, giving effect to the ten-votes-per-share provisions of Smucker's articles of incorporation, on the proposal relating to the issuance of Smucker common shares in the merger, based on Smucker's current best estimate of the voting power of those shares under Smucker's time-phase voting structure.

## **Accounting Treatment (page [ ])**

The merger will be accounted for as a business combination using the purchase method of accounting. Smucker will be the acquirer for financial accounting purposes.

## **Comparison of Rights of Shareholders (beginning on page [ ])**

As a result of the merger, holders of Multifoods common stock will become holders of Smucker common shares. Unlike Multifoods, which is a Delaware corporation, Smucker is an Ohio corporation and is governed by the Ohio Revised Code. The rights of Multifoods shareholders are currently governed by its certificate of incorporation and bylaws, and the rights of Smucker shareholders are governed by its articles of incorporation and regulations.

For a summary of the material differences between the rights of Multifoods shareholders and Smucker shareholders, see Comparison of Rights of Shareholders beginning on page [ ].

## **Regulatory Matters (beginning on page [ ])**

The merger is subject to antitrust laws. Under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, which we refer to throughout this document as the HSR Act, the parties cannot complete the merger until they have notified and furnished information to the Federal Trade Commission and the Antitrust Division of the United States Department of Justice and the specified waiting period expires or is terminated. Smucker and Multifoods filed the information required under the HSR Act on March 17, 2004.

The merger requires notice to the Commissioner of Competition under the pre-merger notification requirements of the Canadian Competition Act. A transaction subject to pre-merger notification may not be completed until a pre-merger filing has been submitted to the Commissioner of Competition and the relevant waiting period has expired or been waived by the Commissioner of Competition. Upon application by the parties, the Commissioner of Competition may issue an advance ruling certificate where she is satisfied that she would not have sufficient grounds on which to apply to the Competition Tribunal under the merger provisions of the Canadian Competition Act. If the Commissioner of Competition issues an advance ruling certificate in respect of a proposed transaction, that transaction is exempt from the pre-merger notification provisions. On March 17, 2004, Smucker and Multifoods filed an application for an advance ruling certificate with the Canadian Competition Bureau in respect of the merger, following which an advance ruling certificate was issued by the Canadian Competition Bureau on March 29, 2004.

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Each state and other foreign country in which Smucker or Multifoods has operations also may review the merger under state or foreign antitrust laws.

### **Comparative Market Value Information (page [ ])**

Smucker common shares are traded on the New York Stock Exchange under the ticker symbol **SJM**. Shares of Multifoods common stock are traded on the New York Stock Exchange under the ticker symbol

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IMC. On March 5, 2004, the last full trading day prior to public announcement of the merger, Smucker common shares closed at \$51.93 per share and shares of Multifoods common stock closed at \$19.63 per share. On April 2, 2004, the last full trading day prior to the filing of this document with the Securities and Exchange Commission, the closing prices of the Smucker common shares and the shares of Multifoods common stock were \$52.01 and \$24.73, respectively. The exchange ratio for the merger will not be known until the last trading day prior to the closing date of the merger because it is based on the average closing price of Smucker common shares during the 20 consecutive trading days ending on the trading day immediately preceding the effective date of the merger. We urge you to obtain current market quotations prior to making any decision with respect to the merger.

For a period of approximately one month prior to the special meetings, we will make available a toll-free number that will indicate for each business day what the 20-trading-day average would have been if that particular day had been the closing date of the merger. Information regarding how to access the toll-free number, when it becomes available, will be posted on each of Smucker's and Multifoods' websites.

## **Recent Developments**

### *Legal Proceedings*

On March 19, 2004, Multifoods was notified that Multifoods, its directors and a former officer have been named as defendants in a lawsuit, filed in response to the public announcement of the agreement to enter into a business combination with Smucker. The complaint, brought by International Union of Operating Engineers, Local 132 Pension Plan, was filed in Hennepin County, Minnesota District Court. The plaintiff alleges, among other things, that the individual named defendants breached their fiduciary duties in connection with Multifoods' decision to enter into the merger agreement. The plaintiff seeks declaratory and equitable relief, including an order enjoining consummation of the merger.

Multifoods believes that the allegations are without merit and intends to vigorously defend itself against the lawsuit.

### *Earnings Release*

On March 31, 2004, Multifoods announced its fourth-quarter fiscal 2004 net earnings of \$2.7 million, or \$0.14 per diluted share.

**Table of Contents****FINANCIAL SUMMARY****Smucker's Market Price Data and Dividends**

Smucker's common shares are traded on the New York Stock Exchange under the symbol *SJM*. The following table sets forth the high and low sales prices of Smucker's common shares as reported by the New York Stock Exchange Composite Tape for the periods referenced below and also lists the dividends declared per Smucker common share for the periods indicated. All amounts presented below for periods prior to the second quarter of fiscal 2002 have been restated to reflect the effect of a merger share exchange resulting from the *Jif* and *Crisco* transaction, which was completed on June 1, 2002.

Year Ending, April 30,	Class A Common Shares(1)			Class B Common Shares(1)			Common Shares(1)		
	High	Low	Dividends	High	Low	Dividends	High	Low	Dividends
<b>2000</b>									
First Quarter	\$ 27.25	\$ 21.23	\$ 0.16	\$ 23.81	\$ 18.13	\$ 0.16			
Second Quarter	25.60	20.63	0.16	22.55	17.19	0.16			
Third Quarter	22.62	17.99	0.16	18.92	16.01	0.16			
Fourth Quarter	19.57	15.87	0.17	16.93	13.23	0.17			
<b>2001</b>									
First Quarter	20.63	16.66	0.17	20.17	14.02	0.17			
Second Quarter	20.43	18.92	*	20.37	18.65	*	\$ 26.45	\$ 19.18	\$ 0.17
Third Quarter							30.68	22.89	0.17
Fourth Quarter							30.68	25.34	0.17
<b>2002</b>									
First Quarter							29.38	25.30	0.17
Second Quarter							38.20	25.29	0.17
Third Quarter							39.92	32.80	0.17
Fourth Quarter							38.78	32.06	0.17
<b>2003</b>									
First Quarter							37.50	28.71	0.20
Second Quarter							38.84	32.03	0.20
Third Quarter							42.25	33.30	0.20
Fourth Quarter							40.80	33.00	0.23
<b>2004</b>									
First Quarter							42.01	35.64	0.23
Second Quarter							43.82	37.61	0.23
Third Quarter							47.56	43.10	0.23
Fourth Quarter (through April 2, 2004)							53.38	46.03	

- (1) On August 29, 2000, during Smucker's 2001 second fiscal quarter, Smucker consolidated its Class A and Class B common shares into a single class of common shares.

The last reported sales prices of Smucker's common shares as reported by the New York Stock Exchange Composite Tape on March 5, 2004 and April 2, 2004 were \$51.93 and \$52.01, respectively. March 5, 2004 was the last full trading day prior to the public announcement of the merger. April 2, 2004 was the last full trading day prior to the filing of this document with the Securities and Exchange Commission.

**Smucker's Dividend Policy**

Historically, Smucker has distributed approximately 40-50% of its earnings to its shareholders in the form of dividends. Smucker currently expects to continue this practice following the merger.

**Table of Contents****Multifoods Market Price Data and Dividends**

Multifoods common stock is traded on the New York Stock Exchange under the symbol IMC. The following table sets forth the high and low sales prices of shares of Multifoods common stock as reported by the New York Stock Exchange Composite Tape for the periods referenced below and also lists the dividends declared per share of Multifoods common stock for the periods indicated.

<u>Year Ending</u>	<u>Common Shares</u>		<u>Dividends</u>
	<u>High</u>	<u>Low</u>	
<b>February 29, 2000</b>			
First Quarter	\$ 24.19	\$ 19.63	\$ 0.20
Second Quarter	24.19	21.31	0.20
Third Quarter	23.38	13.63	0.20
Fourth Quarter	14.44	10.75	0.20
<b>March 3, 2001</b>			
First Quarter	14.94	9.81	0.20
Second Quarter	18.56	12.56	0.20
Third Quarter	18.63	15.75	0.20
Fourth Quarter	23.31	16.44	0.20
<b>March 2, 2002</b>			
First Quarter	20.45	17.35	0.00
Second Quarter	22.17	19.42	0.00
Third Quarter	22.84	16.30	0.00
Fourth Quarter	24.67	20.88	0.00
<b>March 1, 2003</b>			
First Quarter	28.92	21.00	0.00
Second Quarter	28.23	20.75	0.00
Third Quarter	21.85	17.37	0.00
Fourth Quarter	23.60	19.01	0.00
<b>February 28, 2004</b>			
First Quarter	20.53	16.75	0.00
Second Quarter	25.55	20.20	0.00
Third Quarter	26.33	17.10	0.00
Fourth Quarter	20.30	15.60	0.00
<b>February 26, 2005</b>			
First Quarter (through April 2, 2004)	24.78	18.90	0.00

The last reported sales prices of shares of Multifoods common stock as reported by the New York Stock Exchange Composite Tape on March 5, 2004 and April 2, 2004 were \$19.63 and \$24.73, respectively. March 5, 2004 was the last full trading day prior to the public announcement of the merger. April 2, 2004 was the last full trading day prior to the filing of this document with the Securities and Exchange Commission.

**Multifoods Dividend Policy**

Multifoods has not paid or declared dividends on its common stock since the fourth quarter of its fiscal year ended March 3, 2001. If the merger is not completed, any future payment of dividends on Multifoods common stock will depend upon its financial condition, capital requirements and its earnings as well as other factors that Multifoods board of directors deems relevant.





**Table of Contents****Selected Historical Financial Data of Smucker**

The following table sets forth selected historical financial data of Smucker as of and for each of the periods indicated. Smucker derived the selected historical financial data for each of the periods presented from Smucker's audited consolidated financial statements and unaudited quarterly financial statements. This information is only a summary and you should read it in conjunction with the historical consolidated financial statements and related notes and Management's Discussion and Analysis of the Financial Condition and Results of Operation, contained in Smucker's Annual Report on Form 10-K and Management's Discussion and Analysis contained in Smucker's Quarterly Reports on Form 10-Q and other information that Smucker has filed with the Securities and Exchange Commission. See Where You Can Find More Information beginning on page [ ]. This information should also be read in conjunction with the unaudited condensed combined pro forma financial statements of Smucker, which you can find beginning on page [ ].

	Nine Months Ended January 31,		Year Ended April 30,				
	2004	2003	2003	2002	2001	2000	1999
	(unaudited)		(in thousands, except per share data)				
<b>Statement of Income Data:</b>							
Net sales	\$ 1,091,602	\$ 982,737	\$ 1,311,744	\$ 687,148	\$ 651,242	\$ 641,885	\$ 612,662
Operating income	145,473	126,012	164,529	54,788	49,169	41,103	59,746
Income before cumulative effect of change in accounting method	\$ 89,170	\$ 73,097	\$ 96,342	\$ 30,851	\$ 28,198	\$ 26,273	\$ 38,233
Cumulative effect of change in accounting method					(992)		
Net income	\$ 89,170	\$ 73,097	\$ 96,342	\$ 30,851	\$ 27,206	\$ 26,273	\$ 38,233
<b>Balance Sheet Data (at period end):</b>							
Total assets	\$ 1,677,110	\$ 1,575,015	\$ 1,615,407	\$ 524,892	\$ 479,104	\$ 477,698	\$ 437,657
Long-term debt	135,000	135,000	135,000	135,000	135,000	75,000	
Shareholders' equity	1,196,275	1,112,966	1,124,171	280,144	250,785	320,608	331,548
Number of common shares outstanding	50,098	49,765	49,768	23,504	23,022	26,770	27,558
<b>Other Data:</b>							
<b>Earnings per common share:</b>							
Income before cumulative effect of change in accounting method	\$ 1.79	\$ 1.57	\$ 2.04	\$ 1.33	\$ 1.17	\$ 0.97	\$ 1.39
Cumulative effect of change in accounting method					(0.04)		
Net income	\$ 1.79	\$ 1.57	\$ 2.04	\$ 1.33	\$ 1.13	\$ 0.97	\$ 1.39
Income before cumulative effect of change in accounting method assuming dilution	\$ 1.77	\$ 1.56	\$ 2.02	\$ 1.31	\$ 1.16	\$ 0.97	\$ 1.38
Cumulative effect of change in accounting method assuming dilution					(0.04)		
Net income assuming dilution	\$ 1.77	\$ 1.56	\$ 2.02	\$ 1.31	\$ 1.12	\$ 0.97	\$ 1.38
<b>Dividends declared per common share</b>	\$ 0.69	\$ 0.60	\$ 0.83	\$ 0.68	\$ 0.68	\$ 0.65	\$ 0.60
<b>Book value per common share</b>	\$ 23.88	\$ 22.36	\$ 22.59	\$ 11.92	\$ 10.89	\$ 11.98	\$ 12.03

**Table of Contents****Selected Historical Financial Data of Multifoods**

The following table sets forth selected historical financial data of Multifoods as of and for each of the periods indicated. Multifoods derived the selected historical financial data for each of the periods presented from Multifoods' audited consolidated financial statements and unaudited quarterly financial statements. This information is only a summary and you should read it in conjunction with the historical consolidated financial statements, and the related notes and Management's Discussion and Analysis of the Financial Condition and Results of Operations, contained in Multifoods' Annual Report on Form 10-K and Quarterly Reports on Form 10-Q and other information that Multifoods has filed with the Securities and Exchange Commission. See "Where You Can Find More Information" beginning on page [ ]. This information should also be read in conjunction with the unaudited condensed combined pro forma financial statements of Smucker, which you can find beginning on page [ ].

	Nine Months Ended		Year Ended				
	November 29, 2003	November 30, 2002	March 1, 2003	March 2, 2002	March 3, 2001	February 29, 2000	February 28, 1999
	(unaudited)		(in thousands, except per share data)				
<b>Statement of Income Data:</b>							
Net sales	\$ 696,029	\$ 721,700	\$ 939,275	\$ 597,871	\$ 472,411	\$ 476,118	\$ 443,047
Operating earnings	41,898	56,521	73,212	29,641	37,588	30,095	4,835
Earnings (loss) from continuing operations	\$ 14,817	\$ 20,413	\$ 27,699	\$ 5,019	\$ 16,847	\$ 16,071	\$ (526)
Earnings (loss) from discontinued operations		(74,289)	(73,728)	4,172	4,328	(10,936)	(131,344)
Net income	\$ 14,817	\$ (53,876)	\$ (46,029)	\$ 9,191	\$ 21,175	\$ 5,135	\$ (131,870)
<b>Balance Sheet Data (at period end):</b>							
Total assets	\$ 822,354	\$ 750,093	\$ 766,264	\$ 1,124,670	\$ 764,625	\$ 736,207	\$ 696,933
Long-term debt	267,540	328,533	328,030	514,541	145,420	147,199	121,199
Shareholders' equity	270,766	222,338	236,969	272,070	255,982	255,124	260,316
<b>Other Data:</b>							
<b>Earnings (loss) per common share:</b>							
Basic earnings (loss) per share from continuing operations	\$ 0.77	\$ 1.07	\$ 1.45	\$ 0.27	\$ 0.90	\$ 0.86	\$ (0.03)
Basic earnings (loss) per share from discontinued operations		(3.89)	(3.86)	0.22	0.23	(0.59)	(7.00)
Basic earnings per share	\$ 0.77	\$ (2.82)	\$ (2.41)	\$ 0.49	\$ 1.13	\$ 0.27	\$ (7.03)
Diluted earnings (loss) per share from continuing operations	\$ 0.76	\$ 1.05	\$ 1.43	\$ 0.26	\$ 0.89	\$ 0.86	\$ (0.03)
Diluted earnings (loss) per share from discontinued operations		(3.83)	(3.80)	0.22	0.23	(0.59)	(7.00)
Diluted earnings per share	\$ 0.76	\$ (2.78)	\$ (2.37)	\$ 0.48	\$ 1.12	\$ 0.27	\$ (7.03)
Dividends declared per common share	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.80	\$ 0.80	\$ 0.80
Book value per common share	\$ 14.02	\$ 11.62	\$ 12.30	\$ 14.32	\$ 13.66	\$ 13.62	\$ 13.86



**Table of Contents****Selected Unaudited Condensed Combined Pro Forma Financial Data of Smucker**

We derived the following unaudited condensed combined pro forma financial data from Smucker's audited consolidated financial statements for the year ended April 30, 2003, Multifoods' audited consolidated financial statements for the year ended March 1, 2003, Smucker's unaudited condensed consolidated financial statements for the nine months ended January 31, 2004 and Multifoods' unaudited consolidated condensed financial statements for the nine months ended November 29, 2003. The unaudited condensed combined pro forma financial data has been prepared as if the proposed merger and the financing transactions related to the proposed merger (as described in Transaction Financing on page [ ]) had occurred on May 1, 2002 for the operating data and as of January 31, 2004 for the balance sheet data. The process of determining the fair values of Multifoods' tangible and intangible assets and liabilities as well as reviewing accounting policies for conformity is still in the preliminary stages. Material revisions to Smucker's current estimates could be necessary as the valuation process and accounting policy review are finalized. **The unaudited condensed combined pro forma operating data and balance sheet data set forth below is not necessarily indicative of the results that actually would have been achieved had the proposed merger, and the financing transactions related to the merger, been consummated on May 1, 2002 for the operating data and as of January 31, 2004 for the balance sheet data, or that may be achieved in the future.** See Risk Factors. The unaudited condensed combined pro forma financial data included in this document is preliminary and Smucker's actual financial position and results of operations may differ significantly from the unaudited condensed combined pro forma financial data included in this document on page [ ]. The unaudited condensed combined pro forma financial data does not reflect any benefits from potential cost savings or revenue changes resulting from the proposed merger. You should read this information in conjunction with Smucker's Management's Discussion and Analysis of Financial Condition and Results of Operation, Smucker's consolidated financial statements and the notes thereto, Multifoods' Management's Discussion and Analysis of Financial Condition and Results of Operations, Multifoods' consolidated financial statements and notes thereto and the Unaudited Condensed Combined Pro Forma Financial Statements included in this document or included in Smucker's and Multifoods' Annual Reports on Form 10-K and Quarterly Reports on Form 10-Q incorporated by reference into this document.

	<b>Year Ended April 30, 2003 for Smucker and March 1, 2003 for Multifoods</b>	<b>Nine Months Ended January 31, 2004 for Smucker and November 29, 2003 for Multifoods</b>
(in thousands, except per share data)		
<b>Results of Operations:</b>		
Net Sales	\$2,248,383	\$1,797,198
Total operating expenses	2,021,280	1,606,519
Operating income	227,103	190,679
Income from continuing operations	120,150	107,530
Diluted earnings per share from continuing operations	2.16	1.85
Average diluted shares outstanding	55,676	58,221

	<b>At January 31, 2004 for Smucker and November 29, 2003 for Multifoods</b>
(in thousands)	
<b>Balance Sheet Data:</b>	
Cash and cash equivalents	\$ 23,783
Total assets	2,736,215
Long-term debt, less current portion	457,000
Total liabilities, other than long-term debt	675,105
Total shareholders' equity	1,604,110

**Table of Contents****COMPARATIVE PER SHARE INFORMATION**

The following table presents income from continuing operations and book value per common share data separately for Smucker and Multifoods on a historical basis, and Smucker and Multifoods on an unaudited combined pro forma basis per Smucker common share. The unaudited combined pro forma earnings per share data for the nine months ended January 31, 2004 for Smucker and November 29, 2003 for Multifoods and the year ended April 30, 2003 for Smucker and March 1, 2003 for Multifoods reflect the assumption that the merger was effective as of May 1, 2002. The unaudited pro forma per share data gives effect to the proposed merger as a purchase under generally accepted accounting principles in the United States.

The unaudited combined pro forma Smucker income per share data is based upon the historical weighted average number of Smucker common shares outstanding, adjusted to include the number of Smucker common shares that would be issued in the proposed merger based upon an assumed exchange ratio of .40 and the assumption that 100% of the shares of Multifoods common stock had been converted into Smucker common shares.

You should read the information below together with the historical financial statements and related notes of Smucker and Multifoods contained in each company's periodic filings with the Securities and Exchange Commission and incorporated into this document by reference. See "Where You Can Find More Information" beginning on page [ ]. The unaudited combined pro forma data below is presented for illustrative purposes only. The companies may have performed differently had they actually been combined during the periods presented below. **You should not rely on this information as being indicative of the historical results that would have been achieved had the companies always been combined or the future results that the combined company will experience after the proposed merger.** See "Risk Factors" The unaudited condensed combined pro forma financial data included in this document is preliminary and Smucker's actual financial position and results of operations may differ significantly from the unaudited condensed combined pro forma financial data included in this document on page [ ].

	<b>Smucker Historical Per Share Data</b>	<b>Multifoods Historical Per Share Data</b>	<b>Pro Forma Combined Data Per Smucker Common Share (1)</b>
<b>At or for the Nine Months Ended January 31, 2004 for Smucker and the Nine Months Ended November 29, 2003 for Multifoods:</b>			
Income from continuing operations per common shares:			
Basic	\$ 1.79	\$ 0.77	\$ 1.87
Diluted	1.77	0.76	1.85
Cash dividends declared per share (2)	0.69	0.00	0.69
Book value per common share	23.88	14.02	27.74
<b>At or for the Year Ended April 30, 2003 for Smucker and the Year Ended March 1, 2003 for Multifoods:</b>			
Income from continuing operations per common shares:			
Basic	\$ 2.04	\$ 1.45	\$ 2.18
Diluted	2.02	1.43	2.16
Cash dividends declared per share (2)	0.83	0.00	0.83
Book value per common share	22.59	12.30	N/A

(1) Please read "Unaudited Condensed Combined Pro Forma Financial Statements" beginning on page [ ].

(2) Pro forma dividends per share assume the same per share dividends as declared by Smucker in each of the respective periods.

**Table of Contents****COMPARATIVE MARKET VALUE INFORMATION**

The following table presents:

the closing prices per share and aggregate market value of Smucker common shares and Multifoods common stock, in each case based on closing prices for those shares on the New York Stock Exchange on March 5, 2004, the last trading day prior to the public announcement of the proposed merger, and on April 2, 2004 the last trading day for which this information could be calculated prior to the date of this document; and

the equivalent price per share and equivalent market value of shares of Multifoods common stock, based on an exchange ratio of .4053 and the closing price for Smucker common shares on the New York Stock Exchange on March 5, 2004, the last trading day prior to the public announcement of the proposed merger, and based on an exchange ratio of .3872 and the closing price for Smucker common shares on the New York Stock Exchange on April 2, 2004, the last trading day for which this information could be calculated prior to the date of this document.

	<u>Smucker Historical</u>	<u>Multifoods Historical</u>	<u>Multifoods Equivalent(1)</u>
<b>March 5, 2004:</b>			
Closing price per common share	\$ 51.93	\$ 19.63	\$ 26.05
Market value of common shares (in thousands) (2)	\$ 2,601,828	\$ 379,648	\$ 503,811
<b>April 2, 2004:</b>			
Closing price per common share	\$ 52.01	\$ 24.73	\$ 25.14
Market value of common shares (in thousands) (3)	\$ 2,609,461	\$ 480,772	\$ 487,372

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- (1) The Multifoods equivalent price per share reflects the fluctuating value of Smucker common shares that Multifoods shareholders would receive in exchange for each share of Multifoods common stock if the merger was completed on either of these dates. The Multifoods equivalent price per share is equal to the sum of (i) \$5.00 and (ii) the closing price of Smucker common shares on the applicable date multiplied by the applicable hypothetical exchange ratio.
  - (2) Based on 50,102,603 Smucker common shares and 19,340,185 shares of Multifoods common stock outstanding as of March 5, 2004.
  - (3) Based on 50,172,290 Smucker common shares and 19,440,850 shares of Multifoods common stock outstanding as of April 2, 2004.

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**RISK FACTORS**

In deciding whether to approve the proposals presented at your special meeting, you should carefully consider all of the information we have included and incorporated by reference in this document. See *Where You Can Find More Information* beginning on page [ ]. In addition, you should carefully consider the following material risks relating to the merger and the business of the combined company.

***Smucker may not achieve the synergies and other benefits that Smucker expects to result from the merger, or be able to integrate the Multifoods businesses into its operations successfully and as a result, Smucker's expectations for future results of operations for the combined company may not be met.***

Smucker expects that the integration of the businesses of Multifoods with the businesses of Smucker will result in significant cost savings resulting from the efficiencies of combining the two companies, supply-chain enhancements and leveraging the companies' current selling, marketing and distribution networks. Further, Smucker expects that the merger will result in new business opportunities and new prospects for growth through product development, cross-branding and cross-promotion opportunities and acquisitions. Smucker may, however, never realize the expected synergies, cost savings, efficiencies or business opportunities and growth prospects, because its assumptions underlying its estimates of expected cost savings may be inaccurate, Smucker may experience increased competition that limits its ability to expand its business or general industry and business conditions may deteriorate.

In addition, the successful integration of the operations of Multifoods and Smucker will require significant efforts of both companies' personnel as well as significant expenditures. Smucker's management's attention may be diverted while trying to integrate Multifoods into Smucker's operations. In addition, Smucker's growth and operating strategies for Multifoods' businesses may be different from the strategies that Multifoods currently is pursuing. If Smucker's strategies are not the proper strategies for Multifoods, the business, financial condition and results of operation of the combined company could be adversely affected. If Smucker does not realize the synergies it expects will result from the merger, or is not able to integrate the operations of Multifoods into Smucker successfully or in a timely manner, Smucker's expectations of future results of operations for the combined company may not be met.

