

SMUCKER J M CO
Form 425
July 29, 2008

Investor Presentation
July 2008
Summary
Presentation

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The J. M. Smucker Company
The J. M. Smucker Company
Filed by The J. M. Smucker
Company

Pursuant to Rule 425 under the Securities Act of 1933

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and Deemed Filed Pursuant to Rule 14a-12
Under the Securities Exchange Act of 1934
Subject Company: The J. M. Smucker
Company
Commission File No.: 333 -
152451

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Forward Looking Statement

Forward Looking Statement

This presentation contains forward-looking statements, 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 prospectus, including the following important factors and assumptions, could affect the future results of Smucker following the Transactions and could cause actual results to differ materially from those expressed in the forward-looking statements: (i) volatility of commodity markets from which raw materials, particularly corn, wheat, soybean oil, milk and green coffee beans, are procured and the related impact on costs; (ii) the successful integration of the Coffee Business with Smucker's business, operations and culture and the ability to realize synergies and other potential benefits of the Transactions within the time frames currently contemplated;

(iii)
crude
oil
price
trends
and
their
impact
on
transportation,
energy,
and
packaging
costs;

(iv)
the
ability
to
successfully implement price changes; (iv) the success and cost of introducing new products and the competitive response; (v) the success and cost of marketing and sales programs and strategies intended to promote growth in Smucker's businesses, which will include the Coffee Business after the completion of the Transactions;

(vi)
general
competitive
activity
in
the
market,
including

competitors
pricing
practices
and

promotional spending levels; (vii) the concentration of certain of Smucker's businesses, which will include the Coffee Business after the completion of the Transactions, with key customers and the ability to manage and maintain key customer relationships; (viii) the loss of significant customers or a substantial reduction in orders from these customers or the bankruptcy of any such customer; (ix) changes in consumer coffee preferences, and other factors affecting the Coffee Business, which will represent a substantial portion of Smucker's business after the completion of the Transactions; (x) the ability of Smucker and Folgers to obtain any required financing; (xi) the timing and amount of Smucker's capital expenditures, restructuring, and merger and integration costs; (xii) the outcome of current and future tax examinations and other tax matters, and their related impact on Smucker's tax positions; (xiii) foreign currency and interest rate fluctuations; (xiv) other factors affecting share prices

and
capital
markets
generally;
and

(xv)
the
other
factors
described

under
Risk
Factors

in
the
registration

statements filed by Folgers and Smucker with the Securities and Exchange Commission and in the other reports

and
statements
filed

by
Smucker
with
the
Securities
and
Exchange
Commission,

including
its
most
recent

Annual Report on Form 10-K and the preliminary proxy materials prepared in connection with the Folgers transaction.

You are cautioned not to unduly rely on such forward-looking statements, which speak only as of the date made, when evaluating the information presented in this prospectus. None of Smucker, Folgers, P&G or any of their

respective advisors assumes any obligation to update or revise these forward-looking statements to reflect new events or circumstances.

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Additional Information
Additional Information
Smucker and Folgers have filed registration statements with the U. S. Securities and Exchange
Commission
(SEC)
registering

the
common
shares
to
be
issued
to
P&G
shareholders
in
connection
with

the Folgers transaction but those registration statements have not become effective. Smucker has also filed a proxy statement with the SEC that will be sent to the shareholders of Smucker after it has been finalized. Shareholders are urged to read the proxy statement and the prospectus included in the registration statements and any other relevant documents when they become available, because they will contain important information about Smucker, Folgers and the proposed transaction. The proxy statement, prospectus and other documents relating to the proposed transaction (when they are available) can be obtained free of charge from the SEC's website at www.sec.gov. The documents (when they are available)

can
also
be
obtained
free
of
charge
from
Smucker
upon
written
request
to

The
J.
M.
Smucker
Company,
Shareholder
Relations,
Strawberry
Lane,
Orrville,
Ohio
44667

or
by
calling
(330)
684-3838,

or
from
P&G
upon
written
request
to
The
Procter
and
Gamble
Company,
Shareholder
Services
Department,

P.O. Box 5572, Cincinnati, Ohio 45201-5572 or by calling (800) 742-6253.

This communication is not a solicitation of a proxy from any security holder of Smucker and shall not constitute an offer to sell or the solicitation of an offer to buy securities, nor shall there be any sale of securities in any jurisdiction in which such solicitation or sale would be unlawful prior to registration or qualification under the securities laws of such jurisdiction. However, P&G, Smucker and certain of their respective directors and executive officers may be deemed to be participants in the solicitation of proxies from shareholders in connection with the proposed transaction under the rules of the SEC. Information about the directors and executive officers of The J. M. Smucker Company may be found in its 2008 Annual Report on Form 10-K filed with the SEC on June 27, 2008, and its definitive proxy statement relating to its 2008 Annual Meeting of Shareholders filed with the SEC on July 14, 2008. Information about the directors and executive officers of The Procter & Gamble Company may be found in its 2007 Annual Report on Form 10-K filed with the SEC on August 28, 2007, and its definitive proxy statement relating to its 2007 Annual Meeting of Shareholders filed with the SEC on August 28, 2007.

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Why Invest in Smucker?

Why Invest in Smucker?

A history and culture of solid returns

Clear strategy of owning a strong portfolio of

#1 brands

Strategic acquisition of Folgers

Enhances #1 brand portfolio

Increases market categories from \$8 billion to \$15 billion

Creates sales growth to \$5 billion company

Accretive transaction

Significantly enhances cash flow

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Why Invest in Smucker?

Why Invest in Smucker?

Strong cash flow and balance sheet

Continuity of management

Current value of Smucker stock vs. peers

Strong forecasted results in current fiscal year

Special \$5.00 dividend in calendar 2008

Current share performance vs. peers

1897

Over 110 years old

Headquartered in
Orrville, Ohio

Leading North
American brands

Five generations of
family management

Basic Beliefs: quality,
people, ethics, growth,
& independence
The J. M. Smucker Company
The J. M. Smucker Company
6

7
\$0
\$500
\$1,000
\$1,500
\$2,000
\$2,500

\$3,000

S&P 500

DJIA

SJM

Share Price Performance

Share Price Performance

Note: The graph shows the value of \$20 (Smucker's IPO price in 1959) invested over a 48+ year period in Smucker's common stock, the

DJIA

and S&P 500.

Indexed Share

Price

APR = 10.2%

APR = 10.2%

APR = 6.4%

APR = 6.4%

APR = 5.9%

APR = 5.9%

Base = \$20

Base = \$20

SJM versus Major Indices

November 30, 1959 through July 21, 2008

8

We will own and market food brands which hold the #1 market position in their respective category, with an emphasis on North America
We will achieve balanced growth through:

Increased market share of our brands

Acquisition of other leading food brands

New products that provide convenience,
are good and "good for you," and make
the consumer smile

Vision Statement

Vision Statement

9
Long-Term Objectives
Long-Term Objectives
Net Sales Growth
Dividend Payment
Operating Profit
Growth

EPS Growth

6%

Organic 3-

4%

Acquisitions 2-3%

8%

Improve Efficiencies

+8%

Share Repurchase

Debt Retirement

Target 40% Payout

10
\$0.0
\$0.5
\$1.0
\$1.5
\$2.0
\$2.5

\$3.0

FY2002

FY2003

FY2004

FY2005

FY2006

FY2007

FY2008

Net Sales

\$650MM

\$1.3B

\$2.0B

\$2.1B

5-Year CAGR through FY 2008 = 15%

10-Year CAGR through FY 2008 = 16%

Sales Growth

Sales Growth

\$1.4B

\$2.2B

\$2.5B

\$0.00
\$0.50
\$1.00
\$1.50
\$2.00
\$2.50
\$3.00

\$3.50

\$4.00

FY2002

FY2003

FY2004

FY2005

FY2006

FY2007

FY2008

Earnings Per Share (non-GAAP)

\$1.38

\$2.14

\$2.60

\$2.89

Earnings Growth

Earnings Growth

\$2.42

\$2.77

5-Year CAGR through FY 2008 = 8%

10-Year CAGR through FY 2008 = 10%

\$3.15

(a)

Excludes merger, integration and restructuring charges.

(a)

11

12
FY 2003
FY 2003
FY 2005
FY 2005
FY 2007
FY 2007

FY 2008

FY 2008

KING KELLY

FY 2009

FY 2009

FY 2004

FY 2004

(a) Integration in process. (b) Announced but not closed.