***The merger is subject to certain closing conditions that, if not satisfied or waived, will result in the merger not being completed, which may cause the market price of Smucker common shares or shares of Multifoods common stock to decline.***

The merger is subject to customary conditions to closing, including the receipt of required approvals of the shareholders of Smucker and Multifoods. If any condition to the merger is not satisfied or, if waiver is permissible, not waived, the merger will not be completed. In addition, Smucker and Multifoods may terminate the merger agreement in certain circumstances. If Smucker and Multifoods do not complete the merger, the market price of Smucker common shares or Multifoods common stock may decline to the extent that the current market prices of those shares reflect a market assumption that the merger will be completed. Smucker and Multifoods will also be obligated to pay certain investment banking, financing, legal and accounting fees (except for the fees of Greenhill & Co., LLC, which are contingent upon the closing of the merger) and related expenses in connection with the merger, whether or not the merger is completed. Further, in specified circumstances, Multifoods may be required to pay to Smucker a termination fee of \$17 million if the merger agreement is terminated.

***Certain directors and executive officers of Multifoods have interests and arrangements that are different from Multifoods shareholders and that may have influenced their decision to support or approve the merger.***



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When considering the recommendation of Multifoods' board of directors with respect to the merger, Multifoods shareholders should be aware that certain of Multifoods' directors and executive officers have

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interests in the merger that are different from, or in addition to, their interests as Multifoods shareholders and the interests of Multifoods shareholders generally. These interests include, among other things, the following:

under the terms of the employment agreement entered into between Gary Costley and Multifoods, if his employment with Multifoods or its successor is terminated for any reason following the merger or if he elects to resign his employment with Multifoods or its successor for any reason, in each case within 180 days after the effective date of the merger, he will be entitled to severance benefits, including so-called golden parachute excise tax gross-up payments;

under the terms of the change-in-control severance agreements entered into between the executive officers of Multifoods and Multifoods, if Multifoods or its successor terminates the executive officer's employment (other than for cause or disability) or if the executive officer terminates his or her own employment for good reason, in each case within the two-year period beginning with the effective date of the merger, the executive officer will be entitled to severance benefits, including, in some cases, so-called golden parachute excise tax gross-up payments;

under the terms of the memorandum of understanding between Frank Bonvino and Multifoods, if Mr. Bonvino's employment with Multifoods is terminated, Mr. Bonvino will be entitled to severance benefits in addition to the severance benefits payable to him pursuant to his change-in-control severance agreement;

under the terms of the Multifoods Management Incentive Plan, as a result of the merger, executive officers of Multifoods will be entitled to at least 100% of their target awards for the award year, which corresponds to Multifoods' fiscal year, in which the merger occurs;

under the terms of Multifoods equity compensation plans (or the individual agreements entered into pursuant to such plans), stock options, restricted stock and restricted stock units of executive officers and stock options and restricted stock of non-employee directors will be accelerated and vest fully, to the extent they are not already vested, on the effective date of the merger or, in some cases, upon approval of the merger by the Multifoods shareholders;

under the terms of the Multifoods nonqualified deferred compensation and supplemental retirement plans, the benefits of certain executive officers will become vested (to the extent they are not already vested on the closing date of the merger) and payable as a result of the merger; and

Multifoods' directors and officers are entitled to indemnification against certain liabilities arising from acts or omissions occurring at or prior to the effective time of the merger (including acts or omissions relating to the merger).

As a result, those directors and executive officers may be more likely to support and to vote to approve the merger than if they did not have these interests. Multifoods shareholders should consider whether these interests may have influenced those directors and officers to support or recommend approval of the merger. As of the close of business on the record date for the Multifoods special meeting, those directors and executive officers were entitled to vote approximately [ ]% of the then-outstanding shares of Multifoods common stock.

***The unaudited condensed combined pro forma financial data included in this document is preliminary and Smucker's actual financial position and results of operations may differ significantly from the unaudited condensed combined pro forma financial data included in this document.***

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Smucker is still in the preliminary stages of the process of valuing Multifoods' tangible and intangible assets and liabilities and evaluating Multifoods' accounting policies. Smucker may need to revise materially its current estimates of those assets and liabilities as the valuation process and accounting policy review are finalized. The unaudited condensed combined pro forma operating data contained in this document is not necessarily indicative of the results that actually would have been achieved had the proposed merger and Smucker's financing transactions related to the merger been consummated on May 1, 2002, or that may be achieved in the future.

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Smucker can provide no assurances as to how the operations and assets of both companies would have been run if they had been combined, or how they will be run in the future, which, together with other factors, could have a significant effect on the results of operations and financial position of the combined company.

*The occurrence of certain events may prevent Smucker's or Multifoods' tax counsel from updating its opinion that the merger constitutes a reorganization under Section 368(a) of the Internal Revenue Code, which is a condition to closing the merger.*

It is a condition of the merger that tax counsel for each of Smucker and Multifoods update, as of the closing date, its opinion to the effect that the merger will qualify as a reorganization under Section 368(a) of the Internal Revenue Code.

The opinions of such tax counsel will be updated as of the closing date only if, among other things, the Multifoods shareholders, as a group, receive in the merger Smucker common shares with a value that is sufficient, as a percentage of the total consideration paid to acquire all of the Multifoods common stock (approximately 50%, as determined by each counsel), and taking into account all cash paid to holders of Multifoods common stock in connection with the merger, to satisfy the continuity of interest requirement under applicable Treasury Regulations. The value of a Smucker common share for purposes of this determination will be the lesser of the average of the high and low trading prices for a Smucker common share on the date that includes the effective time of the merger and the closing trading price of a Smucker common share on that date, in each case as reported on the New York Stock Exchange.

Because of the 19.9% limitation on the number of Smucker common shares that Smucker can issue in the merger and the associated merger consideration adjustment mechanism, a significant drop in the market price of a Smucker common share between the date of this document and the effective time of the merger could increase the cash paid to the holders of the Multifoods common stock as a group and decrease the value of the Smucker common shares as a percentage of the total merger consideration to such an extent that counsel could not update their opinions as of the closing date of the merger. Another factor that could affect the value of the Smucker common shares as a percentage of the total merger consideration is the amount, if any, to be paid to Multifoods shareholders who perfect their dissenters' appraisal rights.

*Following the merger, Smucker will have higher levels of indebtedness than either Smucker or Multifoods had before the merger.*

As of January 31, 2004, after giving effect to the merger and the currently contemplated repayments and assumptions of debt and incurrence of new debt, Smucker and its subsidiaries would have had approximately \$500 million to \$525 million in principal amount of outstanding indebtedness. The level of combined indebtedness after the merger may have an effect on Smucker's future operations, including:

limiting its ability to obtain additional financing on satisfactory terms to fund its working capital requirements, capital expenditures, acquisitions, investments, debt service requirements and other general corporate requirements;

increasing its vulnerability to general economic downturns, competition and industry conditions;

reducing the availability of its cash flow to fund its working capital requirements, capital expenditures, acquisitions, investments and other general corporate requirements because Smucker will be required to use a portion of its cash flow to service debt obligations;  
and

limiting its flexibility in planning for, or reacting to, changes in its business and the industry in which it operates.

***Smucker expects to incur a significant one-time charge relating to its integration plan that could materially and adversely affect the period-to-period results of operations of Smucker following the merger.***

Smucker is developing a plan to integrate the operations of Multifoods and Smucker after the merger. Smucker anticipates that it will incur a one-time charge to earnings of approximately \$20 million in connection

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with the integration. Smucker will not be able to quantify the exact amount of this charge or the period in which it will be incurred until after the merger is completed. Some of the factors affecting the cost of the integration include the timing of the closing of the merger and the training of employees of Multifoods that will be employed by Smucker following the merger.

*The voting power of Smucker shareholders will be diluted as a result of the merger.*

The Smucker common shares to be issued to Multifoods shareholders in connection with the merger will initially have ten votes on certain extraordinary matters under Smucker's time-phase voting structure. Consequently, the voting power of current Smucker shareholders will be diluted, and the level of dilution will not be known until the exchange ratio is known.

*The market price of Smucker's common shares may be volatile in the future, which could cause you to lose a significant portion of your investment.*

The market price of Smucker's common shares could be subject to significant fluctuations in response to certain factors, such as variations in Smucker's anticipated or actual results of operations, the operating results of other companies in the food industry, changes in conditions affecting the economy generally, analyst reports, general trends in the industry, sales of common shares by insiders, as well as other factors unrelated to Smucker's operating results. Volatility in the market price of Smucker common shares could cause you to lose a significant portion of your investment.

*The number of Smucker common shares that will be issued to Multifoods shareholders in the merger depends on the exchange ratio, which will not be determinable until after the special meetings, and the market value of the Smucker common shares to be issued in the merger for each share of Multifoods common stock may not have an actual market value of \$20 on the date of the closing of the merger based on the per-share market price of Smucker common shares at that time.*

The exchange ratio for the portion of the merger consideration to be paid in Smucker common shares is based on the average closing price of Smucker common shares for the 20 consecutive trading days ending on the trading day immediately preceding the closing date of the merger. Accordingly, the exchange ratio will not be determinable at the time of the special meetings. Further, we currently expect that if the required approvals of shareholders of Smucker and Multifoods are obtained at the special meetings, the closing of the merger will take place two business days after the special meetings. Because the Smucker common shares will continue to trade after the time at which the exchange ratio is set, the value of the Smucker common shares that are issued to Multifoods shareholders may have an actual market value on the closing date based on the per-share market price at that time that is greater or less than \$20 per share of Multifoods common stock.

*Following the merger, Smucker will continue to face risks associated with its business that could affect its results of operations.*

Smucker's results and performance following the merger could be affected by a variety of risks and uncertainties, many of which currently affect its business. Those risks include, among others, the following:

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the success and cost of its marketing and sales programs and strategies intended to promote its businesses;

the strength of commodity markets from which it procures raw materials and the related impact on costs;

risks commonly encountered in international trade, including foreign currency exchange and interest rate fluctuations;

the impact of competitive products and pricing;

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the mix of products sold and level of marketing expenditures needed to generate sales;

market and weather conditions that may increase the costs of packaging materials, utilities, fuel, ingredients or other raw materials, including fruit, peanuts, sugar, edible oils, grains and sweeteners;

its ability to maintain and/or improve sales and earnings performance;

general economic and business conditions that adversely affect it or its suppliers, distributors or customers;

the level of capital resources required for future acquisitions;

its ability to integrate Multifoods' businesses with Smucker's businesses and achieve the expected cost-savings and synergies from the merger;

changes in consumer preferences and tastes or perception of health-related issues, including declining demand for foods that have high contents of carbohydrates;

the impact of labor matters; and

changes in laws and regulations.

Any of these factors could have a significant adverse impact on Smucker's business and results of operations.



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**SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS**

This document, including information incorporated by reference into this document, contains forward-looking statements relating to the businesses of Smucker and Multifoods, such as projected operating results, earnings and cash flows, that are subject to known and unknown risks and uncertainties that could cause actual results to differ materially from any future results, performance or achievements expressed or implied by those forward-looking statements.

You should understand that the risks, uncertainties, factors and assumptions listed and discussed in this document, including the following important factors and assumptions, could affect the future results of Smucker following the merger, or the future results of Smucker and Multifoods if the merger does not occur, and could cause actual results to differ materially from those expressed in the forward-looking statements:

the ability of Smucker to integrate Multifoods' businesses with Smucker's businesses and achieve the expected cost savings and synergies from the merger;

the receipt of approval of the proposals presented at the special meetings by the shareholders of Smucker and Multifoods and approval of the merger by regulatory authorities;

the timing of the completion of the proposed merger;

the actual financial position and results of operations of Smucker following the merger, which may differ significantly from the pro forma financial data contained in this document;

the ability of Smucker's and Multifoods' tax counsel to update on the closing date of the merger their opinions to the effect that the merger constitutes a reorganization under Section 368(a) of the Internal Revenue Code;

the ability of Smucker to manage higher levels of indebtedness, and constraints on Smucker's operations following the merger due to that indebtedness;

the success and cost of Smucker's new marketing and sales programs and strategies intended to promote Smucker's businesses;

the strength of commodity markets from which raw materials are procured and the related impact on costs;

the potential inability of Multifoods to collect a \$6 million insurance claim receivable related to the loss of Multifoods' products in St. Petersburg, Russia;

risks commonly encountered in international trade, including foreign currency exchange and interest rate fluctuations;

the impact of competitive products and pricing;

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the mix of products sold and level of marketing expenditures needed to generate sales;

market and weather conditions that may increase the costs of packaging materials, utilities, fuel, ingredients or other raw materials, including fruit, peanuts, sugar, edible oils, grains and sweeteners;

the ability of Smucker to maintain and/or improve sales and earnings performance;

the acceleration and vesting of certain stock options and shares of restricted stock of Multifoods in the event the Multifoods shareholders approve the merger but the merger does not occur;

general economic and business conditions that adversely affect Smucker or its suppliers, distributors or customers;

the level of capital resources required for future acquisitions;

changes in consumer preferences and tastes or perception of health-related issues, including decreased demand for foods with high contents of carbohydrates;

the impact of labor matters; and

changes in laws and regulations.

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**THE SPECIAL MEETINGS**

**Date, Time and Place of the Special Meetings**

**Smucker Special Meeting**

[ ], 2004  
[ ] a.m., Central Daylight Time  
[ ]  
[ ]

**Multifoods Special Meeting**

[ ], 2004  
[ ] a.m., Central Daylight Time  
[ ]  
[ ]

**Purpose of the Special Meetings**

**Smucker Special Meeting**

To vote on a proposal to approve the issuance of Smucker common shares in the merger.

To consider and vote upon a proposal to approve adjournments or postponements of the Smucker special meeting, if necessary, to permit further solicitation of proxies if there are not sufficient votes at the time of the Smucker special meeting to approve the proposal relating to the issuance of Smucker common shares in the merger.

To consider and take action upon any other business that may properly come before the Smucker special meeting or any reconvened meeting following an adjournment or postponement of the Smucker special meeting.

**Multifoods Special Meeting**

To vote on a proposal to adopt and approve the merger agreement and the merger and the transactions contemplated by the merger agreement.

To consider and vote upon a proposal to approve adjournments or postponements of the Multifoods special meeting, if necessary, to permit further solicitation of proxies if there are not sufficient votes at the time of the Multifoods special meeting to approve the merger proposal.

To consider and take action upon any other business that may properly come before the Multifoods special meeting or any reconvened meeting following an adjournment or postponement of the Multifoods special meeting.

### **Record Date of the Special Meetings**

#### **Smucker Special Meeting**

Holders of record of Smucker common shares at the close of business on [ ], 2004 will be entitled to notice of the Smucker special meeting and to vote at the Smucker special meeting or any adjournment or postponement of the Smucker special meeting.

#### **Multifoods Special Meeting**

Holders of record of Multifoods common stock at the close of business on [ ], 2004 will be entitled to notice of the Multifoods special meeting and to vote at the Multifoods special meeting or any adjournment or postponement of the Multifoods special meeting.

### **Outstanding Shares**

#### **Smucker Special Meeting**

As of the record date, there were [ ] outstanding Smucker common shares that are entitled to vote at the Smucker special meeting.

#### **Multifoods Special Meeting**

As of the record date, there were [ ] outstanding shares of Multifoods common stock that are entitled to vote at the Multifoods special meeting.

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**Shares Entitled to Vote at the Special Meetings**

**Smucker Special Meeting**

The number of votes that you, as a holder of Smucker common shares, will be entitled to cast at the Smucker special meeting on the proposal relating to the issuance of Smucker common shares in the merger will depend on how long you have owned your Smucker common shares. Specifically:

If there has not been a change in beneficial ownership of your Smucker common shares on or after June 1, 2002 (other than Smucker common shares issued in connection with the merger of The Procter & Gamble Ohio Brands Company with and into Smucker on June 1, 2002 and which have not been transferred since that time), you will be entitled to ten votes for each of those shares on the proposal relating to the issuance of Smucker common shares in the merger. You will have only one vote per share, however, on that proposal, for Smucker common shares purchased on or after June 1, 2002 (other than Smucker common shares issued in connection with the merger of The Procter & Gamble Ohio Brands Company with and into Smucker on June 1, 2002 and which have not been transferred since that time). All Smucker common shares will have one vote per share on any proposal to approve adjournments or postponements of the Smucker special meeting. The number of votes that holders of Smucker common shares will be entitled to cast on any other business that may properly come before the Smucker special meeting will depend on whether the matter is a matter on which eligible holders of Smucker common shares are entitled to ten votes per share under the terms of Smucker's time-phase voting structure.

If your Smucker common shares are registered with Smucker's transfer agent in your name, the agent will determine how long you have held your shares and will ensure that you receive the proper number of votes. If your shares are held in street name (*i.e.*, in the name of your broker, bank or other nominee), you will need to provide a written certification as set forth below under Proof of Beneficial Ownership.

As of [ ], 2004, the record date for the Smucker special meeting, holders of between [ ]% and [ ]% Smucker common shares will be entitled to exercise ten votes per share at the Smucker special meeting on the proposal relating to the issuance of Smucker common shares in the merger, and the holders of the remaining outstanding Smucker

**Multifoods Special Meeting**

Each share of Multifoods common stock that you own as of the record date entitles you to one vote on each proposal presented to Multifoods shareholders.

Shares of Multifoods common stock beneficially held by Multifoods or its subsidiaries will not be voted.

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common shares will be entitled to exercise one vote per share on that proposal. The actual voting power of each holder of Smucker common shares on the proposal relating to the issuance of Smucker common shares in the merger will be based on information Smucker possesses at the time of the Smucker special meeting.

Smucker common shares beneficially held by Smucker or its subsidiaries will not be voted.

### **Quorum Requirements for the Special Meetings**

#### **Smucker Special Meeting**

A quorum of Smucker shareholders is necessary to hold a valid Smucker special meeting.

The presence in person or by proxy at the Smucker special meeting of holders of Smucker common shares entitled to exercise as of the record date at least a majority of the outstanding voting power of Smucker common shares, giving effect to ten-vote shares, is necessary for a quorum. Abstentions and broker non-votes count as present for establishing a quorum. Smucker common shares held by Smucker or its subsidiaries do not count toward a quorum. A broker non-vote occurs with respect to a proposal when a broker is not permitted to vote on that proposal without instruction from the beneficial owner of the Smucker common shares and no instruction is given.

#### **Multifoods Special Meeting**

A quorum of Multifoods shareholders is necessary to hold a valid Multifoods special meeting.

The presence in person or by proxy at the Multifoods special meeting of holders of a majority of the outstanding shares of Multifoods common stock as of the record date and entitled to vote at the Multifoods special meeting is necessary for a quorum. Abstentions and broker non-votes count as present for establishing a quorum. Shares of Multifoods common stock held by Multifoods or its subsidiaries do not count toward a quorum. A broker non-vote occurs with respect to a proposal when a broker is not permitted to vote on that proposal without instruction from the beneficial owner of the shares of Multifoods common stock and no instruction is given.

### **Shares Owned by Smucker's and Multifoods' Directors and Executive Officers as of the Record Date**

#### **Smucker Special Meeting**

At the close of business on the record date for the Smucker special meeting, directors and executive officers of Smucker were entitled to vote approximately [ ]% of the Smucker common shares outstanding on that date. A substantial majority of those Smucker common shares will be entitled to ten votes with respect to the proposal relating to the issuance of Smucker common shares in the merger under Smucker's time-phase

voting structure. Those shares have a minimum of [ ]% and a maximum of [ ]% of the voting power of the outstanding Smucker common shares, giving effect to the ten-votes-per-share provisions of Smucker's articles of incorporation, on the proposal relating to the issuance of Smucker common shares in the merger. We

**Multifoods Special Meeting**

As of [ ], 2004, the record date for the Multifoods special meeting, Multifoods' directors and officers had the right to vote approximately [ ] shares of Multifoods common stock at the Multifoods special meeting. As of [ ], 2004, the record date of the Multifoods special meeting, these shares represented approximately [ ]% of the Multifoods common stock outstanding as of the record date. These individuals have indicated that they intend to vote their Multifoods common stock in favor of the proposals presented to Multifoods shareholders.

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cannot, however, determine the actual voting power of those shares until the special meeting, when we will have received certifications as to the voting power of Smucker common shares that are held in street name by brokers, banks or other nominees.

The directors and executive officers of Smucker have indicated that they intend to vote their Smucker common shares in favor of the proposals presented to Smucker shareholders.

In connection with the merger, Tim Smucker and Richard Smucker, each individually and as a trustee for certain family trusts, entered into an agreement with Multifoods that requires them to vote their Smucker common shares relating to the issuance of Smucker common shares in the merger and grants to Multifoods a proxy to vote their shares:

in favor of the proposal relating to the issuance of Smucker common shares in the merger;

against the approval of any action, agreement or proposal that would result in Smucker or Acquisition Sub breaching the merger agreement or that would delay the completion of the merger or that would prevent fulfillment of a condition to any party's obligation to complete the merger; and

against any action, agreement or proposal made in opposition to or in competition with the issuance of Smucker common shares pursuant to the merger and the completion of the merger.

As of [ ], 2004, the record date for the Smucker special meeting, Tim Smucker and Richard Smucker were entitled to vote, individually or as trustee of the trusts described above, approximately [ ] Smucker common shares in the aggregate, or approximately [ ]% of the outstanding Smucker common shares. All of the Smucker common shares held by Tim Smucker and Richard Smucker will be entitled to ten votes with respect to the proposal relating to the issuance of Smucker common shares in the merger under Smucker's time-phase voting structure. As of [ ], 2004, the record date for the Smucker special meeting, those shares had a minimum of [ ]% and a maximum of [ ]% of the voting power of the outstanding Smucker common shares, giving effect to the ten-votes-per-share provisions of Smucker's articles of incorporation, on the proposal for the issuance of Smucker common shares in the



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merger. We cannot, however, determine the actual voting power of those shares until the special meeting, when we will have received certifications as to the voting power of Smucker common shares that are held in street name by brokers, banks or other nominees.

### **Vote Necessary at the Special Meetings to Approve Smucker and Multifoods Proposals**

#### **Smucker Special Meeting**

The approval of the proposal relating to the issuance of Smucker common shares in the merger requires the approval of a majority of the total votes cast in person or by proxy at the Smucker special meeting at which at least a majority of the outstanding voting power, giving effect to the ten-votes-per-share provisions of Smucker's articles of incorporation, of Smucker entitled to vote is present in person or by proxy and votes on such proposal.

Approval of adjournments or postponements of the Smucker special meeting, if necessary, to permit further solicitation of proxies if there are not sufficient votes at the time of the Smucker special meeting to approve the proposal relating to the issuance of Smucker common shares in the merger requires the affirmative vote of a majority of the voting power present in person or by proxy at the Smucker special meeting, giving effect to ten-vote shares, and actually voted on the proposal.

Abstentions will have the same effect as a vote against the proposal relating to the issuance of Smucker common shares in the merger, but broker non-votes will have no effect on (i) the outcome of the proposal to issue Smucker common shares in the merger, except that broker non-votes will not count as votes for purposes of determining the total number of votes cast on the proposal or (ii) the outcome of the proposal relating to adjournments or postponements of the Smucker special meeting, if necessary, to permit further solicitation of proxies, in each case, so long as a majority of the outstanding Smucker common shares have voted on the proposal.

#### **Multifoods Special Meeting**

Adoption and approval of the merger agreement and the merger and the transactions contemplated by the merger agreement requires the approval of the holders of a majority of the outstanding shares of Multifoods common stock entitled to vote.

Approval of adjournments or postponements of the Multifoods special meeting, if necessary, to permit further solicitation of proxies if there are not sufficient votes at the time of the Multifoods special meeting to approve the above proposal requires the affirmative vote of a majority of shares present in person or by proxy at the Multifoods special meeting and actually voted on the proposal.

Abstentions and broker non-votes will have the same effect as votes against the proposal to adopt and approve the merger agreement and the merger and the transactions contemplated by the merger agreement, but will have no effect on the outcome of the proposal relating to adjournments or postponements of the Multifoods special meeting, if necessary, to permit further solicitation of proxies.

### **Proof of Beneficial Ownership**

Smucker has developed procedures regarding the proof that will be required for determinations of beneficial ownership of Smucker common shares so that it may determine the voting power of those shares on the proposal relating to the issuance of

No separate proof of beneficial ownership is required to be provided by Multifoods shareholders.

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Smucker common shares in the merger and any other proposal that may come before the meeting that would entitle eligible holders to ten votes under its time-phase voting structure. If you own Smucker common shares that are held in street name and that you acquired before June 1, 2002 or on June 1, 2002 pursuant to Smucker's acquisition of the *Jif* and *Crisco* businesses from The Procter & Gamble Company pursuant to the terms of the merger agreement, dated October 9, 2001, by and among Smucker, The Procter & Gamble Company and The Procter & Gamble Ohio Brands Company, you are requested to certify in writing:

the total number of Smucker common shares that you beneficially own; and

of the Smucker common shares beneficially owned by you, how many have been owned since the effective time of the merger of The Procter & Gamble Ohio Brands Company with and into Smucker on June 1, 2002.

If your Smucker common shares are held in street name, a certification form for you to complete is enclosed with this document.

Your broker must receive the certification form from you by no later than five business days prior to the Smucker special meeting. If it is not received by that time, all Smucker common shares held by the beneficial owner will be entitled to only one vote per share on the proposal relating to the issuance of Smucker common shares in the merger.

Smucker reserves the right to require such additional evidence as may be necessary to confirm that there has been no change in beneficial ownership of Smucker common shares since the effective time of the merger of The Procter & Gamble Ohio Brands Company with and into Smucker on June 1, 2002.

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**VOTING BY PROXY**

**Voting Your Proxy**

You may vote in person at your special meeting or by proxy. We recommend you vote by proxy even if you plan to attend your special meeting. If you vote by proxy, you may change your vote if you attend your special meeting.

You may vote by proxy by completing and mailing the enclosed proxy card(s). If you properly complete, sign, date and return your proxy card(s) in time to vote, one or more of the individuals named as your proxy will vote your Smucker common shares or your shares of Multifoods common stock as you have directed. You may vote for or against the proposals submitted at your special meeting or you may abstain from voting. In addition, Smucker shareholders of record at the close of business on [ ], 2004 may vote by proxy by calling the toll-free telephone number or by using the internet as described in the instructions included with Smucker shareholders proxy card(s).

**How to Vote**

***Smucker Special Meeting\****

Complete, sign, date and return your proxy card(s) in the enclosed envelope or call the toll-free telephone number or use the internet as described in the instructions included with your proxy card(s).

***Multifoods Special Meeting\****

Complete, sign, date and return your proxy card(s) in the enclosed envelope.

\* If you hold Smucker common shares or shares of Multifoods common stock through a broker or other custodian, please follow the voting instructions provided by that firm. If you do not sign, date and return your proxy card(s), or, in the case of Smucker shareholders of record on [ ], 2004, vote by telephone or the internet, or if your shares are held in a stock brokerage account or held by a bank, broker or other nominee, or, in other words, in street name and you do not instruct your bank, broker or other nominee on how to vote those shares, those shares will not be voted at your special meeting for the proposals relating to the adoption and approval of the merger agreement and the merger and the transactions contemplated by the merger agreement or the issuance of Smucker common shares in connection with the merger.

A number of banks and brokerage firms participate in a program that also permits shareholders whose shares are held in street name to direct their vote by the internet or telephone. This option, if available, will be reflected in the voting instructions from the bank or brokerage firm that accompany this document. If your shares are held in an account at a bank or brokerage firm that participates in such a program, you may direct the vote of these shares by the internet or telephone by following the voting instructions enclosed with the proxy form from the bank or brokerage firm. The internet and telephone proxy procedures are designed to authenticate shareholders identities, to allow shareholders to give their proxy voting instructions and to confirm that those instructions have been properly recorded. The internet and telephone proxy procedures

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for Smucker shareholders are also designed to obtain proof of beneficial ownership of Smucker common shares. Votes directed by the internet or telephone through such a program must be received by 11:59 p.m., New York City time, on [ ], 2004. Requesting a legal proxy prior to the deadline described above will automatically cancel any voting directions you have previously given by the internet or by telephone with respect to your shares.

Directing the voting of your shares will not affect your right to vote in person if you decide to attend the meeting; however, you must first obtain a signed and properly executed legal proxy from your bank, broker or other nominee to vote your shares held in street name and bring it to your special meeting.

If you submit your proxy but do not make specific choices, your proxy will be voted **FOR** each of the proposals presented.

**Smucker's board of directors has unanimously approved the merger agreement and determined that the terms of the merger agreement, including the issuance of Smucker common shares in the merger, are advisable, fair to and in the best interests of Smucker and its shareholders. Smucker's board of directors**

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unanimously recommends that Smucker shareholders vote FOR the proposal relating to the issuance of Smucker common shares in the merger.

Multifoods board of directors has unanimously approved the merger agreement and determined that the transactions contemplated by the merger agreement are advisable, fair to and in the best interests of Multifoods and its shareholders. Multifoods board of directors unanimously recommends that Multifoods shareholders vote FOR the proposal to adopt and approve the merger agreement and the merger and the transactions contemplated by the merger agreement.

Approval by Smucker shareholders of the proposal relating to the issuance of Smucker common shares in the merger and adoption and approval by Multifoods shareholders of the merger agreement and the merger and the transactions contemplated by the merger agreement are conditions to consummation of the merger.

## **Revoking Your Proxy**

If you are a record holder of Smucker common shares or Multifoods common stock, you can change your vote by:

sending a written notice to the corporate secretary of Smucker or Multifoods that is received prior to the special meeting and states that you revoke your proxy;

signing and dating a new proxy card(s), and submitting your proxy so that it is received prior to the special meeting or, if available, voting by telephone or the internet prior to the special meeting; or

attending your special meeting and voting in person.

If your shares are held in street name by your broker, you will need to contact your broker to revoke your proxy.

## **Other Voting Matters**

### ***Voting in Person***

If you plan to attend your special meeting and wish to vote in person, we will give you a ballot at your special meeting. However, if your Smucker common shares or shares of Multifoods common stock are held in street name, you must first obtain a legal proxy authorizing you to vote the shares in person, which you must bring with you to your special meeting.

*People with Disabilities*

We can provide reasonable assistance to help you participate in your special meeting if you tell us about your disability and how you plan to attend. Please call or write the corporate secretary of your company at least two weeks before your special meeting at the number or address provided on the inside front cover page of this document.

**Proxy Solicitations**

This document is being furnished to you in connection with Smucker's board of directors and Multifoods' board of directors solicitation of proxies from the holders of Smucker common shares and Multifoods common stock, respectively, for the special meetings. In addition to this mailing, Smucker's and Multifoods' directors, officers and employees (who will not receive any additional compensation for such services) may solicit proxies personally, electronically or by telephone. We will each pay our own costs of soliciting proxies. Smucker and Multifoods have also engaged Georgeson Shareholder Communications, Inc. to assist in the solicitation of proxies. Each of Smucker and Multifoods will pay this firm \$12,500 and \$7,500, respectively, plus certain other customary fees and expenses. Each of Smucker and Multifoods will also reimburse brokerage houses and other custodians, nominees and fiduciaries for their reasonable expenses for sending proxy materials to the beneficial owners of Smucker common shares and Multifoods common stock, respectively. The extent to which these proxy-soliciting efforts will be necessary depends upon how promptly proxies are submitted. You should submit your completed proxy card(s) without delay by mail or vote by telephone or the internet if available.

**Multifoods shareholders should not submit any Multifoods stock certificates with their proxy cards.**

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**Other Business, Adjournment and Postponements**

We are not aware of any other business to be acted upon at either special meeting. If, however, other matters are properly brought before either special meeting, your proxies will have discretion to vote or act on those matters according to their best judgment.

Any adjournment may be made from time to time by approval of the shareholders holding a majority of the voting power present in person or by proxy at either special meeting, whether or not a quorum exists, without further notice other than by an announcement made at that special meeting. In addition, if the adjournment of the Multifoods special meeting is for more than 30 days or if after the adjournment a new record date is fixed for the adjourned meeting, notice of the adjourned meeting must be given to each Multifoods shareholder of record entitled to vote at the Multifoods special meeting. If a quorum is not present at either the Smucker or Multifoods special meeting, shareholders of the relevant company may be asked to vote on a proposal to adjourn or postpone the relevant special meeting to solicit additional proxies. If a quorum is not present at the Smucker special meeting, the officers of the company or the holders of a majority of the shares entitled to vote who are present in person or by proxy at the meeting may adjourn or postpone the meeting. If a quorum is not present at the Multifoods special meeting, the holders of a majority of the shares entitled to vote who are present in person or by proxy may adjourn or postpone the special meeting. If a quorum is present at either of the special meetings but there are not sufficient votes at the time of the special meeting to approve the other proposal(s), holders of the common stock of the relevant company may also be asked to vote on a proposal to approve the adjournment or postponement of the special meeting to permit further solicitation of proxies.



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**THE MERGER**

**Background of the Merger**

Multifoods' board of directors from time to time has evaluated whether acquisitions by Multifoods or a sale of Multifoods would be in the best interest of Multifoods and its shareholders. At a March 2003 regular Multifoods board meeting, the board of directors authorized Gary Costley to contact Smucker and another public food company to determine if either of those companies had any strategic interest in any of the businesses of Multifoods or Multifoods as a whole. Shortly after the March 2003 board meeting, Gary Costley contacted Richard Smucker and the chief executive officer of the other company. Gary Costley had business dealings with Smucker while Gary Costley was at Kellogg Company, and Gary Costley and Richard Smucker have been personal friends for a number of years. Richard Smucker served on Multifoods' board of directors from March 1997 until he resigned from the board in December 2002 (effective January 1, 2003) in order to devote more time to the management of Smucker. Richard Smucker has also served since December 1992 as the trustee for a trust established by Gary Costley for the benefit of his children. Gary Costley concluded from his conversations with Richard Smucker that Smucker did not have an interest in exploring a possible business combination with Multifoods due to the ongoing integration of the *Jif* and *Crisco* businesses as well as its consideration of other acquisition opportunities being explored by Smucker. The other food company, after reviewing the matter, advised Gary Costley that it did not see a strategic fit between its business and Multifoods. Gary Costley also spoke from time to time with Greenhill & Co., LLC about various strategic alternatives, including the possibility of Multifoods acquiring additional brands and possible business combinations involving Multifoods. As a result of these discussions, in 2003 Greenhill approached a number of companies concerning possible brand acquisitions and informally approached other companies about possible business combinations with Multifoods without generating interest.

In October and early November 2003, Multifoods had discussions with Greenhill & Co., LLC about possibly engaging Greenhill to advise Multifoods on strategic alternatives. A representative of Greenhill participated in a meeting of Multifoods' board of directors on November 4, 2003 and discussed possible business strategies with the board. Following the November 4, 2003 board meeting, Multifoods' management engaged Deloitte to conduct a study of the business and operations of Multifoods for the purpose of making recommendations to the board of directors on subjects of organizational restructuring and cost reduction.

Smucker continually reviews a variety of business opportunities, including potential strategic acquisitions, as part of its ongoing evaluation of the markets in which it operates and its strategy to broaden its product categories and expand its portfolio of center-of-the-store, North American icon brands. On January 10, 2004, Richard Smucker and Gary Costley met, at Richard Smucker's request, during a food industry conference in Scottsdale, Arizona. This was the first discussion Richard Smucker had with Gary Costley regarding a possible business combination since Gary Costley approached Richard Smucker in March 2003. Richard Smucker indicated that Smucker would be interested in engaging in exploratory discussions regarding the strategic benefits of a possible business combination of the two companies. Several days later, Richard Smucker contacted Gary Costley again and reconfirmed that Smucker was interested in engaging in exploratory discussions regarding a possible business combination. During January 2004, Richard Smucker and Gary Costley had a series of discussions regarding Smucker's interest in a business combination with Multifoods. During those discussions, Richard Smucker indicated that Smucker would be willing to pay Multifoods shareholders an attractive premium to the then-current per share price of Multifoods common stock if Smucker's due diligence investigation of Multifoods supported such a valuation.

In response to Richard Smucker's approach in January 2004, Gary Costley conferred with members of Multifoods' board of directors and management, Multifoods' outside legal advisor, Faegre & Benson LLP, and representatives of Greenhill & Co., LLC.

On January 29 and 30, 2004, during a regular meeting of Smucker's board of directors, Smucker management updated the board on the discussions that had taken place between Richard Smucker and Gary Costley.



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In February 2004, Smucker engaged William Blair & Company, L.L.C. to advise it on the financial aspects of a possible business combination with Multifoods.

On February 9, 2004, Smucker's management met with an outside marketing consultant to review the brands owned and licensed by Multifoods.

At a regularly scheduled meeting of Multifoods' board of directors on February 10, 2004, Gary Costley summarized discussions that he had had with Richard Smucker about Smucker's interest in exploring a possible business combination with Multifoods. Gary Costley's summary followed presentations by Deloitte on February 9 and February 10, 2004 relating to potential cost savings available to Multifoods on a stand-alone basis and a presentation on February 10, 2004 by John Byom, Senior Vice President, Finance and Chief Financial Officer of Multifoods, on year-to-date financial performance and management's projected sales and earnings of Multifoods for the fiscal years 2004 through 2009, inclusive. Representatives of Greenhill & Co., LLC summarized the food and beverage merger and acquisition environment and reviewed with Multifoods' board of directors Greenhill's analysis of various strategic alternatives available to Multifoods, including continuing as an independent stand-alone public company or a possible sale of Multifoods or business combination with another company. In addition, Greenhill & Co., LLC presented a strategic and financial analysis of a combination with Smucker specifically. Faegre & Benson LLP reviewed the legal duties and responsibilities of Multifoods' board of directors in connection with considering possible strategic alternatives available to Multifoods. The outside directors of Multifoods, in executive session, approved the retention of Greenhill & Co., LLC and authorized further discussions with Smucker by Gary Costley and Dolph von Arx, an outside director of Multifoods. The outside directors also requested that James Jenness, an outside director of Multifoods, be involved in the process.

Following the February 10, 2004 Multifoods' board meeting, members of management of Smucker and Multifoods made arrangements for Multifoods' management to make presentations to Smucker's management and representatives. Smucker and Multifoods signed a confidentiality agreement with respect to a possible transaction on February 13, 2004.

On February 16, 2004, members of Multifoods' management made presentations regarding the business and operations of Multifoods to members of Smucker's management and its financial and legal advisors in Akron, Ohio. From February 16 through February 18, 2004, Smucker management discussed the possible benefits and risks of a possible transaction, reviewed written materials provided by Multifoods, made inquiries of Multifoods' management and advisors and obtained additional details about Multifoods' business and operations.

On February 19, 2004, members of Smucker's management and its financial and legal advisors met with Multifoods' management, Dolph von Arx, and its financial and legal advisors in Chicago, Illinois and submitted a preliminary, non-binding indication of interest for a business combination with Multifoods at a price of \$22.50 per share, consisting of 80% Smucker common shares and 20% cash and subject to, among other conditions, satisfactory completion of legal and financial due diligence reviews. On February 20, 2004, the parties continued their meeting in Chicago, Illinois. Multifoods countered that a price of \$28 per share was a more appropriate value of Multifoods. Smucker raised its proposed price to \$23 per share, again consisting of 80% Smucker common shares and 20% cash. Smucker's proposals included a 10% collar. This collar would have had the effect of Multifoods shareholders receiving a combination of Smucker common shares and cash with a value that was less than or greater than \$22.50 or \$23 per share of Multifoods common stock if the average closing price of Smucker common shares fluctuated by more than 10% of the then-current market price of Smucker common shares. Immediately following the meeting with Smucker in Chicago, Dolph von Arx and Gary Costley met with James Jenness to discuss Smucker's proposal and possible further negotiations with Smucker.

Over the course of the weekend, on February 21 and February 22, 2004, Gary Costley had several conversations with Richard Smucker and conferred with Dolph von Arx, James Jenness and representatives of Greenhill & Co., LLC with respect to those conversations. During the conversations between Richard Smucker and Gary Costley, Smucker increased its proposed price, first to \$24 per share and then to \$25 per share, but emphasized that Smucker would not increase its offer beyond \$25 per share.



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Over the course of February 22 to February 25, 2004, Richard Smucker and Tim Smucker called each of Smucker's non-management directors to update them on the status of the negotiations and the proposed \$25 per share merger consideration.

On February 25, 2004, Multifoods' board of directors held a special meeting. Dolph von Arx updated Multifoods' board of directors on the meeting in Chicago and subsequent conversations with Smucker. Greenhill & Co., LLC provided Multifoods' board of directors with its analysis of the preliminary non-binding proposal made by Smucker. At that meeting, Multifoods' directors unanimously determined that Multifoods should continue discussions with Smucker and authorized Multifoods' negotiating team to pursue contract negotiations. Multifoods' board of directors also directed the negotiating team to attempt to negotiate a higher price per share and other terms that created greater certainty that the per share value of the merger to Multifoods shareholders would not decrease even if Smucker's share price decreased substantially prior to the closing of the merger and to provide greater assurance that Smucker would be obligated to close a transaction if it was approved by Multifoods board of directors and publicly announced.

On February 25, 2004, Smucker's board of directors held a special meeting and was updated by management and its advisors on the status of the discussions relating to the possible business combination with Multifoods. At that meeting, Smucker's board of directors authorized continued discussions with Multifoods regarding a possible business combination.

On February 26, 2004, Smucker's counsel delivered to Multifoods and its advisors a draft merger agreement in which the merger consideration would consist of 80% Smucker common shares and 20% cash. Beginning on February 26, 2004, legal, financial, operational and other representatives of Smucker negotiated issues relating to the transaction with representatives of Multifoods and performed due diligence on Multifoods' business and operations in Minneapolis, Minnesota and at several Multifoods' facilities in the United States and Canada. This review included, among other things, analyses of synergies that would be expected to result from a possible business combination as well as a review of legal and accounting issues. Smucker's due diligence reviews continued until the merger agreement was signed on March 7, 2004.

After the board of directors meetings on February 25, 2004, Gary Costley and Richard Smucker had a series of discussions concerning the terms of a possible transaction. Gary Costley conferred regularly with Dolph von Arx, James Jenness, representatives of Greenhill & Co., LLC and legal counsel. Gary Costley sought to increase the proposed \$25 per share price. Richard Smucker reconfirmed that Smucker was not willing to pay more than \$25 per share, but was willing to consider proposals that would increase the certainty that Multifoods shareholders would receive consideration with a value of not less than \$25 per share and that would increase the likelihood that the merger would be consummated absent a superior proposal.

On March 1, 2004, Multifoods' counsel delivered comments on the draft merger agreement to Smucker and its advisors.

On March 2, 2004, members of Multifoods' management, together with its legal and financial advisors, met in Akron, Ohio with Smucker's management and advisors to conduct due diligence with respect to Smucker and continue their discussions of the terms of a possible transaction, including the transaction structure and pricing issues, and to negotiate the provisions of the merger agreement. Members of Smucker's management made a presentation to Multifoods' management and its advisors regarding Smucker's business and operations. Subsequent to the meeting on March 2, 2004, Multifoods continued its due diligence review of Smucker's business, operations and financial performance and the parties continued negotiations of the provisions of the merger agreement.

On March 4, 2004, Smucker's board of directors held a special meeting to discuss the status of the deal negotiations and the proposed terms of the merger. During this meeting, Smucker's management and its legal and financial advisors reviewed the material terms and conditions of the merger agreement as negotiated to date.



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Smucker's financial advisor, William Blair, reviewed its financial analysis of the merger consideration and potential synergies and discussed the financial terms of the transaction, including the negotiations that resulted in the increase of the proposed stock/cash merger consideration to \$25 per share of Multifoods common stock.

On March 5, 2004, Multifoods' board of directors held a special meeting to discuss the status of negotiations with Smucker. During the meeting, management of Multifoods reported on projected financial results for the fiscal year ended on February 28, 2004. Multifoods' outside legal advisor, Faegre & Benson LLP, reviewed the fiduciary duties of Multifoods' directors in considering the proposed transaction as compared to other possible alternatives and the material terms and conditions of the merger agreement as it was negotiated to date. Multifoods' financial advisor, Greenhill & Co., LLC, reviewed its financial analysis of the merger consideration and discussed the financial terms of the transaction, including its analysis of stand-alone valuations of Multifoods, an overview of Smucker and its businesses, the strategic merits of the proposed transaction and various financial analyses and valuations relevant to the proposed transaction. Greenhill & Co., LLC also reviewed with Multifoods' directors the approaches described above that had been made in calendar year 2003 to potential buyers of Multifoods, Multifoods' efforts to expand its size and scale, and Greenhill & Co., LLC's views on the very low likelihood of finding a buyer willing to pay a higher price than the price offered by Smucker. Greenhill indicated that it would be prepared to opine that the consideration to be received by Multifoods' shareholders in the proposed transaction was fair from a financial point of view to Multifoods' shareholders if the directors determined to proceed with the proposed transaction. Multifoods' board of directors authorized continued negotiation of the terms and conditions of the merger agreement.

Negotiations relating to the terms and conditions of the merger agreement continued through the morning of March 7, 2004. Ultimately, Smucker and Multifoods agreed to merger consideration of \$25 per share of Multifoods common stock, 20% of which would be payable in cash and 80% of which would be payable in Smucker common shares, with a limit on the number of Smucker common shares that would be issued in the merger and an increase in the amount of cash that would be received by Multifoods' shareholders if this limit became applicable. Smucker also agreed that the surviving company of the merger would pay or be obligated for outstanding debt of Multifoods in the principal amount of approximately \$340 million.

On March 7, 2004, Smucker's board of directors met again to review with its legal and financial advisors the status of the negotiations and the proposed terms and conditions of the merger. Smucker's outside legal advisor, Jones Day, presented an update regarding changes to the material terms and conditions of the merger agreement as previously discussed with Smucker's board of directors on March 4, 2004. William Blair rendered to Smucker's board of directors its oral opinion, which opinion was confirmed by delivery of a written opinion dated March 7, 2004, that as of that date and based on and subject to the matters described in its written opinion, the merger consideration to be paid by Smucker was fair, from a financial point of view, to Smucker. Smucker's board of directors then considered the benefits and risks of the proposed business combination to Smucker and its shareholders. Following a discussion, Smucker's board of directors unanimously determined that the merger was advisable, fair to, and in the best interests of, Smucker and its shareholders and approved the merger agreement.

On March 7, 2004, Multifoods' board of directors met again to review with its legal and financial advisors the status of the negotiations and the proposed terms and conditions of the merger. Multifoods' outside legal advisor, Faegre & Benson LLP, presented an update regarding the changes to the material terms and conditions of the merger agreement as previously discussed with Multifoods' board of directors on March 5, 2004. Greenhill & Co., LLC rendered to Multifoods' board of directors its oral opinion, which opinion was confirmed by delivery of a written opinion dated March 7, 2004, that as of that date and based on and subject to the matters described in its draft written opinion distributed to Multifoods' board of directors, the merger consideration to be received by Multifoods' shareholders was fair, from a financial point of view, to such shareholders. After further consideration and deliberation and following discussion, Multifoods' board of directors unanimously determined that the merger agreement and the merger at the \$25 per share merger consideration are advisable, fair to and in the best interests of Multifoods and its shareholders.

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Following the March 7, 2004 board meetings of Smucker and Multifoods, Smucker and Multifoods signed the merger agreement. Tim Smucker and Richard Smucker, each individually and as a trustee of certain trusts for the benefit of members of the Smucker family, also entered into an agreement with Multifoods that requires them to vote their Smucker common shares for the proposal relating to the issuance of Smucker common shares in the merger. On the morning of March 8, 2004, Smucker and Multifoods issued a joint press release announcing the execution of the merger agreement and held a conference call to discuss the transaction and its terms with investors and analysts.

### **Smucker's Reasons for the Merger; Recommendation of Smucker's Board of Directors**

**Smucker's board of directors has unanimously approved the merger agreement and determined that the terms of the merger agreement, including the issuance of Smucker common shares in the merger, are advisable, fair to and in the best interests of Smucker and its shareholders. Smucker's board of directors unanimously recommends that Smucker shareholders vote FOR the proposal relating to the issuance of Smucker common shares in the merger.**

In reaching its conclusion, Smucker's board of directors considered, among other factors, the following:

the opinion of William Blair delivered to Smucker's board of directors to the effect that, as of the date of the opinion and subject to the assumptions and qualifications stated in the opinion, the consideration to be paid to the holders of Multifoods common stock in the merger pursuant to the merger agreement was fair, from a financial point of view, to Smucker.

the views of Smucker management regarding the proposed merger and the expectation that the merger would improve Smucker's earnings and cash flow, providing a solid foundation to accelerate growth and enhance shareholder value;

the synergies expected to be generated from the efficiencies of combining Smucker and Multifoods, supply-chain enhancements and leveraging the current selling, marketing and distribution networks, which are expected to result in cost savings ranging from \$40 million to \$60 million by the end of Smucker's third full fiscal year following completion of the merger;

the complementary nature of the Smucker and Multifoods brands, the expanded categories of the combined company and its increased market presence in Canada;

the enhanced strategic and market position of the combined company;

the financial strength of the combined company and its ability to pursue new product development and acquisition opportunities;

the compatibility of Smucker's distribution channels and customers with those of the Multifoods businesses;

the greater scale and marketing representation of the combined company and its ability to take advantage of increased cross-branding and cross-promotion opportunities in the center of the store;

the expectation that the combined earnings power of Smucker and Multifoods will allow Smucker to continue its historic strong dividend payment practice;



the expectation that the compatibility of Smucker's and Multifoods' corporate values, basic beliefs and business ethics will facilitate a smooth integration of their businesses; and

information concerning the business, assets, liabilities, financial performance and condition and prospects of Smucker and Multifoods.

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Smucker's board of directors also considered certain countervailing factors in its deliberations relating to the merger, including:

the possibility that the increased revenues and earnings expected to result from the merger would fail to materialize;

the possibility that the synergies and cost savings expected to result from the merger may not be achieved;

the challenges of integrating the Multifoods businesses into Smucker;

so-called "golden-parachute" and change-in-control payments, as well as the payment of severance costs, in connection with the merger;

the possible disruption of Smucker's business that might result from the announcement of the merger and the diversion of management's attention from Smucker's current businesses because of the merger;

the dilution of Smucker shareholders' voting power that would result from the issuance of Smucker common shares in the merger; and

the possibility that the merger may not be consummated and the potential adverse consequences if the merger is not consummated.

The foregoing discussion of the information and factors discussed by Smucker's board of directors is not meant to be exhaustive but is believed to include all material factors considered by it. Smucker's board of directors did not quantify or attach any particular weight to the various factors that it considered in reaching its determination that the terms of the merger agreement, including the issuance of Smucker common shares in the merger, are advisable, fair to, and in the best interests of, Smucker and its shareholders. Rather, Smucker's board of directors viewed its position and recommendation as being based on the totality of the information presented to and considered by it. As a result of its consideration of the foregoing and other relevant considerations, Smucker's board of directors unanimously approved the merger agreement and determined that the terms of the merger agreement, including the issuance of Smucker common shares in the merger, are advisable, fair to and in the best interests of Smucker and its shareholders.

### **Opinion of Smucker's Financial Advisor**

William Blair was retained to act as a financial advisor to Smucker in connection with its proposed merger or other transaction with Multifoods and related matters. As part of its engagement, Smucker requested William Blair to render a fairness opinion relating to the merger. On March 7, 2004, William Blair delivered its oral opinion, subsequently confirmed in writing, to the effect that, as of that date and based upon and subject to the assumptions and qualifications stated in its opinion, the merger consideration to be paid by Smucker to holders of Multifoods common stock pursuant to the merger agreement was fair, from a financial point of view, to Smucker.