12 Transactions

12 Transactions

(a)

(b)

A Perfect Fit

14
Attractive Strategic Fit
Attractive Strategic Fit

Strong #1 Brand
Strong #1 Brand

Center-of-Store
Center-of-Store

North America

North America

VISION STATEMENT

VISION STATEMENT

We will own and market food

We will own and market food

brands which hold the #1

brands which hold the #1

market position

market position

in their

in their

respective category, with an

respective category, with an

emphasis on **North America**

emphasis on **North America**

Note:

The parties expect this transaction to close during the fourth calendar quarter of 2008, pending regulatory approval.

15
Percent of Sales from #1 Brands
Percent of Sales from #1 Brands
~75% of Sales
Projected to Come
From #1 Brands

16
Center-of-Store Strategy
Center-of-Store Strategy
Baking
Aisle
Spreads /
Condiments Aisle

Frozen
Aisle
Specialty
Aisle
Coffee
Aisle
Natural
Beverage Aisle

17
Compelling Transaction
Compelling Transaction

\$1
billion
brand

Expands
portfolio
of
#1
brands

Builds
on
Center
of
the
Store
focus

Enhanced
scale

Financial
benefits

Great
home
for
Folgers brand and
employees

Transaction Overview
Transaction Overview

Reverse Morris Trust structure

P&G shareholders will own 53.5% of the combined
company shares

~63 million shares will be issued

~118 million shares outstanding

Smucker to pay \$5 special one-time dividend to Smucker shareholders, as of a record date prior to close

Smucker to guarantee \$350 million of Folgers debt upon close

Smucker to finance special dividend (~\$300 million)

Closing expected in fourth quarter of calendar 2008
18

19
Builds on Center of Store Focus
Builds on Center of Store Focus
\$15.0
\$8.0
\$3.0
\$1.0

FY 2002

FY 2004

FY2005

FY2009

Market opportunity (\$ in billions)

Greater opportunity as share of market in
each category expands

Large \$31B market

High household penetration

Frequency of use is increasing

High consumer purchase frequency
that drives traffic for retailers

Consistent performance through
economic cycles

Evolving consumer trends

Emergence of "coffee house culture"

Strong, iconic brands crossing over

Product proliferation

Source: Datamonitor as of March 2008; United States Retail & Foodservice Coffee 2007

U.S. Coffee Market

U.S. Coffee Market

Coffee Category Highlights

Coffee Category Highlights

Coffee Market Overview

Coffee Market Overview

Total Market: \$30.7B

Retail-Package/
At-Home

23%

Foodservice/
Away From Home

67%

Retail-Prepared/
Away From Home

10%

Roast & Ground

79%

Instant

12%

Pods

1%

Ready to Drink

8%

Total At-Home Market: \$6.9B

20

At-Home Coffee Market

21
Folgers
48%
Kraft
24%
Rest of
Market

28%

U.S. At Home Coffee Market Share by Segment

U.S. At Home Coffee Market Share by Segment

Source: P&G internal estimate based on All Outlet Data

1

Excludes

approximately

\$1.2B

of

packaged

roast

&

ground

product

sold

outside

P&G

/

FCC channels and approximately \$0.5B of RTD retail coffee business

2

Calendar 2007 retail sales for Mainstream Roast & Ground and Single Serve

Folgers

19%

Kraft /

Starbucks

33%

Rest of

Market

48%

Folgers

32%

Nestle

24%

Rest of

Market

44%

\$0.9B

\$1.5B

\$2.8B

Packaged Coffee

1

Mainstream Roast & Ground

2

Gourmet Coffee

2

Single Serve

2

22
Added Scale
Added Scale
Revenue
(\$ in billions)
1.2
Treehouse

2.0
Flower Foods
2.5
Smucker (Current)
2.9
McCormick
3.3
Ralcorp
3.7
Del Monte
4.7
Smucker
(2)
6.2
Hormel
7.9
Campbell
10.1
HJ Heinz
11.6
ConAgra
11.8
Kellogg
12.3
Sara Lee
\$13.7
General Mills

(1)
(1)
Comparison company revenue based on last completed fiscal year. Ralcorp revenue adjusted for pro forma impact of Post cereal transaction.

(2)
Pro forma 2009
Assumes Folgers transaction had closed on May 1, 2008.

Greater relevance to
retailer

Capitalize on relationship
with Advantage, our
national broker

Purchasing efficiencies

Benefit from
administrative
infrastructure

Greater opportunities for
employees

23

Financial Benefits

Financial Benefits

Accretive transaction

Operating margin expansion

Significantly enhanced cash flow

Strong balance sheet with modest debt level

Greater float
more shares outstanding

Iconic Brands
Iconic Brands
24

Household Slogans
Household Slogans

With a Name Like Smucker's,
It Has to be Good

Choosy Moms Choose Jif

The Best Part of Wakin
Up

Start Something
Good With Crisco

Everybody s Happy
When It s Hungry Jack

America Runs on Dunkin

25

26
Marketing Synergies
Meals
Marketing Synergies
Meals

The Best Part of Waking Up

27
Marketing Synergies
Meals
Marketing Synergies
Meals

The Best Way to End the Day

28

Folgers Synergies

Folgers Synergies

Synergies

Synergies

~\$80+ million

Net Sales Operations Sales & Supply Chain Corporate &

Marketing

Admin.

JMS Infrastructure

COGS

SD&A

29
Projected Sales by Category
Projected Sales by Category
42%
42%
7%
7%

8%
8%
11%
11%
6%
6%
15%
15%
11%
11%
Fruit
Spreads
Peanut
Butter
Oils &
Shortening
Baking
Canned Milk
All Other
Coffee
Estimated After Transaction

30
Net Sales and EBITDA
Net Sales and EBITDA
\$0.0
\$1.0
\$2.0
\$3.0

\$4.0
\$5.0
\$6.0
FY2008
FY2009
FY2010
Net Sales

\$0
\$250
\$500
\$750
\$1,000

FY2008
FY2009
FY2010

0.0%
5.0%
10.0%
15.0%
20.0%
25.0%
30.0%

EBITDA (Excluding Merger and Integration Costs)

Pro forma * (a)

\$2.5B
\$4.7B
\$4.9B
\$371
\$820
\$869

14.7%
17.3%
17.5%

Pro forma (a)

* Includes approximately \$83 million in synergies.

(a) Assumes Folgers transaction had closed on May 1, 2008.

Pro forma

Pro forma

31
Cash Flow From Operations
Cash Flow From Operations
\$ 116
\$ (76)
\$ 192
FY 2008

\$ 400

\$(115)

\$ 515

FY2009

(a)

Pro forma

\$ 430

Free Cash Flow

\$(120)

Capital Expenditures

\$ 550

Cash Flow From Operations

FY 2010

Pro forma

(\$ in millions)

(a) Assumes Folgers transaction had closed on May 1, 2008.

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Debt Profile Supports Continued Growth

Debt Profile Supports Continued Growth

Stronger balance sheet post-closing

Modest leverage and strong cash flow will

facilitate pursuit of shareholder value

Investments

Acquisitions

Share repurchase / dividends

(a) Assumes Folgers transaction had closed on May 1, 2008.

2009

Standalone Smucker

2009

(a)

Combined Smucker

Total Debt

\$790mm

\$1,440mm

Debt / EBITDA

2.1x

1.8x

Interest Coverage

8.1x

9.7x

Cash Flow / Allocation of Cash
(after expiration of two year repurchase limitation)
Cash Flow / Allocation of Cash
(after expiration of two year repurchase limitation)
5-Year Historic Use of Cash
28%
28%

22%

22%

Acquisition

Capital

Expenditures

Stock Repurchase

Dividends

Free Cash Flow

Cash

From

Operations

Dividends

Acquisition

Repurchase

CapEx =

2½

-

3% of Sales

CapEx =

2½

-

3% of Sales

33

34

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Continuity of management

Current value of Smucker stock vs. peers

Strong forecasted results in current fiscal year

Special \$5.00 dividend in calendar 2008

Current share performance vs. peers

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Additional Information

Additional Information

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corresponding

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SAFEWAY,

and

DOLLAR

GENERAL.

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other

trademarks

and

logos

are

the

trademarks of The J. M. Smucker Company.

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Thank you!
Thank you!

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The J. M. Smucker Company

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