William Blair provided the opinion described above for the information and assistance of Smucker's board of directors in connection with its consideration of the merger. William Blair's opinion to Smucker's board of directors was one of many factors taken into consideration by Smucker's board of directors in making its determination to approve the merger agreement. The terms of the merger agreement and the exchange ratio in the merger, however, were determined through negotiations between Smucker and Multifoods and were approved by Smucker's board of directors. William Blair provided financial advice to Smucker during these negotiations. However, William Blair did not recommend to Smucker any specific exchange ratio or other form of consideration or that any specific exchange ratio or other form of consideration constituted the only appropriate consideration for the proposed merger.

The full text of William Blair's written opinion, dated March 7, 2004, is attached as Annex C to this document and incorporated into this document by reference. You are urged to read the entire opinion carefully to learn about the assumptions made, general procedures followed, matters considered and limits on the scope of the review undertaken by William Blair in rendering its opinion. William Blair's opinion

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relates only to the fairness, as of the date of the opinion and from a financial point of view to Smucker, of the merger consideration to be paid by Smucker in connection with the merger pursuant to the merger agreement, does not address any other aspect of the proposed merger or any related transaction, and does not constitute a recommendation to any shareholder as to how that shareholder should vote at any special meetings. William Blair did not address the merits of the underlying decision by Smucker to engage in the merger. The following summary of William Blair's opinion is qualified in its entirety by reference to the full text of the opinion. William Blair's opinion was directed to Smucker's board of directors for its benefit and use in evaluating the fairness of the merger consideration. We urge you to read the opinion carefully and in its entirety.

In connection with its opinion, William Blair examined or discussed:

the terms and conditions set forth in the draft of the merger agreement, dated March 7, 2004, based on the assumption that the final form of the agreement would not differ in any material respect from the draft provided;

the audited historical financial statements of Smucker and Multifoods for each of the years in the three-year period ended April 30, 2003 and March 1, 2003, respectively;

the unaudited interim financial statements of Smucker for each of the six-month periods ended October 31, 2002 and October 31, 2003 and of Multifoods for each of the nine-month periods ended November 30, 2002 and November 29, 2003;

certain (i) internal business, operating and financial information and forecasts of Smucker and Multifoods prepared by senior management of Smucker and Multifoods, respectively; (ii) information regarding the strategic, financial and operational benefits anticipated from the merger and the prospects of Smucker (with and without the merger) prepared by senior management of Smucker; and (iii) the pro forma impact of the merger on the earnings per share of Smucker based on certain pro forma financial information prepared by the senior management of Smucker, which are referred to as the forecasts throughout this description of its opinion;

information provided by senior management of Smucker regarding the amount and timing of cost savings and related expenses and potential synergies which senior management of Smucker expects will result from the merger, which are referred to as the expected synergies throughout this description of its opinion;

information regarding publicly available financial terms of certain other business combinations William Blair deemed relevant;

the financial position and operating results of Smucker and Multifoods compared with those of certain other publicly traded companies William Blair deemed relevant;

current and historical market prices and trading volumes of the common stock of Smucker and Multifoods; and certain other publicly available information regarding Smucker, Multifoods and their industries.

William Blair also held discussions with members of the senior management of Smucker and Multifoods to discuss the foregoing, the past and current business operations, and the financial condition and future prospects, of Smucker and Multifoods. William Blair also held discussions with Smucker's board of directors and Smucker's legal counsel to discuss Multifoods, the merger and the results of its analysis and examination, considered such other matters that it deemed relevant to its inquiry, and took into account the accepted financial and investment banking procedures and considerations that it deemed relevant or appropriate.

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In conducting its review and analysis and rendering its opinion, William Blair assumed and relied, without any duty of independent verification, upon the accuracy and completeness of all the information examined by or otherwise reviewed or discussed with William Blair for purposes of its opinion, including, without limitation, the

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forecasts provided by senior management. William Blair did not make or obtain an independent valuation or appraisal of the assets, liabilities (contingent or otherwise) or solvency of Smucker or Multifoods. William Blair was advised by the senior management of Smucker that the forecasts and the expected synergies examined by William Blair were reasonably prepared on bases reflecting the best currently available estimates and judgments of the senior management of Smucker. In that regard, William Blair assumed, with the consent of Smucker's board of directors, that (1) the forecasts would be achieved and the expected synergies will be realized in the amounts and at the times contemplated thereby and (2) all material assets and liabilities (contingent or otherwise) of Smucker and Multifoods were as set forth in Smucker's and Multifoods' financial statements. William Blair assumes no liability for, and expressed no opinion with respect to, the forecasts or the expected synergies or the estimates and judgments on which they were based.

William Blair further assumed, with the consent of Smucker's board of directors, that the merger will qualify as a reorganization for United States federal income tax purposes under Section 368(a) of the Internal Revenue Code, and that neither Smucker nor Multifoods will recognize material income, gain or loss for U.S. federal or other income tax purposes as a result of the merger. William Blair has not independently verified that such tax treatment will be available with respect to the merger and expresses no view with respect to the tax treatment that will be required to be applied to the merger. In addition, William Blair assumed, with the consent of Smucker's board of directors, that, following the consummation of the merger, no indemnification payments with respect to any taxes or otherwise will be required to be made by Smucker as a result of the merger. William Blair relied as to all legal, tax and accounting matters on advice of counsel, tax advisors and auditors to Smucker. In rendering its opinion, William Blair assumed that:

the final terms of the merger agreement would not vary materially from those set forth in the last draft it reviewed;

the merger will be consummated on the terms described in the merger agreement, without any waiver of any material terms or conditions by Smucker or Multifoods; and

all material governmental, regulatory or other consents and approvals necessary for the consummation of the merger will be obtained without any adverse effect on Smucker or on the expected benefits of the transaction contemplated by the merger agreement.

William Blair did not express any opinion as to the price at which Smucker common shares or shares of Multifoods common stock will trade at any future time or as to the effect of the merger on the trading price of Smucker common shares. The trading price may be affected by a number of factors, including, but not limited to:

dispositions of Smucker common shares by shareholders within a short period of time after the effective date of the merger;

changes in the prevailing interest rates and other factors which generally influence the price of securities;

adverse changes in the current capital markets;

the occurrence of adverse changes in the financial condition, business, assets, results of operations or prospects of Smucker or of Multifoods or in the markets they serve;

any necessary actions by or restrictions of federal, state or other governmental agencies or regulatory authorities; and

timely completion of the merger.

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William Blair was not asked to consider and its opinion did not address the merits of the underlying decision by Smucker to engage in the merger, the relative merits of the merger as compared to any alternative business strategies that might exist for Smucker or the effect of any other transaction in which Smucker might engage. William Blair's opinion was based upon economic, market, financial and other conditions existing on and as could be evaluated as of, and other information disclosed to William Blair as of, the date of such opinion. The

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opinion noted that subsequent developments might affect its opinion and that William Blair disclaimed any obligation to update, revise or reaffirm its opinion.

The following is a summary of the material financial analyses performed and material factors considered by William Blair to arrive at its opinion. William Blair performed certain procedures, including each of the financial analyses described below, and reviewed with Smucker's board of directors and the senior management of Smucker the assumptions upon which such analyses were based, as well as other factors. Although the summary does not purport to describe all of the analyses performed or factors considered by William Blair in this regard, it does describe the principal elements of analyses made by William Blair in arriving at its opinion.

### ***Selected Public Company Analysis***

William Blair reviewed and compared certain financial information relating to Smucker and Multifoods to corresponding financial information, ratios and public market multiples for certain publicly traded companies with operations in the food industry that William Blair deemed relevant. The companies selected by William Blair were:

American Italian Pasta Company  
Campbell Soup Company  
ConAgra Foods, Inc.  
Dean Foods Company  
Fresh Del Monte Produce Inc.  
General Mills, Inc.  
Hershey Foods Corporation  
H.J. Heinz Company  
J & J Snack Foods Corp.  
John B. Sanfilippo & Son, Inc.  
Kellogg Company  
Kraft Foods Inc.  
Nestle SA  
Ralcorp Holdings, Inc.  
Riviana Foods Inc.  
Seneca Foods Corporation  
The Hain Celestial Group, Inc.  
Tootsie Roll Industries, Inc.  
Tyson Foods, Inc.  
Wm. Wrigley Jr. Company

William Blair selected these companies because they are the publicly traded companies that engage in businesses reasonably comparable to those of Multifoods. None of the selected companies is identical to Smucker or Multifoods. Accordingly, any analysis of the selected publicly traded companies necessarily involved complex considerations and judgments concerning the differences in financial and operating characteristics and other factors that would necessarily affect the analysis of trading multiples of the selected publicly traded companies.

Among the information William Blair considered was revenue; earnings before interest, taxes, depreciation and amortization (commonly referred to as EBITDA); earnings before interest and taxes (commonly referred to as EBIT); and earnings per share (commonly referred to as EPS). William Blair analyzed the selected companies in terms of the equity market value plus book value of debt, less cash and cash equivalents (enterprise value) as a multiple of revenue, EBITDA, and EBIT and the stock price of equity as a multiple of EPS. The operating results and the corresponding derived multiples for Multifoods and each of the selected companies were based on each company's most recent available publicly



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disclosed financial information for the last 12 months ( LTM ) and closing share prices as of March 5, 2004. The enterprise value of the transaction is

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based on the common equity value implied by the merger consideration per share of \$25 (payable in Smucker common shares and cash), plus the book value of total debt, less cash and cash equivalents assumed to be included in the merger.

William Blair then compared the implied transaction multiples for the merger to the range of trading multiples for the selected companies. Information regarding the multiples from William Blair's analysis of selected publicly traded companies is set forth in the following table.

Multiple	Implied Transaction Multiples	Selected Public Company Valuation Multiples			
		Minimum	Median	Mean	Maximum
Enterprise Value/LTM Revenue	0.92x	0.37x	1.70x	1.81x	4.62x
Enterprise Value/LTM EBITDA	9.9x	5.0x	10.8x	10.4x	17.0x
Enterprise Value/LTM EBIT	13.1x	6.4x	13.4x	13.4x	19.4x
Merger Consideration/LTM EPS	19.1x	7.0x	18.1x	19.4x	29.4x

**Selected M&A Transactions Analysis**

William Blair performed an analysis of selected recent business combinations in the branded food industry consisting of transactions announced and closed since 1999 and based on publicly available information. In total, William Blair examined 31 transactions that were chosen based on William Blair's judgment that they were generally similar, in whole or in part, to the proposed merger. The selected transactions were not intended to be representative of the entire range of possible transactions in the industry. The 31 transactions examined were (target/acquirer):

Bakery Chef, Inc. / *Ralcorp Holdings, Inc.*  
 Ben & Jerry's Homemade Inc. / *Unilever N.V.*  
 Bestfoods / *Unilever N.V.*  
 CarPro, Inc. / *CSM N.V.*  
 Celestial Seasonings / *Hain Food Group, Inc.*  
 Chef America, Inc. / *Nestle SA*  
 Chock Full O' Nuts Corporation / *Sara Lee Corporation*  
 Dean Foods Company / *Suiza Foods Corporation*  
 Diageo plc's Pillsbury Food Business / *General Mills, Inc.*  
 Dole Food Company, Inc. / *Management*  
 H.J. Heinz Company (8 brands) / *Del Monte Foods Company*  
 Imperial Sugar Co.'s Diamond Crystal Brands Business / *Hormel Foods Corporation*  
 International Home Products Inc. / *ConAgra Foods, Inc.*  
 Kamps AG / *Barilla Holding SpA*  
 Keebler Foods Company / *Kellogg Company*  
 Metz Baking Co. / *The Earthgrains Company*  
 Michaels Foods, Inc. / *Investor Group*  
 Mrs. Smith's Bakeries, Inc. / *The Schwan Food Company*  
 Nabisco Holdings Corp. / *Philip Morris Companies Inc.*  
 Pfizer Inc.'s Adams Confectionary Business / *Cadbury Schweppes plc*  
 The Procter & Gamble Company (*Jif & Crisco Businesses*) / *The J. M. Smucker Company*  
 The Quaker Oats Company / *PepsiCo, Inc.*

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Snack Foods Limited / *Campbell Soup Company*  
Snapple Beverage Corp. / *Cadbury Schweppes plc*  
The Earthgrains Co. / *Sara Lee Corporation*  
The Turkey Store Company (Jerome Foods, Inc.) / *Hormel Foods Corporation*  
Tomkins plc (European Food Bus.) / *Doughty Hanson & Co.*  
UB Frozen and Chilled Foods / *H.J. Heinz Company*  
Vlasic Foods International, Inc. s North American Business / *Hicks, Muse, Tate & Furst Company*  
WLR Foods, Inc. / *Pilgrim s Pride Corporation*  
Worthington Foods, Inc. / *Kellogg Company*

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Although William Blair analyzed the multiples implied by the selected transactions and compared them to the implied transaction multiples of the merger, none of these transactions or associated companies is identical to the merger, Smucker or Multifoods. Accordingly, any analysis of the selected transactions necessarily involved complex considerations and judgments concerning the differences in financial and operating characteristics, parties involved and terms of their transactions and other factors that would necessarily affect the implied value of Multifoods versus the values of the companies in the selected transactions.

William Blair reviewed the consideration paid in the selected transactions in terms of the enterprise value of such transactions as a multiple of LTM revenue, EBITDA, EBIT and the equity value as a multiple of net income prior to the announcement of these transactions. William Blair compared the resulting range of transaction multiples of revenue, EBITDA, EBIT and net income for the selected transactions to the implied transaction multiples for the merger. Information regarding the multiples from William Blair's analysis of selected transactions is set forth in the following table:

Multiple	Implied Transaction Multiples	Selected Transaction Valuation Multiples			
		Minimum	Median	Mean	Maximum
		Enterprise Value/LTM Revenue	0.92x	0.35x	1.11x
Enterprise Value/LTM EBITDA	9.9x	5.8x	10.8x	11.2x	18.9x
Enterprise Value/LTM EBIT	13.1x	7.0x	17.2x	15.9x	29.6x
Equity Value/LTM Net Income	19.4x	8.2x	20.3x	25.0x	53.5x

**Premiums Paid Analysis**

William Blair reviewed available data from 128 domestic public transactions, in which 100% of the target was acquired, announced since January 1, 2001 and with equity values between \$250 million and \$1 billion. Specifically, William Blair analyzed the acquisition price per share as a premium to the closing share price one day, one week and one month prior to the announcement of the transaction, for all 128 transactions. William Blair noted that the reasons for, and circumstances surrounding, each of the transactions reviewed were diverse and that the premiums fluctuate among different industry sectors and based on perceived growth, synergies, strategic value and type of consideration utilized in the transaction.

William Blair compared the range of resulting per share stock price premiums for the reviewed transactions to the premiums implied by the merger based on Multifoods common stock prices one day, one week and one month prior to an assumed announcement on March 8, 2004. William Blair noted that none of the selected companies is identical to Multifoods and, accordingly, any analysis of these transactions necessarily involved complex considerations and judgments concerning the differences in financial and operating characteristics and other factors that would necessarily affect the comparison of the percentage purchase price premium implied by the merger versus the percentage purchase price premiums of these transactions.

Information regarding the premiums from William Blair's analysis of selected transactions is set forth in the following table:

## Premium Paid Data Percentile

Premium Period	Implied Transaction Premium	Minimum	25th	50th	75th	Maximum
One Day Prior	27.4%	(8.4%)	8.6%	20.9%	35.7%	98.0%
One Week Prior	28.7%	(12.0%)	9.5%	24.9%	42.6%	107.6%
One Month Prior	29.2%	(28.2%)	12.6%	31.1%	58.2%	252.9%

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**Table of Contents*****Discounted Cash Flow Analysis***

William Blair utilized the forecasts and the expected synergies provided by the management of Smucker to perform a discounted cash flow analysis of Multifoods' projected future cash flows for the period commencing April 30, 2004 and ending April 30, 2009. Using discounted cash flow methodology, William Blair calculated the present values of the projected free cash flows for Multifoods (taking into account expected synergies). In this analysis, William Blair assumed terminal value multiples ranging from 9.0x to 11.0x the projected 2009 EBITDA and discount rates ranging from 6% to 10%. William Blair selected the EBITDA terminal value range based on William Blair's review of, among other matters, the trading multiples of the selected companies and the transaction multiples of selected transactions referenced herein. William Blair determined the appropriate discount rate range based upon an analysis of the weighted average cost of capital of Multifoods and other comparable companies that William Blair deemed relevant in its expertise and judgment. William Blair aggregated (1) the present value of the free cash flows over the applicable forecast period with (2) the present value of the range of terminal values. The aggregate present value of these items represented the enterprise value range. An equity value per share was determined by subtracting the net debt assumed to be included in the transaction from the enterprise value and dividing the resulting equity value by Multifoods' diluted share count. The implied range of enterprise values for Multifoods, including the expected synergies, implied by the discounted cash flow analysis ranged from approximately \$900 million to \$1.3 billion, as compared to the implied transaction value of the merger of approximately \$838 million. The implied equity values per share of Multifoods, including the expected synergies, implied by the discounted cash flow analysis ranged from approximately \$29 to \$48. The discounted cash flow analysis performed by William Blair assumed that all of the synergies identified by the management of Smucker, including the cost savings and related expenses and potential synergies which senior management of Smucker expects will result from the merger, would be realized in full and on a timely basis following completion of the merger.

***Earnings Accretion/Dilution Analysis***

William Blair analyzed the pro forma impact of the merger on projected fiscal year 2005 and 2006 earnings per share of Smucker following the merger, assuming the merger closes June 30, 2004. William Blair utilized Multifoods' and Smucker's projected earnings for 2005 and 2006 as set forth in the forecasts provided by the management of Smucker. William Blair's analysis included assumptions regarding, among other matters, various structural considerations, the estimated allocation of purchase price to amortizable intangible assets and expected synergies provided by the management of Smucker. William Blair compared the earnings per share of Smucker common shares, on a stand-alone basis, to the earnings per share of the common shares of the combined company on a pro forma basis for Smucker's 2005 and 2006 fiscal years. The results of the pro forma merger analysis suggested that the transaction would be accretive to Smucker on an earnings per share basis in fiscal 2005 and 2006, assuming achievement of the expected synergies anticipated by Smucker management to result from the merger and excluding one-time costs associated with the merger. The results of William Blair's analysis are not necessarily indicative of future operating results or financial position. The actual results achieved by Smucker may vary from projected results, and the variations may be material.

***General***

The preparation of an opinion regarding fairness is a complex analytic process involving various determinations as to the most appropriate and relevant methods of financial analysis and the application of those methods to the particular circumstances, and, therefore, such an opinion is not readily susceptible to partial analysis or summary description. The preparation of an opinion regarding fairness does not involve a mathematical evaluation or weighing of the results of the individual analyses performed, but requires William Blair to exercise its professional judgment, based on its experience and expertise, in considering a wide variety of analyses taken as a whole. Each of the analyses conducted by William Blair was carried out in order to provide a different perspective on the financial terms of the proposed merger and add to the total mix of information

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available. William Blair did not form a conclusion as to whether any individual analysis, considered in isolation, supported or failed to support an opinion about the fairness of the consideration to be paid by Smucker. Rather, in reaching its conclusion, William Blair considered the results of the analyses in light of each other and ultimately reached its opinion based on the results of all analyses taken as a whole. William Blair did not place particular reliance or weight on any particular analysis, but instead concluded that its analyses, taken as a whole, supported its determination. Accordingly, notwithstanding the separate factors summarized above, William Blair believes that its analyses must be considered as a whole and that selecting portions of its analyses and the factors considered by it, without considering all analyses and factors, may create an incomplete view of the evaluation process underlying its opinion. No company or transaction used in the above analyses as a comparison is directly comparable to Smucker, Multifoods or the merger. In performing its analyses, William Blair made numerous assumptions with respect to industry performance, business and economic conditions and other matters. The analyses performed by William Blair are not necessarily indicative of future actual values or results, which may be significantly more or less favorable than suggested by such analyses.

***Engagement of William Blair***

William Blair is a nationally recognized firm and, as part of its investment banking activities, is regularly engaged in the valuation of businesses and their securities in connection with merger transactions and other types of strategic combinations and acquisitions. William Blair is familiar with Smucker, having provided certain investment banking services to Smucker and its board of directors from time to time, including having acted as financial advisor with respect to Smucker's acquisition of the *Jif* and *Crisco* businesses from The Procter & Gamble Company in June of 2002, having acted as the investment banker for Smucker's common share reclassification, repurchase and associated financing in 2000, and having acted as a financial advisor to Smucker in connection with, and having participated in, certain of the negotiations leading to, the merger agreement. William Blair may also provide services to Smucker in connection with the arrangement or completion of financing for the merger. In addition, in the ordinary course of its business, William Blair and its affiliates may beneficially own or actively trade shares of common stock and other securities of Smucker or Multifoods for its own account and for the accounts of customers, and, accordingly, may at any time hold a long or short position in these securities.

Smucker hired William Blair based on its qualifications and expertise in providing financial advice to companies and on its reputation as a nationally recognized investment banking firm. Pursuant to a letter agreement, dated February 10, 2004, William Blair was paid a retainer fee of \$250,000 for its role as financial advisor and an additional \$250,000 upon the delivery of its opinion, dated March 7, 2004, as to the fairness to Smucker, from a financial point of view, of the merger consideration to be paid by Smucker pursuant to the terms and subject to the conditions set forth in the merger agreement. In addition, under the terms of the February 10, 2004 letter agreement, William Blair will receive an additional fee of \$1,500,000 contingent upon consummation of the merger. William Blair may also receive compensation for services provided to Smucker in connection with the arrangement or completion of financing for the merger. In addition, Smucker has agreed to reimburse William Blair for all of its out-of-pocket expenses (including fees and expenses of its counsel) reasonably incurred by it in connection with its services and will indemnify William Blair against certain liabilities that may arise out of its engagement.

**Multifoods Reasons for the Merger; Recommendation of Multifoods Board of Directors**

Multifoods' board of directors has unanimously approved the merger agreement and the merger and determined that the merger agreement and the merger are advisable, fair to and in the best interests of Multifoods and its shareholders. Multifoods' board of directors unanimously recommends that Multifoods shareholders vote FOR the proposal to adopt and approve the merger agreement and the merger and the transactions contemplated by the merger agreement.

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In reaching its conclusion, Multifoods' board of directors considered, among other factors, the following:

the financial aspects of the merger, including:

the price per share, which represents a premium of 29.4% over the average closing price of Multifoods common stock during the 20 consecutive trading days ending on March 5, 2004, and a 27.4% premium over the March 5, 2004 closing price, the last trading day prior to the day the proposed merger was announced, and represents a multiple of Multifoods' estimated enterprise value/EBITDA of 10.2 for fiscal year 2004;

provisions in the merger agreement that assure that the per share value of the merger to Multifoods shareholders would not decrease regardless of any decrease in the price of Smucker common shares during the period between the date of signing the merger agreement and the beginning of the 20 consecutive trading days ending on the trading day immediately preceding the closing date of the merger;

the intended tax-free structure of the merger (except with respect to the cash that Multifoods shareholders would receive), bearing in mind that some Multifoods shareholders would not benefit from that structure;

the benefits of the merger compared to the prospects of continuing to operate Multifoods and its businesses on a stand-alone basis, taking into account:

the cost savings identified by Deloitte that may result from a restructuring of the businesses of Multifoods as recommended by Deloitte;

the risks associated with implementing and achieving the goals of the restructuring;

uncertainty regarding the ability of existing management to achieve the goals of the restructuring and difficulties of attracting new management given the size and scale of Multifoods;

the lack of size and scale of Multifoods in the product categories in which it competes, even if the cost savings were to be achieved and the restructuring were to succeed;

the slow growth of the product categories in which Multifoods competes;

the financial strength of General Mills, Inc. and other competitors in the baking aisle;

the difficulties of food companies that focus on high-carbohydrate products;

the difficulty of passing on to consumers cost increases in commodity ingredients; and

that Multifoods' fiscal year 2004 performance was at the low end of analysts' 2004 estimates;



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the synergies expected to result from the merger and the strategic merits of the merger, including the view of Multifoods' board of directors on the stock performance prospects of Multifoods common stock if Multifoods continued on a stand-alone basis as compared to Smucker common shares after giving effect to a merger with Multifoods;

information concerning the business, assets, liabilities, financial performance and conditions and prospects of Smucker and Multifoods;

the successful record of Smucker in integrating the *Crisco* and *Jif* businesses and the financial strength and greater scale of the combined company;

Multifoods' inability to increase the breadth of its product lines through acquisitions of new brands of interest to Multifoods because of the lack of willing sellers of those brands;

the belief of Multifoods' board of directors, and the view of its financial advisor, Greenhill & Co., LLC, that there were a limited number of potential buyers and that there was a very low likelihood of finding a buyer willing to pay a higher price than the price Smucker offered;

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provisions in the merger agreement that permit Multifoods' board of directors to withdraw its recommendation of the merger agreement and the merger, respond to unsolicited third-party proposals and terminate the merger agreement to accept a superior proposal, and the belief of Multifoods' board of directors, after consultation with its legal counsel, that these provisions and the termination fee should not preclude an effective post-signing market check;

the belief of Multifoods' board of directors, after consultation with its legal counsel, that there are not significant regulatory issues associated with the merger and there are limited conditions to closing in the merger agreement, creating greater certainty that Smucker will be required to consummate the merger in the absence of a superior proposal; and

the opinion of Greenhill & Co., LLC to Multifoods' board of directors to the effect that, on the date of the opinion and subject to the various considerations set forth in its opinion, the consideration to be paid to the holders of Multifoods common stock in the merger pursuant to the merger agreement was fair, from a financial point of view, to the Multifoods shareholders.

Multifoods' board of directors also considered certain risks and other countervailing factors in its deliberations relating to the merger. Among other things, Multifoods' board of directors considered:

The possibility that the cost savings identified by Deloitte could be achieved; however, Multifoods' board of directors concluded that the merger consideration was greater than the present value of Multifoods' projected stock price assuming the restructuring was successful, based on the mid-point of a discounted cash flow analysis valuation range provided by Greenhill & Co., LLC.

The possibility that the merger may not be consummated and the potential adverse consequences if the merger is not consummated, including possible disruption to Multifoods' businesses that might result from the announcement of the merger, the diversion of management's attention and delay in the implementation of Deloitte's recommendations. In response to this concern, Multifoods' board of directors instructed its advisors to negotiate, and its advisors did negotiate, limited conditions to closing that substantially reduced this risk.

The possibility that another acquiror may offer a higher bid to acquire Multifoods. Throughout the negotiations, Multifoods' board of directors considered whether to approach other parties that might be interested in a potential business combination. Smucker repeatedly indicated that it would not be willing to proceed with discussions if Multifoods engaged in negotiations with other parties. Ultimately, Multifoods' board of directors concluded, after consultation with Greenhill & Co., LLC, that there were few other parties likely to be interested in a business combination with Multifoods, that there was a very low likelihood that these prospective purchasers would be willing to offer a higher price than the \$25 per share being offered by Smucker and that it was in the best interests of Multifoods and its shareholders to proceed with the Smucker transaction if Multifoods was able to negotiate satisfactory termination rights and a satisfactory termination fee. Multifoods' board of directors and its advisors were able to negotiate a lower termination fee than that requested by Smucker and to negotiate the right of Multifoods' board of directors to terminate the merger agreement prior to a shareholder vote in the event of a superior proposal.

The challenges of integrating Multifoods' businesses into Smucker, the fact that the price of Smucker common shares was at an all-time high and the possible effect of announcing the merger on the price of Smucker common shares. In response to Multifoods concerns, Smucker agreed to provisions which assure Multifoods shareholders that the value of the merger consideration paid to Multifoods shareholders will be \$25 per share in cash and Smucker common shares, with the stock portion of this amount based on the average closing price of Smucker common shares for the 20 consecutive trading days ending on the trading day immediately preceding the closing date of the merger.

The foregoing discussion of the information and factors discussed by Multifoods' board of directors is not meant to be exhaustive but is believed to include all material factors it considered. Multifoods' board of directors did not quantify or attach any particular weight to the various factors that it considered in reaching its



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determination that the merger agreement and the merger are advisable, fair to and in the best interests of Multifoods and its shareholders. Rather, Multifoods' board of directors viewed its position and recommendation as being based on the totality of the information presented to and considered by it. As a result of its consideration of the foregoing and other relevant considerations, Multifoods' board of directors unanimously approved the merger agreement and the merger and determined that the merger agreement and the merger are advisable, fair to and in the best interests of Multifoods and its shareholders.

### **Opinion of Multifoods' Financial Advisor**

Greenhill & Co., LLC was retained to act as a financial advisor to Multifoods in connection with consideration of a potential transaction involving Multifoods. As part of its engagement, Multifoods requested that Greenhill render a fairness opinion relating to the merger. On March 7, 2004, Greenhill delivered its oral opinion, subsequently confirmed in writing, to the effect that, as of that date and based upon and subject to the assumptions and qualifications stated in its opinion, the merger consideration to be paid by Smucker to holders of Multifoods common stock pursuant to the merger agreement was fair, from a financial point of view, to Multifoods shareholders.

Greenhill provided the opinion described above for the information and assistance of Multifoods' board of directors in connection with its consideration of the merger. Greenhill's opinion to Multifoods' board of directors was one of many factors taken into consideration by Multifoods' board of directors in making its determination to approve the merger agreement. The terms of the merger agreement and the amount and form of merger consideration, however, were determined through negotiations between Multifoods and Smucker and were approved by Multifoods' board of directors. Greenhill provided financial advice to Multifoods during these negotiations. However, Greenhill did not recommend to Multifoods any specific amount or form of consideration or advise Multifoods that the amount or form of consideration constituted the only appropriate amount or form of consideration for the proposed merger.

**The full text of Greenhill's written opinion, dated March 7, 2004, is attached as Annex D to this document and incorporated into this document by reference. You are urged to read the entire opinion carefully to learn about the assumptions made, general procedures followed, matters considered and limits on the scope of the review undertaken by Greenhill in rendering its opinion. Greenhill's opinion relates only to the fairness, as of the date of the opinion and from a financial point of view, to Multifoods shareholders of the merger consideration to be paid by Smucker in connection with the merger pursuant to the merger agreement, does not address any other aspect of the proposed merger or any related transaction, and does not constitute a recommendation to Multifoods' board of directors or to**

**any shareholder as to how that shareholder should vote at any special meetings. Greenhill was not requested to opine to, and Greenhill's opinion did not in any manner address, the underlying business decision by Multifoods to enter into the merger agreement. The following summary of Greenhill's opinion is qualified in its entirety by reference to the full text of the opinion. Greenhill's opinion was directed to Multifoods' board of directors for its benefit and use in evaluating the fairness, from a financial point of view, to Multifoods shareholders of the merger consideration. We urge you to read the opinion carefully and in its entirety.**

In arriving at its opinion, Greenhill performed numerous tasks and analyses, including the following:

it reviewed the merger agreement, dated March 7, 2004, and certain related documents;

it reviewed certain publicly available financial statements of Multifoods;

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it reviewed certain other publicly available business and financial information relating to Multifoods that it deemed relevant;

it reviewed certain information, including financial forecasts and other financial and operating data concerning Multifoods, prepared by the management of Multifoods;

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it discussed the past and present operations and financial condition and the prospects of Multifoods with senior executives of Multifoods;

it reviewed the historical market prices and trading activity for Multifoods common stock and analyzed its implied valuation multiples;

it reviewed certain publicly available financial statements of Smucker;

it reviewed certain other publicly available business and financial information relating to Smucker that it deemed relevant;

it reviewed certain information, including financial forecasts and other financial and operating data concerning Smucker, prepared by the management of Smucker;

it discussed the past and present operations and financial condition and the prospects of Smucker with senior executives of Smucker;

it reviewed the historical market prices and trading activity for Smucker common shares and analyzed its implied valuation multiples;

it compared the value of the merger consideration with that received in certain publicly available transactions that it deemed relevant;

it compared the value of the merger consideration with the trading valuations of certain publicly traded companies that it deemed relevant;

it reviewed and discussed with senior executives of Multifoods and Smucker the outlook for Multifoods and Smucker as a combined company;

it participated in discussions and negotiations among representatives of Multifoods and its legal advisors and Smucker and its legal advisors; and

it performed such other analyses and considered such other factors as it deemed appropriate.

Greenhill also held discussions with Multifoods' board of directors and Multifoods' legal counsel to discuss Smucker, the merger and the results of its analysis and examination, and considered such other matters that it deemed relevant to its inquiry, and took into account the accepted financial and investment banking procedures and considerations that it deemed relevant or appropriate.

In conducting its review and analysis and rendering its opinion, Greenhill assumed and relied upon, without independent verification, the accuracy and completeness of the information supplied or otherwise made available to it by representatives and management of Multifoods and Smucker for the purposes of its opinion and further relied upon the assurances of the representatives and management of Multifoods and Smucker that they were not aware of any facts or circumstances that would make such information inaccurate or misleading. With respect to the financial projections of Multifoods and Smucker and other data with respect to Multifoods and Smucker that were furnished or otherwise provided to it, Greenhill assumed that such projections and data were reasonably prepared on a basis reflecting the best currently available estimates and good faith judgments of the management of Multifoods and Smucker as to those matters. Greenhill expressed no opinion with respect to such projections and data or the assumptions upon which they were based. In addition, Greenhill did not make any independent valuation or appraisal of the assets or liabilities of Multifoods or Smucker, nor was Greenhill furnished with any such appraisals.

In addition, Greenhill assumed that the merger will be consummated in accordance with the terms set forth in the final, executed merger agreement (after satisfaction and not waiver of the conditions to closing of the merger), which Greenhill has further assumed would be identical in all material respects to the latest draft thereof that Greenhill reviewed.

Greenhill was not requested to opine to, and its opinion did not in any manner address, the underlying business decision by Multifoods to proceed with or effect the merger. Greenhill's opinion was necessarily based

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on financial, economic, market and other conditions as in effect on, and the information made available to Greenhill as of, the date of its opinion. Greenhill's opinion noted that subsequent developments may affect its opinion and Greenhill does not have any obligation to update, revise, or reaffirm its opinion unless reasonably requested by Multifoods to update its opinion.

In connection with its review and analysis and rendering its opinion, Greenhill performed stand-alone valuations of Multifoods, a stand-alone valuation of Smucker and a transaction valuation analysis and also considered the degree of likelihood that Multifoods would be able to effect a transaction for a higher per share price than the merger consideration. The following is a summary of the material financial analyses performed and material factors considered by Greenhill to arrive at its opinion. Greenhill performed certain procedures, including each of the financial analyses described below, and reviewed with Multifoods' board of directors and the senior management of Multifoods the assumptions upon which such analyses were based, as well as other factors. Although this summary does not purport to describe all of the analyses performed or factors considered by Greenhill in this regard, it does describe the principal analyses made by Greenhill in arriving at its opinion.

### ***Stand-Alone Valuations***

#### ***Stand-Alone Valuations of Multifoods***

In connection with its stand-alone valuation of Multifoods, Greenhill (i) reviewed Multifoods common stock performance over a three-year period ending March 5, 2004, (ii) reviewed recent analyst commentary on Multifoods and the analysts' consensus earnings estimates for Multifoods' fiscal year 2004 (which were on average \$1.37 per share as compared to Multifoods' own earnings estimate of \$1.30 per share), (iii) utilized Multifoods' management forecasts to perform a discounted cash flow analysis of Multifoods' projected future cash flows for the period commencing March 1, 2004 and ending February 28, 2009, and (iv) reviewed and compared certain financial information, ratios and public market multiples relating to Multifoods to corresponding financial information, ratios and public market multiples for certain publicly traded companies with operations in the food industry that Greenhill deemed relevant.

Using discounted cash flow methodology, Greenhill calculated the present values of the projected free cash flows for Multifoods without giving effect to the potential implementation of the Deloitte stand-alone restructuring plan. In this analysis, Greenhill assumed a long-term perpetual growth rate ranging from 1% to 2% and discount rates ranging from 8.5% to 9.5%. Greenhill selected the long-term perpetual growth rate range based on Greenhill's review of, among other matters, the long-term growth prospects of businesses similar to Multifoods and the terminal EBITDA multiples implied by these assumptions that Greenhill deemed appropriate based on its expertise and judgment. Greenhill determined the appropriate discount rate range based upon an analysis of the weighted average cost of capital of Multifoods, including consideration of certain factors specific to Multifoods' capital structure. Greenhill aggregated (1) the present value of the free cash flows over the applicable forecast period with (2) the present value of the range of terminal values. The aggregate present value of these items represented the enterprise value range. An equity value per share was determined by subtracting the net debt assumed to be included in the merger from the enterprise value and dividing the resulting equity value by Multifoods' diluted share count. The equity value per share of Multifoods common stock implied by the discounted cash flow analysis ranged from \$21.10 to \$25.20 (assuming an 8.5% weighted average cost of capital), from \$18.85 to \$22.37 (assuming a 9% weighted average cost of capital) and from \$16.87 to \$19.90 (assuming a 9.5% weighted average cost of capital). Based on Multifoods' average closing price of \$19.36 for the 20 consecutive trading days ending on March 5, 2004, discounted cash flow methodology implied that Multifoods was reasonably valued by the public markets and that a premiums-paid analysis to determine a fair acquisition price was appropriate.

In addition, Greenhill performed a separate discounted cash flow analysis of Multifoods utilizing the same assumptions and methodology described above and also assuming the realization of estimated cost savings from the potential implementation of the Deloitte restructuring plan. Based on the belief of





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Multifoods' management (which Greenhill was not asked to, and did not, attempt to verify) that there were significant risks associated with the execution of certain of Deloitte's recommendations to achieve the identified cost savings, Greenhill used the low end of Deloitte's estimated cost savings for purposes of its analysis. The equity value per share of Multifoods common stock implied by the discounted cash flow analysis, giving effect to the potential restructuring savings, ranged from \$23.36 to \$27.78 (assuming an 8.5% weighted average cost of capital), from \$20.96 to \$24.73 (assuming a 9% weighted average cost of capital) and from \$18.83 to \$22.09 (assuming a 9.5% weighted average cost of capital).

***Stand-Alone Valuation of Smucker***

In connection with its stand-alone valuation of Smucker, Greenhill (i) reviewed Smucker common share performance over a three-year period ending March 5, 2004, (ii) reviewed recent analyst commentary on Smucker and the analysts' consensus earnings estimates for Smucker for the last seven quarters (with Smucker on average outperforming the analysts' consensus by 9.3%), (iii) utilized Smucker management guidance and consensus Wall Street analysts' forecasts to perform a discounted cash flow analysis of Smucker's projected future cash flows for the period commencing May 1, 2004 and ending April 30, 2009, and (iv) reviewed and compared certain financial information, ratios and public market multiples relating to Smucker to corresponding financial information, ratios and public market multiples for certain publicly traded companies with operations in the food industry that Greenhill deemed relevant.

Using discounted cash flow methodology, Greenhill calculated the present values of the projected free cash flows for Smucker. In this analysis, Greenhill assumed a long-term perpetual growth rate ranging from 2% to 3% and discount rates ranging from 7.5% to 8.5%. Greenhill selected the long-term perpetual growth rate range based on Greenhill's review of, among other matters, the long-term growth prospects of businesses similar to Smucker and the terminal EBITDA multiples implied by these assumptions that Greenhill deemed appropriate based on its expertise and judgment. Greenhill determined the appropriate discount rate range based upon an analysis of the weighted average cost of capital of Smucker. The weighted averaged cost of capital used in the valuation of Smucker was slightly less than that used in the Multifoods stand-alone valuation due to the absence in the case of Smucker of a premium on small capitalization companies on the cost of equity, Smucker's lower cost of debt and Smucker's lower beta (a common investment banking term used to refer to the sensitivity of a rate of return of a given stock compared to the rate of return of the market as a whole). Greenhill aggregated (1) the present value of the free cash flows over the applicable forecast period with (2) the present value of the range of terminal values. The aggregate present value of these items represented the enterprise value range. An equity value per share was determined by subtracting the net debt assumed to be included in the merger from the enterprise value and dividing the resulting equity value by Smucker's diluted share count. The equity value per share of Smucker implied by the discounted cash flow analysis ranged from \$50.98 to \$60.41 (assuming a 7.5% weighted average cost of capital), from \$46.63 to \$54.26 (assuming an 8% weighted average cost of capital) and from \$42.94 to \$49.23 (assuming an 8.5% weighted average cost of capital). Based on Smucker's average closing price of \$49.34 for the 20 consecutive trading days ending March 5, 2004, discounted cash flow methodology implied Smucker was reasonably valued by the public markets and that a premiums paid analysis to determine a fair acquisition price was appropriate.

***Selected Public Company Analysis***

In connection with its stand-alone valuations, Greenhill also reviewed and compared certain financial information, ratios and public market multiples relating to Multifoods and Smucker that it deemed relevant to corresponding publicly available financial information, ratios and public market multiples for certain publicly traded companies with operations in the food industry that Greenhill deemed relevant.

Greenhill selected a group of publicly traded U.S. food companies for Multifoods and Smucker that engage in businesses reasonably comparable to those of Multifoods and Smucker. None of the selected companies is identical to Smucker or Multifoods. Accordingly, Greenhill's analysis of the selected publicly



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traded companies necessarily involved complex considerations and judgments concerning the differences in financial and operating characteristics and other factors that would necessarily affect the analysis of the operating statistics and trading multiples of the selected publicly traded companies. In evaluating the comparable companies, Greenhill made judgments and assumptions concerning industry performance, general business, economic, market and financial conditions and other matters. Greenhill also made judgments as to the relative comparability of such companies to Multifoods and Smucker and judgments as to the relative comparability of the various valuation parameters with respect to the companies.

Among the information Greenhill considered was revenue, EBITDA, EBIT and EPS. Greenhill analyzed the selected companies in terms of, among other measures, their enterprise value as a multiple of revenue, EBITDA and EBIT and the stock price of equity as a multiple of EPS. The operating results and the corresponding derived multiples for Multifoods, Smucker and each of the selected companies were based on each company's most recent available publicly disclosed and projected financial information and closing share prices as of March 3, 2004. The enterprise value of the merger was based on the common equity value implied by the merger consideration of \$25 per share of Multifoods common stock (payable in Smucker common shares and cash), plus the book value of total debt, less cash and cash equivalents assumed to be included in the merger.

Greenhill compared the operational performance and trading statistics of both Multifoods and Smucker relative to a group of comparable publicly traded companies in order to ascertain whether the stock prices of the two companies as of the date of the opinion represented a reasonable value for each company based on publicly available information. The purpose of this analysis was to determine whether Multifoods stock price as of the date of Greenhill's opinion was an appropriate point from which to analyze the premium paid by Smucker and to determine the fairness, from a financial point of view, of the value Multifoods' shareholders would receive, based upon the public information as of the date of Greenhill's opinion. Both companies were determined by Greenhill to be reasonably valued by the public markets. Consequently, Greenhill concluded that a premiums paid analysis to determine a fair acquisition price was appropriate.

### ***Transaction Valuation Analysis***

Greenhill performed various transaction valuation analyses in connection with rendering its opinion, including a selected precedent transactions analysis, a premiums paid analysis, an earnings accretion/dilution analysis and a combined Multifoods-Smucker discounted cash flow analysis.

### ***Selected Precedent Transactions Analysis***

Greenhill performed an analysis of selected recent business combinations in the branded food industry consisting of transactions announced and closed since 2000 and based on publicly available information. Transactions were chosen based on Greenhill's judgment that they were generally similar, in whole or in part, to the proposed merger.

Although Greenhill analyzed the multiples implied by the selected transactions and compared them to the implied transaction multiples of the merger, none of these transactions or associated companies is identical to the merger, Smucker or Multifoods. Accordingly, Greenhill's analysis of the selected transactions necessarily involved complex considerations and judgments concerning the differences in financial and operating characteristics, parties involved and terms of their transactions and other factors that would necessarily affect the implied value of Multifoods versus the values of the companies in the selected transactions. In evaluating the precedent transactions, Greenhill made judgments and assumptions concerning industry performance, general business, economic, market and financial conditions and other matters. Greenhill also made judgments as to the relative comparability of those companies to Multifoods and Smucker and judgments as to the relative comparability of the various valuation parameters with respect to the companies.

Greenhill reviewed the consideration paid in the selected transactions in terms of the enterprise value of such transactions as a multiple of revenue, EBITDA and EBIT and the stock price of the target company

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as a multiple of EPS prior to the announcement of these transactions. Greenhill compared the resulting range of transaction multiples of revenue, EBITDA, EBIT and EPS for the selected transactions to the implied transaction multiples for the merger.

Given the prominence of the Pillsbury baking desserts and mixes business within Multifoods' portfolio as well as the Martha White and Hungry Jack businesses, Greenhill relied heavily on General Mills' acquisition of the entirety of Pillsbury for \$10.5 billion in July 2000 as a comparable transaction to the proposed merger. The merger equated to a 10.2x enterprise value / EBITDA multiple, which was slightly lower than the 10.4x enterprise value / EBITDA multiple General Mills paid to acquire Pillsbury. Greenhill believed that a discount to the General Mills' Pillsbury multiple was appropriate for several reasons, including that (i) many of the non-Pillsbury businesses in Multifoods would be valued at a lower multiple than the non-Pillsbury businesses that General Mills acquired; (ii) Multifoods licenses the Pillsbury trademark versus the outright ownership General Mills acquired; and (iii) Multifoods' scale under the Pillsbury brand is much less significant than the Pillsbury refrigerated dough position in the General Mills transaction. Greenhill therefore identified a range between \$22 - \$25 per share, equating to a 9.5x - 10.2x EBITDA multiple, as an appropriate valuation range based on a comparison of precedent transactions and the General Mills' Pillsbury transaction in particular.

***Premiums Paid Analysis***

Greenhill reviewed available data from 412 domestic public transactions announced between March 1, 2001 and March 1, 2004 involving targets with enterprise values between \$300 million and \$1.5 billion and all-stock consideration, partial stock-cash consideration or all-cash consideration. Specifically, Greenhill analyzed the acquisition price per share as a premium to the average closing share price for the 20 consecutive trading-day period ending on the date prior to the announcement of the transaction. Greenhill also applied the same criteria to review those of the 412 transactions that were announced since March 1, 2003 in order to capture premiums paid in a more recent transaction environment. Premiums in all-stock transactions averaged 21.2% and 15.2% in the last three years and one year, respectively. Premiums in stock-cash transactions averaged 29.1% and 23.9% in the last three years and one year, respectively. Greenhill noted that the reasons for, and circumstances surrounding, each of the transactions reviewed were diverse and that the premiums fluctuated among different industry sectors and based on perceived growth, synergies, strategic value and type of consideration utilized in the transaction. None of the targets in the reviewed transactions is identical to Multifoods and, accordingly, Greenhill's analysis of these transactions necessarily involved complex considerations and judgments concerning the differences in financial and operating characteristics and other factors that would necessarily affect the comparison of the percentage purchase price premium implied by the merger versus the percentage purchase price premiums of these transactions.

Greenhill compared the range of resulting per share stock price premiums for the reviewed transactions to the premiums implied by the merger based on Multifoods' 12-month average common stock price, its average stock price since its November 5, 2003 announcement reducing its fiscal year 2004 earnings estimates and long-term sales and earnings-per-share growth, its average closing stock price for the 20 consecutive trading days ending March 5, 2004 and its stock price as of March 5, 2004. The merger consideration implied premiums that were in-line with or higher than each of the per share stock price premiums referred to in the immediately preceding sentence. For example, Smucker's proposed \$25 per share acquisition price represented a 29.4% premium to Multifoods' 20 consecutive day trading average ending March 5, 2004 compared to 21.2% and 15.2% as the average premiums paid in the last three years and one year, respectively, for all-stock transactions and to 29.1% and 23.9% as the average premiums paid in the last three years and one year, respectively, for stock-cash transactions.

***Earnings Accretion/Dilution Analysis***

Greenhill analyzed the pro forma impact of the merger on projected fiscal years 2005 - 2009 earnings per share of Smucker following the merger. Greenhill utilized Multifoods' and Smucker's projected



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earnings as set forth in the forecasts provided by the management of Multifoods, consensus Wall Street estimates for Smucker and Smucker's management guidance. Greenhill's analysis included assumptions regarding, among other matters, expected synergies provided by the management of Multifoods and the potential benefit of net operating losses identified by Multifoods' management. Greenhill further assumed the combined company's cost of debt to be 7.5%. Greenhill compared the earnings per share of Smucker common shares, on a stand-alone basis, to the earnings per share of the common shares of the combined company on a pro forma basis for Smucker's 2005-2009 fiscal years. The results of the pro forma merger analysis suggested that the merger would be accretive to Smucker on an earnings per share basis in fiscal years 2005-2009, assuming achievement of the expected synergies anticipated by Multifoods' management to result from the merger and excluding one-time costs associated with the merger. The results of Greenhill's analysis are not necessarily indicative of future operating results or financial position. The actual results achieved by Smucker may vary from projected results, and the variations may be material. This accretion implied that the value in Smucker common shares that Multifoods shareholders would receive was reasonable after giving effect to the consummation of the merger.

***Combined Multifoods-Smucker Discounted Cash Flow Analysis***

In order to determine a potential valuation for Multifoods and Smucker following the consummation of the merger, Greenhill utilized Multifoods management forecasts and a combination of consensus Wall Street estimates for Smucker and guidance from Smucker management to perform a discounted cash flow analysis of the combined entity's projected future cash flows for the period commencing May 1, 2004 and ending April 30, 2009. Greenhill's analysis included assumptions regarding, among other matters, expected synergies provided by the management of Multifoods and the potential benefit of net operating losses identified by Multifoods' management. Using discounted cash flow methodology, Greenhill calculated the present values of the projected free cash flows for Multifoods and Smucker combined. In this analysis, Greenhill assumed a long-term perpetual growth rate ranging from 2% to 3% and discount rates ranging from 7.5% to 8.5%, consistent with the same assumptions utilized in the discounted cash flow analysis of Smucker on a stand-alone basis. Greenhill aggregated (1) the present value of the free cash flows over the applicable forecast period with (2) the present value of the range of terminal values. The aggregate present value of these items represented the enterprise value range. An equity value per share was determined by subtracting the net debt assumed to be included in the merger from the enterprise value and dividing the resulting equity value by the pro forma diluted share count. The equity value per share of Multifoods-Smucker combined implied by the discounted cash flow analysis ranged from \$57.11 to \$69.23 (assuming a 7.5% weighted average cost of capital), from \$51.51 to \$61.33 (assuming an 8% weighted average cost of capital) and from \$46.78 to \$54.87 (assuming an 8.5% weighted average cost of capital). This range implied that the value in Smucker common shares that Multifoods shareholders would receive in the merger was reasonable after giving effect to the consummation of the merger.

***Other Considerations***

In connection with its review and analysis and rendering its opinion, Greenhill also considered that throughout 2003 it informally approached certain other potential acquirors of Multifoods without generating interest; that, in its opinion, the strategic merits of the proposed merger with Smucker will be highly scrutinized by other potential acquirors; and that, in its opinion, the likelihood of finding a buyer willing to pay a higher price than Smucker was low.

***General***

The preparation of an opinion regarding fairness is a complex analytic process involving various determinations as to the most appropriate and relevant methods of financial analysis and the application of those methods to the particular circumstances, and, therefore, such an opinion is not readily susceptible to partial analysis or summary description. The preparation of an opinion regarding fairness does not involve a mathematical evaluation or weighing of the results of the individual analyses performed, but requires Greenhill to





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exercise its professional judgment, based on its experience and expertise, in considering a wide variety of analyses taken as a whole. Each of the analyses conducted by Greenhill was carried out in order to provide a different perspective on the financial terms of the proposed merger and add to the total mix of information available. Greenhill did not form a conclusion as to whether any individual analysis, considered in isolation, supported or failed to support an opinion about the fairness of the merger consideration to be paid by Smucker. Rather, in reaching its conclusion, Greenhill considered the results of the analyses in light of each other and ultimately reached its opinion based on the results of all analyses taken as a whole. Greenhill did not place particular reliance or weight on any particular analysis, but instead concluded that its analyses, taken as a whole, supported its determination. Accordingly, notwithstanding the separate factors summarized above, Greenhill believes that its analyses must be considered as a whole and that selecting portions of its analyses and the factors considered by it, without considering all analyses and factors, would create an incomplete view of the evaluation process underlying its opinion. No company or transaction used in the above analyses as a comparison is directly comparable to Smucker, Multifoods or the merger. In performing its analyses, Greenhill made numerous assumptions with respect to industry performance, business and economic conditions and other matters. The analyses performed by Greenhill are not necessarily indicative of future actual values or results, which may be significantly more or less favorable than suggested by such analyses. The analyses do not purport to be appraisals or to reflect the prices at which Multifoods might actually be sold.

***Engagement of Greenhill***

Greenhill is familiar with Multifoods' businesses and assets, having represented General Mills in its divestiture of the *Pillsbury* baking and desserts mix business, *Hungry Jack* and *Martha White* to Multifoods in 2001. Multifoods hired Greenhill based on its qualifications and expertise in providing financial advice to companies and on its reputation as a nationally recognized investment banking firm. Pursuant to a letter agreement, dated February 10, 2004, between Multifoods and Greenhill, Greenhill will receive from Multifoods a fee equivalent to 0.80% of the transaction enterprise value contingent upon consummation of the merger (approximately \$6.72 million, assuming an enterprise value of Multifoods of \$840 million). In addition, Multifoods has agreed to reimburse Greenhill for its out-of-pocket expenses (including fees and expenses of its counsel), not to exceed \$50,000 without the advance consent of Multifoods, reasonably incurred by it in connection with its services and will indemnify Greenhill against certain liabilities that may arise out of its engagement.

**Interests of Certain Persons in the Merger*****Smucker's Directors and Executive Officers***

Smucker's directors and executive officers beneficially owned, as of the record date for the Smucker special meeting, approximately [ ]% of the outstanding Smucker common shares, including those Smucker common shares underlying outstanding Smucker stock options. In addition, as of March 31, 2004, Richard Smucker owned 3,884 shares of Multifoods common stock. Richard Smucker intends to retain his shares of Multifoods common stock through the effective date of the merger.

***Multifoods' Directors and Executive Officers***

Multifoods' directors and executive officers beneficially owned, as of the record date for the Multifoods special meeting, approximately [ ]% of the outstanding shares of Multifoods common stock, including those shares of Multifoods common stock underlying outstanding Multifoods stock options, shares of restricted Multifoods common stock and restricted stock units.

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When considering the recommendation of Multifoods' board of directors with respect to the merger, Multifoods shareholders should be aware that Multifoods' directors and executive officers have interests in the merger that are different from, or in addition to, their interests as Multifoods shareholders and the interests of Multifoods shareholders generally. These interests include, among other things, the following:

Under the terms of the employment agreement entered into between Gary Costley and Multifoods, if, following the merger, his employment is terminated by Multifoods or its successor for any

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reason or he elects to resign his employment with Multifoods or its successor for any reason, in each case within 180 days after the effective date of the merger, he will be entitled to 36 equal monthly installments in an aggregate amount equal to three times his annual base salary, plus three times his average annual bonus over the past three fiscal years, plus the greater of 65% of his base salary for the fiscal year preceding the fiscal year of the merger or the amount of his annual bonus for the fiscal year. No annual bonuses have been paid to Dr. Costley over any of the past three fiscal years. In addition, Dr. Costley is entitled to gross-up payments in the event that he is subject to so-called "golden parachute" excise taxes as a result of any amounts paid or distributed to him pursuant to his employment agreement or otherwise.

Under the terms of the change-in-control severance agreements entered into between executive officers of Multifoods (other than Gary Costley) and Multifoods, if, during the two year period following the merger, an executive officer's employment with Multifoods or its successor is terminated by Multifoods or its successor other than for cause or disability or by the executive officer for good reason, the executive officer is entitled to a lump sum payment in cash equal to up to two and one half times the executive officer's annual base salary, plus the employee's average annual incentive award over the past three fiscal years. No annual incentive awards have been made to the executive officers over any of the past three fiscal years. In addition, certain executive officers are entitled to gross-up payments in the event that they are subject to so-called "golden parachute" excise taxes as a result of any amounts paid or distributed to them pursuant to the change-in-control severance agreements or otherwise.

Under the terms of the memorandum of understanding between Frank Bonvino and Multifoods, if his employment with Multifoods is terminated by Multifoods for any reason other than for cause or by Mr. Bonvino for good reason, he is entitled to a severance payment equal to his annual base salary as in effect immediately prior to his termination of employment. This benefit is in addition to any severance benefit payable to him pursuant to his change-in-control severance agreement.

Under the terms of the Multifoods Management Incentive Plan, if the merger occurs in the first six months of the award year, which corresponds to Multifoods' fiscal year, executive officers are entitled to 100% of their target awards for the award year, and if the merger occurs in the second six months of the award year, executive officers are entitled to 100% of the incentive compensation they would have otherwise been paid for the full award year based on the greater of target or anticipated results.

Under the terms of the Multifoods Management Benefit Plan, benefits payable to executive officers will become vested (to the extent they are not already vested at the effective time of the merger) and, provided the executive officer does not elect prior to the merger to waive this entitlement, immediately payable in a single lump sum payment, in each case, as a result of the merger. In addition, executive officers are entitled to gross-up payments in the event that they are subject to so-called "golden parachute" excise taxes as a result of any payments pursuant to the Multifoods Management Benefit Plan.

Under the terms of the Multifoods Supplemental Deferred Compensation Plan, benefits payable to executive officers will become vested (to the extent they are not already vested at the effective time of the merger) and, provided the executive officer does not elect prior to the merger to waive this entitlement, immediately payable in a single lump sum payment, in each case, as a result of the merger. In addition, executive officers are entitled to gross-up payments in the event that they are subject to so-called "golden parachute" excise taxes as a result of any payments pursuant to the Multifoods Supplemental Deferred Compensation Plan.

Under the terms of the Multifoods Deferred Income Capital Accumulation Plan, provided the executive officer or non-employee director does not elect prior to the merger to waive this entitlement, benefits payable to executive officers and non-employee directors will become payable in an immediate lump sum as a result of the merger. In addition, certain executive officers are entitled to gross-up payments in

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the event that they are subject to so-called golden parachute excise taxes as a result of any payments pursuant to the Multifoods Deferred Income Capital Accumulation Plan.

It is presently estimated, based on certain assumptions, including, among other assumptions, an assumed value of Multifoods common stock of \$25 per share, an assumed merger date of June 30, 2004 and certain actuarial and other assumptions used to calculate lump sum payments under the Management Benefit Plan, the Supplemental Deferred Compensation Plan, the Deferred Income Capital Accumulation Plan and the applicable gross-up payments (if any), that if the merger occurs, the following executive officers will be entitled to severance and other benefits in the following approximate amounts (assuming that the executive officers become entitled to severance benefits, as described above), which, in some cases, include so-called golden parachute gross-up payments.

**CHANGE OF CONTROL SUMMARY(1)**

	Severance Amount	Management Incentive Plan	Management Benefit Plan(3)	Supplemental Deferred Compensation Plan(4)	Deferred Income Capital Accumulation Plan(4)	Gross-Up Payments	Totals
Frank W. Bonvino	1,155,000(2)	264,000	1,204,500	198,874	0	714,640	<b>3,537,014</b>
John E. Byom	825,000	264,000	91,200	73,276	0	471,768	<b>1,725,244</b>
Randall W. Cochran	643,750	206,000	8,700	33,830	0	351,221	<b>1,243,501</b>
Gary E. Costley	2,810,500	770,000	642,800	552,065	0	2,136,308	<b>6,911,673</b>
Ralph P. Hargrow	750,000	240,000	28,100	52,303	0	415,296	<b>1,485,699</b>
Martin Jamieson	703,125	225,000	0	0	0	0	<b>928,125</b>
Dennis R. Johnson	530,000	106,000	279,900	58,905	82,485	274,375(5)	<b>1,331,665</b>
Gregory J. Keup	270,000	90,000	0	0	0	0	<b>360,000</b>
Jill W. Schmidt	255,000	85,000	0	0	0	0	<b>340,000</b>
James H. White	650,000	208,000	5,600	26,215	0	0(5)	<b>889,815</b>
<b>Totals</b>	<b>\$ 8,592,375</b>	<b>\$ 2,458,000</b>	<b>\$ 2,260,800</b>	<b>\$ 995,468</b>	<b>\$ 82,485</b>	<b>\$ 4,363,608</b>	<b>\$ 18,752,736</b>

- (1) Six senior management employees of Multifoods, who are not executive officers of Multifoods, will be entitled to benefits under change-in-control severance agreements if, during the two-year period following the merger, the senior management employee's employment with Multifoods or its successor is terminated by Multifoods or its successor, other than for cause or disability, or by the senior management employee for good reason. In the aggregate, these six senior management employees of Multifoods will be entitled to \$1,027,635 of severance compensation. In addition, these six senior management employees will be entitled to distributions totaling \$308,381 under the Multifoods Management Incentive Plan, assuming a merger date of June 30, 2004.

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- (2) \$330,000 of Mr. Bonvino's total \$1,155,000 severance amount is pursuant to the memorandum of understanding between Mr. Bonvino and Multifoods. This \$330,000 amount is payable upon termination of employment regardless of whether there is a change-in-control.
- (3) Each amount listed (other than the amount listed for Mr. Cochran) reflects the lump-sum payment of the estimated present value (as of June 30, 2004) of a benefit that has already vested as of April 5, 2004 or, in the case of Mr. Hargrow, will vest prior to June 30, 2004, in each case for reasons unrelated to the merger or the merger agreement and that, absent the merger, would be payable as an annuity. The amount listed for Mr. Cochran takes into account the benefits payable to him that will become vested as a result of the merger.
- (4) Each amount listed reflects the lump-sum payment of the balance as of June 30, 2004 that has already vested as of April 15, 2004 for reasons unrelated to the merger or the merger agreement and that, absent the merger, would be payable upon the termination of the individual's employment.
- (5) Based on the assumptions set forth above the amount of the severance and other benefits (as well as other compensation-related items taken into consideration for purposes of calculating the golden parachute excise tax) to which Mr. White is entitled as a result of the merger will not trigger the golden parachute excise tax. As a result, no gross-up payment is listed for Mr. White. However, in the event some or all of these assumptions change as of the effective time of the merger, Mr. White could be subject to the golden parachute excise tax, and therefore, entitled to a gross-up payment as a result of the merger.

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Under the terms of the Multifoods 1986 Stock Option Incentive Plan, Part I of the Multifoods 1989 Stock-Based Incentive Plan and the Multifoods 1997 Stock-Based Incentive Plan, stock options issued to executive officers that were not previously vested and exercisable will become vested and exercisable as a result of the merger (in the case of stock options issued under the 1997 plan) or approval by Multifoods shareholders of the merger (in the case of stock options issued under the 1986 or 1989 plans).

Under the terms of the Multifoods 1997 Stock-Based Incentive Plan and the individual agreements entered into pursuant to such plan, restricted stock units issued to executive officers will become vested, to the extent not previously vested, and restrictions thereon will lapse, as a result of the merger, and the shares of Multifoods common stock covered by the restricted stock units will be delivered to the executive officers.

Under the terms of the Multifoods 1997 Stock-Based Incentive Plan and the individual agreements entered into pursuant to such plan, restricted stock issued to executive officers will become vested to the extent not previously vested, and all restrictions thereon will lapse, as a result of the merger.

Under the terms of Part II of the Multifoods 1989 Stock-Based Incentive Plan and the individual agreements entered into pursuant to such plan, all stock options and restricted stock issued to non-employee directors that were not previously vested will become vested, and all restrictions on restricted stock will lapse as a result of approval by the Multifoods shareholders of the merger.

The following table shows the number of stock options held by executive officers and directors that will vest as a result of the merger or approval by Multifoods shareholders of the merger assuming a merger date of June 30, 2004, the number of shares of restricted stock held by executive officers and directors that will vest as a result of the merger assuming a merger date of June 30, 2004 or approval by Multifoods shareholders of the merger assuming a merger date of June 30, 2004 and the number of restricted stock units that will vest as a result of the merger assuming a merger date of June 30, 2004:

<b>Name</b>	<b>Stock Options</b>	<b>Restricted Stock</b>	<b>Restricted Stock Units</b>
Claire L. Arnold	0	5,324	0
Frank W. Bonvino	39,333	1,110	20,050
John E. Byom	14,166	0	18,450
Randall W. Cochran	11,049	4,000	8,850
Gary E. Costley	179,416	1,500	77,000
Ralph P. Hargrow	14,499	125	18,550
Isiah Harris, Jr.	0	417	0
Martin Jamieson	11,333	0	9,000
James M. Jenness	0	2,902	0
Dennis R. Johnson	16,366	150	6,800
Gregory J. Keup	7,000	0	6,500

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Joseph G. Parham	0	192	0
J. David Pierson	0	385	0
Nicholas L. Reding	0	12,106	0



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Name	Stock Options	Restricted Stock	Restricted Stock Units
Jill W. Schmidt	12,166	0	6,000
Dan C. Swander <sup>(1)</sup>	75,000	15,000	0
Dolph W. von Arx	0	4,077	0
James H. White	9,049	5,776	9,350

<sup>(1)</sup> Mr. Swander ceased to be an executive officer of Multifoods effective February 28, 2004.

Multifoods directors and executive officers are entitled to indemnification against certain liabilities arising from acts or omissions occurring at or prior to the effective time of the merger (including acts or omissions relating to the merger).

Multifoods directors and executive officers are covered by directors and officers liability insurance.

The Smucker and Multifoods boards of directors were aware of these arrangements during their respective deliberations on the merits of the merger and in deciding to recommend that you vote for the approval of the proposals presented at your special meeting.

**Accounting Treatment**

The merger will be accounted for as a business combination using the purchase method of accounting. Smucker will be the acquirer for financial accounting purposes.

**Regulatory Matters**

Under the HSR Act, Smucker and Multifoods were required to give notification and furnish information to the Federal Trade Commission and the Antitrust Division of the U.S. Department of Justice and to wait until the expiration or termination of the specified waiting period before they can complete the merger. On March 17, 2004, Smucker and Multifoods submitted the required regulatory filings to the Federal Trade Commission and the Antitrust Division. In addition, the merger is subject to state antitrust laws and could be the subject of challenges by state attorneys general under those laws, or by private parties under federal or state antitrust laws.

The merger requires notice to the Commissioner of Competition under the pre-merger notification requirements of the Canadian Competition Act. A transaction subject to pre-merger notification may not be completed until a pre-merger filing has been submitted to the Commissioner of Competition and the relevant waiting period has expired or been waived by the Commissioner of Competition. Upon application by the parties, the Commissioner of Competition may issue an advance ruling certificate where she is satisfied that she would not have sufficient grounds on which to apply to the Competition Tribunal under the merger provisions of the Canadian Competition Act. If the Commissioner of Competition issues an advance ruling certificate in respect of a proposed transaction, that transaction is exempt from the pre-merger notification provisions.

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On March 17, 2004, Smucker and Multifoods filed an application for an advance ruling certificate with the Canadian

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Competition Bureau in respect of the merger, following which an advance ruling certificate was issued by the Canadian Competition Bureau on March 29, 2004.

In addition, exemptions are required from the registration and prospectus requirements of the securities laws of those Canadian provinces where residents will be receiving shares or other securities of Smucker pursuant to the merger. To the extent statutory exemptions are not available in any such local jurisdiction, Smucker will apply for and obtain exemptive relief prior to the closing of the merger.

Other than the foregoing Canadian legislation, Smucker is not aware of any foreign governmental approvals or actions that are required for completion of the merger. Nonetheless, in connection with the merger, the laws of a number of foreign countries and jurisdictions in which Smucker conducts its business may require the filing of information with, or the obtaining of the approval or consent of, governmental authorities in those countries and jurisdictions. The governments in those countries and jurisdictions might attempt to impose additional conditions on Smucker's operations conducted in those countries and jurisdictions as a result of the merger. If those approvals or consents are found to be required, the parties intend to make the appropriate filings and applications. In the event that a filing or application is made for the requisite foreign approvals or consents, we cannot assure you that those approvals or consents will be granted and, if those approvals or consents are received, we cannot assure you as to when those approvals or consents will be received.

### **Dissenters' Appraisal Rights of Smucker Shareholders**

Smucker shareholders are not entitled to any dissenters' appraisal rights under the Ohio Revised Code.

### **Dissenters' Appraisal Rights of Multifoods Shareholders**

Under the General Corporation Law of the State of Delaware, which we refer to throughout this document as the DGCL, any Multifoods shareholder who does not wish to accept the merger consideration has the right to dissent from the merger and to seek an appraisal of, and to be paid the fair value (exclusive of any element of value arising from the accomplishment or expectation of the merger) for his or her shares of Multifoods common stock as determined under Section 262 of the DGCL, so long as the shareholder complies with the provisions of Section 262 of the DGCL.

Holders of record of Multifoods common stock who do not vote in favor of the merger agreement and who otherwise comply with the applicable provisions of Section 262 of the DGCL will be entitled to exercise dissenters' appraisal rights under Section 262 of the DGCL. A person having a beneficial interest in shares of Multifoods common stock held of record in the name of another person, such as a broker, bank or other nominee, must act promptly to cause the record holder to follow the steps summarized below properly and in a timely manner to perfect dissenters' appraisal rights.

**The following discussion is not a complete statement of the law pertaining to dissenters' appraisal rights under the DGCL and is qualified in its entirety by the full text of Section 262 of the DGCL, which is reprinted in its entirety as Annex E and incorporated into this document by reference. All references in Section 262 of the DGCL and in this summary to a shareholder, stockholder or holder are to the record holder of the shares of common stock as to which dissenters' appraisal rights are asserted.**

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Under Section 262 of the DGCL, holders of shares of Multifoods common stock who follow the procedures set forth in Section 262 of the DGCL will be entitled to have their Multifoods common stock appraised by the Delaware Court of Chancery and to receive payment in cash of the fair value of these shares of Multifoods common stock, exclusive of any element of value arising from the accomplishment or expectation of the merger, together with a fair rate of interest, if any, as determined by that court.

Under Section 262 of the DGCL, when a proposed merger is to be submitted for approval at a meeting of shareholders, the corporation, not less than 20 days prior to the meeting, must notify each of its shareholders who

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was a shareholder on the record date for this meeting with respect to shares for which dissenters' appraisal rights are available, that dissenters' appraisal rights are so available, and must include in this required notice a copy of Section 262 of the DGCL.

This document constitutes the required notice to the holders of these shares of Multifoods common stock and the applicable statutory provisions of the DGCL are attached to this document as Annex E. Any Multifoods shareholder who wishes to exercise his or her dissenters' appraisal rights or who wishes to preserve his or her right to do so should review the following discussion and Annex E carefully, because failure to timely and properly comply with the procedures specified in Annex E will result in the loss of dissenters' appraisal rights under the DGCL.

A holder of Multifoods common stock wishing to exercise his or her dissenters' appraisal rights (a) must not vote in favor of the adoption of the merger agreement and (b) must deliver to Multifoods before the taking of the vote on the merger agreement at the Multifoods special meeting a written demand for appraisal of his or her Multifoods common stock. This written demand for appraisal must be separate from any proxy or vote abstaining from the vote on the merger or against the merger. This demand must reasonably inform Multifoods of the identity of the shareholder and of the shareholder's intent thereby to demand appraisal of his or her shares. A holder of Multifoods common stock wishing to exercise his or her dissenters' appraisal rights must be the record holder of these shares of Multifoods common stock on the date the written demand for appraisal is made and must continue to hold these shares of Multifoods common stock through the effective date of the merger. Accordingly, a holder of Multifoods common stock who is the record holder of Multifoods common stock on the date the written demand for appraisal is made, but who thereafter transfers these shares of Multifoods common stock prior to consummation of the merger, will lose any right to appraisal in respect of these shares of Multifoods common stock.

Only a holder of record of Multifoods common stock is entitled to assert dissenters' appraisal rights for the shares of Multifoods common stock registered in that holder's name. A demand for appraisal should be executed by or on behalf of the holder of record, fully and correctly, as the holder's name appears on the holder's stock certificates. If the shares of Multifoods common stock are held of record in a fiduciary capacity, such as by a trustee, guardian or custodian, execution of the demand should be made in that capacity, and if the Multifoods common stock is held of record by more than one holder as in a joint tenancy or tenancy in common, the demand should be executed by or on behalf of all joint holders. An authorized agent, including one or more joint holders, may execute a demand for appraisal on behalf of a holder of record. The agent, however, must identify the record holder or holders and expressly disclose the fact that, in executing the demand, the agent is acting as agent for the holder or holders. A record holder such as a broker who holds Multifoods common stock as nominee for several beneficial owners may exercise dissenters' appraisal rights with respect to the shares of Multifoods common stock held for one or more beneficial owners while not exercising dissenters' appraisal rights with respect to the Multifoods common stock held for other beneficial owners. In this case, the written demand should set forth the number of shares of Multifoods common stock as to which appraisal is sought. When no number of shares of Multifoods common stock is expressly mentioned, the demand will be presumed to cover all Multifoods common stock in brokerage accounts or other nominee forms held by such record holder, and those who hold shares in brokerage accounts or other nominee forms and who wish to exercise dissenters' appraisal rights under Section 262 of the DGCL are urged to consult with their brokers to determine the appropriate procedures for the making of a demand for appraisal by such a nominee.

**All written demands for appraisal should be sent or delivered to International Multifoods Corporation, 110 Cheshire Lane, Suite 300, Minnetonka, Minnesota 55305, Attention: General Counsel.**

Within ten days after the effective date of the merger, the surviving company will notify each former Multifoods shareholder who has properly asserted dissenters' appraisal rights under Section 262 of the DGCL and has not voted in favor of the merger agreement, of the date the merger became effective.

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Within 120 days after the effective date of the merger, but not thereafter, the surviving company or any former Multifoods shareholder who has complied with the statutory requirements summarized above may file a petition in the Delaware Court of Chancery demanding a determination of the fair value of the Multifoods common stock that are entitled to dissenters' appraisal rights. Neither Smucker nor Acquisition Sub is under any obligation to and neither of them has any present intention to file a petition with respect to the appraisal of the fair value of the Multifoods common stock. Accordingly, it is the obligation of shareholders wishing to assert dissenters' appraisal rights to take all necessary action to perfect and maintain their dissenters' appraisal rights within the time prescribed in Section 262 of the DGCL.

Within 120 days after the effective date of the merger, any former Multifoods shareholder who has complied with the requirements for exercise of dissenters' appraisal rights will be entitled, upon written request, to receive from the surviving company a statement setting forth the aggregate number of shares of Multifoods common stock not voted in favor of the adoption of the merger agreement and with respect to which demands for appraisal have been timely received and the aggregate number of former holders of these shares of Multifoods common stock. These statements must be mailed within ten days after a written request therefor has been received by the surviving company or within ten days after expiration of the period for delivery of demands for appraisal under Section 262 of the DGCL, whichever is later.

If a petition for an appraisal is filed timely with the Delaware Court of Chancery by a former Multifoods shareholder and a copy thereof is served upon the surviving company, the surviving company will then be obligated within 20 days of service to file with the Delaware Register in Chancery a duly certified list containing the names and addresses of all former shareholders who have demanded appraisal of their shares of Multifoods common stock and with whom agreements as to value have not been reached. After notice to such former shareholders as required by the Delaware Court of Chancery, the Delaware Court of Chancery may conduct a hearing on such petition to determine those former shareholders who have complied with Section 262 of the DGCL and who have become entitled to dissenters' appraisal rights thereunder. The Delaware Court of Chancery may require the former shareholders who demanded appraisal of their shares of Multifoods common stock to submit their stock certificates to the Register in Chancery for notation thereon of the pendency of the appraisal proceeding. If any former shareholder fails to comply with such direction, the Delaware Court of Chancery may dismiss the proceedings as to such former shareholder.

After determining which, if any, former Multifoods' shareholders are entitled to appraisal, the Delaware Court of Chancery will appraise their shares of Multifoods common stock, determining their fair value, exclusive of any element of value arising from the accomplishment or expectation of the merger, together with a fair rate of interest, if any, to be paid upon the amount determined to be the fair value. Multifoods' shareholders considering seeking appraisal should be aware that the fair value of their shares of Multifoods common stock as determined under Section 262 of the DGCL could be more than, the same as or less than the value of the consideration they would receive pursuant to the merger agreement if they did not seek appraisal of their shares of Multifoods common stock and that investment banking opinions as to fairness from a financial point of view are not necessarily opinions as to fair value under Section 262 of the DGCL. The Delaware Supreme Court has stated that proof of value by any techniques or methods which are generally considered acceptable in the financial community and otherwise admissible in court should be considered in the appraisal proceedings.

In addition, Delaware courts have decided that a shareholder's statutory appraisal remedy may or may not be a dissenter's exclusive remedy, depending on the factual circumstances.

The costs of the appraisal action may be determined by the Delaware Court of Chancery and taxed upon the parties as the Delaware Court of Chancery deems equitable. Upon application of a former Multifoods shareholder, the Delaware Court of Chancery may also order that all or a portion of the expenses incurred by any former Multifoods shareholder in connection with an appraisal proceeding, including, without limitation, reasonable attorneys' fees and the fees and expenses of experts used in the appraisal proceeding, be charged pro rata against the value of all of the shares of Multifoods common stock entitled to appraisal.

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Any holder of Multifoods common stock who has duly demanded an appraisal in compliance with Section 262 of the DGCL will not, after the consummation of the merger, be entitled to vote the shares of Multifoods common stock subject to this demand for any purpose or be entitled to the payment of dividends or other distributions on those shares of Multifoods common stock (except dividends or other distributions payable to holders of record of Multifoods common stock as of a record date prior to the effective date of the merger).

If any shareholder who properly demands appraisal of his or her Multifoods common stock under Section 262 of the DGCL fails to perfect, or effectively withdraws or loses, his or her right to appraisal, as provided in Section 262 of the DGCL, that shareholder's shares of Multifoods common stock will be converted into the right to receive the consideration payable with respect to these shares of Multifoods common stock in accordance with the merger agreement (without interest). A Multifoods shareholder will fail to perfect, or effectively lose or withdraw, his or her right to appraisal if, among other things, no petition for appraisal is filed within 120 days after the effective date of the merger, or if the shareholder delivers to Multifoods or the surviving company, as the case may be, a written withdrawal of his or her demand for appraisal. Any attempt to withdraw an appraisal demand more than 60 days after the effective date of the merger will require the written approval of the surviving company and, once a petition for appraisal is filed, the appraisal proceeding may not be dismissed as to any holder absent court approval.

Failure to follow the steps required by Section 262 of the DGCL for perfecting dissenters' appraisal rights may result in the loss of these rights, in which event a Multifoods shareholder will be entitled to receive the consideration payable with respect to his or her shares of Multifoods common stock in accordance with the merger agreement (without interest).

## **Delisting and Deregistration of Multifoods Common Stock**

If the merger is completed, Multifoods common stock will be delisted from the New York Stock Exchange and will be deregistered under the Securities Exchange Act of 1934. The shareholders of Multifoods will become shareholders of Smucker and their rights as shareholders will be governed by applicable Ohio law and by Smucker's articles of incorporation and regulations. Smucker shareholders will continue to own their Smucker common shares after the merger, and Smucker common shares will continue to be listed on the New York Stock Exchange under the symbol SJM. See [Comparison of Rights of Shareholders](#) beginning on page [ ].

## **Federal Securities Laws Consequences; Resale Restrictions**

All Smucker common shares that will be distributed to Multifoods shareholders in the merger will be freely transferable, except for restrictions applicable to affiliates of Multifoods and except that resale restrictions may be imposed by securities laws in non-U.S. jurisdictions insofar as subsequent trades are made within these jurisdictions. Persons who are deemed to be affiliates of Multifoods may resell Smucker common shares received by them only in transactions permitted by the resale provisions of Rule 145 under the Securities Act of 1933 or as otherwise permitted under the Securities Act of 1933. Persons who may be deemed to be affiliates of Multifoods generally include executive officers, directors and holders of more than 10% of the outstanding shares of Multifoods. The merger agreement requires Multifoods to cause each of its directors and executive officers who Multifoods believes may be deemed to be affiliates of Multifoods to execute a written agreement to the effect that those persons will not sell, assign or transfer any of the Smucker common shares issued to them in the merger unless that sale, assignment or transfer has been registered under the Securities Act of 1933, is in conformity with Rule 145 under the Securities Act of 1933 or is otherwise exempt from the registration requirements under the Securities Act of 1933.

This document does not cover any resales of the Smucker common shares to be received by Multifoods shareholders in the merger, and no person is authorized to make any use of this document in connection with any resale.





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**MATERIAL U.S. FEDERAL INCOME TAX CONSEQUENCES**

The following discussion summarizes material U.S. federal income tax consequences of the merger to Multifoods shareholders. This discussion is based upon the Internal Revenue Code of 1986, as amended (the Internal Revenue Code), Treasury regulations promulgated under the Internal Revenue Code, court decisions, published positions of the Internal Revenue Service and other applicable authorities, all as in effect on the date of this document and all of which are subject to change or differing interpretations, possibly with retroactive effect.

This discussion is limited to holders who hold shares of Multifoods common stock as capital assets for U.S. federal income tax purposes (generally, assets held for investment). This discussion does not address all of the U.S. federal income tax consequences that may be relevant to a holder in light of the holder's particular circumstances or to holders who may be subject to special treatment under U.S. federal income tax laws, such as tax-exempt organizations, foreign persons or entities, financial institutions, insurance companies, broker-dealers, holders who hold shares of Multifoods common stock as part of a hedge, straddle, wash sale, synthetic security, conversion transaction, or other integrated investment comprised of Multifoods common stock and one or more investments, holders with a functional currency (as defined in the Internal Revenue Code) other than the U.S. dollar, and persons who acquired shares of Multifoods common stock in compensatory transactions. If a partnership (including any entity treated as a partnership for U.S. federal income tax purposes) is a beneficial owner of shares of Multifoods common stock, the tax treatment of a partner in that partnership will generally depend on the status of the partner and the activities of the partnership. Holders of shares of Multifoods common stock that are partnerships and partners in these partnerships are urged to consult their tax advisors regarding the U.S. federal income tax consequences of owning and disposing of shares of Multifoods common stock in the merger.

Further, this discussion does not address any aspect of state, local or foreign taxation. No ruling has been or will be obtained from the Internal Revenue Service regarding any matter relating to the merger and no assurance can be given that the Internal Revenue Service will not assert, or that a court will not sustain, a position contrary to any aspect of the discussion. Holders are urged to consult their own tax advisors as to the U.S. federal income tax consequences of the merger, as well as the effects of state, local and foreign tax laws in light of their own situations.

It is anticipated that Jones Day will deliver an opinion to Smucker, and Faegre & Benson LLP will deliver an opinion to Multifoods, each effective on or about the date this document is first mailed to shareholders of Multifoods and Smucker, to the effect that, for U.S. federal income tax purposes, the merger will be treated as a reorganization within the meaning of Section 368(a) of the Internal Revenue Code, and Smucker, Acquisition Sub and Multifoods will each be a party to the reorganization within the meaning of Section 368(b) of the Internal Revenue Code. It is a condition to the closing of the merger that each of these opinions be updated as of the closing date. If certain events, some of which are described below, occur between the date of this document and the closing of the merger, each counsel may be unable to update its opinion.

The opinions of Jones Day and Faegre & Benson LLP will be based on U.S. federal income tax law in effect as of the date of the opinions. An opinion of counsel is not binding on the Internal Revenue Service or any court and no assurance can be given that the Internal Revenue Service will not assert, or that a court will not sustain, a position contrary to any aspect of the opinions. In rendering the opinions, Jones Day and Faegre & Benson LLP will rely on certain assumptions, including assumptions regarding the absence of changes in facts and the completion of the merger in accordance with the merger agreement and in the manner described in this document. The opinions will also rely upon certain representations and covenants of the management of Smucker and Multifoods and will assume that the representations are true, correct and complete, and that the covenants will be complied with. If any of these assumptions or representations are inaccurate in any way, or if any of the covenants are not complied with, the opinions could be adversely affected.

**Tax Consequences of the Merger to Holders of Multifoods Common Stock**

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Assuming the merger qualifies as a reorganization within the meaning of Section 368(a) of the Internal Revenue Code, each Multifoods shareholder will generally recognize gain (but not loss) in an amount generally

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equal to the lesser of (a) the amount of cash received in the merger (excluding any cash received in lieu of fractional Smucker common shares), and (b) the amount, if any, by which the sum of the fair market value, as of the effective time of the merger, of the Smucker common shares and the amount of cash received in the merger exceeds the shareholder's adjusted tax basis in his or her shares of Multifoods common stock.

Gain recognized upon the exchange generally will be capital gain, unless the receipt of cash by a Multifoods shareholder has the effect of a distribution of a dividend, in which case the gain will be treated as dividend income to the extent of the shareholder's ratable share of Multifoods accumulated earnings and profits as calculated for U.S. federal income tax purposes. The determination of whether gain recognized by a Multifoods shareholder will have the effect of a distribution of a dividend is discussed below under the heading *Possible Treatment of Cash as a Dividend*. Any recognized capital gain generally will be long-term capital gain if the Multifoods shareholder has held his or her shares of Multifoods common stock for more than one year.

If a Multifoods shareholder receives cash in lieu of a fractional Smucker common share, the shareholder will generally recognize capital gain or loss equal to the difference between the cash received in lieu of the fractional share and the portion of the holder's adjusted tax basis that is allocable to the fractional share. The capital gain or loss will be long-term capital gain or loss if the holding period for the shares of Multifoods common stock exchanged for cash in lieu of the fractional Smucker common share is more than one year as of the date of the merger.

A Multifoods shareholder will have an aggregate tax basis in the Smucker common shares received in the merger equal to the aggregate adjusted tax basis in shares of Multifoods common stock surrendered in the merger, reduced by the portion of the holder's adjusted tax basis in the shares of Multifoods common stock that is allocable to a fractional Smucker common share for which cash is received, and reduced by the amount of cash received by the holder for the shares of Multifoods common stock in the merger, and increased by the amount of gain (including the portion of any gain that is treated as a dividend as noted above) recognized by the holder in the exchange (but not by any gain recognized upon the receipt of cash in lieu of a fractional Smucker common share pursuant to the merger).

The holding period of the Smucker common shares received by a Multifoods shareholder pursuant to the merger will include the holding period of shares of Multifoods common stock surrendered in exchange.

If a Multifoods shareholder receives cash pursuant to the exercise of dissenters' appraisal rights, the shareholder generally will recognize gain or loss measured by the difference between the cash received and the shareholder's adjusted tax basis in his or her Multifoods common stock. This gain should be long-term capital gain or loss if the shareholder held the Multifoods common stock for more than one year.

### **Possible Treatment of Cash as a Dividend**

In general, the determination of whether the gain recognized by a Multifoods shareholder will be treated as capital gain or dividend income depends upon whether and to what extent the exchange reduces a Multifoods shareholder's deemed percentage stock ownership interest in Smucker and upon such shareholder's particular circumstances. For purposes of this determination, a Multifoods shareholder should be treated as if he or she first exchanged all of such shareholder's shares of Multifoods common stock solely for Smucker common shares and then Smucker immediately redeemed (the "deemed redemption") a portion of such Smucker common shares in exchange for the cash that the holder actually received in the merger. The gain recognized in the exchange followed by a deemed redemption will be treated as capital gain if the deemed redemption is (i) substantially disproportionate with respect to the holder or (ii) not essentially equivalent to a dividend, as those terms are used in the Internal Revenue Code.

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The deemed redemption, generally, will be substantially disproportionate with respect to a holder if the percentage described in (ii) below is less than 80 percent of the percentage described in (i) below. Whether the deemed redemption is not essentially equivalent to a dividend with respect to a holder will depend upon the holder's particular circumstances. At a minimum, however, in order for the deemed redemption to be not

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essentially equivalent to a dividend, the deemed redemption must result in a meaningful reduction in the holder's deemed percentage stock ownership of Smucker common shares. In general, that determination requires a comparison of (i) the percentage of the outstanding Smucker common shares that the holder is deemed actually and constructively to have owned immediately before the deemed redemption by Smucker and (ii) the percentage of the outstanding Smucker common shares that is actually and constructively owned by the holder immediately after the deemed redemption by Smucker. The Internal Revenue Service has ruled that a shareholder in a publicly held corporation whose relative stock interest is minimal and who exercises no control with respect to corporate affairs is considered to have a meaningful reduction if the shareholder has any reduction in his, her or its percentage stock ownership under the foregoing analysis. In applying the foregoing tests, a Multifoods shareholder may, under the constructive ownership rules, be deemed to own stock that is owned by other persons or otherwise in addition to the Smucker common shares actually owned by that shareholder. Multifoods shareholders are strongly urged to consult their own tax advisors as to the application of the constructive ownership rules and as to whether cash received in the merger will be treated as a dividend.

### **Continuity of Interest Requirement**

The opinions of Jones Day and Faegre & Benson LLP will be updated as of the closing date only if, among other things, the Multifoods shareholders, as a group, receive in the merger Smucker common shares with a value that is sufficient, as a percentage of the total consideration paid to acquire all of the Multifoods common stock (approximately 50%, as determined by each counsel), and taking into account all cash paid to holders of Multifoods common stock in connection with the merger, to satisfy the continuity of interest requirement under applicable Treasury Regulations. The value of a Smucker common share for purposes of this determination will be the lesser of the average of the high and low trading prices for a Smucker common share on the date that includes the effective time of the merger and the closing trading price of a Smucker common share on that date, in each case as reported on the New York Stock Exchange.

Because of the 19.9% limitation on the number of Smucker common shares that Smucker can issue in the merger and the associated merger consideration adjustment mechanism, a significant drop in the market price of a Smucker common share between the date of this document and the effective time of the merger could increase the cash paid to the holders of Multifoods common stock as a group and decrease the value of the Smucker common shares as a percentage of the total merger consideration to such an extent that counsel could not update their opinions as of the closing date of the merger. Another factor that could affect the value of the Smucker common shares as a percentage of the total merger consideration is the amount, if any, to be paid to Multifoods shareholders who perfect their dissenters' appraisal rights.

### **Backup Withholding and Information Reporting**

Backup withholding at 28% may apply with respect to certain payments, including cash received in the merger, unless a Multifoods shareholder (1) is a corporation or comes within certain other exempt categories and, when required, demonstrates this fact or (2) provides a correct taxpayer identification number, certifies as to no loss of exemption from backup withholding and that such shareholder is a U.S. person (including a U.S. resident alien) and otherwise complies with applicable requirements of the backup withholding rules. A Multifoods shareholder who does not provide Smucker (or the exchange agent) with its correct taxpayer identification number may be subject to penalties imposed by the Internal Revenue Service. Any amounts withheld under the backup withholding rules may be allowed as a refund or a credit against the shareholder's United States federal income tax liability, provided that the shareholder furnishes certain information to the Internal Revenue Service.

### **Reporting Requirements**

Multifoods shareholders receiving Smucker common shares in the merger should file a statement with their U.S. federal income tax return setting forth their adjusted tax basis in Multifoods common stock exchanged in the merger, as well as the fair market value of the Smucker

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common shares and the amount of cash received in the merger. In addition, Multifoods shareholders will be required to retain permanent records of these facts relating to the merger.

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**THE MERGER AGREEMENT**

The following is a summary of the merger agreement, a copy of which is attached as Annex A to this document and is incorporated into this document by reference. We urge you to read carefully this entire document, including the annexes and the other documents to which we have referred you. See Where You Can Find More Information beginning on page [ ]).

**The Merger; Closing**

Upon the terms and subject to the conditions of the merger agreement, and in accordance with the DGCL, at the effective time of the merger, Multifoods will merge with and into Acquisition Sub. Acquisition Sub will continue as the surviving company and a wholly owned subsidiary of Smucker operating under the name International Multifoods Corporation.

The closing of the merger will occur on the second business day following the date on which all of the conditions to the merger, other than conditions that, by their terms, cannot be satisfied until the closing date of the merger (but subject to the satisfaction or waiver of these conditions), have been satisfied or waived, unless the parties agree on another time. Smucker and Multifoods expect to complete the merger in June 2004. However, we do not know how long after the special meetings the closing of the merger will take place. Smucker and Multifoods hope to have the applicable outstanding conditions, including expiration or termination of the waiting period under the HSR Act, satisfied so that the closing can occur two business days after the special meetings. However, we cannot assure you that such timing will occur or that the merger will be completed in June 2004 as expected.

On the closing date of the merger, Acquisition Sub and Multifoods will file a certificate of merger with the Secretary of State of the State of Delaware. The effective time of the merger will be the time Acquisition Sub and Multifoods file the certificate of merger or at a later time as we may agree and specify in the certificate of merger.

As a result of the merger, Multifoods will be merged into Acquisition Sub and the separate corporate existence of Multifoods will cease.

**Directors and Officers**

The officers and directors of Acquisition Sub immediately prior to the effective time of the merger will be the officers and directors of the surviving company, until the earlier of their death, resignation or removal or until their respective successors are duly elected and qualified.

**Merger Consideration**

Upon the effectiveness of the merger, each share of Multifoods common stock (other than shares owned by Smucker, shares held by Multifoods as treasury shares or shares held by any dissenting Multifoods shareholder that has properly exercised dissenters' appraisal rights in accordance

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with the DGCL) will be converted into the right to receive from Smucker the merger consideration, consisting of the following:

a number of Smucker common shares equal to an exchange ratio (rounded to four decimal places) that is equal to \$20 divided by the average closing price of Smucker common shares for the 20 consecutive trading days ending with the trading day immediately preceding the closing date; provided that if based on the exchange ratio Smucker would be required to issue more than 19.9% of its common shares outstanding immediately prior to the issuance, the exchange ratio will be adjusted so that the number of Smucker common shares to be issued will not exceed 19.9% of the Smucker common shares outstanding immediately prior to the issuance; and



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\$5 in cash, without interest, plus, in the event that the exchange ratio is adjusted, an amount in cash equal to \$25 minus the sum of (i) the exchange ratio (as adjusted) multiplied by the average closing price of Smucker common shares (determined as described above), plus (ii) \$5.

No fractional Smucker common shares will be issued in the merger. All Smucker common shares that a Multifoods shareholder is entitled to receive will be aggregated. Any fractional Smucker common shares resulting from this aggregation will be paid in cash, without interest, in an amount equal to the fractional share interest multiplied by the average closing price of the Smucker common shares (determined as described above).

## **Exchange Procedures**

At the effective time of the merger, Smucker will deposit with the exchange agent, for the benefit of the holders of Multifoods common stock, all cash and certificates representing Smucker common shares payable or issuable in the merger in exchange for outstanding shares of Multifoods common stock. In addition, Smucker will provide additional amounts of cash, if any, needed from time to time by the exchange agent to pay, without interest, cash in lieu of fractional shares or for dissenting shares or any dividends or distributions on Smucker common shares with a record date on or after the effective time of the merger and a payment date on or before the date the relevant Multifoods stock certificate was surrendered.

At the effective time of the merger, no further registrations of transfers on the stock transfer books of the surviving company of Multifoods common stock will be made. If, after the effective time of the merger, Multifoods stock certificates are presented to the surviving company in the merger or the exchange agent for any reason, they will be canceled and exchanged as described above, except as otherwise provided by law.

## **Exchange of Shares**

As soon as reasonably practicable after the effective time of the merger, the exchange agent will mail to each holder of record of a Multifoods stock certificate whose shares of Multifoods common stock were converted into the right to receive the merger consideration, a letter of transmittal and instructions explaining how to surrender Multifoods stock certificates in exchange for the merger consideration.

After the effective time of the merger, upon surrender of a Multifoods stock certificate to the exchange agent, together with a letter of transmittal, duly executed, described above, and other documents as may reasonably be required by the exchange agent, the holder of the Multifoods stock certificate will be entitled to receive the merger consideration, dividends and other distributions on Smucker common shares with a record date on or after the effective time of the merger, and cash, without interest, in lieu of fractional shares.

Multifoods shareholders desiring to receive payment upon the surrender of stock certificates registered in the name of another person will receive payment if the stock certificates have been properly endorsed or are otherwise in proper form for transfer and the shareholders:

pay any transfer or other taxes required because the payment is made to a person other than the registered holder of the Multifoods stock certificate; or

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establish to the satisfaction of the exchange agent that any transfer or other taxes described above have been paid or are not applicable.

**Multifoods stock certificates should not be returned with the enclosed proxy card(s). Multifoods stock certificates should be returned with a validly executed transmittal letter and accompanying instructions that will be provided to Multifoods shareholders following the effective time of the merger.**

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**Representations and Warranties**

The merger agreement contains representations and warranties made by each party to the other. These representations and warranties relate to, among other things:

corporate organization, standing and the corporate power to carry on their respective businesses;

ownership of subsidiaries;

capitalization;

corporate power and authority to enter into the merger agreement and due execution, delivery and enforceability of the merger agreement;

absence of conflicts with charter documents, material breaches of contracts and agreements, material liens upon assets and violations of applicable law resulting from the execution and delivery of the merger agreement and consummation of the transactions contemplated by the merger agreement;

absence of required governmental consents in connection with execution and delivery of the merger agreement and consummation of the transactions contemplated by the merger agreement other than certain governmental filings specified in the merger agreement;

timely filing of required documents with the Securities and Exchange Commission, material compliance with the requirements of the Securities Act of 1933 and Exchange Act of 1934 and the absence of untrue statements or omissions in those documents;

material compliance of financial statements as to form with applicable accounting requirements and Securities and Exchange Commission rules and preparation thereof in accordance with U.S. generally accepted accounting principles (referred to in this document as "GAAP");

absence of specified liabilities or obligations;

absence of misleading information contained or incorporated into this document or the registration statement of which this document forms a part;

absence of specified changes or events and the conduct of their respective businesses;

compliance with applicable laws and regulatory matters and absence of specified litigation;

employee benefits matters and compliance with the Employee Retirement Income Security Act of 1974;

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tax matters;

the shareholder votes required for the proposals relating to the adoption and approval of the merger agreement and the merger and the transactions contemplated by the merger agreement (with respect to Multifoods) and the issuance of the Smucker common shares in the merger (with respect to Smucker);

absence of applicable anti-takeover laws applicable to the merger and the transactions contemplated by the merger agreement;

brokers or finders fees;

absence of (or limited) ownership of Smucker common shares (with respect to Multifoods) or shares of Multifoods common stock (with respect to Smucker);

environmental matters and compliance with environmental laws;

ownership of real property, leasehold interests in leased real property and rights relating to tangible assets;

intellectual property matters;

opinions of financial advisors;

labor agreements and employee matters;

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inapplicability of its rights plan to the merger (with respect to Smucker) or amendment of its share rights agreement to render it inapplicable to the merger (with respect to Multifoods);

insurance matters; and

transactions with affiliates.

In addition, Multifoods made additional representations to Smucker. The most significant of these additional representations include:

the absence of violations of specified contracts; and

the disclosure of acquisitions and divestitures made by Multifoods since March 1, 1999.

Smucker also made additional representations to Multifoods. The most significant of these additional representations include:

the availability of funds sufficient to pay the cash portion of the merger consideration to be paid in the merger and consummate the transactions contemplated by the merger agreement; and

the absence of operations of Acquisition Sub.

The representations and warranties contained in the merger agreement will not survive the merger, but they form the basis of specified conditions to the parties' obligations to complete the merger. Some agreements in the merger agreement will survive the effective time of the merger.

## **Covenants and Agreements**

### ***Operating Covenants - Multifoods***

Prior to the effective time of the merger, Multifoods has agreed to carry on its business in the ordinary course consistent with past practice and, to the extent consistent therewith, to use all reasonable efforts to preserve intact its current business organization, keep available the services of its current officers and other key employees and preserve its relationships with customers, suppliers, distributors and other persons having business dealings with it. With specified exceptions, Multifoods has agreed not to:

declare, set aside or pay any dividends on, or make any other distributions in respect of, any of its capital stock;

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split, combine or reclassify any of its capital stock;

purchase, redeem or otherwise acquire any shares of capital stock of Multifoods or any of its subsidiaries or any other securities of Multifoods or any of its subsidiaries or any rights, warrants or options to acquire any of those shares or other securities;

issue, deliver, sell, pledge or otherwise encumber or subject to any lien any shares of its capital stock, any other voting securities or any securities convertible into, or any rights, warrants or options to acquire, any of those shares, voting securities or convertible securities;

amend its certificate of incorporation or bylaws (or other comparable organizational documents);

amend or take any other action with respect to its share rights agreement;

merge or consolidate with any person or entity;

take or fail to take any actions that would constitute a violation of applicable law, except for such violations as would not have or result in a material adverse effect on Multifoods;

sell, lease, license, mortgage or otherwise encumber or subject to any lien or otherwise dispose of any of its properties or assets other than dispositions of tangible properties and assets in the ordinary course of

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business consistent with past practice or dispositions of tangible properties and assets that, individually or in the aggregate, are not material to Multifoods and its subsidiaries taken as a whole and the granting of liens permitted under the terms of the merger agreement or liens required under existing bank agreements;

enter into commitments for capital expenditures involving more than \$1 million in the aggregate, except pursuant to the capital plan of Multifoods previously provided to Smucker;

incur any indebtedness for money borrowed (whether evidenced by a note or other instrument, pursuant to a financing lease, sale-leaseback transaction, or otherwise), other than intercompany indebtedness, indebtedness under Multifoods' existing credit agreement in a manner consistent with past practices, and other indebtedness of up to \$3.5 million in the aggregate;

except for normal increases in salary and wages in the ordinary course of business consistent with Multifoods' fiscal year 2005 plan previously provided to Smucker, grant any increase in the compensation or benefits payable or to become payable by Multifoods to any current or former director, officer, employee or consultant;

adopt, enter into, amend or otherwise increase, reprice or accelerate the payment or vesting of the amounts, benefits or rights payable or accrued or to become payable or accrued under any Multifoods' employee benefit plan;

enter into or amend any employment, severance, change-in-control agreement or any similar agreement or any collective bargaining agreement, or, except as required in accordance with Multifoods' severance policy in effect on the date of the merger agreement and previously provided to Smucker, grant any severance or termination pay to any officer, director, consultant or employee of Multifoods;

pay or award any pension, retirement, allowance or other non-equity incentive awards, or other employee or director benefit not required by any outstanding Multifoods' employee benefit plan;

change the accounting principles used by it unless required by GAAP (or, if applicable with respect to foreign subsidiaries, the relevant foreign generally accepted accounting principles);

acquire by merging or consolidating with, by purchasing any equity interest in or a portion of the assets of, or by any other manner, any business or any corporation, partnership, association or other business organization or division of that entity, or otherwise acquire any material amount of assets of any other person (other than the purchase of assets from suppliers or vendors in the ordinary course of business consistent with past practice);

amend any tax return, except as required by law, or, except as would not have a material adverse effect on Multifoods and consistent with past practice, make or rescind any express or deemed election or settle or compromise any claim or action relating to taxes, or change any of its methods of accounting or of reporting income or deductions for tax purposes unless required by GAAP (or, if applicable with respect to foreign subsidiaries, the relevant foreign generally accepted accounting principles) or by law;

satisfy any claims or liabilities, other than:

the satisfaction of claims or liabilities, in the ordinary course of business consistent with past practice, in accordance with their terms, or

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the satisfaction in the ordinary course of business or pursuant to their respective terms of claims or liabilities reflected or reserved against in the most recent financial statements (or notes to those statements) of Multifoods included in the documents Multifoods files with the Securities and Exchange Commission (for amounts not in excess of the reserves) or incurred since the date of those financial statements in the ordinary course of business consistent with past practice;

make any loans, advances or capital contributions to, or investments in, any other person;

modify, amend or terminate any material contract in a manner materially adverse to Multifoods;



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waive, release, relinquish or assign any material contract (or any of Multifoods' rights under any material contract), right or claim;

cancel or forgive any indebtedness owed to Multifoods (other than intercompany indebtedness);

take any action that would jeopardize qualification of the merger as a reorganization within the meaning of Section 368(a) of the Code;

sell or otherwise dispose of any business or any capital stock or other equity interest (except as permitted under the terms of the merger agreement);

enter into any new line of business; or

authorize, or commit or agree to take, any of the foregoing actions, provided that the limitations set forth above do not apply to any transaction to which the only parties are Multifoods and wholly owned subsidiaries of Multifoods.

***Operating Covenants - Smucker***

Prior to the effective time of the merger, Smucker has agreed to carry on its business in the ordinary course consistent with past practice and, to the extent consistent with the merger agreement, use all reasonable efforts to preserve intact its current business organizations, keep available the services of its current officers and other key employees and preserve its relationships with customers, suppliers, distributors and other persons having business dealings with it. With specified exceptions, Smucker has agreed not to:

declare, set aside or pay any dividends on, or make any other distributions in respect of, any of its capital stock other than regular quarterly cash dividends with respect to Smucker common shares in accordance with Smucker's past dividend practice;

split, combine or reclassify any of its capital stock;

purchase, redeem or otherwise acquire any shares of capital stock of Smucker or any of Smucker's subsidiaries or any other securities thereof or any rights, warrants or options to acquire any of those shares or other securities;

issue, deliver, sell, pledge or otherwise encumber or subject to any lien any shares of its capital stock, any other voting securities or any securities convertible into, or any rights, warrants or options to acquire, any of those shares, voting securities or convertible securities;

amend its articles of incorporation or code of regulations (or other comparable organizational documents);

subject to the fiduciary duties of Smucker's board of directors in response to an unsolicited third party proposal relating to any direct or indirect acquisition or purchase of assets or equity securities (including any merger, consolidation, business combination, or similar transaction) of Smucker or any Smucker subsidiary;

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take any other action with respect to Smucker's rights plan; or

merge or consolidate with any person;

take any action that would jeopardize qualification of the merger as a reorganization within the meaning of Section 368(a) of the Code;

purchase any material business or purchase any stock of or other equity interest in any material corporation or other entity;

take or fail to take any actions that would constitute a violation of applicable law, except for such violations as would not have or result in a material adverse effect on Smucker or change the accounting principles used by it unless required by GAAP (or, if applicable with respect to foreign subsidiaries, the relevant foreign generally accepted accounting principles);

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enter into any new material line of business; or

authorize, or commit or agree to take, any of the foregoing actions, provided that the limitations set forth above do not apply to any transaction to which the only parties are Smucker and wholly owned subsidiaries of Smucker.

For the purposes of the merger agreement and this document, **material adverse change** or **material adverse effect** means, when used in connection with Smucker or Multifoods, any change, effect, event, occurrence or state of facts that is, or would reasonably be expected to be, materially adverse to the business, financial condition or results of operations of the party and its subsidiaries taken as a whole other than any change, effect, event or occurrence:

relating to the economy or securities markets of the United States;

generally affecting the industry in which the party and its respective subsidiaries operate;

resulting from acts of terrorism or war (whether or not declared); or

resulting from entering into the merger agreement or the consummation of the transactions contemplated by the merger agreement or the announcement of the merger agreement.

***Conduct of Business of Acquisition Sub***

Prior to the effective time of the merger, Acquisition Sub will not engage in any activities of any nature except as expressly provided in or contemplated by the merger agreement.

***Additional Agreements***

The merger agreement contains additional agreements between Smucker and Multifoods relating to, among other things:

convening and holding the special meetings;

making and maintaining the required recommendation by the respective boards of directors to their shareholders (subject to the rights of Multifoods' board of directors discussed below in the section entitled "No Solicitation by Multifoods");

comfort letters to be delivered by the accountants of the respective companies;

providing the other company with access to information and cooperating regarding filings with governmental and other agencies and organizations;

ensuring that anti-takeover laws do not apply to the merger;

tax matters;

cooperation with respect to significant developments in Multifoods' business;

compliance with the HSR Act and the Canadian Competition Act;

public announcements of the merger and the transactions contemplated by the merger agreement;

listing of the Smucker common shares to be issued in the merger on the NYSE, subject to official notice of issuance, and the delisting of Multifoods common stock from the NYSE;

cooperation in connection with any shareholder litigation with respect to the transactions contemplated by the merger agreement;

transition matters;

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approval of the disposition of Multifoods equity securities and acquisition of Smucker equity securities in the merger by each individual who is subject to the reporting requirements of Section 16(a) of the Securities Exchange Act of 1934;

confidentiality; and

insurance coverage.

***Treatment of Multifoods Stock Options; Restricted Stock and Restricted Stock Units***

At the effective time of the merger, each outstanding Multifoods stock option and each Multifoods stock option plan and all agreements under those plans will be assumed by Smucker. To the extent provided under the terms of Multifoods equity compensation plans, all outstanding options will accelerate and become immediately exercisable in connection with the merger in accordance with their existing terms. Except for this accelerated vesting, each Multifoods stock option assumed by Smucker will continue to have and be subject to substantially the same terms and conditions as were applicable under Multifoods equity compensation plans and the documents governing the Multifoods stock options immediately before the effective time of the merger, but with the adjustments described below.

Each Multifoods stock option will be exercisable for that number of whole Smucker common shares equal to the product of the number of shares of Multifoods common stock that were issuable upon exercise of the option immediately prior to the effective time of the merger multiplied by the sum of (i) the number of Smucker common shares equal to the exchange ratio (determined as described above), plus (ii) the cash consideration per share to be paid in the merger divided by the average closing price (determined as described above) of a Smucker common share, rounded to the next highest whole number of Smucker common shares, as expressed by the following formula.

$$\text{Smucker common shares issuable upon exercise of Multifoods options*} = \text{Shares of Multifoods common stock issuable under Multifoods options} \times \left( \text{The exchange ratio} + \frac{\$5}{\text{Smucker average closing price}} \right)$$

\* Assumes no adjustment to the exchange ratio

The per share exercise price for Smucker common shares issuable upon the exercise of each Multifoods stock option will be equal to the quotient determined by dividing the exercise price per share of Multifoods common stock at which the option was exercisable immediately prior to the effective time of the merger by the sum of (i) the number of Smucker common shares equal to the exchange ratio, plus (ii) the cash consideration per share to be paid in the merger divided by the average closing price of Smucker common shares, rounded to the next highest whole cent. The per share exercise price for Smucker common shares issuable upon the exercise of the Multifoods options can be described by the following formula:

$$\text{Exercise price for Smucker common shares issuable upon exercise of Multifoods options*} = \frac{\text{Multifoods option exercise price}}{\left( \text{The exchange ratio} + \frac{\$5}{\text{Smucker average closing price}} \right)}$$

\* Assumes no adjustment to the exchange ratio

In addition, Smucker has agreed to use its reasonable best efforts to amend the Multifoods 1986 Stock Option Incentive Plan and the Multifoods Amended and Restated 1989 Stock-Based Incentive Plan to provide, or otherwise cause to be provided, that vested options of employees will be exercisable for a period of 90 days following termination of employment other than for cause (except to the extent that the stock option plan contains terms relating to exercise following termination that are more favorable to the employee than the 90-day exercise period, but no later than the expiration of the stock option if employment had not been terminated).

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All restricted common stock of Multifoods will vest, and all restrictions on the restricted stock will lapse at or prior to the effective time of the merger in accordance with the terms of the restricted stock agreements, and the restricted stock will constitute issued and outstanding Multifoods common stock subject to conversion in the merger.

All restricted stock units relating to Multifoods common stock will vest at the effective time of the merger and constitute issued and outstanding Multifoods common stock, subject to conversion in the merger.

## ***Employee Benefit Matters***

From and after the effective time of the merger and until December 31, 2005, Smucker has agreed to provide or cause to be provided to those employees who were active full-time employees of Multifoods immediately before the effective time of the merger and continue to be active full-time employees of the surviving company or Smucker after the effective time of the merger welfare and pension benefits that are substantially comparable in the aggregate to the benefits that are currently provided by Multifoods to those employees or the benefits that are from time to time provided by Smucker to its similarly situated full-time employees.

Generally, Smucker will waive all pre-existing conditions, exclusions and waiting periods with respect to participation and coverage requirements applicable to each Multifoods employee described above and his or her eligible dependents under Smucker's benefit plans, provide those Multifoods employees and their eligible dependents with credit for any co-payments and deductibles paid prior to becoming eligible to participate in Smucker's benefit plans in satisfying any applicable deductible or annual or lifetime maximum out-of-pocket requirements under Smucker's benefit plans, and recognize all service of those Multifoods employees with Multifoods and its predecessors for purposes of eligibility to participate in and vesting in benefits under Smucker's benefit plans, to the extent that the service was recognized under the analogous Multifoods benefit plan.

## ***Indemnification and Insurance***

Smucker has agreed that all rights to indemnification, indemnification expense advancement, and exculpation from liabilities for acts or omissions occurring at or prior to the effective time of the merger existing in favor of the current and former directors or officers of Multifoods as of the date of the merger agreement, as provided in the certificate of incorporation or bylaws or in indemnification agreements, will be assumed by the surviving company and will survive the merger and continue in full force and effect in accordance with their terms. In addition, pursuant to the terms of the merger agreement, Smucker has agreed not to amend or otherwise modify those rights for a period of six years after the effective time of the merger in any manner that would adversely affect the right of individuals who on or prior to the effective time of the merger were directors, officers, employees or agents of Multifoods, unless the modification is required by law. Smucker has guaranteed all obligations of the surviving company with respect to this indemnification, exculpation and expense advancement.

Smucker has agreed to maintain in effect for a period of at least six years after the date of the merger directors' and officers' liability insurance covering acts or omissions occurring prior to the effective time of the merger with respect to those current and former directors or officers of Multifoods and its subsidiaries who are currently covered by Multifoods' directors' and officers' liability insurance policies on terms no less favorable than those of the insurance coverage provided at the date of the merger agreement, provided that Smucker will not be required to expend in any one year an amount in excess of 250% of the annual premium paid by Multifoods at the date of the merger agreement for the insurance and, provided, that, if the annual premium of insurance coverage exceeds that amount, Smucker will be obligated to obtain a policy with the greatest coverage available for a cost not exceeding that amount.





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In addition, Smucker has agreed to guarantee the surviving company's performance of Multifoods' obligations under certain employment, severance, retention bonus, change-in-control, and similar agreements for certain employees of Multifoods previously disclosed to Smucker.

### ***Affiliate Agreements***

Multifoods has agreed to deliver to Smucker at least 45 days prior to the merger closing date a letter identifying all persons who are, in Multifoods' reasonable judgment, at the date the merger agreement is submitted for adoption by Multifoods shareholders, affiliates of Multifoods for purposes of Rule 145 of the rules and regulations under the Securities Act of 1933. Multifoods has also agreed to use reasonable best efforts to cause each of those persons to deliver to Smucker at least 30 days prior to the merger closing date a written agreement that restricts the affiliate's ability to sell, assign, transfer or otherwise dispose of any Smucker common shares received by the affiliate in connection with the merger, except:

pursuant to an effective registration under the Securities Act of 1933;

in conformity with the volume and other limitations of Rule 145; or

in a transaction which, in the opinion of counsel reasonably acceptable to Smucker or as described in a "no-action" or interpretive letter from the Staff of the Securities and Exchange Commission specifically issued with respect to a transaction to be engaged in by the affiliate, is not required to be registered under the Securities Act of 1933.

### ***Securities Exchange Act Reports***

From and after the effective time of the merger and so long as necessary to permit affiliates of Multifoods to sell Smucker common shares received by them in the merger pursuant to Rule 145 and, to the extent applicable, Rule 144 under the Securities Act of 1933, Smucker has agreed to use its reasonable best efforts to file on a timely basis all reports required to be filed by it pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934, referred to in paragraph (c)(1) of Rule 144 under the Securities Act of 1933 (or if applicable, to use its reasonable best efforts to make publicly available the information regarding itself referred to in paragraph (c)(3) of Rule 144).

### ***Tax Treatment***

The parties have agreed to use their reasonable best efforts to cause the merger to qualify as a reorganization under the provisions of Section 368(a) of the Code and to obtain the opinions of counsel required pursuant to the terms of the merger agreement, including forbearing from taking any action that would cause the merger not to qualify as a reorganization under the provisions of Section 368(a) of the Code.

### ***Conditions Precedent***

*Conditions to Each Party's Obligation to Effect the Merger*

The respective obligation of each party to effect the merger is subject to the satisfaction or waiver on or prior to the closing date of the merger of the following conditions:

adoption and approval of the merger agreement and the merger and the transactions contemplated by the merger agreement by a majority of votes entitled to be cast by the holders of outstanding shares of Multifoods common stock;

approval of the issuance of Smucker common shares in the merger pursuant to and in accordance with the merger agreement by a majority of the votes cast in person or by proxy at the Smucker special meeting at which at least a majority of the outstanding voting power entitled to vote is present in person or by proxy and votes on such proposal;

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all consents, approvals and actions of, filings with and notices to any governmental entity required of Smucker, Acquisition Sub or Multifoods to consummate the merger, the failure of which to be obtained or taken is reasonably expected to materially impair the ability of the parties to consummate the merger, must have been obtained;

no judgment, order, decree, statute, law, ordinance, rule or regulation, entered, enacted, promulgated, enforced or issued by any court or other governmental entity of competent jurisdiction or other legal restraint or prohibition (collectively referred to in this document as restraints ) shall be in effect preventing the consummation of the merger, provided that each of the parties shall have used its reasonable best efforts to prevent the entry of any restraints and to appeal as promptly as possible any restraints that may be entered;

the Form S-4 registration statement must have become effective under the Securities Act of 1933 and will not be the subject of any stop order or proceedings seeking a stop order;

this proxy statement must have been delivered to the shareholders of Multifoods and Smucker in accordance with the requirements of the Securities Act of 1933 and the Securities Exchange Act of 1934;

the Smucker common shares issuable to Multifoods shareholders as contemplated by the merger agreement must have been approved for listing on the NYSE, subject to official notice of issuance; and

the waiting period (including any extension of the waiting period) applicable to the consummation of the merger under the HSR Act must have expired or been terminated and the Commissioner of Competition shall have issued an advance ruling certificate under Section 102 of the Canadian Competition Act to the effect that she is satisfied that she would not have sufficient grounds on which to apply to the Competition Tribunal under Section 92 of the Canadian Competition Act in respect of the merger and the transactions contemplated by the merger agreement, the Commissioner of Competition shall have issued a no-action letter under Section 123(1) of the Canadian Competition Act to the effect that she does not, at that time, intend to make an application to the Competition Tribunal under Section 92 of the Canadian Competition Act in respect of the merger and the transactions contemplated by the merger agreement, or the appropriate time period specified in Section 123 of the Canadian Competition Act shall have expired; and neither the Commissioner of Competition nor the Competition Tribunal as authorized under the Canadian Competition Act shall have taken, or have indicated their intention to take, any action under the Canadian Competition Act, whether before or after the closing date of the merger, which could materially interfere with or detrimentally affect the merger and the other transactions contemplated by the merger agreement.

### ***Conditions to Obligations of Smucker***

The obligation of Smucker to effect the merger is further subject to satisfaction or waiver of the following conditions:

the representations and warranties of Multifoods with respect to its capitalization must be true and correct in all material respects (except for the representations and warranties with respect to its authorized capital stock and the number of shares of Multifoods common stock and restricted common stock outstanding or issuable pursuant to Multifoods stock plans which must be true and correct in all respects unless the failure to be so true and correct is insignificant) both when made and on and as of the closing date of the merger as though made on and as of the closing date of the merger (except representations or warranties expressly made as of an earlier date, in which case as of that date), and all other representations and warranties of Multifoods set forth in the merger agreement must be true and correct in all respects (without giving effect to any materiality or material adverse effect qualifications contained in those representations or warranties) both when made and on and as of the closing date of the merger, as though made on and as of the closing date of the merger (except to the extent expressly made as of an earlier date, in which case as of that date), except where the failure of such other representations and warranties to be so true and correct would not have or result in, individually or in the aggregate, a material adverse effect on Multifoods;



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Multifoods must have performed in all material respects all of its obligations required to be performed by it under the merger agreement at or prior to the closing date of the merger;

Smucker must have received from its counsel a tax opinion that is dated on or about the date the proxy statement is first mailed to shareholders of Multifoods and Smucker, and that is updated as of the closing date of the merger, to the effect that, on the basis of the facts, representations and assumptions set forth or referred to in the opinion, the merger will constitute a reorganization within the meaning of Section 368(a) of the Code, and Smucker and Acquisition Sub and Multifoods will each be a party to the reorganization within the meaning of Section 368(b) of the Code;

there must not have occurred any material adverse change relating to Multifoods following the date of the merger agreement; and

Multifoods must have furnished Smucker with a certificate dated the closing date of the merger signed on its behalf by an executive officer to the effect that the conditions with respect to Multifoods' representations and warranties and its performance of its obligations described above have been satisfied.

***Conditions to Obligations of Multifoods***

The obligation of Multifoods to effect the merger is further subject to satisfaction or waiver of the following conditions:

the representations and warranties of Smucker and Acquisition Sub set forth in the merger agreement must be true and correct in all respects (without giving effect to any materiality or material adverse effect qualifications contained in those representations or warranties) both when made and on and as of the closing date of the merger, as though made on and as of that time (except to the extent expressly made as of an earlier date, in which case as of that date), except where the failure of the representations and warranties to be so true and correct would not have or result in, individually or in the aggregate, a material adverse effect on Smucker or Acquisition Sub;

each of Smucker and Acquisition Sub must have performed in all material respects all obligations required to be performed by it under the merger agreement at or prior to the closing date of the merger;

Multifoods must have received from its counsel a tax opinion that is dated on or about the date the proxy statement is first mailed to shareholders of Multifoods and Smucker, and that is updated as of the closing date of the merger, to the effect that, on the basis of the facts, representations and assumptions set forth or referred to in the opinion, the merger will constitute a reorganization within the meaning of Section 368(a) of the Code, and Smucker, Acquisition Sub and Multifoods will each be a party to the reorganization within the meaning of Section 368(b) of the Code;

there must not have occurred any material adverse change relating to Smucker following the date of the merger agreement; and

each of Smucker and Acquisition Sub must have furnished Multifoods with a certificate dated the closing date of the merger signed on its behalf by an executive officer to the effect that the conditions with respect to Smucker's and Acquisition Sub's representations and warranties and performance of their obligations described above have been satisfied.

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**No Solicitation by Multifoods**

Until the earlier of the effective time of the merger or the termination of the merger agreement, Multifoods has agreed that it will not, and will not permit its officers, directors, employees, financial advisors, attorneys, accountants and other advisors, investment bankers, representatives and agents to, directly or indirectly:

solicit, initiate or encourage (including by way of furnishing information), or take any other action designed to facilitate, any inquiries or the making of any proposal that constitutes, or would be reasonably likely to lead to, a company takeover proposal (as defined below);

enter into any agreement, arrangement or understanding with respect to any company takeover proposal or enter into any agreement, arrangement or understanding requiring it to abandon, terminate or fail to consummate the merger or any other transaction contemplated by the merger agreement;

initiate or participate in any way in any discussions or negotiations regarding, or furnish or disclose to any person (other than to Smucker or Acquisition Sub) any information with respect to, or take any other action to facilitate or in furtherance of any inquiries or the making of any proposal that constitutes, or could reasonably be expected to lead to, any company takeover proposal; or

grant any waiver or release under any standstill or any similar agreement with respect to any class of Multifoods equity securities (other than the standstill provision contained in the confidentiality agreement between Multifoods and Smucker which will be deemed waived and released if Multifoods takes any action pursuant to the following paragraph).

Notwithstanding the foregoing, Multifoods may, at any time prior to obtaining Multifoods shareholder approval at the Multifoods special meeting, in response to a bona fide written company takeover proposal that the board of directors of Multifoods determines in good faith (after consultation with its outside counsel and its financial advisor) constitutes or would reasonably be expected to lead to a superior proposal (as defined below), and which company takeover proposal was not solicited after the date of the merger agreement and was made after the date of the merger agreement and did not otherwise result from a breach of Multifoods non-solicitation obligations under the merger agreement:

furnish information with respect to, and access to the properties, books, records, and personnel of, Multifoods to the person making the company takeover proposal (and its representatives) pursuant to a customary confidentiality agreement not less restrictive of the person than the confidentiality agreement between Multifoods and Smucker (excluding the standstill provision contained in that agreement); and

participate in discussions or negotiations with the person making the company takeover proposal (and its representative) regarding the company takeover proposal.

As used in this document, company takeover proposal means any inquiry, proposal or offer from any person other than Smucker or its affiliates or representatives relating to any:

direct or indirect acquisition or purchase of a business that constitutes 25% or more of the net revenues, net income or the assets of Multifoods and its subsidiaries, taken as a whole;

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direct or indirect acquisition or purchase of 10% or more of any class of equity securities of Multifoods or any of its subsidiaries;

any tender offer or exchange offer that if consummated would result in any person beneficially owning 10% or more of any class of equity securities of Multifoods or any of its subsidiaries; or

any merger, consolidation, business combination, purchase of consolidated assets of Multifoods and its subsidiaries (other than the purchase of inventory or obsolete equipment in the ordinary course of business), recapitalization, liquidation, dissolution or similar transaction involving, in each case 25% or more of the consolidated assets of Multifoods and its subsidiaries, taken as a whole, other than, in each case, the transactions contemplated by the merger agreement.

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As used in this document superior proposal means a bona fide written company takeover proposal (provided that references to 10% or more or to 25% or more in the definition of company takeover proposal will be deemed references to 50% or more ) that Multifoods board of directors determines in its good faith judgment consistent with its fiduciary duties to the shareholders of Multifoods under the DGCL after consulting with Multifoods investment banker (or any other nationally recognized investment banking firm) and outside legal counsel, taking into account all legal, financial and regulatory and other aspects of the proposal and the person making the proposal (including any break-up fees, expense reimbursement provisions, the absence, if such is the case, of committed financing to the extent financing is a condition to consummation of the company takeover proposal, and other conditions to consummation), would be more favorable to Multifoods shareholders than the transactions contemplated by the merger agreement (including any adjustment to the terms and conditions proposed by Smucker in response to the company takeover proposal as permitted pursuant to the terms of the merger agreement) and is reasonably capable of being consummated on the terms proposed.

Multifoods has agreed that neither Multifoods board of directors nor any committee of Multifoods board of directors will make an adverse recommendation (as defined below) or approve or recommend, or propose to approve or recommend, or allow Multifoods or any of its subsidiaries to execute or enter into any acquisition agreement (as defined below). However, Multifoods board of directors may make an adverse recommendation if the board of directors determines in its good faith judgment consistent with its fiduciary duties to Multifoods shareholders under the DGCL after consulting with outside legal counsel that it is required to do so to comply with its fiduciary duties. Multifoods has agreed not to submit to the vote of its shareholders any company takeover proposal other than the merger prior to the termination of the merger agreement.

For purposes of this document, adverse recommendation means that Multifoods board of directors or any committee of Multifoods board of directors has:

withdrawn (or modified in a manner adverse to Smucker), or publicly proposed to withdraw (or modify in a manner adverse to Smucker), the approval, recommendation or declaration of advisability by the board or any committee of the board of the merger agreement, the merger or the other transactions contemplated by the merger agreement; or

recommended, adopted or approved, or proposed publicly to recommend, adopt or approve, any company takeover proposal.

For purposes of this document, acquisition agreement means any letter of intent, memorandum of understanding, agreement in principle, merger agreement, acquisition agreement, option agreement, joint venture agreement, partnership agreement or other similar agreement constituting or related to, or that is intended to or would reasonably be expected to lead to, any company takeover proposal (other than a confidentiality agreement referred to above).

Multifoods has agreed to promptly (but in any event within one calendar day) advise Smucker and Acquisition Sub in writing of the receipt, directly or indirectly, of any company takeover proposal, or any request for nonpublic information relating to Multifoods by any person that informs Multifoods or its representatives that the person is considering making, or has made, a company takeover proposal, or an inquiry from a person seeking to have discussions or negotiations relating to a possible company takeover proposal. In addition, Multifoods has agreed to keep Smucker reasonably informed of the status and details (including amendments or proposed amendments) of the request, company takeover proposal or inquiry and to keep Smucker reasonably informed as to discussions or negotiations with respect to the request, company takeover proposal or inquiry.



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**Termination of the Merger Agreement**

Before the effective time of the merger, the merger agreement may be terminated:

by the mutual written consent of Smucker and Multifoods;

by either Smucker or Multifoods: