Canuso Dominic C
Form 4
April 17, 2019

FORM 4

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

OMB APPROVAL

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Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. *See* Instruction 1(b).

(Print or Type Responses)

1. Name and Address of Reporting Person *
Canuso Dominic C

(Last) (First) (Middle)

C/O WSFS FINANCIAL CORPORATION, 500 DELAWARE AVENUE

(Street)

WILMINGTON, DE 19801

(City) (State) (Zip)

2. Issuer Name **and** Ticker or Trading Symbol
WSFS FINANCIAL CORP [WSFS]

3. Date of Earliest Transaction (Month/Day/Year)
04/15/2019

4. If Amendment, Date Original Filed(Month/Day/Year)

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

_____ Director _____ 10% Owner
_____ Officer (give title below) _____ Other (specify below)
EVP & CFO

6. Individual or Joint/Group Filing(Check Applicable Line)
_X_ Form filed by One Reporting Person
___ Form filed by More than One Reporting Person

Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

1.Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)		4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)			5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Indirect Beneficial Ownership (Instr. 4)
			Code	V	Amount	(A) or (D)	Price			
Common Stock	04/15/2019	04/15/2019	F(1)		213	D	$ 40.98	6,874	D	
Common Stock								4,697	I	401k

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

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SEC 1474 (9-02)

Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned
(*e.g.*, puts, calls, warrants, options, convertible securities)

1. Title of Derivative Security (Instr. 3)	2. Conversion or Exercise Price of Derivative Security	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any (Month/Day/Year)	4. Transaction Code (Instr. 8)		5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)		6. Date Exercisable and Expiration Date (Month/Day/Year)		7. Title and Amount of Underlying Securities (Instr. 3 and 4)		8. Price of Derivative Security (Instr. 5)	9. Nu Deriv Secur Bene Owne Follo Repo Trans (Instr
				Code	V	(A)	(D)	Date Exercisable	Expiration Date	Title	Amount or Number of Shares		

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
Canuso Dominic C C/O WSFS FINANCIAL CORPORATION 500 DELAWARE AVENUE WILMINGTON, DE 19801			EVP & CFO	

Signatures

/s/ Dominic C. Canuso by Charles Mosher, Power of Attorney	04/17/2019
**Signature of Reporting Person	Date

Explanation of Responses:

***** If the form is filed by more than one reporting person, *see* Instruction 4(b)(v).

****** Intentional misstatements or omissions of facts constitute Federal Criminal Violations. *See* 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).

(1) Represents shares withheld to cover taxes due on vested restricted stock units

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure.
Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number. E="2">solicit, initiate or encourage the submission of a Smucker Takeover Proposal (as defined in Covenants Fees and Expenses); or

participate in any discussions or negotiations or furnish to any person information with respect to or take any other actions to facilitate a Smucker Takeover Proposal.

However, prior to the vote of the Smucker shareholders to approve the issuance of Smucker common shares in connection with the Merger and approval of the Transactions, Smucker may furnish certain information pursuant to a confidentiality agreement or participate in negotiations if the failure to take such actions would be inconsistent with the fiduciary duties of the board of directors of Smucker to the shareholders of Smucker under applicable law, as determined in good faith after consulting with outside legal counsel, in response to a bona fide, written Smucker Takeover Proposal:

that is made by a person Smucker s board of directors determines, in good faith, after consulting with outside counsel and independent financial advisors, is reasonably capable of making a Smucker Superior Proposal, as defined below;

that the board of directors of Smucker determines, in good faith, after consulting with its independent financial advisor, constitutes or is reasonably likely to lead to a Smucker Superior Proposal; and

that was not solicited by Smucker and that did not otherwise result from a breach of the non-solicitation covenant.

A Smucker Superior Proposal means any bona fide proposal made by a third party to acquire 50% or more of the equity securities or all or substantially all the assets of Smucker, pursuant to a tender or exchange offer, a merger, a consolidation, a liquidation or dissolution, a recapitalization, a sale of all or substantially all its assets or otherwise, on terms which the board of directors of Smucker determines in its good-faith judgment after consulting with its independent financial advisor:

to be superior from a financial point of view to the holders of Smucker common shares than the Transactions, taking into account all the terms and conditions of such proposal and the Transaction Agreement (including any proposal by P&G to amend the terms of the Transactions) as well as any other factors deemed relevant by Smucker s board of directors; and

is reasonably capable of being completed, taking into account all financial, regulatory, legal and other aspects of such proposal.

The Transaction Agreement also provides that Smucker s board of directors or any of its committees will not:

withdraw or modify in a manner adverse to P&G or Folgers, or publicly propose to withdraw or modify in a manner adverse to P&G or Folgers, the approval, recommendation or declaration of advisability by the board of directors of Smucker of the Transaction Agreement, the ancillary agreements or any of the

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Transactions, including the approval of the issuance of shares of Smucker common shares in connection with the Merger and approval of the Transactions;

approve, adopt or recommend any agreement relating to a Smucker Takeover Proposal; or

approve, adopt or recommend, or publicly propose to approve, adopt or recommend, any Smucker Takeover Proposal.

Notwithstanding the foregoing, if, prior to the Smucker shareholder vote to approve the issuance of Smucker common shares in connection with the Merger and approve the Transactions, Smucker s board of directors receives a Smucker Superior Proposal, and reasonably determines in good faith, after consultation with outside legal counsel, that failure to take such action would be inconsistent with its fiduciary duties to the shareholders of Smucker under applicable law, then on the fifth business day following written notice to P&G, Smucker s board of directors may withdraw or modify its recommendation to the shareholders to approve the issuance of Smucker common shares in connection with the Merger and approve Transactions and, in connection therewith, recommend such Smucker Superior Proposal.

In all cases, the Transaction Agreement provides that Smucker must promptly advise P&G orally and in writing of any Smucker Takeover Proposal or any inquiry that with respect to or that could reasonably be expected to lead to any Smucker Takeover Proposal, and the identity of the person making any such Smucker Takeover Proposal or inquiry and the material terms of any such Smucker Takeover Proposal or inquiry.

Stock Exchange Listing

Smucker will use its commercially reasonable efforts to ensure that its shares issued in connection with the Merger are approved for listing on the NYSE prior to the closing date of the Transactions.

Indemnification

From and after the closing of the Transactions, P&G and Smucker have agreed to indemnify and hold harmless the other, as well as their respective directors, officers, employees and agents, from and against any and all losses arising out of or related to (1) breaches by the indemnifying party of its covenants in the Transaction Agreement relating to confidentiality, cooperation in tax matters, access to certain information about the other party s business and employee matters and (2) inaccuracies in the information provided by the indemnifying party to the other party for inclusion in SEC filings.

Other Covenants and Agreements

The Transaction Agreement contains certain other covenants and agreements, including covenants (with certain exceptions specified in the Transaction Agreement) relating to:

confidentiality and access by each party to certain information about their respective businesses;

notification by each party to the other of any notice of a consent that may be required in connection with the Transactions, any action commenced or threatened relating to the completion of the Transactions and any change that may have a material adverse effect;

cooperation with respect to any public announcements regarding the Transactions;

cooperation relating to the preparation and filing of required tax returns, determining tax liability or conducting an audit or other tax-related proceeding;

cooperation among the parties relating to the prompt preparation and filing of certain required filings with the SEC;

the execution and delivery of the Voting Agreement;

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cooperation in amending any of the transaction documents to the extent reasonably requested by either party to enable its counsel to deliver the tax opinions contemplated by the Transaction Agreement;

updating by Smucker of the terms of the Intellectual Property Matters Agreement and the Transition Services Agreement; see Additional Agreements; and

notification by P&G to Smucker of the anticipated terms and timing of the exchange offer relating to the Distribution.

Conditions to the Merger

The respective obligations of Smucker, Merger Sub, P&G and Folgers to consummate the Transactions are subject to the satisfaction of the following additional conditions:

the Smucker shareholders will have approved the issuance of Smucker common shares in the Merger and authorized the Transactions at the special meeting;

no preliminary or permanent injunction or other order will have been issued that would make the completion of the Transactions unlawful;

the Smucker common shares to be issued in the Merger will have been authorized for listing on the NYSE, subject to notice of official issuance;

certain required filings with the SEC will 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, and (1) if the Distribution is effected in whole or in part as a split-off, the offer period in the exchange offer required by applicable securities laws will have expired or (2) if the Distribution is effected in whole or in part as a spin-off, the applicable notice periods required by applicable stock exchange rules or securities laws will have expired;

any waiting period under the HSR Act will have expired or been terminated; and

the Contribution and the Distribution will have occurred.

In addition, the obligation of Smucker to consummate the Transactions is subject to the satisfaction of the following additional conditions:

all covenants of P&G under the Transaction Agreement and the ancillary agreements to be performed on or before the closing of the Merger will have been performed by P&G in all material respects;

the representations and warranties of P&G with respect to the capital structure of Folgers will be true and correct in all but de minimis respects;

the representations and warranties of P&G, disregarding all qualifications relating to materiality or material adverse effect other than qualifications relating to Folgers material contracts, will be true and correct in all respects at and as of the closing date of the Merger (except for representations and warranties made as of a specified date, which will be true and correct only as of such specified date),

with only such exceptions as have not had, and would not reasonably be expected to have, individually or in the aggregate, a material adverse effect on the Coffee Business;

P&G will have delivered to Smucker an officer s certificate to the effect that each of the conditions specified in the preceding three bullet points have been satisfied; and

Smucker will have received a written opinion, dated as of the closing date, from Weil, Gotshal & Manges LLP, its special tax counsel, to the effect that the Merger will be treated for federal income tax purposes as a reorganization within the meaning of section 368(a) of the Code.

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In addition, the obligation of P&G to consummate the Transactions is subject to the satisfaction of the following conditions:

- all covenants of Smucker under the Transaction Agreement and the ancillary agreements to be performed on or before the closing of the Merger will have been performed by Smucker in all material respects;

- the representations and warranties of Smucker with respect to its capital structure will be true and correct in all but de minimis respects;

- the representations and warranties of Smucker, disregarding all qualifications relating to materiality or material adverse effect other than qualifications relating to Smucker s material contracts, will be true and correct in all respects at and as of the closing date of the Merger (except for representations and warranties made as of a specified date, which will be true and correct only as of such specified date), with only such exceptions as have not had, and would not reasonably be expected to have, individually or in the aggregate, a material adverse effect on Smucker;

- Smucker will have delivered to P&G an officer s certificate to the effect that each of the conditions specified in the preceding three bullet points have been satisfied;

- P&G will have received a written opinion, dated as of the closing date, from Cadwalader, Wickersham & Taft LLP, its special tax counsel, to the effect that the Merger will be treated for federal income tax purposes as a reorganization within the meaning of section 368(a) of the Code;

- P&G will have received a written opinion, dated as of the closing date, from Cadwalader, Wickersham & Taft LLP to the effect that (i) the Contribution, taken together with the Distribution, should qualify as a tax-free reorganization pursuant to section 368(a)(1)(D) of the Code, (ii) the Distribution, as such, should qualify as a distribution of Folgers stock to P&G shareholders pursuant to section 355 of the Code, and (iii) the Merger should not cause section 355(e) of the Code to apply to the Distribution; and

- if P&G elects to effect the Distribution by way of an exchange offer, at least 59% of the shares of Folgers common stock issued to P&G will be distributed to P&G shareholders in the exchange offer.

Termination of the Transaction Agreement

The Transaction Agreement may be terminated and the Transactions may be abandoned at any time prior to the closing date in the following manner:

- by mutual written consent of P&G and Smucker;

- by either P&G or Smucker if:

  - upon a vote at a duly held shareholders meeting the Smucker shareholders do not approve the issuance of Smucker common shares in the Merger and the authorization of the Transactions;

the closing date does not occur on or prior to March 31, 2009, unless the failure of the closing to occur by that date is due to the failure of the party seeking to terminate the Transaction Agreement to perform or observe in all material respects the covenants and agreements of such party under the Transaction Agreement; or

any law makes the completion of the Transactions illegal or otherwise prohibited or any governmental authority takes any action restraining, enjoining or otherwise prohibiting any material component of the Transactions and such action becomes final and non-appealable;

by P&G if:

Smucker s board of directors or any committee thereof withdraws, or modifies in a manner adverse to P&G or Folgers or publicly proposes to withdraw or modify in a manner adverse to P&G or Folgers, its approval or recommendation of the Transaction Agreement or any of the

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Transactions, fails to recommend to Smucker s shareholders that they give the approval of the issuance of Smucker common shares in the Merger and authorize the Transactions, or approves or recommends, or proposes publicly to approve or recommend, any Smucker Takeover Proposal;

Smucker breaches its non-solicitation covenants;

Smucker or Merger Sub breaches or fails to perform any of its representations and warranties or covenants and agreements contained in the Transaction Agreement, which breach or failure to perform would give rise to the failure of a condition in the Transaction Agreement and could not be cured within 60 days of written notice to Smucker of such breach; or

any of P&G s conditions to its obligations to consummate the Transactions become incapable of fulfillment and are not waived by P&G;

by Smucker if:

P&G or Folgers breaches or fails to perform any of its representations and warranties or covenants and agreements contained in the Transaction Agreement, which breach or failure to perform would give rise to the failure of a condition in the Transaction Agreement and could not be cured within 60 days of written notice to P&G of such breach; or

any of Smucker s conditions to its obligation to consummate the transactions become incapable of fulfillment and are not waived by Smucker.

Effect of Termination

In the event of termination by P&G or Smucker, written notice will be given to the other party and the Transaction Agreement and the ancillary agreements contemplated by the Transaction Agreement will be terminated. Each party will return documents received from the other party.

If the Transaction Agreement is terminated, it will become void and of no effect, except that the provisions related to the obligations to keep information confidential, termination fees and expenses, publicity, the general provisions and the termination section will survive the termination.

In addition, Smucker may be responsible to pay P&G certain fees as described under Covenants Fees and Expenses.

Indemnification and Survival

Except as provided in the Tax Matters Agreement, no representations and warranties, covenants and agreements of Smucker, Merger Sub, Folgers and P&G will survive the closing date, except covenants in the Transaction Agreement relating to confidentiality, cooperation in tax matters, access to certain information about the other party s business and employee matters and representations and warranties relating to inaccuracies in the information provided by the indemnifying party to the other party for inclusion in SEC filings.

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THE SEPARATION AGREEMENT

The following is a summary of the material provisions of the Separation Agreement. This summary is qualified in its entirety by the Separation Agreement, which is incorporated by reference herein. The rights and obligations of the parties are governed by the express terms and conditions of the Separation Agreement and not by this summary or any other information included in this prospectus. You are urged to read the Separation Agreement carefully and in its entirety. See also Where You Can Find More Information; Incorporation by Reference.

Overview

The Separation Agreement provides for the separation of the Coffee Business from P&G. Among other things, the Separation Agreement specifies the assets of P&G and certain of its subsidiaries related to the Coffee Business to be transferred to, and liabilities of P&G and certain of its subsidiaries related to the Coffee Business to be assumed by, Folgers and its subsidiaries, and sets forth when and how these transfers and assumptions will occur. The Separation Agreement also includes procedures by which P&G and Folgers will become separate and independent companies. The matters addressed by the Separation Agreement include, without limitation, the matters described below.

Recapitalization

The Separation Agreement provides that Folgers will be recapitalized in connection with the Distribution. In partial consideration for the assets of the Coffee Business transferred from P&G to Folgers as further described below under Transfer of the Coffee Business and Assumption of Liabilities, Folgers will:

- issue additional shares of Folgers common stock to P&G, which P&G will dispose of, together with the shares of Folgers common stock issued to P&G at the time of Folgers incorporation, in the exchange offer (and, if P&G continues to hold shares of Folgers common stock after the completion of the exchange offer, in one additional pro rata distribution effected immediately after the exchange offer in a manner consistent with the separation s intended qualification as a tax-free transaction); and

- pay a cash dividend of an amount up to $350 million to P&G.

See The Transactions Determination of Number of Shares of Folgers Common Stock to be Distributed to P&G Shareholders for further information and a description of the additional shares of Folgers common stock that could be issued in the Contribution under certain circumstances.

In connection with the Contribution and to fund the cash dividend, Folgers will enter into third-party borrowing arrangements for the Folgers Debt.

Transfer of the Coffee Business and Assumption of Liabilities

Subject to the terms and conditions contained in the Separation Agreement:

- P&G or a subsidiary of P&G will transfer to Folgers or a subsidiary of Folgers certain assets associated with the Coffee Business, and Folgers or a subsidiary of Folgers will assume certain liabilities related to the Coffee Business;

- P&G will cause Folgers (or any relevant subsidiaries of Folgers or P&G at such time) to transfer certain assets to P&G or one of P&G s subsidiaries (i.e., certain assets which the parties have agreed are being excluded from the transfer of the Folgers business to Folgers as part of the separation), and P&G or one of its subsidiaries will assume certain liabilities (i.e., certain liabilities which the parties have agreed are being excluded from the transfer of the Folgers business to Folgers as part of the separation); and

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following the Distribution, the parties will transfer any misallocated assets or liabilities to such other party as such party would have been entitled to under the Separation Agreement.

The assets to be transferred or assigned to Folgers or one of its subsidiaries include the following, to the extent that they are owned by P&G or its subsidiaries at the business transfer time:

all of the tangible personal property, inventory, real property, claims, governmental licenses and permits and contracts that are exclusively used in the Coffee Business, including items listed on specified schedules;

all of the equity interests of certain specified subsidiaries of P&G;

all of the books and records that exclusively relate to the Coffee Business;

all of the assets that are identified on a specified balance sheet of the Coffee Business and all assets acquired subsequent to the date of this balance sheet that are of a nature that they would have been included on that balance sheet had they been owned by P&G as of that date, and any assets that have been written off, expensed or fully depreciated that, had they not been written off, expensed or fully depreciated would have been included on that balance sheet, subject to certain adjustments;

all intellectual property exclusively related to the Coffee Business (including those listed on a specified schedule);

all assets located at the Winton Hill facility and Beckett Ridge Research Center which are specifically identified on a schedule; and

subject to certain exceptions including in respect of specifically enumerated excluded assets, any other assets held by P&G or its subsidiaries that are exclusively related to the Coffee Business.

The liabilities that would be assumed by Folgers or one of its subsidiaries include the following, to the extent that they are liabilities of P&G and its subsidiaries as of the business transfer time:

all of the liabilities that are identified on a specified balance sheet of the Coffee Business and all liabilities incurred subsequent to the date of this balance sheet that are of a nature that they would have been included on that balance sheet had they been incurred as of that date, subject to certain adjustments;

all liabilities of the Coffee Business related to product recalls and returns, coupon obligations and promotional activities and gift cards;

all liabilities of the Coffee Business related to litigation and non-compliance with laws;

all liabilities under third-party borrowing arrangements for the Folgers Debt;

all liabilities arising out of environmental conditions arising out of operations or otherwise existing at any facilities or past facilities of the Coffee Business; and

all liabilities, whether arising before, on or after the business transfer time to the extent that they arise from the operation of the Coffee Business at any time, any of the transferred assets, or any operations of the Coffee Business entities after the date that the Folgers business is transferred to Folgers, including specified employee benefit plan liabilities.

Folgers will not, however, assume or be responsible for any liabilities under contracts not specifically allocated to Folgers or any overhead costs or similar liabilities incurred in connection with the operation of P&G s businesses other than the Coffee Business.

The assets to be transferred to Folgers and its subsidiaries, and the liabilities to be assumed by Folgers and its subsidiaries, will exclude certain specified assets and liabilities, such as, among other things, certain specified intellectual property, employee benefit plans and the right to certain recoveries under specified litigation matters.

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Intercompany Arrangements and Guaranties

Except for certain agreements such as the Separation Agreement and the ancillary agreements relating to the Transactions, all contracts between Folgers and its subsidiaries, on the one hand, and P&G and its subsidiaries (other than Folgers and its subsidiaries), on the other hand, will be terminated. Folgers and P&G also will settle all intercompany accounts (except as otherwise agreed) effective as of the Contribution, such that as of the Contribution, there will be no outstanding intercompany accounts between P&G and Folgers. It is anticipated that at or prior to the Contribution, all guaranties, securities, bonds, letters of credit or similar arrangements entered into or issued by P&G on behalf of the Coffee Business will be terminated or replaced.

Consents and Delayed Transfers

The Separation Agreement provides that P&G and Folgers will use their commercially reasonable efforts to obtain any required third-party consents or governmental approvals required in connection with the Distribution; provided, that P&G will not be required to make any payments or offer or grant any accommodation (financial or otherwise) to any third party or governmental authority to obtain any such consent or governmental approval, except to the extent that Folgers agrees to reimburse P&G for any such payments or accommodations. The transfer of any specific asset to either Folgers or P&G in connection with the separation will automatically be deferred until all legal impediments are removed or such consents have been obtained. The party retaining such asset will hold such asset for the benefit of the other (at such other party s expense) until properly conveyed.

Inventory and Accounts Payable Adjustment

The Separation Agreement provides an adjustment mechanism by which the actual level of inventory and accounts payable being transferred to Folgers on the date of the Contribution will be calculated within 60 days following that date, and such amount will be compared against estimated inventory and accounts payable amounts of Folgers determined by the parties no later than 45 days prior to the closing date of the Merger. If the difference (whether positive or negative) between (1) the sum of (a) the actual inventory amount *less* (b) the actual accounts payable amount of Folgers on the business transfer date and (2) the sum of (y) the estimated inventory amount *less* (z) the estimated accounts payable amount of Folgers, in either case exceeds $6,000,000, then (i) any positive difference shall be paid by Folgers to P&G or (ii) the absolute value of any negative difference shall be paid by P&G to Folgers.

No Representations or Warranties

Under the Separation Agreement and the ancillary agreements relating to the Transactions, other than as expressly provided in that agreement, neither party will make any representations or warranties, express or implied, as to the value of any asset or liability, the existence of any security interest of any asset, the absence of defenses from counterclaims, or any implied warranties of merchantability and fitness for a particular purpose. Under the Separation Agreement, Folgers will take the assets and liabilities allocated to it as is, where is, and bear the economic risk relating to conveyance of, title to or the assumption of those assets and liabilities. See The Transaction Agreement Representations and Warranties for a description of the representations and warranties related to the Coffee Business which are contained in the Transaction Agreement.

Distribution

Under the Separation Agreement, P&G may elect to effect the separation in the form of either (a) an exchange offer (and, if P&G continues to hold shares of Folgers common stock after the completion of this transaction, one additional pro rata distribution effected immediately following the completion of the exchange offer in a manner consistent with the separation s intended qualification as a tax-free transaction) or (b) a one-step spin-off.

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Mutual Releases and Indemnification

Without limiting the parties rights and obligations under the Separation Agreement and the ancillary agreements relating to the Transactions, both P&G and Folgers will release each other and specified related parties from any and all liabilities existing or arising from any acts or events occurring at or before the Contribution or any conditions existing or alleged to have existed on or before the Contribution.

In addition, under the Separation Agreement, Smucker, Folgers and its subsidiaries will, in general, be jointly and severally responsible to indemnify P&G and its subsidiaries against certain liabilities from claims relating to, arising out of or resulting from (whether prior to or following the Contribution):

- Folgers liabilities and the liabilities of Folgers subsidiaries, including the failure to discharge or comply with any such liabilities; or
- any breach by Smucker, Folgers or any of its subsidiaries of the Separation Agreement or the Intellectual Property Matters Agreement (indemnification under ancillary agreements will be governed by such agreement).

Further, under the Separation Agreement, P&G will (and will cause its subsidiaries to) to indemnify Smucker and Folgers and its subsidiaries against certain liabilities from claims relating to, arising out of or resulting from (whether prior to or following the Contribution):

- certain specified excluded liabilities, not to be assumed by Folgers or its subsidiaries, including the failure to discharge or comply with any of such excluded liabilities; or
- any breach by P&G or any of its subsidiaries of the Separation Agreement or the Intellectual Property Matters Agreement (indemnification under ancillary agreements will be governed by such agreement).

Specifically excluded from recoverable losses pursuant to the indemnification provisions in the Separation Agreement are (i) attorney s fees or other arbitration or litigation expenses related to a direct claim between the parties or (ii) punitive, exemplary, special, consequential or similar damages or any diminution in value or indirect damages (including lost profits, revenues or opportunities), in each case, except to the extent awarded by a court of competent jurisdiction in relation to a third-party claim. The Separation Agreement also includes provisions relating to the defense and settlement of third-party claims.

Covenants

Subject to specified exceptions, P&G agrees not to, and not to permit its respective subsidiaries to, for a period of two years after the effective time of the Merger, directly or indirectly, solicit or employ an employee of Folgers or their respective subsidiaries.

Subject to specified exceptions, Smucker and Folgers agrees not to, and not to permit their respective subsidiaries to, for a period of two years after the effective time of the Merger, directly or indirectly, solicit or employ any management-level employee of P&G or its subsidiaries with whom Smucker or its representatives came into contact with prior to the effective time of the Merger in connection with the Transactions.

Except as otherwise provided in the Transition Services Agreement, each party will provide access for a period of six years following the business transfer time to certain shared information in its possession or control. The Separation Agreement also addresses ownership of information, record retention, compensation for providing information and production of witnesses. The Separation Agreement also includes covenants relating to Folgers discontinuation of the use of names retained by P&G, the removal of tangible assets transferred to Folgers and P&G from facilities transferred to Folgers or retained by P&G, as applicable, and restrictions on the utilization of intellectual property in connection with certain restricted activities relating to the manufacture and sale of certain fruit-flavored products.

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Dispute Resolution

Any dispute that arises out of or relates to the Separation Agreement or the ancillary agreements will be subject to a binding dispute resolution mechanism that involves consultation and negotiations between specified officers of the parties, followed by mediation, followed by arbitration.

Conditions to Contribution and Distribution

The completion of the Contribution and Distribution is conditional upon the fulfillment (or waiver by P&G) at or prior to the date of the Contribution and Distribution the conditions that

each of the parties to the Transaction Agreement shall have irrevocably confirmed to each other that each condition in Article VI of the Transaction Agreement (other than certain exceptions) to such party s respective obligations to effect the Merger (i) has been fulfilled, (ii) shall be fulfilled at the effective time of the Merger, or (iii) has been waived by such party, as the case may be; and

Folgers has received the financing in connection with the Folgers Debt.

P&G s exchange offer is subject to various conditions listed in this prospectus and will be completed on the closing date of the Transactions.

Termination

Prior to the effective time of the Merger, the Separation Agreement will terminate without further action at any time before the effective time of the Merger upon the termination of the Transaction Agreement. In the event of such a termination, neither party will have any further liability to the other party except as provided in the Transaction Agreement.

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DEBT FINANCING

Folgers Debt

Effective June 4, 2008, Folgers, Bank of America, N.A., Banc of America Securities LLC and Bank of Montreal entered into a commitment letter and fee letter (collectively, the financing letters) with respect to the provision of $350 million of financing as contemplated by the Transactions. The financing provided for in the commitment letter is subject to execution of loan documentation by March 31, 2009 and other customary conditions. Folgers has agreed to pay certain fees to Bank of America, N.A., Banc of America Securities LLC and Bank of Montreal in connection with the commitment letter and has agreed to indemnify such parties against certain liabilities. The following is a summary of certain material terms and provisions of the financing letters.

The Credit Facility

The Folgers Debt credit facility will provide for a $350 million term loan. The Folgers Debt will mature one year and one day from the day the debt is incurred by Folgers. The term loan does not have required amortization, but is required to be prepaid by Folgers with net proceeds received by Folgers from certain asset sales, equity issuances or incurrence of additional debt, subject in each case to certain exceptions. In addition, the Folgers Debt will be required to be prepaid in full on the date 31 days after the day the debt is incurred by Folgers if the merger of Merger Sub with Folgers is not consummated on or before that date.

Guarantees; Security

Following the effectiveness of the Merger, the Folgers Debt will be fully and unconditionally guaranteed by Smucker, subject to the terms of the Separation Agreement. The Folgers Debt will be unsecured.

Interest Rates

The Folgers Debt will bear interest at rates equal to, at Folgers option, either

The higher of (i) a base rate determined by the administrative agent and (ii) the federal funds rate plus .50%; or

The LIBOR rate plus a margin which will be determined based on the ratio of Folgers total debt to EBITDA. The applicable margin ranges from 1.25% to 1.75%. Folgers can elect interest periods of one, two, three or six months.

In addition, Folgers will pay the lenders under the credit facility a duration fee on each of the 90th, 180th and 270th days after the debt is incurred equal to .25% of the aggregate principal amount of the outstanding term loan.

Covenants

The Folgers Debt facility will contain various negative covenants that will restrict Folgers and its subsidiaries in their activities (subject to exceptions) including, but not limited to, limitations on liens and other encumbrances, the incurrence of debt, limitations on investments and acquisitions, limitations on transactions with affiliates, and limitations on asset sales. The Folgers Debt facility will also require Folgers and its subsidiaries to comply with various affirmative covenants typical for transactions of this type. In addition, Folgers and its subsidiaries will be required to comply with a maximum leverage test. Upon Smucker becoming a guarantor of the Folgers Debt, Smucker and its subsidiaries will be required to comply with covenants substantially similar to those under the Folgers Debt facility. In addition, Smucker and its subsidiaries will be required to comply with the following financial performance tests: (i) a minimum interest coverage test and (ii) a maximum leverage test.

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Events of Default

The Folgers Debt facility will contain various events of default, including, but not limited to, payment defaults, defaults under other material indebtedness agreements, breaches of representations and warranties, noncompliance with covenants, judgments in excess of certain amounts, failure of the guarantee, bankruptcy related events of default and change of control.

Smucker Special Dividend Financing

In connection with the Transactions, Smucker will distribute to each record holder of Smucker common shares as of the close of trading on the NYSE on September 30, 2008 the Smucker Special Dividend to be paid on October 31, 2008. P&G shareholders participating in the exchange offer will not receive the Smucker Special Dividend in respect of the Smucker common shares that they receive in the Merger. As of June 30, 2008, Smucker had approximately $180 million of borrowing capacity available under its currently existing credit facilities. Smucker expects to incur up to approximately $274 million of indebtedness to finance the payment of the Smucker Special Dividend by increasing the borrowing capacity under its existing credit facilities or entering into new credit facilities, or through a capital markets debt financing, or through some combination of these transactions.

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ADDITIONAL AGREEMENTS

In connection with the Transactions, P&G, Folgers and Smucker will enter into additional agreements in order to aid in the transfer and transition of Folgers from P&G to Smucker. These agreements include a Transition Services Agreement, an Insurance Matters Agreement, an Intellectual Property Matters Agreement and a Building Lease Agreement. Smucker and P&G will also enter into a Tax Matters Agreement. The descriptions below of the Transition Services Agreement, the Intellectual Property Matters Agreement and the Tax Matters Agreement are qualified in their entirety by reference to the respective agreements, which are incorporated by reference herein. See also Where You Can Find More Information; Incorporation by Reference.

Transition Services Agreement

In connection with the Separation Agreement, Folgers and P&G will enter into a Transition Services Agreement, effective as of the closing of the Transactions. In order to facilitate the transition of the Coffee Business to Folgers (which, after the Merger, will be a wholly owned subsidiary of Smucker), under this agreement P&G will provide Folgers, on a fee-for-services basis, with specified services for a limited time following the completion of the Transactions, including the following: supply network solutions (i.e., orders fulfillment, shipment and billing), purchasing, North America product supply operations (i.e., order management and distribution), global data management, information technology services, market development organization, decision support services and reporting, customer and consumer solutions, consumer relations, service provider professional sales (i.e., payment processing, maintenance and operation support for customer management system and data warehouse), certain limited financial services and accounting, and market measurements. In addition to the fees being paid by Folgers for provision of the services, Smucker will pay a one-time start-up fee of $18.4 million.

The Transition Services Agreement also addresses certain matters with respect to the provision of such services, including the management of the relationship between the parties, the use of each other s facilities, technology, software and proprietary rights, and company data and access to P&G systems used to provide the services.

The initial term of this agreement will be for a period of six months after the completion of the Transactions, unless earlier terminated as provided in the agreement. Folgers will have the option of extending the services (or as provided therein, a portion thereof) for additional one month periods (up to a maximum of six additional months) by providing 60 days prior notice to P&G. Folgers will generally be able to terminate the agreement or any services provided for a particular functional service area by giving 60 days prior notice to P&G, provided that if Folgers retains services under certain functional areas, other services on which they are dependent must also be maintained. Folgers and P&G will be able to terminate the agreement for cause. In addition to terminating the agreement for cause, P&G will be able to terminate the agreement immediately upon written notice if Folgers fails to pay any undisputed charges for any services within 30 days after receiving written notice of the possibility of termination for non-payment.

Generally, P&G and Folgers agree to indemnify each other and each other s related parties from third-party claims related to the provision of these services. Except for claims arising out of gross negligence or willful misconduct and indemnification of certain third party claims, the parties aggregate liability for breach of the Transition Services Agreement is limited to $6 million, and except for cases of willful misconduct, no party will be liable for punitive, consequential, special or similar damages.

Insurance Matters Agreement

The Insurance Matters Agreement will address coverage under P&G s existing director and officer insurance policies for matters that arise prior to the completion of the Transactions. Following the Transactions, Folgers will be responsible for obtaining and maintaining insurance programs covering periods after the

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Transactions. Folgers will cease to be insured under the insurance policies maintained by P&G. Folgers and Smucker will indemnify Folgers directors and officers to the fullest extent permitted by law. Folgers directors and officers will retain all rights that they may have had immediately before the completion of the Transactions to the non-indemnifiable claims portion under the P&G directors and officers insurance policies, commonly referred to as the Side A coverage (i.e., coverage under the directors and officers insurance policies for non-indemnified claims, subject to the restrictions therein) for claims arising from events occurring prior to the completion of the Transactions. Folgers agrees to indemnify its directors and officers as provided in its organizational documents, and will not have access to Side B coverage (i.e., coverage under the directors and officers insurance policies providing reimbursement of payments that Folgers makes to indemnify its directors or officers) or Side C coverage (i.e., coverage under the directors and officers insurance policies providing reimbursement of losses incurred by Folgers arising from the acts of directors and officers in certain claims, such as securities claims).

Intellectual Property Matters Agreement

The Intellectual Property Matters Agreement will govern issues relating to intellectual property transferred to Folgers and intellectual property retained by P&G, including providing a license to Folgers of certain intellectual property retained by P&G.

Under the Intellectual Property Matters Agreement, P&G and its affiliates will grant to Folgers and its affiliates a non-exclusive, paid-up, worldwide license (with limited sublicense rights) in and to certain specified know-how and patents, solely for use in Folgers coffee field. This coffee field explicitly excludes, among other things, certain restricted activities relating to the manufacture and sale of certain fruit-flavored products. Subject to P&G s termination rights this license will be irrevocable. The licenses granted to Folgers and its affiliates can only be sublicensed to (1) vendors, consultants, distributors, manufacturers and contractors making or distributing products or providing services in the coffee field for, to or on behalf of Folgers and (2) to customers of Folgers to the extent necessary for them to use the products or receive the services of Folgers.

Folgers, its affiliates and, as applicable, sublicensees will have the right to make improvements to the intellectual property licensed to it, but P&G will retain all rights, title and interest to the underlying intellectual property. Folgers will own all rights, title and interest to any improvements made solely by Folgers or its affiliates or sublicensees.

With certain specified exceptions, the parties will agree that, upon the request of Folgers within two years after the closing of the Transactions, the parties will negotiate in good faith to grant Folgers a non-exclusive and limited license to intellectual property that (1) constitutes know-how or a patent, (2) was necessary, as of the business transfer time, for the operation of Folgers business, and (3) was owned or controlled by P&G but not licensed to Folgers as part of the agreement or transferred to Folgers pursuant to the Separation Agreement.

In the event P&G no longer wishes to maintain certain patents not included in the intellectual property transferred to Folgers in the Separation Agreement, or to pursue continuations or foreign counterparts of the same, unless P&G elects to sell, transfer or assign such patent to a third party, P&G is required to notify Folgers, and Folgers may elect to have P&G assign its rights, title and interest to that patent to Folgers. In the event of any such assignment, the assigned patents will become the sole property of Folgers, but will include a non-exclusive license back to P&G for its use.

In the event Folgers no longer wishes to maintain patents included in the intellectual property transferred to Folgers in the Separation Agreement, or to pursue continuations or foreign counterparts of the same, unless Folgers elects to sell, transfer or assign such patent to a third party, Folgers is required to notify P&G, and P&G may elect to have Folgers assign its rights, title and interest to that patent to P&G. In the event of any such assignment, the assigned patents will become the sole property of P&G, but will include a non-exclusive license back to Folgers for its use.

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The parties will agree that, upon the request of P&G within two years after the closing of the Transactions, the parties will negotiate in good faith to grant P&G a non-exclusive and limited license to any intellectual property transferred to Folgers. If the parties have not agreed to a license within 90 days after P&G s initial request, Folgers will have no further obligation to negotiate with P&G with respect to the intellectual property.

Both parties will agree to various restrictions relating to the preservation of the confidentiality of the other party s know-how. The agreement will also provide that the parties may seek equitable remedies, including preliminary injunctive relief, in the event that a party breaches the agreement. The licenses granted under the intellectual property matters agreement will begin at the completion of the Transactions and will continue in perpetuity until the underlying intellectual property expires, is abandoned, or is otherwise found invalid or unenforceable or the licenses are otherwise earlier terminated.

Either party will have the right to terminate the licenses granted under the agreement as to any particular item of intellectual property if the other party is in breach of the agreement and the breach materially affects the scope or use of such intellectual property or materially jeopardizes the subsistence, validity or enforceability of such intellectual property. Folgers will have the right to terminate the licenses granted under the agreement as to any particular intellectual property to which it is licensed on 30 days written notice to P&G. In the event of a change of control of Folgers whereby an entity that competes with P&G in connection with any goods or services outside of the coffee field obtained control of Folgers, Folgers will agree to take all necessary steps to ensure that none of the intellectual property licensed or otherwise provided to Folgers under the agreement is utilized by or disclosed to any unit, division or subsidiary of such entity that competes with P&G in connection with goods or services outside the coffee field.

Building Lease

Folgers corporate headquarters is currently located on property owned by P&G in Cincinnati, Ohio. P&G and Smucker will enter into an agreement under which P&G will lease space in these buildings to Smucker for a period of two years, with an option to terminate the lease with respect to certain premises upon 90 days notice effective at any time on or after the expiration of the first year of the Lease, commencing upon the completion of the Transactions, at a rate of approximately $3,162,000 per year.

Tax Matters Agreement

The Tax Matters Agreement will govern P&G s, Smucker s and Folgers respective rights, responsibilities and obligations with respect to both pre- and post-Distribution periods, including tax liabilities and benefits, the preparation and filing of tax returns, and the control of audits and other tax matters. P&G, Folgers and Smucker will enter into the Tax Matters Agreement effective as of the closing of the Transactions. P&G generally would be required under the Tax Matters Agreement to indemnify the Smucker Group for any taxes attributable to periods prior to the Distribution and, except as described below, taxes incurred in connection with the failure of the Transactions to qualify for tax-free treatment, and the Smucker Group would be required to indemnify P&G for any taxes attributable to Folgers operations for all periods following the Distribution.

Under the Tax Matters Agreement, the Smucker Group would be required to indemnify P&G against tax-related losses if the Distribution were taxable to P&G as a result of the acquisition of a 50% or greater interest in Smucker as part of a plan or series of related transactions that included the Distribution, except to the extent that the tax losses are attributable to P&G s breach of certain representations and covenants in the Tax Matters Agreement. In addition, the Smucker Group would be required to indemnify P&G for any tax liabilities resulting from the failure of the Merger to qualify as a reorganization under section 368(a) of the Code or a similar provision of state or local law, including any impact of such failure on the Distribution s qualification for tax-free treatment, except to the extent that such failure results from a breach by P&G of its representations and covenants in the agreements related to the Transactions or its representations made to tax counsel in connection with tax counsels rendering their tax opinions or a breach by Folgers, prior to the Distribution, of its

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representations and covenants in the agreements related to the Transactions. Finally, the Smucker Group generally would be required to indemnify P&G against tax-related losses that are attributable to a breach of covenant by Folgers after the Distribution or a breach of representation or covenant by Smucker. If P&G recognizes gain on the Distribution attributable to its breach of the representations and covenants described in the Tax Matters Agreement, P&G generally would not be entitled to indemnification under the agreement.

The Tax Matters Agreement will require that the Smucker Group, for a two-year period following the date of the Distribution, generally avoid taking certain actions. These limitations are designed to restrict actions that might cause the Distribution to be treated as part of a plan pursuant to which a 50% or greater interest (by vote or value) in Smucker is acquired or could otherwise cause the Distribution to become taxable to P&G. Unless Smucker delivers certain unqualified opinions of tax counsel or rulings from the IRS reasonably acceptable to P&G, in each case, confirming that a proposed action would not cause the Transactions to become taxable, Smucker and Folgers are each prohibited during the two-year period following the date of the Distribution from:

- issuing, recapitalizing, repurchasing, redeeming or otherwise participating in acquisitions of its stock;
- amending its certificate of incorporation or other organizational documents to affect the voting rights of its stock;
- merging or consolidating with another entity, or liquidating or partially liquidating;
- discontinuing, selling, transferring or ceasing to maintain its active business; or
- engaging in other actions or transactions that could jeopardize the reorganization status of the Distribution and certain related transactions.

If Smucker or Folgers takes any of the actions above and such actions result in tax-related losses to P&G, then the Smucker Group generally would be required to indemnify P&G for such losses.

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OWNERSHIP OF SMUCKER COMMON SHARES

The following table sets forth, as of September 29, 2008 (unless otherwise noted), the beneficial ownership of Smucker s common shares by:

- each person or group known to Smucker to be the beneficial owner of more than 5% of Smucker s outstanding common shares;
- each Director and named executive officer of Smucker; and
- all Directors and executive officers of Smucker as a group.

Unless otherwise noted, the shareholders listed in the table below have sole voting and investment powers with respect to the common shares beneficially owned by them. The address of each Director and executive officer is Strawberry Lane, Orrville, Ohio 44667. As of September 29, 2008, there were 54,841,671 common shares outstanding.

Name	Number of Common Shares Beneficially Owned (1)(2)(3)(4)	Percent of Outstanding Common Shares
Ariel Capital Management, LLC (5)	5,684,715	10.37%
Barclays Global Investors NA (6)	3,891,799	7.10%
Timothy P. Smucker	1,893,055	3.45%
Richard K. Smucker	2,391,376	4.35%
Mark R. Belgya	56,944	0.10%
Vincent C. Byrd	159,518	0.29%
R. Douglas Cowan	17,850	*
Kathryn W. Dindo	25,671	*
Paul J. Dolan	5,772	*
Donald D. Hurrle, Sr.	33,509	*
Nancy Lopez Knight	2,452	*
Elizabeth Valk Long	32,808	*
Steven Oakland	67,378	0.12%
Gary A. Oatey	20,708	*
William H. Steinbrink	35,824	*
25 Directors and executive officers as a group (7)	4,068,719	7.35%

* Less than 0.1%.

(1) In accordance with SEC rules, each beneficial owner s holdings have been calculated assuming full exercise of outstanding stock options covering common shares, if any, exercisable by such owner within 60 days after September 29, 2008. The common share numbers include such options as follows: Timothy P. Smucker, 80,000; Richard K. Smucker, 80,000; Mark R. Belgya, 28,000; Vincent C. Byrd, 89,176; Donald D. Hurrle, Sr., zero; Steven Oakland, 37,000; and all Directors and executive officers as a group, 506,913.

(2) Includes restricted shares as follows: Timothy P. Smucker, zero; Richard K. Smucker, zero; Mark R. Belgya, 18,025; Vincent C. Byrd, 32,020; Donald D. Hurrle, Sr., 17,930; Steven Oakland, 22,370; and all executive officers as a group, 222,675.

(3) Beneficial ownership of the following shares included in the table is disclaimed by Timothy P. Smucker: 477,798 common shares held by trusts for the benefit of family members of which Timothy P. Smucker is a trustee with sole investment power or a co-trustee with shared investment power; 202,062 common shares owned by the Willard E. Smucker Foundation of which Timothy P. Smucker is a trustee with shared investment power; and 142,090 common shares with respect to which Timothy P. Smucker disclaims voting or investment power.

Beneficial ownership of the following shares included in the table is disclaimed by Richard K. Smucker: 1,433,392 common shares held by trusts for the benefit of family members (including Timothy P. Smucker)

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of which Richard K. Smucker is a trustee with sole investment power or a co-trustee with shared investment power; 202,062 common shares owned by the Willard E. Smucker Foundation of which Richard K. Smucker is a trustee with shared investment power; and 132,586 common shares with respect to which Richard K. Smucker disclaims voting or investment power.

Beneficial ownership of 1,466 common shares included in the table is disclaimed by Kathryn W. Dindo.

The number of common shares beneficially owned by all Directors and executive officers as a group has been computed to eliminate duplication of beneficial ownership.

(4) Includes shares held for the benefit of the individual named under the terms of Smucker s Amended and Restated Nonemployee Director Stock Plan, Smucker s Nonemployee Director Deferred Compensation Plan, and Smucker s 2006 Equity Compensation Plan as follows: R. Douglas Cowan, 7,350; Kathryn W. Dindo, 16,705; Paul J. Dolan, 5,772; Nancy Lopez Knight, 2,452; Elizabeth Valk Long, 21,363; Gary A. Oatey, 10,208; and William H. Steinbrink, 23,033. The shares indicated are held in trust for the Directors named and are voted pursuant to their direction.

(5) According to a Schedule 13G/A of Ariel Capital Management, LLC, 200 E. Randolph Drive, Chicago, IL 60601, filed on April 10, 2008, Ariel is a U.S. limited liability company organized under the laws of the State of Delaware. As of March 31, 2008, Ariel had sole voting power of 4,582,449 common shares and sole dispositive power of 5,684,715 common shares.

(6) According to a Schedule 13G of Barclays Global Investors, NA, 45 Fremont St., San Francisco, CA 94105, filed on February 6, 2008, Barclays is a U.S. company organized under the laws of the State of California. As of December 31, 2007, Barclays and certain related parties described in the filing had sole voting power of 3,337,227 common shares and sole dispositive power of 3,891,799 common shares.

(7) Because under Smucker s articles of incorporation shareholders may be entitled on certain matters to cast ten votes per share with regard to certain common shares and only one vote per share with regard to others, there may not be a correlation between the percent of outstanding common shares owned and the voting power represented by those shares. The total voting power of all the common shares can be determined only at the time of a shareholder meeting due to the need to obtain certifications as to beneficial ownership on common shares not held as of record in the name of individuals. Both the proposal relating to the approval of the issuance of Smucker common shares in the Merger and the authorization of the Transactions and the proposal to adopt amended articles of incorporation of Smucker in connection with the Merger, to be voted upon at the Smucker special meeting of shareholders, are proposals on which the ten votes per share provisions of Smucker s articles of incorporation will apply.

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DESCRIPTION OF SMUCKER CAPITAL STOCK

The rights of Smucker shareholders are governed by Ohio law, Smucker s amended articles of incorporation, which we refer to in this document as Smucker s articles of incorporation, and Smucker s amended regulations, which we refer to in this document as Smucker s regulations. For information on how to obtain a copy of Smucker s articles of incorporation and Smucker s regulations, see Where You Can Find More Information; Incorporation by Reference.

The following is a summary of the terms and provisions of Smucker s capital stock. This summary may not contain all the information that is important to you and is qualified in its entirety by reference to the complete text of Smucker s articles of incorporation and Smucker s regulations, which are incorporated by reference into this document, as well as applicable provisions of the Ohio Revised Code.

Smucker Common Shares

Smucker s articles of incorporation permit the issuance of up to 150,000,000 Smucker common shares. This amount can be amended by Smucker s board of directors without shareholder approval, to the extent permitted by Chapter 1701 of the Ohio Revised Code.

Voting Rights

Smucker s articles of incorporation provide that, except as set forth below, each outstanding Smucker common share entitles the holder to one vote on each matter properly submitted to the shareholders for their approval, including any vote or consent for the election or removal of Smucker s directors.

Notwithstanding the foregoing, holders of outstanding Smucker common shares who have held their Smucker common shares for at least four years without a change in beneficial ownership are entitled to ten votes on each of the following matters properly submitted to the shareholders, to the extent those matters are required to be submitted to the shareholders under Ohio law, Smucker s articles of incorporation or Smucker s regulations, stock exchange rules, or are otherwise submitted or presented to Smucker shareholders for their vote, consent, waiver or other action:

- any matter that relates to or would result in the dissolution or liquidation of Smucker, whether voluntary or involuntary, and whether pursuant to Section 1701.86 or 1701.91 of the Ohio Revised Code or otherwise;

- the adoption of any amendment to Smucker s articles of incorporation or Smucker s regulations or the adoption of amended articles of incorporation, other than the adoption of any amendment or amended articles of incorporation that increases the number of votes to which holders of Smucker common shares are entitled or expands the matters to which the time-phase voting provisions of Smucker s articles of incorporation apply;

- any proposal or other action to be taken by the shareholders of Smucker, whether or not proposed by the shareholders of Smucker, and whether proposed by authority of the board of directors of Smucker or otherwise, relating to Smucker s rights plan or any successor plan;

- any matter relating to any stock option plan, stock purchase plan, executive compensation plan, executive benefit plan, or other similar plan, arrangement, or agreement;

- adoption of any agreement or plan of or for the merger, consolidation or majority share acquisition of Smucker or any of its subsidiaries with or into any other person, whether domestic or foreign, corporate, or noncorporate or the authorization of the lease, sale, exchange, transfer or other disposition of all, or substantially all, of Smucker s assets;

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any matter submitted to Smucker s shareholders pursuant to Article Fifth (interested shareholder provision) or Article Seventh (control share provision) of Smucker s articles of incorporation, as they may be further amended, or any issuance of Smucker common shares for which shareholder approval is required by applicable stock exchange rules; and

any matter relating to the issuance of Smucker common shares, or the repurchase of Smucker common shares that Smucker s board of directors determines is required or appropriate to be submitted to Smucker shareholders under Ohio law or applicable stock exchange rules.

Each Smucker common share issued upon the conversion of shares of Folgers common stock in the Merger will entitle the holder to ten votes on each of the matters listed above. Upon a change of beneficial ownership of that Smucker common share following the Merger, the new holder will be entitled to only one vote on the matters listed above 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 Folgers common stock in the Merger will be entitled to one vote per share.

Dividend Rights

Subject to the rights of holders of preferred shares, if any, holders of Smucker common shares are entitled to receive dividends as, when and if dividends are declared by Smucker s board of directors out of assets legally available for the payment of dividends.

Liquidation Rights

In the event of a liquidation, dissolution or winding up of Smucker, whether voluntary or involuntary, after payment of liabilities and obligations to creditors and holders of preferred shares, if any, Smucker s remaining assets are distributed ratably among the holders of common shares.

Preemption Rights

Smucker shareholders will not have any preemptive rights to purchase or subscribe for shares of any class or any other security of Smucker.

Redemption Rights

The Smucker common shares are not subject to redemption by Smucker or by the holder of the Smucker common shares.

Conversion Rights

The Smucker common shares are not convertible into shares of any other class or any other security of Smucker.

Repurchase

Under Smucker s articles of incorporation, Smucker, by action of the board of directors and without action by Smucker shareholders, may purchase its own common shares in accordance with Ohio law. The board of directors may authorize such purchases to be made in the open market or through a private or public sale and at such price as the board of directors determines.

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Transferability and Trading Market

All Smucker common shares that will be distributed to Folgers shareholders in the Merger will be freely transferable and listed for trading on the NYSE under the symbol SJM, except for restrictions applicable to affiliates of Folgers 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 Folgers 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 Folgers generally include executive officers, directors and significant shareholders of Folgers. The Transaction Agreement requires P&G to use commercially reasonable efforts to cause each of its directors and executive officers who P&G believes may be deemed to be affiliates of Folgers 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 Folgers shareholders in the Merger, and no person is authorized to make any use of this document in connection with any resale.

Liability to Further Calls or Assessments

The Smucker common shares, when issued, are duly and validly issued, fully paid and nonassessable.

Sinking Fund Provisions

The Smucker common shares have no sinking fund provisions.

Smucker Preferred Shares

Smucker s articles of incorporation authorize 6,000,000 preferred shares. No preferred shares are currently issued and outstanding. Smucker s board of directors has, however, established a series designated as Series A Junior Participating Preferred Shares, the number of shares of which is 1,500,000.

Smucker s board of directors may establish and issue one or more series of preferred shares from time to time with such powers, preferences, rights, qualifications, limitations, and restrictions that are permitted by Smucker s articles of incorporation, and as the board fixes by resolution, including:

- dividend rights;
- redemption rights and price;
- sinking fund requirements;
- voting rights;
- conversion rights;
- liquidation rights, preferences and price; and

restrictions on the issuance of shares of any class or series.

Holders of Smucker common shares will not have preemptive rights to participate in any issuance of preferred shares.

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Smucker s current board of directors believes that the preferred shares will provide flexibility for future financings and acquisitions for Smucker. Although there currently are no plans to issue preferred shares, it is contemplated that from time to time Smucker may consider transactions involving the issuance of preferred shares. Because Smucker s articles of incorporation give Smucker s board of directors flexibility in determining the terms of the preferred shares, the board of directors is able to issue preferred shares with terms suitable to existing market conditions at the time of issuance or to meet the needs of a particular transaction.

The ability of Smucker s board of directors to issue preferred shares could enable them to render more difficult or discourage an attempt by another person or entity to obtain control of Smucker. The preferred shares could be issued by the board of directors in a public or private sale, merger, or similar transaction, increasing the number of outstanding shares and thereby diluting the equity interest and voting power, if the preferred shares were convertible into Smucker common shares, of a party attempting to obtain control of Smucker.

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COMPARISON OF SHAREHOLDER RIGHTS

Upon completion of the merger, P&G shareholders who exchange their shares of P&G common stock for shares of Folgers common stock would become shareholders of Smucker. The rights of Smucker shareholders will be governed by the Smucker articles of incorporation and regulations. The Smucker articles of incorporation and regulations differ in certain respects from P&G amended articles of incorporation and P&G regulations.

The following is a summary of significant differences between P&G s amended articles of incorporation (which we refer to in this document as P&G s articles of incorporation) and P&G s regulations (which we refer to in this document as P&G s regulations), on the one hand, and the Smucker articles of incorporation and the Smucker regulations, on the other. This discussion is not intended to be complete and is qualified in its entirety by reference to P&G s and Smucker s constitutive documents, which you should read. Copies of these documents have been filed with the SEC. To find out where you can get copies of these documents, see Where You Can Find More Information; Incorporation by Reference.

Dividend Policies

Smucker. Smucker has no legal or contractual obligation to pay dividends. Historically, Smucker has distributed approximately 40% of its earnings to shareholders in the form of dividends. Smucker currently expects to continue this practice following the Transactions, except that in connection with the Transactions, Smucker has declared the Smucker Special Dividend to each record holder of Smucker common shares as of the close of trading on the NYSE on September 30, 2008 to be paid on October 31, 2008. P&G shareholders participating in the exchange offer will not receive the Smucker Special Dividend in respect of the Smucker common shares that they receive in the exchange offer (and in any subsequent pro rata dividend of any Remaining Shares).

P&G. P&G has no legal or contractual obligation to pay dividends. P&G has paid dividends without interruption since its incorporation in 1890 and has increased dividends each year for the past 52 years. Historically, P&G has distributed approximately between 40% and 45% of its earnings to shareholders in the form of dividends. Nevertheless, as in the past, further dividends will be considered after reviewing dividend yields, profitability expectations and financing needs and will be declared at the discretion of P&G s board of directors.

Voting Rights

Smucker. Under Ohio law, all of the Smucker common shares may be voted cumulatively in the election of directors if a shareholder of record wishing to exercise cumulative voting rights satisfies certain notice requirements. Under cumulative voting, the number of votes to which each Smucker shareholder otherwise would be entitled is multiplied by the number of directors to be elected, and the Smucker shareholder then may cast that aggregate number of votes all for one candidate, or may divide them out among the candidates as the shareholder deems appropriate.

Under Smucker s articles of incorporation, except as set forth below, each outstanding Smucker common share entitles the holder to one vote on each matter properly submitted to Smucker shareholders for their approval, including any vote or consent for the election or removal of Smucker s directors.

Notwithstanding the foregoing, each outstanding Smucker common share entitles the holder to ten votes on each of the following matters properly submitted to Smucker shareholders, to the extent those matters are required to be submitted to Smucker shareholders under the Ohio Revised Code, any provisions of Smucker s articles of incorporation or regulations, or applicable stock exchange rules, or are otherwise submitted to Smucker shareholders for their approval (provided that the conditions described below are met):

- any matter that relates to, or would result in, the dissolution or liquidation of Smucker, whether voluntary or involuntary, and whether pursuant to Section 1701.86 or 1701.91 of the Ohio Revised Code or otherwise;

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the adoption of any amendment to Smucker s articles of incorporation or regulations or the adoption of amended articles of incorporation, other than the adoption of any amendment or any amended articles of incorporation that increases the number of votes to which holders of Smucker common shares are entitled or expands the matters to which this section applies;

any proposal or other action to be taken by Smucker shareholders, whether or not proposed by Smucker shareholders, and whether proposed by authority of the board of directors of Smucker or otherwise, relating to Smucker s rights plan or any successor plan;

any matter relating to any stock option plan, stock purchase plan, executive compensation plan, executive benefit plan or other similar plan, arrangement or agreement;

adoption of any agreement, or plan of or for the merger, consolidation or majority share acquisition of Smucker or any of its subsidiaries with or into any other person, whether domestic or foreign, corporate or noncorporate, or the authorization of the lease, sale, exchange, transfer or other disposition of all, or substantially all, of Smucker s assets;

any matter submitted to Smucker s shareholders pursuant to Article Fifth (interested shareholder provision) or Article Seventh (control share provision) of Smucker s articles of incorporation, as they may be further amended, or any issuance of shares of Smucker for which shareholders approval is required by applicable stock exchange rules; and

any matter relating to the issuance of Smucker shares, or the repurchase of Smucker shares that Smucker s board of directors determines is required or appropriate to be submitted to Smucker shareholders under the Ohio Revised Code or applicable stock exchange rules.

Each Smucker common share issued in the Merger will entitle the holder to ten votes on each of the matters listed above. Upon a change of beneficial ownership of that share, the holder is entitled to only one vote on the matters listed above until that holder has held that share for four years without a further change in beneficial ownership. Under Smucker s current articles of incorporation, no holder of Smucker common shares will be entitled to exercise ten votes on any of the matters listed above if there has been a change in beneficial ownership of that share during the four years preceding the record date applicable to the determination of the shareholders who are entitled to vote on the matter. After the Merger, if the proposal relating to the adoption of amended articles of incorporation of Smucker is approved, no holder of Smucker common shares will be entitled to exercise more than one vote on any matter submitted to a vote of the shareholders for a period of four years in respect of any common share for which there has been a change in beneficial ownership following the effective time of the consummation of the Merger. See The Transactions Amended Articles of Incorporation. Furthermore, no holder of Smucker common shares will be entitled to exercise more than one vote on any matter listed above if the aggregate voting power that holder otherwise would be entitled to exercise (disregarding the voting power of any holder on August 20, 1985 or acquired by the holder in a transaction not involving a change in beneficial ownership as determined pursuant to Smucker s articles of incorporation) would constitute one-fifth or more of the voting power of Smucker and Smucker common shareholders have not authorized the ownership of Smucker common shares by that holder as and to the extent contemplated by Article Seventh (control share provision) of Smucker s articles of incorporation.

P&G. Under P&G s articles of incorporation and regulations, each share of P&G common stock entitles the holder to one vote. Furthermore, P&G s articles of incorporation eliminate the right of P&G shareholders to vote cumulatively in the election of directors.

Shareholder Meetings

Notice of Shareholder Proposals

Smucker. Smucker s regulations provide that only business properly brought before annual or special meetings will be considered at the meeting. For annual meetings, the Smucker shareholder must have been a

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shareholder of record at the time notice was given for the annual meeting, been entitled to vote at the annual meeting and have given timely notice in *writing* to Smucker s corporate secretary of the business the Smucker shareholder requests to be brought before the meeting. In general, notice of the Smucker shareholder s request must have been received at Smucker s principal executive offices not less than 60 calendar days before the first anniversary of the date on which Smucker first mailed its proxy materials for the prior year s annual meeting. Only matters specified in the notice for special meetings or otherwise brought before special meetings by the presiding officer or at the direction of the majority of Smucker s board of directors will be considered at special meetings.

P&G. Ohio law governs the business that will be considered at annual or special meetings of P&G shareholders. Only business properly brought before annual or special meetings by a shareholder of record of the company at the time notice was given for the meeting and entitled to vote at the meeting will be considered at the meeting.

Matters Relating to the Board of Directors

Number; Classification

Smucker. Under Smucker s regulations, its board of directors is divided into three classes, with not fewer than three directors in each class. Smucker s board of directors currently consists of ten directors, with three directors in the class whose term expires at Smucker s 2008 annual meeting of shareholders, four directors in the class whose term expires at Smucker s 2009 annual meeting of shareholders and three directors in the class whose term expires at Smucker s 2010 annual meeting of shareholders. Smucker s board members are elected by plurality voting, meaning that the director nominees receiving the greatest number of votes are elected.

P&G. At P&G s 2005 annual meeting of shareholders, P&G shareholders approved a proposal that amended P&G s regulations to provide for the annual election of directors. As a transition mechanism, this amendment provided that directors serving on the date of P&G s 2005 annual meeting of shareholders, including those elected at P&G s 2005 annual meeting to serve a three-year term, would serve the remainder of their elected terms. Starting with P&G s 2006 annual meeting of shareholders, as the term of each remaining class expires, the directors in that class, along with those other directors whose terms have expired since P&G s 2005 annual meeting of shareholders, have been elected annually. All directors of P&G will be elected annually starting with P&G s 2008 annual meeting of shareholders, when the three-year term of those directors elected at P&G s 2005 annual meeting of shareholders expires.

Removal of Directors

Smucker. The removal of Smucker directors is governed in accordance with Ohio law. Ohio law provides that, unless the governing documents of a corporation provide otherwise, directors may be removed, with or without cause, by the affirmative vote of the holders of a majority of the voting power of the corporation with respect to the election of directors. However, unless all the directors or all the directors of a particular class are removed, no individual director may be *removed* if the votes of a sufficient number of shares are cast against that director s removal which, if cumulatively voted at an election of all the directors, or all the directors of a particular class, as the case may be, would be sufficient to elect at least one director. In the case of a publicly traded corporation whose directors are classified, such as Smucker, the shareholders may remove directors only for cause.

P&G. In contrast to Smucker, P&G s regulations provide that a director may be removed from office by the *affirmative* vote of holders of at least 80% of the voting power of P&G, voting together as a single class; provided, however this provision may be amended by a majority vote of the outstanding shares. The removal of P&G directors is otherwise governed in accordance with Ohio law.

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Anti-Takeover Matters

Control Share Acquisitions

Smucker. Smucker s articles of incorporation provide for the opting out of Ohio s control share acquisition law. Smucker has, however, adopted similar provisions in its articles of incorporation requiring that notice and informational filings and special shareholder meetings and voting procedures must be followed prior to consummation of a proposed control share acquisition. In general a control share acquisition is the acquisition, directly or indirectly, by any person of Smucker shares that when added to all other Smucker shares in respect of which that person, directly or indirectly, may exercise or direct the exercise of voting power as provided in Smucker s articles of incorporation, would entitle the person, immediately after the acquisition, directly or indirectly, to exercise or direct the exercise of the voting power in the election of Smucker directors of a number of the outstanding shares of Smucker (as distinguished from the number of votes to which the holder of the shares is entitled) within any of the following ranges:

one-fifth or more but less than one-third of outstanding shares;

one-third or more but less than a majority of outstanding shares; and

a majority or more of outstanding shares.

Assuming compliance with the notice and information filings, the proposed control share acquisition may be made only if both of the following occur:

Smucker shareholders who hold shares entitling them to vote in the election of directors authorize the acquisition at a special meeting held for that purpose at which a quorum is present by an affirmative vote of a majority of the voting power of Smucker in the election of directors represented at the meeting in person or by proxy and a majority of the portion of the voting power excluding the voting power of interested shares represented at the meeting in person or by proxy; and

the acquisition is consummated, in accordance with the terms authorized, not later than 360 days following shareholder authorization of the control share acquisition.

In general, interested shares means Smucker shares of which any of the following persons may exercise or direct the exercise of the voting power of Smucker in the election of directors:

the acquiring person;

any officer elected by the board of directors, except shares beneficially owned by such officer for four years or more;

any employee who is also a director, except shares beneficially owned by such employee for four years or more;

any person that acquires shares of Smucker during the period beginning with the first public disclosure of the proposed control share acquisition and ending with the record date established for the special meeting, if either of the following applies:

the aggregate consideration paid by such person, and any persons acting in concert therewith, exceeds $250,000; or

the number of shares acquired by such person, and any persons acting in concert therewith, exceeds one-half of one percent (1/2%) of the outstanding shares of Smucker entitled to vote on the election of directors; and

any person who transfers shares after the record date for the special meeting, if accompanied by voting power in the form of a blank proxy, an agreement to vote as instructed by the transferee or otherwise.

P&G. Under Section 1701.831 of the Ohio Revised Code, unless the articles of incorporation or code of regulations of a corporation otherwise provide, any control share acquisition of an issuing public corporation can

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only be made with the prior approval of the shareholders of the corporation. A control share acquisition is defined as any acquisition of shares of a corporation that, when added to all other shares of that corporation owned by the acquiring person, would enable a person to exercise levels of voting power in any of the following ranges: at least 20% but less than 33 1/3%; at least 33 1/3% but less than 50%; 50% or more. P&G s ability to enter into control share acquisition and business combinations is governed in accordance with Ohio law.

Transactions with Interested Shareholders

Smucker. Smucker is subject to Chapter 1704 of the Ohio Revised Code, which generally prohibits certain business combinations and transactions with interested shareholders for a period of three years after the interested shareholder acquired ten percent or more of the voting power of the corporation in the election of directors, unless prior to the interested shareholder s acquisition of ten percent or more of the corporation s shares, the directors of the corporation approved the business combination or other transaction or the purchase of shares by the interested shareholder on the date the shareholder acquired ten percent or more of the corporation s shares.

In general, subsequent to the three-year period, a transaction subject to Chapter 1704 may take place provided that at least one of the following is satisfied:

- prior to the date the interested shareholder acquired ten percent or more of the corporation s shares, the board of directors approved the purchase of shares by the interested shareholder;
- the transaction is approved, at a meeting held for that purpose, by the affirmative vote of the holders of shares of the corporation entitling them to exercise at least two-thirds of the voting power of the corporation in the election of directors, or of such different proportion as the articles of incorporation may provide, provided that the transaction is also approved by the affirmative vote of the holders of at least a majority of the disinterested shares; or
- the transaction results in shareholders, other than the interested shareholder, receiving a fair price (as described in Chapter 1704) plus interest for their shares.

In addition, Smucker s articles of incorporation provide that any business combination between Smucker and any person that beneficially owns more than 30% of Smucker shares entitled to vote in the election of directors (or at any time owned more than 30% of Smucker shares entitled to vote in the election of directors) must be approved by the affirmative vote of 85% of all Smucker shares entitled to vote in the election of directors. The 85% voting requirement is not applicable if:

- the cash, or fair market value of other consideration, to be received per share by Smucker common shareholders in the business combination is at least an amount equal to the highest per share price paid by the other entity in acquiring any of its holdings of Smucker common shares plus the aggregate amount, if any, by which 5% per annum of the per share price exceeds the aggregate amount of all dividends paid in cash, in each case since the date on which the other entity acquired the 30% interest;
- after the other entity has acquired a 30% interest and prior to the consummation of the business combination (1) the other entity has taken steps to ensure that Smucker s board of directors included at all times representation by continuing directors proportionate to the shareholdings of the public holders of Smucker common shares not affiliated with the other entity (with a continuing director to occupy any resulting fractional board position), (2) the other entity has not acquired any newly issued shares, directly or indirectly, from Smucker (except upon conversion of convertible securities acquired by it prior to obtaining a 30% interest or as a result of a pro rata share dividend or share split) and (3) the other entity has not acquired any additional outstanding Smucker common shares or securities convertible into Smucker common shares except as part of the transaction that resulted in the other entity s acquiring its 30% interest;
- the other entity has not (1) received the benefit, directly or indirectly (except proportionately as a shareholder), of any loans, advances, guarantees, pledges or other financial assistance or tax credits

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provided by Smucker or (2) made any major change in Smucker s business or equity capital structure without in either case the approval of at least a majority of all the directors and at least two-thirds of the continuing directors, in either case prior to the consummation of the business combination; and

a proxy statement responsive to the requirements of the Securities Exchange Act of 1934 has been mailed to public shareholders of Smucker for the purpose of soliciting shareholder approval of the business combination and contained at the front, in a prominent place, any recommendations, as to the advisability (or inadvisability) of the business combination that the continuing directors, or any of them, may choose to state and, if deemed advisable by a majority of the continuing directors, an opinion of a reputable investment banking firm as to the fairness (or not) of the terms of the business combination, from the point of view of the remaining public shareholders of Smucker (the investment banking firm to be selected by a majority of the continuing directors and to be paid a reasonable fee for their services by Smucker upon receipt of the opinion).

Continuing directors are directors elected by shareholders prior to the time when such entity acquired more than 5% of the shares entitled to vote in the election of directors, or a person recommended to succeed a continuing director or by a majority of continuing directors.

P&G. P&G s amended articles of incorporation provide that any business combination with a holder of 5% or more of the voting power of P&G s capital stock, must be authorized by the affirmative vote of the holders of at least 80% of the outstanding shares of capital stock of P&G entitled to vote thereon, considered for these purposes as one class.

Rights Plans

Smucker. Smucker shareholders are subject to Smucker s existing shareholders rights plan pursuant to an amended and restated rights agreement between Smucker and Computershare Investor Services, LLC, as rights agent, dated as of August 28, 2000 and amended as of October 9, 2001 and June 4, 2008. A summary of the material provisions of the rights plan is set forth below and is qualified by reference to the complete text of the rights plan, which has been filed with the SEC. The summary does not describe all of the terms of the rights plan. For more information on how to obtain a copy of the rights plan, see Where You Can Find More Information; Incorporation by Reference.

In connection with the shareholders rights plan, Smucker issued, as a dividend, one right for each outstanding Smucker common share. Under the shareholders rights plan, the rights generally will not become exercisable until the earlier of:

the close of business on the tenth calendar day following the first date of public announcement that a person or group (other than Smucker s subsidiaries, employee benefit or stock ownership plans or specified Smucker family members and various trusts, foundations, partnerships or other entities), has acquired beneficial ownership of 10% or more of Smucker s outstanding common shares; or

the close of business on the tenth business day (or a later date specified by Smucker s directors) after a person or group (other than Smucker s subsidiaries, employee benefit or stock ownership plans) begins a tender offer or exchange offer which, if completed, would result in that person or group having beneficial ownership of 10% or more of Smucker s outstanding common shares.

After the rights become exercisable, all holders of rights, except the acquiring person, may exercise the rights upon payment of the purchase price, which is currently $90 per right, to purchase Smucker common shares (or other securities or assets of Smucker) with a market value of two times the purchase price. Thereafter, if Smucker is acquired in a merger or similar transaction, all holders of rights, except the acquiring person, may exercise the rights upon payment of the purchase price, to purchase shares of the acquiring corporation with a market value of two times the purchase price.

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At any time before the later of the time that a person or group becomes an acquiring person and the time that the rights become exercisable, the Smucker directors may redeem the rights in whole, but not in part, at a price of $.01 per right. At any time after a person or group becomes an acquiring person, but before the person or group acquires 50% or more of the outstanding Smucker common shares, the Smucker directors may exchange each right (except for the rights held by the acquiring person) for one Smucker common share or an equivalent security. The rights will expire on May 14, 2009 if they have not been previously exercised, exchanged or redeemed.

Smucker s rights plan is designed to protect the interests of the company and its shareholders against coercive takeover tactics. The plan may have the effect of deterring unsolicited takeover proposals.

P&G. P&G shareholders are not subject to a share rights agreement.

Mergers, Acquisitions, Share Purchases and Certain Other Transactions

Smucker. The Ohio Revised Code requires approval of mergers, dissolutions, dispositions of all or substantially all of a corporation s assets and majority share acquisitions and combinations involving issuance of shares representing one-sixth or more of the voting power of the corporation immediately after the consummation of the transaction (other than so-called parent-subsidiary mergers), by two-thirds of the voting power of a corporation, unless the articles of incorporation specify a different proportion (but not less than a majority). Smucker s articles of incorporation do not specify a voting power proportion different than that specified by Ohio law in connection with the approval of these transactions.

P&G. P&G s articles of incorporation require the approval of a majority of the voting power before P&G may enter into certain transactions with related persons, which is defined to include any person, entity or group that directly or indirectly beneficially owns 5% or more of the outstanding shares entitled to vote, and any affiliates or associates of such person, entities or groups. P&G s articles of incorporation further provide that a majority of the outstanding voting power is required to approve mergers, acquisitions, share purchases and certain other transactions.

Amendments to Constituent Documents

Smucker. Ohio law permits the adoption of amendments to articles of incorporation if those amendments are approved at a meeting held for that purpose by the holders of shares entitling them to exercise two-thirds of the voting power of the corporation, or a lesser, but not less than a majority, or greater vote as specified in the articles of incorporation. Smucker s articles of incorporation specify that amendments relating to transactions with interested persons require the affirmative vote of the holders of 85% of the Smucker common shares entitled to vote in the election of directors, except that the 85% vote will not be required for any amendment to that provision recommended to Smucker s shareholders if the recommendation was approved by at least a majority of Smucker s directors and at least two-thirds of Smucker s continuing directors.

Ohio law permits adoption of amendments to regulations by an affirmative vote of the majority of shares entitled to vote or by written consent from holders of two-thirds of the shares entitled to vote or by written consent or vote of a greater or lesser proportion as provided in the articles of incorporation or regulations but not less than the majority of voting power. Smucker s regulations may be amended by (1) its board of directors or (2) its shareholders by the affirmative vote of a majority of the voting power of Smucker at a meeting held for that purpose, or without a meeting by the affirmative written consent of two-thirds of the voting power of Smucker.

P&G. Amendments to provisions of P&G s articles of incorporation generally require the affirmative vote of the holders of at least a majority of the outstanding shares of capital stock of P&G entitled to vote thereon, considered for these purposes as one class. Amendments to P&G s regulations are governed in accordance with Ohio law. In contrast to Smucker, P&G s board of directors does not have the power to amend P&G s regulations.

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Limitation of Liability of Directors and Officers

Smucker. Ohio law provides that, with limited exceptions, a director may be held liable in damages for acts or omissions as a director only if it is proven by clear and convincing evidence that the director undertook the act or omission with deliberate intent to cause injury to the corporation or with reckless disregard for its best interests.

Smucker s regulations provide that Smucker must indemnify any director, officer or employee to the full extent then permitted by law. Smucker s regulations further provide that Smucker may enter into indemnification agreements with each of its directors to the extent permitted by law.

Ohio law provides that a corporation must indemnify a person for expenses reasonably incurred successfully defending (on the merits or otherwise) an action, suit or proceeding (including certain derivative suits) brought against the person as a director, officer, employee or agent of the corporation. Further, a corporation may indemnify such persons for liability in such actions, suits or proceedings if the person acted in good faith in a matter believed to be in or not opposed to the best interest of the corporation, and, with respect to a criminal action or proceeding, had no reasonable cause to believe the conduct was unlawful. Indemnification may be made only if ordered by a court or authorized in a specific case upon the determination that the appropriate standard has been met by the majority of disinterested directors, an independent legal advisor or shareholders.

P&G. The liability of P&G directors is governed in accordance with Ohio law. P&G s regulations provide for indemnification of P&G directors and officers in a manner consistent with Ohio law. P&G s regulations provide indemnification for each director and officer against all costs, expenses (including attorneys fees), judgments and liabilities reasonably incurred in connection with any action in which such director or officer is involved by reason of being a director or officer of P&G. P&G will not provide indemnification if the director or officer is finally adjudged to have been derelict in the performance of his or her duties.

P&G will provide indemnification when the adjudication in such action is other than on the merits and also when a settlement or compromise is effected if a majority of disinterested directors determines that such director or officer has not been derelict in the performance of his or her duties and adopts a resolution to that effect and, in cases of settlement or compromise, approves the same. In cases of settlement or compromise, P&G will not reimburse any amounts which by the terms of the settlement or compromise are paid to P&G itself by the director or officer.

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CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

P&G, Folgers and Smucker or their respective subsidiaries, in each case as applicable, have entered into or, before the consummation of the Transactions, will enter into, ancillary agreements relating to the Transactions and various interim and on-going relationships between P&G, Folgers and Smucker. See Additional Agreements.

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LEGAL MATTERS

The validity of the shares of Folgers common stock offered hereby and certain legal matters with respect to the transaction are being passed upon for Folgers by Jones Day, legal counsel for P&G. The validity of the Smucker common shares with respect to the Transactions is being passed upon for Smucker by Calfee, Halter & Griswold LLP. Certain tax matters are being passed upon for P&G by Cadwalader, Wickersham & Taft LLP. Certain tax matters are being passed upon for Smucker by Weil, Gotshal & Manges LLP. Certain legal matters are being passed upon with respect to the exchange offer for the dealer manager by Davis Polk & Wardwell.

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EXPERTS

The combined financial statements of The Folgers Coffee Company as of June 30, 2008 and 2007, and for each of the three years in the period ended June 30, 2008, appearing in this prospectus and registration statement have been audited by Deloitte & Touche LLP, independent registered public accounting firm, as set forth in their report thereon appearing elsewhere herein (which report expresses an unqualified audit opinion on the combined financial statements and includes an explanatory paragraph relating to the allocation of Parent Company costs), and are included in reliance upon the report of such firm given upon the authority of such firm as experts in accounting and auditing.

The consolidated financial statements as of June 30, 2008 and 2007 and for each of the three years in the periods ended June 30, 2008 incorporated in this prospectus by reference from The Procter & Gamble Company s Annual Report on Form 10-K/A for the year ended June 30, 2008 and the effectiveness of internal control over financial reporting have been audited by Deloitte & Touche LLP, an independent registered public accounting firm, as stated in their reports (which reports express (1) an unqualified opinion on the consolidated financial statements and include an explanatory paragraph related to the adoption of FASB Interpretation No. 48, Accounting for Uncertainty in Income Taxes an interpretation of FASB No. 109, and SFAS No. 158, Employer s Accounting for Defined Benefit Pension and Other Post Retirement Plans, an amendment of FASB Statements No. 87, 88, 106 and 132(R)); and (2) an unqualified opinion on the effectiveness of internal control over financial reporting), which reports are incorporated herein by reference, and have been so incorporated in reliance upon the reports of such firm given upon their authority as experts in accounting and auditing.

The consolidated financial statements of The J. M. Smucker Company included in The J. M. Smucker Company s 2008 Annual Report to Shareholders and incorporated by reference in The J. M. Smucker Company s Annual Report on Form 10-K for the year ended April 30, 2008 (including schedules appearing therein) and the effectiveness of The J. M. Smucker Company s internal control over financial reporting as of April 30, 2008 have been audited by Ernst & Young LLP, independent registered public accounting firm, as set forth in their reports thereon (which contains an explanatory paragraph describing the adoption of FASB Interpretation No. 48, *Accounting for Uncertainty in Income Taxes*; Statement of Financial Accounting Standards (SFAS) No. 158, *Employer s Accounting for Defined Benefit Pension and Other Postretirement Plans, an amendment of FASB Statement Nos. 87, 88, 106 and 132(R)*; and SFAS 123(R), *Share-based Payment*), included and incorporated by reference therein, and incorporated by reference herein. Such consolidated financial statements are incorporated herein by reference in reliance upon such reports given on the authority of such firm as experts in accounting and auditing.

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WHERE YOU CAN FIND MORE INFORMATION; INCORPORATION BY REFERENCE

Folgers has filed with the SEC a registration statement on Form S-4 and Form S-1 under the Securities Act to register with the SEC the issuance of the shares of Folgers common stock to be delivered in this exchange offer to shareholders whose shares of P&G common stock are accepted for exchange. P&G will also file a Tender Offer Statement on Schedule TO with the SEC with respect to this exchange offer.

On September 4, 2008, Smucker filed a definitive proxy statement that relates to the special meeting of Smucker shareholders to approve the issuance of Smucker common shares in connection with the Merger. In addition, Smucker has filed a registration statement on Form S-4 (Reg. No. 333-152451) to register the issuance of its common shares that will be issued in connection with the Merger. This prospectus constitutes P&G s offer to exchange, in addition to being a prospectus of Folgers and Smucker.

This prospectus does not contain all of the information set forth in the registration statement, the exhibits to the registration statement or the Schedule TO, selected portions of which are omitted in accordance with the rules and regulations of the SEC. For further information pertaining to P&G, Folgers and Smucker reference is made to the registration statements and exhibits.

Statements contained in this prospectus or in any document incorporated by reference into this prospectus as to the contents of any contract or other prospectus referred to within this prospectus or other documents that are incorporated herein by reference are not necessarily complete and, in each instance, reference is made to the copy of the applicable contract or other document filed as an exhibit to the registration statement or otherwise filed with the SEC. Each statement in this prospectus regarding an agreement or other document is qualified in all respects by such agreement or other document.

The SEC allows certain information to be incorporated by reference into this prospectus. The information incorporated by reference is deemed to be part of this prospectus, except for any information superseded or modified by information contained directly in this prospectus or in any document subsequently filed by P&G or Smucker that is also incorporated or deemed to be incorporated by reference. This prospectus incorporates by reference the documents set forth below that P&G or Smucker has filed with the SEC and any future filings by P&G or Smucker under section 13(a), 13(c), 14 or 15(d) of the Exchange Act from the date of this prospectus to the date that shares are accepted pursuant to this exchange offer (or the date that this exchange offer is terminated), except, in any such case, for any information therein which has been furnished rather than filed, which shall not be incorporated herein. Subsequent filings with the SEC will automatically modify and supersede information in this prospectus. These documents contain important information about P&G, Smucker and their respective business and financial condition:

P&G:

- P&G s Annual Report on Form 10-K and 10-K/A for the fiscal year ended June 30, 2008;
- P&G s Definitive Proxy Statement filed on August 29, 2008; and
- P&G s Current Report on Form 8-K filed on August 14, 2008 and September 26, 2008.

Smucker:

- Smucker s Annual Report on Form 10-K, for the fiscal year ended April 30, 2008;
- Smucker s Quarterly Report on Form 10-Q, for the quarter ended July 31, 2008; and
- Smucker s Current Reports on Form 8-K, filed June 5, 2008, June 23, 2008, August 29, 2008 and September 16, 2008.

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You may read and copy all or any portion of this registration statement at the offices of the SEC at the SEC s Public Reference Room at 100 F Street, N.E., Washington, D.C. 20549. Please call the SEC at 1-800-SEC-0330 for further information about the public reference rooms. The SEC maintains a website, www.sec.gov, that contains reports, proxy and prospectus and other information regarding registrants, such as P&G and Smucker, that file electronically with the SEC. These periodic reports, proxy statements and other information will be available for inspection and copying at the SEC s public reference rooms and the SEC s website. You can also find additional information about P&G at www.pg.com and about Smucker at www.smucker.com.

Documents incorporated by reference are available without charge, upon written or oral request to the information agent, D.F. King & Co., Inc., located at 48 Wall Street, 22nd Floor, New York, New York 10005, at (800) 659-6590 (toll-free in the United States) or at (212) 269-5550 (call collect). In order to receive timely delivery of those materials, you must make your requests no later than five business days before expiration of the exchange offer.

If you request any incorporated documents, the information agent will mail them to you within one business day after receiving your request.

P&G, Smucker and Folgers have not authorized anyone to give any information or make any representation about the exchange offer that is different from, or in addition to, that contained in this prospectus or in any of the materials that P&G and Smucker have incorporated by reference into this prospectus. Therefore, if anyone does give you information of this sort, you should not rely on it. The information contained in this prospectus speaks only as of the date of this prospectus unless the information specifically indicates that another date applies.

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors of The Procter & Gamble Company:

We have audited the combined balance sheets of The Folgers Coffee Company (the Company) as of June 30, 2008 and 2007, and the related combined statements of income, equity and cash flow for each of the three years in the period ended June 30, 2008. As discussed in Note 2, the combined financial statements have been carved-out from The Procter & Gamble Company s consolidated financial statements to present the historical financial position, results of operations, and cash flows of The Procter & Gamble Company s coffee business. These financial statements are the responsibility of the Company s management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company s internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such combined financial statements present fairly, in all material respects, the financial position of the Company as of June 30, 2008 and 2007, and the results of its operations and its cash flows for each of the three years in the period ended June 30, 2008, in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 2, the combined financial statements of the Company include allocations of certain general corporate overhead costs from The Procter & Gamble Company. These costs may not be reflective of the actual level of costs which would have been incurred had the Company operated as a separate entity apart from The Procter & Gamble Company.

/s/ Deloitte & Touche LLP

Cincinnati, Ohio

September 12, 2008

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THE FOLGERS COFFEE COMPANY

COMBINED STATEMENTS OF INCOME

Years ended June 30, 2008, 2007 and 2006

(Dollars in millions)

	Year Ended June 30, 2008	Year Ended June 30, 2007	Year Ended June 30, 2006
NET SALES	$ 1,754.2	$ 1,643.8	$ 1,497.3
Cost of products sold	1,164.0	1,025.5	951.4
GROSS MARGIN	590.2	618.3	545.9
Selling, general and administrative expense	231.6	241.7	288.4
Goodwill impairment		57.9	
OPERATING INCOME	358.6	318.7	257.5
Interest expense	0.8	1.7	1.8
EARNINGS BEFORE INCOME TAXES	357.8	317.0	255.7
Income taxes	130.8	134.3	94.9
NET INCOME	$ 227.0	$ 182.7	$ 160.8

See notes to combined financial statements.

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THE FOLGERS COFFEE COMPANY

COMBINED BALANCE SHEETS

June 30, 2008 and 2007

(Dollars in millions)

	June 30, 2008	June 30, 2007
ASSETS		
CURRENT ASSETS:		
Restricted cash	$ 17.4	$ 17.2
Accounts receivable, net	90.2	95.4
Inventories		
Material and supplies	69.2	50.3
Work in progress	19.4	14.2
Finished goods	73.3	59.3
Total inventories	161.9	123.8
Deferred income taxes	4.7	8.3
Prepaid and other current assets	16.5	11.0
Total current assets	290.7	255.7
PROPERTY, PLANT AND EQUIPMENT:		
Buildings	93.1	93.1
Machinery and equipment	584.3	583.2
Land	4.3	4.3
	681.7	680.6
Accumulated depreciation	(369.0)	(347.8)
NET PROPERTY, PLANT AND EQUIPMENT	312.7	332.8
GOODWILL	4.2	4.2
OTHER NONCURRENT ASSETS	21.4	25.4
Total assets	$ 629.0	$ 618.1
LIABILITIES AND EQUITY		
CURRENT LIABILITIES:		
Accounts payable	$ 29.3	$ 39.0
Accrued expenses and other liabilities	48.1	69.9
Debt due within one year	1.0	8.1
Total current liabilities	78.4	117.0
LONG-TERM DEBT	6.8	6.7
DEFERRED INCOME TAXES	40.2	40.6
TAX CONTINGENCIES	28.7	
Total liabilities	154.1	164.3
EQUITY:		

Divisional equity	469.4	454.0
Accumulated other comprehensive income	5.5	(0.2)
Total equity	474.9	453.8
Total liabilities and equity	$ 629.0	$ 618.1

See notes to combined financial statements.

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THE FOLGERS COFFEE COMPANY

COMBINED STATEMENTS OF EQUITY

Years ended June 30, 2008, 2007 and 2006

(Dollars in millions)

	Divisional Equity Excluding Accumulated Other Comprehensive Income	Accumulated Other Comprehensive Income	Total Equity
BALANCE AT JUNE 30, 2005	$ 457.7	$ 16.2	$ 473.9
Cash distribution to P&G, net	(143.4)		(143.4)
Net income	160.8		160.8
Hedging activity		(19.7)	(19.7)
BALANCE AT JUNE 30, 2006	475.1	(3.5)	471.6
Cash distribution to P&G, net	(203.8)		(203.8)
Net income	182.7		182.7
Hedging activity		3.3	3.3
BALANCE AT JUNE 30, 2007	454.0	(0.2)	453.8
Cash distribution to P&G, net	(211.6)		(211.6)
Net income	227.0		227.0
Hedging activity		5.7	5.7
BALANCE AT JUNE 30, 2008	$ 469.4	$ 5.5	$ 474.9

Note: Accumulated other comprehensive income is recorded net of tax of $3.2, $0.1 and $2.1 for fiscal 2008, fiscal 2007 and fiscal 2006, respectively.

See notes to combined financial statements.

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THE FOLGERS COFFEE COMPANY

COMBINED STATEMENTS OF CASH FLOW

Years ended June 30, 2008, 2007 and 2006

(Dollars in millions)

	Year Ended June 30, 2008	Year Ended June 30, 2007	Year Ended June 30, 2006
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	$	$	$
OPERATING ACTIVITIES:			
Net income	227.0	182.7	160.8
Depreciation and amortization	31.4	31.5	42.0
Change in deferred income taxes	(0.2)	3.6	(5.9)
Change in accounts receivable	5.2	(7.3)	(7.9)
Change in inventories	(38.1)	(5.2)	11.9
Change in other assets	7.5	4.7	(17.8)
Change in accounts payable	(9.6)	(2.6)	8.8
Change in accrued liabilities	(21.8)	(16.8)	(9.2)
Change in tax contingencies	28.7		
Goodwill impairment		57.9	
TOTAL OPERATING ACTIVITIES	230.1	248.5	182.7
INVESTING ACTIVITIES:			
Capital expenditures	(23.2)	(42.4)	(42.7)
Capital retirements	4.9	4.0	2.5
Change in restricted cash	(0.2)	(6.3)	0.9
TOTAL INVESTING ACTIVITIES	(18.5)	(44.7)	(39.3)
FINANCING ACTIVITIES:			
Distributions to P&G, net	(211.6)	(203.8)	(143.4)
TOTAL FINANCING ACTIVITIES	(211.6)	(203.8)	(143.4)
CHANGE IN CASH AND CASH EQUIVALENTS			
CASH AND CASH EQUIVALENTS, END OF YEAR	$	$	$
SUPPLEMENTAL DISCLOSURE:			
Assets acquired through non-cash capital leases	$ 1.2	$ 7.8	$ 7.0
Interest paid associated with capital leases	0.8	1.7	1.8
Taxes paid (considered remitted to P&G in the period recorded)	130.8	134.3	94.9

See notes to combined financial statements.

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THE FOLGERS COFFEE COMPANY

NOTES TO COMBINED FINANCIAL STATEMENTS

Fiscal years ended June 30, 2008, 2007 and 2006

(Dollars in millions, except as otherwise specified)

Note 1. Nature of Operations

The Folgers Coffee Company (Folgers) is a wholly owned subsidiary of The Procter and Gamble Company (P&G). Folgers does not currently have any assets or liabilities and does not have any operations.

Folgers primarily engages in sourcing, blending and roasting green coffee beans and packaging, marketing and distributing quality branded coffee products, including roast and ground and single serve coffee products.

Note 2. Basis of Presentation

The Folgers combined financial statements reflect the historical financial position, results of operations and cash flow of the business to be transferred to Folgers by P&G as if the transfer had occurred prior to the periods presented. Prior to the separation, P&G has not accounted for Folgers as, and Folgers was not operated as, a stand-alone public company for the periods presented. Folgers historical financial statements have been carved out from P&G s consolidated financial statements and reflect assumptions and allocations made by P&G. The combined financial statements do not fully reflect what Folgers financial position, results of operations and cash flow would have been had Folgers been a stand-alone public company during the periods presented. As a result, historical financial information is not necessarily indicative of what Folgers results of operations, financial position and cash flow will be in the future.

Folgers historical combined financial statements were prepared using P&G s historical basis in the assets and liabilities of the Folgers business. Folgers historical combined financial statements include all revenues, costs, assets and liabilities directly attributable to the Folgers business. In addition, certain expenses reflected in the combined financial statements include allocations of corporate expenses from P&G, which in the opinion of management are reasonable (see further discussion in Note 4). All such costs and expenses have been deemed to have been paid by Folgers to P&G in the period in which the costs were recorded. Allocations of current income taxes are deemed to have been remitted, in cash, by or to P&G in the period the related income taxes were recorded. Amounts due to or from P&G have been classified within divisional equity.

The combined financial statements include Folgers and its subsidiaries. Intercompany transactions are eliminated. See Note 14 regarding separation of the coffee business.

Note 3. Significant Accounting Policies

Use of Estimates

Preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP) requires management to make estimates and assumptions that affect the amounts reported in the combined financial statements and accompanying notes. These estimates and assumptions are based on management s best knowledge of current events and actions that Folgers may undertake in the future. Estimates are used in accounting for, among other items, consumer and trade promotion accruals, useful lives for property, plant and equipment and in-store equipment, future cash flow associated with goodwill and long-lived asset impairment testing, allocated pension/other post employment benefit costs, stock compensation, deferred tax assets and liabilities, potential income tax assessments and contingencies. Actual results may differ from these estimates and assumptions.

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Revenue Recognition

Sales are recognized when revenue is realized or realizable and has been earned. The revenue recorded includes shipping and handling costs, which generally are included in the invoice price to the customer. Folgers policy is to recognize revenue when title to the product, ownership and risk of loss are transferred to the customer, which can either be on the date of shipment or the date of receipt by the customer. A provision for payment discounts and product return allowances is recorded as a reduction of sales in the same period that the revenue is recognized. Trade promotions, consisting primarily of customer pricing allowances, merchandising funds and consumer coupons, are offered through various programs to customers and consumers. Sales are recorded net of trade promotion spending, which is recognized as incurred, generally at the time of the sale. Most of these arrangements have terms of approximately one year. Accruals for expected payments under these programs are included as accrued marketing and promotion expense in the accrued expenses and other liabilities line item in the combined balance sheets.

Costs of Products Sold

Cost of products sold is primarily comprised of direct materials and supplies consumed in the production of product, as well as production labor, depreciation expense and direct overhead expense necessary to acquire and convert the purchased materials and supplies into finished product. Cost of products sold also includes the cost to distribute products to customers, inbound freight costs, internal transfer costs, warehousing costs and other shipping and handling activity.

Selling, General and Administrative

Selling, general and administrative (SG&A) expense is primarily comprised of marketing expenses, selling expenses, research and development costs, administrative and other indirect overhead costs, depreciation expense on non-production assets and other miscellaneous operating items.

Research and development costs are expensed as incurred and were $15.4 in fiscal 2008, $13.7 in fiscal 2007 and $16.6 in fiscal 2006. Advertising costs, expensed as incurred, include television, print, radio, interactive, print media, Internet and in-store advertising expenses and were $82.2 in fiscal 2008, $87.5 in fiscal 2007 and $77.0 in fiscal 2006. Non-advertising related components of Folgers total marketing spending include (a) costs associated with consumer promotions, product sampling and sales aids, all of which are included in SG&A expense, and (b) coupons and customer trade funds, which are recorded as reductions to net sales.

Currency Translation

Financial positions and operating results of Canadian activities are measured using the local currency as the functional currency. The impact of foreign currency translation is not considered material.

Cash Flow Presentation

The statement of cash flow is prepared using the indirect method, which reconciles net earnings to cash flow from operating activities. These adjustments include the removal of timing differences between the occurrence of operating receipts and payments and their recognition in net income. The adjustments also remove cash flow from investing and financing activities, which are presented separately from operating activities. Cash flow from hedging activities is included in the same category as the items being hedged.

Cash and Restricted Cash

As described in Note 4, Folgers has historically participated in P&G s cash management system; accordingly all cash derived from or required for Folgers operations is applied to or against divisional equity. Amounts reflected in restricted cash in the balance sheet represent funds held on deposit at financial institutions within margin accounts held as collateral related to futures contracts for the purchase of green coffee beans.

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Accounts Receivable

Receivables are recognized net of payment discounts, product return allowances and uncollectable allowances. The allowance for doubtful accounts was $0.5 and $0.5 as of June 30, 2008 and 2007, respectively.

Inventory

Inventory is stated at lower of cost or market. The carrying value of certain coffee bean inventory is determined based on the last in, first out (LIFO) method while all other inventory is valued using the first in, first out (FIFO) method.

Property, Plant and Equipment

Property, plant and equipment is recorded at historical cost reduced by accumulated depreciation. Depreciation expense is recognized over the assets estimated useful lives using the straight-line method. Machinery and equipment includes office furniture and fixtures (15 year life), computer equipment and capitalized software (3 to 5 year lives) and manufacturing equipment (3 to 20 year lives). Buildings are depreciated over an estimated useful life of 40 years. Estimated useful lives are periodically reviewed and, when appropriate, changes are made prospectively. When certain events or changes in operating conditions occur, asset lives may be adjusted and an impairment assessment may be performed on the recoverability of the carrying amounts.

In-Store Equipment

In-store equipment is primarily comprised of grinders, coffee brewers, racks and bins installed at retail customers as well as coffee brewers installed at locations maintained by commercial customers. Balances are recorded at historical cost and classified within other noncurrent assets net of accumulated amortization. Amortization expense is generally recognized over an estimated useful life of 3 years using the straight-line method. Estimated useful lives are periodically reviewed and, when appropriate, changes are made prospectively. When certain events or changes in operating conditions occur, asset lives may be adjusted and an impairment assessment may be performed on the recoverability of the carrying amounts.

Goodwill

Goodwill balances, resulting from business combinations accounted for under the purchase method, are allocated to reporting units expected to derive the benefits of the acquisition. Goodwill is not amortized, but is evaluated annually for impairment or when indicators of a potential impairment are present. The annual evaluation for impairment of goodwill is based on valuation models that incorporate internal projections of expected future cash flow and operating plans.

Stock Based Compensation

Prior to separation, certain employees of Folgers participate in P&G s various share based incentive plans under which stock options awards may be granted to certain executives and management. See Note 10.

Fair Values of Financial Instruments

Certain financial instruments are required to be recorded at fair value. The estimated fair values of such financial instruments (derivatives) have been determined using market information. Changes in assumptions or estimation methods could affect the fair value estimates. However, Folgers does not believe any such changes would have a material impact on its financial condition, results of operations or cash flow. The fair values of derivative instruments are disclosed in Note 9.

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Hedging Activity

Hedging activities consist primarily of financial instruments utilized for hedging the price volatility of certain unpriced raw material contracts including green coffee beans. See Note 9 for further information.

New Accounting Pronouncements and Policies

Other than as described below, no new accounting pronouncement issued or effective during the fiscal year has had or is expected to have a material impact on the combined financial statements.

In September 2006, the FASB issued SFAS No. 157, Fair Value Measurements (SFAS 157). This standard defines fair value, establishes a framework for measuring fair value in generally accepted accounting principles, and expands disclosures about fair value measurements. The standard, as amended, is effective for Folgers beginning July 1, 2008 for certain financial assets and liabilities and beginning July 1, 2009, for non-financial assets and liabilities recognized or disclosed at fair value on a non-recurring basis. Folgers believes that the adoption of SFAS 157 will not have a material impact on its financial position, results of operations or cash flows.

In February 2007, the FASB issued SFAS 159, The Fair Value Option for Financial Assets and Financial Liabilities Including an amendment of FASB Statement No. 115 (SFAS 115). SFAS 159 gives the option to carry most financial assets and liabilities at fair value, with changes recognized in earnings. SFAS 159 is effective for Folgers beginning July 1, 2008, although early adoption was permitted. Folgers believes the adoption of SFAS 159 will not have a material impact on its financial position, results of operations or cash flows.

In December 2007, the FASB issued SFAS 141 (Revised), Business Combinations (SFAS 141R) and SFAS 160, Noncontrolling Interests in Combined Financial Statements (SFAS 160). SFAS 141R and SFAS 160 revise the method of accounting for a number of aspects of business combinations, including acquisition costs, contingencies (including contingent assets, contingent liabilities and contingent purchase price), the impacts of partial and step-acquisitions (including the valuation of net assets attributable to non-acquired minority interests), and post acquisition exit activities of acquired businesses. SFAS 141R and SFAS 160 will be effective for Folgers on July 1, 2009.

In March 2008, the FASB issued SFAS No. 161, Disclosures about Derivative Instruments and Hedging Activities (SFAS 161). SFAS 161 amends and expands the disclosure requirements of SFAS No. 133 with the intent to provide users of financial statements with an enhanced understanding of 1) how and why an entity uses derivative instruments; 2) how derivative instruments and related hedged items are accounted for under Statement 133 and its related interpretations; and 3) how derivative instruments and related hedged items affect an entity s financial position, financial performance, and cash flows. SFAS 161 is effective for Folgers beginning July 1, 2009. Folgers is currently evaluating the provisions of SFAS 161 to determine the impact on its combined financial statements.

On July 1, 2007, Folgers adopted Financial Accounting Standards Board (FASB) Financial Interpretation Number (FIN) 48, Accounting for Uncertainty in Income Taxes . FIN 48 addresses the accounting and disclosure of uncertain tax positions. FIN 48 prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. The difference between the tax benefit recognized in the financial statements for a position in accordance with FIN 48 and the tax benefit claimed in the tax return is referred to as an unrecognized tax benefit.

Note 4. Related Party Transactions

These statements reflect allocated expenses associated with centralized P&G support functions including: legal, accounting, tax, treasury, internal audit, information technology, human resources and other services. The costs associated with these generally include all payroll and benefit costs as well as overhead costs related to the

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support functions. P&G also allocated costs to Folgers associated with office facilities, corporate insurance coverage and medical, pension, post-retirement and other health plan costs attributed to Folgers employees participating in P&G sponsored plans. Allocations are based on a number of utilization measures including headcount, square footage and proportionate effort. Where determinations based on utilization are impracticable, P&G uses other methods and criteria such as net sales that are believed to be reasonable estimates of costs attributable to Folgers. All such amounts have been deemed to have been paid by Folgers to P&G in the period in which the costs were recorded.

Central treasury activities include the investment of surplus cash, the issuance, repayment and repurchase of short-term and long-term debt and interest rate management. All P&G funding to Folgers since inception has been accounted for as capital contributions from P&G and all cash remittances from Folgers to P&G have been accounted for as distributions to P&G. Accordingly, no debt or related interest charges from P&G are reflected in these combined financial statements. For all periods presented, Folgers had significant net positive cash flow, which has been accounted for as distributions to P&G.

Note 5. Inventory

Inventories determined by the LIFO inventory method totaled $51.6 and $41.1 at June 30, 2008 and June 30, 2007, respectively. If the FIFO inventory method, which approximates replacement cost, had been used for these inventories, they would have been $78.4 and $52.0 higher at June 30, 2008 and June 30, 2007, respectively. LIFO liquidations did not have a material impact on cost of products sold in the fiscal years ended June 30, 2008, 2007 and 2006.

Note 6. Goodwill

	Fiscal 2008	Fiscal 2007
Retail, beginning of year	$ 4.2	$ 4.2
Impairment charges		
End of year	4.2	4.2
Millstone, beginning of year		57.9
Impairment charges		(57.9)
End of year		
Combined Folgers goodwill, beginning of year	4.2	62.1
Impairment charges		(57.9)
End of year	$ 4.2	$ 4.2

Folgers recognized a goodwill impairment charge of $57.9 during fiscal 2007 in its Millstone segment. In December 2006, Millstone s contract with Safeway for Safeway Select private label packaged coffee was not renewed. Coffee shipments under this contract ended in July 2007. The loss of these sales combined with continued competitive pressures in the gourmet coffee market and on-going increased operating costs resulting from Hurricane Katrina resulted in expected negative cash flow for the Millstone segment for the foreseeable future. Therefore, Millstone s goodwill was determined to be fully impaired.

In conjunction with the Millstone goodwill impairment, Folgers reviewed its remaining related assets. As a result, Folgers adjusted the remaining useful life of its store-set equipment installed at Safeway locations that it expected would not be recovered, resulting in $1.5 of accelerated amortization expense in fiscal 2007. Folgers also assessed the realizability of all other long-term Millstone dedicated assets (primarily store-set equipment and direct-store delivery trucks) and concluded that no other impairments existed as the estimated fair value of such items approximated carrying value.

There is no goodwill associated with the Commercial segment.

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Note 7. Supplemental Financial Information

Selected components of accrued expenses and other liabilities are set forth below:

	Fiscal 2008	Fiscal 2007
Marketing and promotion	$ 25.9	$ 25.0
Tax contingencies		22.7
Compensation expenses	10.4	10.1
Other	11.8	12.1
	$ 48.1	$ 69.9

Note 8. Short-term and Long-term Debt

From time to time, Folgers enters into service and supply arrangements with certain vendors, pursuant to which vendors procure specialized machinery and equipment dedicated to satisfying minimum production levels which Folgers is obligated to purchase. Folgers accounts for such arrangements as capital leases in accordance with SFAS 13, Accounting for Leases, which requires the capitalization of related amounts in property, plant and equipment with an offsetting amount recorded as a liability. Folgers had total obligations of $7.8 ($1.0 due within one year; $6.8 long-term debt) and $14.8 ($8.1 due within one year; $6.7 long-term debt) as of June 30, 2008 and June 30, 2007, respectively.

Note 9. Risk Management Activities

Folgers is exposed to market risks, primarily related to commodity prices. To manage the volatility related to these exposures, Folgers enters into various financial transactions, some of which qualify for hedge accounting under SFAS 133, Accounting for Derivative Instruments and Hedging Activities, as amended and interpreted. The utilization of these financial transactions is governed by Folgers policies covering acceptable counterparty exposure, instrument types and other hedging practices. Folgers does not hold or issue derivative financial instruments for speculative trading purposes.

At inception, Folgers formally designates and documents qualifying instruments as hedges of underlying exposures. Folgers formally assesses, both at inception and at least quarterly on an ongoing basis, whether the financial instruments used in hedging transactions are effective at offsetting changes in the purchase price of the related underlying exposure. Fluctuations in the value of these instruments generally are offset by changes in the purchase price of the underlying exposures being hedged. This offset is driven by the high degree of effectiveness between the exposure being hedged and the hedging instrument. Any ineffective portion of a change in the fair value of a qualifying instrument is immediately recognized in earnings.

Commodity Price Management

Certain raw materials utilized in Folgers products or production processes are subject to price volatility caused by weather, supply conditions, political and economic variables and other unpredictable factors. The primary hedging programs are for hedging the variability of coffee prices in purchase contracts. In addition, Folgers hedges the purchase of packaging materials and other commodities. To manage the volatility related to anticipated purchases of certain of these materials, Folgers uses futures and options with maturities generally less than one year and swap contracts with maturities up to two years. Some of these market instruments are designated as cash flow hedges of the variability of commodity prices in purchase contracts under SFAS 133. The effective portion of the changes in fair values for these instruments is reported in accumulated other comprehensive income and reclassified into earnings in the same financial statement line item and in the same period or periods during which the hedged transactions affect earnings. Any ineffective portion is charged immediately to earnings.

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The accumulated hedging gains/losses held in accumulated other comprehensive income were an unrealized gain of $5.5 as of June 30, 2008 and an unrealized loss of $0.2 as of June 30, 2007. All of the June 30, 2008 balances will be charged to earnings as inventory is sold over the next 12 months.

The effective portion of Folgers commodity hedging activity which qualified for hedge accounting treatment reflected in cost of products sold were $2.6 realized gain, $6.2 realized loss and $8.1 realized gain for fiscal 2008, 2007 and 2006, respectively. The ineffective portions of all qualifying hedges were immaterial for all years.

Additionally, certain hedges of coffee prices do not meet the requirements of SFAS 133, as a result the change in values for these hedges is immediately charged to net income. The amounts charged to net income as a component of cost of goods sold for these non-qualifying hedges were $8.1 loss, $1.0 gain and $10.1 loss for fiscal 2008, fiscal 2007 and fiscal 2006, respectively.

Credit Risk

Credit risk arising from the inability of a counterparty to meet the terms of Folgers financial instrument contracts, generally is limited to the amounts, if any, by which the counterparty s obligations exceed its obligations to the counterparty. Folgers has not incurred and does not expect to incur material credit losses on its risk management or other financial instruments.

Foreign Currency Management

Folgers operations and sales activities are primarily located in the United States, with some operations in Canada. Transactions are primarily denominated in U.S. dollars. All green coffee bean contracts are denominated in U.S. dollars.

Note 10. Stock-Based Compensation

Certain of Folgers employees have been granted P&G stock options under P&G s primary stock-based compensation plan. Under this plan, stock options are granted annually to key managers with exercise prices equal to the market price of the underlying common stock on the date of grant. Grants issued under this plan vest after three years and have a 10-year life. Grants issued from July 1998 through August 2002 vest after three years and have a 15-year life, while grants issued prior to July 1998 vest after one year and have a 10-year life. In addition to the grants made to key managers, a certain number of Folgers employees have been granted a small number of P&G stock options for which vesting terms and option periods are not substantially different. There are additionally other grants of small amounts of restricted stock and restricted stock units which are generally expensed at grant date.

Total stock-based compensation expense for stock option grants, restricted stock and restricted stock units was $3.5, $3.6 and $3.6 for fiscal 2008, fiscal 2007 and fiscal 2006, respectively.

In calculating the compensation expense for options granted a binomial lattice-based model was utilized for the valuation of stock option grants. Assumptions utilized in the model, which are evaluated and revised, as necessary, to reflect market conditions and experience, were as follows:

Years ended June 30	Fiscal 2008	Fiscal 2007	Fiscal 2006
Interest rate	1.3%-3.8%	4.3%-4.8%	4.5%-4.7%
Weighted average interest rate	3.4%	4.5%	4.6%
Dividend yield	1.9%	1.9%	1.9%
Expected volatility	19%-25%	16%-20%	15%-20%
Weighted average volatility	20%	19%	19%
Expected life in years	8.3	8.7	8.7

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Because lattice-based option valuation models incorporate ranges of assumptions for inputs, those ranges are disclosed in the preceding table. Expected volatilities are based on a combination of historical volatility of P&G common stock and implied volatilities of call options on P&G common stock. Folgers uses historical data to estimate option exercise and employee termination patterns within the valuation model. The expected term of options granted is derived from the output of the option valuation model and represents the average period of time that options granted are expected to be outstanding. The interest rate for periods within the contractual life of the options is based on the U.S. Treasury yield curve in effect at the time of grant.

The following table summarizes stock option activity under the P&G plans as it relates to employees of Folgers:

	Options	Weighted Avg. Exercise Price	Weighted Avg. Remaining Contractual Life in Years	Aggregate Intrinsic Value
	Options and intrinsic value in thousands			
Balance, June 30, 2005	1,968	$ 42.53		
Granted	222	59.75		
Exercised	(104)	32.90		
Transfers In/(Out)	(300)	42.43		
Balance, June 30, 2006	1,786	45.30	7.6	$ 19,342
Granted	208	63.07		
Exercised	(116)	37.45		
Transfers In/(Out)	(390)	46.46		
Balance, June 30, 2007	1,488	48.35	7.1	$ 19,470
Granted	167	66.47		
Exercised	(169)	41.06		
Canceled	(2)	44.77		
Transfers In/(Out)	172	49.94		
Balance, June 30, 2008	1,656	49.44	7.0	$ 20,171
Exercisable, June 30, 2006	1,070	39.44	7.1	$ 17,301
Exercisable, June 30, 2007	934	42.12	6.2	$ 17,819
Exercisable, June 30, 2008	1,117	42.96	6.3	$ 19,927

The weighted average grant-date fair value of options granted was $16.09, $17.34 and $16.32 per share in fiscal 2008, fiscal 2007 and fiscal 2006, respectively. The total intrinsic value of options exercised was $4.5, $2.9 and $2.6 in fiscal 2008, fiscal 2007 and fiscal 2006, respectively. The total grant-date fair value of options that vested during fiscal 2008, fiscal 2007 and fiscal 2006 was $3.3, $4.3 and $4.6, respectively.

At June 30, 2008, there was $3.3 of compensation cost that has not yet been recognized related to non-vested stock options. That cost is expected to be recognized over a remaining weighted average period of 1.8 years under the ongoing P&G plan. However, at the time of Folgers separation from P&G, these costs will be accelerated and recognized by P&G.

Note 11. Post-retirement Benefits

Certain employees of Folgers participate in P&G s defined contribution pension and post-retirement medical plans. These plans are accounted for by Folgers as multi-employer plans which require Folgers to expense its annual contributions.

P&G has defined contribution plans which cover the majority of its U.S. employees, including the employees of Folgers. These plans are fully funded. P&G generally makes contributions to participants accounts

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based on individual base salaries and years of service. For the primary U.S. defined contribution plan, the contribution rate is set annually. Total contributions for this plan approximated 15% of total participants annual wages and salaries in fiscal 2008, 2007 and 2006. Pension expenses allocated to Folgers were $9.7 in fiscal 2008, $11.0 in fiscal 2007 and $11.0 in fiscal 2006.

P&G also provides certain other retiree benefits, primarily health care and life insurance, for the majority of the U.S. employees who become eligible for these benefits when they meet minimum age and service requirements. Generally, the health care plans require cost sharing with retirees and pay a stated percentage of expenses, reduced by deductibles and other coverages. Retiree benefits expenses allocated to Folgers were $2.3 in fiscal 2008, $2.3 in fiscal 2007 and $3.1 in fiscal 2006.

Note 12. Income Taxes

Folgers is included in P&G s consolidated tax return. Folgers accounts for income taxes under the separate return method. Under this approach, Folgers determines its tax liability and deferred tax assets and liabilities as if it were filing a separate tax return.

Under SFAS 109, Accounting for Income Taxes, income taxes are recognized for the amount of taxes payable for the current year and for the impact of deferred tax liabilities and assets, which represent future tax consequences of events that have been recognized differently in the financial statements than for tax purposes. Deferred tax assets and liabilities are established using the enacted statutory tax rates and are adjusted for any changes in such rates in the period of change.

The income tax provision consisted of the following:

Years ended June 30	Fiscal 2008	Fiscal 2007	Fiscal 2006
CURRENT TAX EXPENSE			
U.S. federal	$ 118.9	$ 123.3	$ 92.1
U.S. state and local	12.4	10.1	9.6
	131.3	133.4	101.7
DEFERRED TAX EXPENSE			
U.S. federal	(0.6)	0.8	(6.7)
U.S. state and local	0.1	0.1	(0.1)
	(0.5)	0.9	(6.8)
TOTAL TAX EXPENSE	$ 130.8	$ 134.3	$ 94.9

Current tax expense is considered paid as incurred.

A reconciliation of the U.S. federal statutory income tax rate to Folgers actual income tax rate is provided below:

Years ended June 30	Fiscal 2008	Fiscal 2007	Fiscal 2006
U.S. federal statutory income tax rate	35.0%	35.0%	35.0%
State and local taxes, net of federal benefit	2.4%	2.1%	2.4%
Tax impact of book goodwill write-off		5.7%	
Other	(0.8)%	(0.4)%	(0.3)%
EFFECTIVE INCOME TAX RATE	36.6%	42.4%	37.1%

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Deferred income tax assets and liabilities were comprised of the following:

As of June 30	2008	2007
DEFERRED TAX ASSETS		
Federal benefit of state taxes	$ 10.0	$ 7.9
Inventory	3.1	4.4
Accrued compensation and benefits	2.3	2.5
Accrued marketing and promotion expense	2.5	2.3
Goodwill and other intangible assets	1.1	1.2
Other	0.3	0.3
	19.3	18.6
DEFERRED TAX LIABILITIES		
Fixed assets	$ 51.3	$ 49.8
Gain on financial transactions	3.1	0.6
Other	0.4	0.5
	54.8	50.9
NET DEFERRED TAX LIABILITIES	$ 35.5	$ 32.3

As discussed in Note 3, on July 1, 2007, Folgers adopted FASB Interpretation No. 48, Accounting for Uncertainty in Income Taxes (FIN 48). Folgers did not have a cumulative effect adjustment to beginning divisional equity as a result of the adoption of FIN 48. Folgers historically classified unrecognized tax benefits in accrued expenses and other liabilities. As a result of the adoption of FIN 48, unrecognized tax benefits not expected to be paid in the next 12 months were reclassified to tax contingencies.

A reconciliation of the beginning and ending amount of unrecognized tax benefits is as follow:

Balance at July 1, 2007	19.1
Increases in tax positions for prior years	4.1
Balance at June 30, 2008	23.2

The total amount of unrecognized tax benefits at June 30, 2008 is $23.2, excluding any related accruals for interest and penalties. Included in the total unrecognized tax benefits is $15.0 that, if recognized, would impact the effective tax rate in future periods.

Folgers recognizes accrued interest and penalties related to unrecognized tax benefits in income tax expense. Accrued interest and penalties as of June 30, 2008 was $5.5. During the fiscal year ended June 30, 2008 Folgers recognized $1.9 of interest. The amount of unrecognized tax benefits and related interests and penalties that are expected to be paid in the next 12 months are not material.

Folgers files income tax returns in multiple federal, state and local US jurisdictions. Folgers and all subsidiaries participate in the consolidated filings of P&G for Federal and most state jurisdictions. Folgers is subject to examination by the taxing authorities in these jurisdictions, with open tax years generally ranging from 2001 and forward. It is possible that the amount of unrecognized benefit with respect to certain future uncertain tax positions will significantly increase or decrease within the next 12 months. At this time, Folgers is not able to make a reasonable estimate of the range of impact on the balance of unrecognized tax benefits or the impact on the effective tax rate related to these items.

In connection with the contemplated transaction in which Folgers will be acquired by Smucker, Smucker, Folgers and P&G will enter into a tax matters agreement that will govern P&G s, Smucker s and Folgers respective rights, responsibilities and obligations with respect to both pre- and post-separation periods, including

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but not limited to, tax liabilities and benefits, the preparation and filing of tax returns, and the control of audits and other tax matters. P&G generally will be required under the tax matters agreement to indemnify Smucker and certain of its affiliates for any taxes attributable to periods prior to the distribution of shares of Folgers common stock held by P&G.

Note 13. Commitments and Contingencies

Purchase Commitments

Folgers has purchase commitments for materials, supplies, services and property, plant and equipment as part of the normal course of business. Commitments made under take-or-pay obligations are $1.9 for fiscal 2009. There are no commitments under take-or-pay obligations after fiscal 2009. Such amounts represent future purchases in line with expected usage to obtain favorable pricing. Due to the proprietary nature of many of Folgers materials and processes, certain supply contracts contain penalty provisions for early termination. Folgers does not expect to incur penalty provisions for early termination that would materially affect its financial condition, cash flow or results of operations.

Operating Leases

Folgers leases certain property and equipment for varying periods. Operating lease expense was $1.2, $1.4 and $1.3 in fiscal 2008, 2007 and 2006, respectively. Future minimum rental commitments under non-cancelable operating leases are as follows: fiscal 2009-$0.7, fiscal 2010-$0.3, fiscal 2011-$0.3, fiscal 2012-$0.1, and $0.8 thereafter.

Guarantees

Folgers has not issued any financial guarantees on behalf of suppliers or customers.

Unionized Employees

Folgers has two unionized groups within its workforce, the UAW Local 1805 in New Orleans and the Local Lodge No. 778 of the International Association of Machinists & Aerospace Workers in Kansas City. These unions represent approximately 45% of the Folgers workforce.

Litigation

Folgers is subject to various lawsuits and claims with respect to matters such as governmental regulations, income taxes and other actions arising out of the normal course of business. While considerable uncertainty exists, in the opinion of management and its counsel, the ultimate resolution of the various lawsuits and claims will not materially affect Folgers financial position, cash flow or results of operations.

Folgers is also subject to contingencies pursuant to environmental laws and regulations that in the future may require Folgers to take action to correct the effects on the environment of prior manufacturing and waste disposal practices. Based on currently available information, Folgers does not believe the ultimate resolution of environmental remediation will have a material adverse effect on its financial position, cash flow or results of operations.

A class action lawsuit has been initiated in California on behalf of Millstone route drivers alleging violation of certain California wage and hour laws. In Folgers opinion, this class action is not reasonably possible of having a material adverse effect on Folgers combined financial position, results of operations, or cash flow.

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Note 14. Separation of the Coffee Business

On June 4, 2008, The J.M. Smucker Company (Smucker) and P&G announced that they entered into a transaction agreement which provides for a business combination involving Smucker and Folgers. In the transaction, P&G expects to contribute certain of the assets and liabilities of its coffee business to Folgers. On the closing date of the transaction, after the contribution described in the preceding sentence, P&G would distribute all of the outstanding shares of Folgers common stock to its participating shareholders in an exchange offer. If the exchange offer is completed but is not fully subscribed, P&G would distribute any remaining shares of Folgers common stock as a pro rata dividend to P&G shareholders.

Immediately after the completion of the exchange offer and delivery by P&G of any remaining shares of Folgers common stock to a distribution agent for distribution to P&G shareholders in a pro rata dividend as described above, a wholly owned subsidiary of Smucker would merge with and into Folgers, with Folgers surviving as a wholly-owned subsidiary of Smucker. In connection with this merger, the shares of Folgers common stock would automatically convert into the right to receive Smucker common shares on a one-for-one basis. The merger is not expected to be a taxable event to Folgers, P&G, or Smucker.

Also on June 4, 2008, Folgers, Bank of America, N.A., Banc of America Securities LLC and Bank of Montreal entered into a commitment letter and fee letter with respect to the provision of $350 of financing as contemplated by the transaction, and subject to execution of loan documentation by March 31, 2009.

As a result of the transaction agreement, a transitional services agreement and tax matters agreement would be entered into between Smucker, Folgers and P&G.

After the merger, Smucker plans to continue to use the name The J.M. Smucker Company, and operate the coffee business under the brand names currently utilized in the operation of the coffee business.

Note 15. Hurricane Katrina

Folgers produces most of its Retail and Millstone products at its facilities in New Orleans, Louisiana, which was adversely affected for about two months in fiscal 2006 by the impact of Hurricane Katrina in August 2005, resulting in a substantial decline in Folgers net sales for the first half of fiscal 2006 compared to the first half of fiscal 2005. Folgers production capacity was restored at the New Orleans facilities in November 2005 and full shipments to customers resumed in December 2005. In addition, Folgers incurred certain one-time expenses in fiscal 2006, which were proportionally allocated between the Retail and Millstone segments, to make repairs to and restart its New Orleans production facilities.

P&G filed an insurance claim for business interruption and property damage (primarily including maintenance, repair and inventory loss) and recorded insurance receipts aggregating $27.3, $32.8, and $33.2 in fiscal 2008, 2007 and 2006 respectively. The insurance receipts were recorded by Folgers within SG&A expense and were proportionally allocated between the Retail and Millstone segments. Although the Commercial segment has minor operations in New Orleans, its primary facilities are located in Kansas City; therefore the Commercial segment was not allocated any of the insurance receipts.

Note 16. Segment Information

Folgers has three reportable segments: Retail, Commercial and Millstone. The Retail segment includes roast and ground coffee products, such as Folgers Classic Roast and Folgers Coffee House Series, single serve coffee products, such as Folgers Instant and Folgers Singles, and gourmet roast and ground coffee products, such as Folgers Gourmet Selections. The Commercial segment includes packaged, roast and ground coffee products sold to foodservice, offices, convenience stores and quick service and casual dining restaurants. The Millstone segment includes Millstone branded coffee, which is distributed primarily through a direct store delivery system to nearly 8,000 retail outlets.

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Folgers top ten customers collectively represented 58%, 61% and 61% of total net sales in fiscal 2008, fiscal 2007 and fiscal 2006 respectively. Wal-Mart Stores Inc. and its affiliates, Retail s largest customer, accounted for 29%, 29%, and 28% of total net sales in fiscal 2008, fiscal 2007 and fiscal 2006, respectively.

Folgers had net sales in the United States of $1,698.4, $1,600.7 and $1,456.4 in fiscal 2008, fiscal 2007 and fiscal 2006, respectively. Total long-lived tangible assets in the United States totaled $334.1 and $358.2 as of June 30, 2008 and 2007, respectively.

Segment Results		Net Sales	Operating Income	Earnings Before Income Taxes	Net Income	Depreciation & Amortization	Capital Expenditures	Total Assets (as of June 30)
Retail	2008	$ 1,530.4	$ 338.2	$ 337.5	$ 214.1	$ 28.6	$ 21.1	$ 542.8
	2007	1,368.5	359.4	357.9	206.3	28.2	37.9	514.4
	2006	1,203.6	231.5	230.0	144.6	36.9	37.6	486.8
Commercial	2008	117.1	18.7	18.6	11.8	2.0	1.5	50.8
	2007	113.7	13.6	13.5	7.8	2.1	2.9	53.3
	2006	115.5	20.9	20.8	13.1	3.2	3.2	52.0
Millstone	2008	106.7	1.7	1.7	1.1	0.8	0.6	35.4
	2007	161.6	(54.3)	(54.4)	(31.4)	1.2	1.6	50.4
	2006	178.2	5.1	4.9	3.1	1.9	1.9	117.1
Total	2008	1,754.2	358.6	357.8	227.0	31.4	23.2	629.0
	2007	1,643.8	318.7	317.0	182.7	31.5	42.4	618.1
	2006	1,497.3	257.5	255.7	160.8	42.0	42.7	655.9

Note 17. Quarterly Financial Data (Unaudited)

		Sept 30	Dec 31	Mar 31	June 30	Total
Net Sales	Fiscal 2008	$ 401.0	$ 535.7	$ 437.6	$ 379.9	$ 1,754.2
	Fiscal 2007	360.6	499.9	386.2	397.1	1,643.8
Gross Margin	Fiscal 2008	138.2	179.4	136.2	136.4	590.2
	Fiscal 2007	131.8	188.2	138.8	159.5	618.3
Operating Income	Fiscal 2008	101.6	111.2	71.4	74.4	358.6
	Fiscal 2007	56.3	56.8	109.3	96.3	318.7
Net Income	Fiscal 2008	64.3	70.5	45.3	46.9	227.0
	Fiscal 2007	35.4	29.2	62.6	55.5	182.7

Folgers recognized a goodwill impairment charge of $57.9 during the quarter ended December 31, 2006 related to the Millstone segment. P&G filed an insurance claim for business interruption and property damage (primarily including maintenance, repair, and inventory loss) related to Hurricane Katrina. P&G recorded, within SG&A, insurance receipts associated with this claim aggregating $27.3 million in the quarter ended September 30, 2007 and $32.8 in the quarter ended March 31, 2007.

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You must return an original executed letter of transmittal. The letter of transmittal and certificates evidencing shares of P&G common stock and any other required documents should be sent or delivered by each shareholder or his or her broker, dealer, commercial bank, trust company or other nominee to the exchange agent at one of its addresses set forth below.

The exchange agent for the exchange offer is:

Wells Fargo Bank, N.A.

By mail:	***By overnight courier:***
Wells Fargo Bank, N.A.	(Until 5:00 P.M. CT on the
Shareowner Services	Expiration Date)
Voluntary Corporate Actions	Wells Fargo Bank, N.A.
P.O. Box 64854	Shareowner Services
St. Paul, Minnesota 55164-0854	Voluntary Corporate Actions
	161 North Concord Exchange
	South St. Paul, Minnesota 55075

Questions or requests for assistance may be directed to the information agent or the dealer manager at their respective addresses and telephone numbers listed below. Additional copies of this prospectus, the letter of transmittal and the notice of guaranteed delivery may be obtained from the information agent. A shareholder may also contact brokers, dealers, commercial banks or trust companies for assistance concerning the exchange offer.

The information agent for the exchange offer is:

D.F. King & Co., Inc.

48 Wall Street, 22nd Floor

New York, New York 10005

Banks and Brokers call collect (212) 269-5550

All others call toll-free: (800) 659-6590

The dealer manager for the exchange offer is:

MORGAN STANLEY

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PART II

INFORMATION NOT REQUIRED IN THE PROSPECTUS

Item 20. Indemnification of Directors and Officers

In general, a director of an Ohio corporation will not be found to have violated his or her fiduciary duties unless there is proof by clear and convincing evidence that the director (1) has not acted in good faith, (2) has not acted in a manner the director reasonably believes to be in or not opposed to the best interests of the corporation, or (3) has not acted with the care that an ordinarily prudent person in a like position would use under similar circumstances. Monetary damages for any act taken or omission made as a director are generally awarded only if it is proved by clear and convincing evidence that the director undertook such act or omission either with deliberate intent to cause injury to the corporation or with reckless disregard for the best interests of the corporation.

Under Ohio law, a corporation must indemnify its directors, officers, employees, and agents against expenses reasonably incurred in connection with the successful defense (on the merits or otherwise) of an action, suit, or proceeding. A corporation may indemnify such persons in actions, suits, and proceedings (including certain derivative suits) if the individual has acted in good faith and in a manner that the individual believes to be in or not opposed to the best interests of the corporation. In the case of a criminal proceeding, the individual must also have no reasonable cause to believe that his or her conduct was unlawful.

Indemnification may be made only if ordered by a court or if authorized in a specific case upon a determination that the applicable standard of conduct has been met. Such a determination may be made by a majority of the disinterested directors, by independent legal counsel, or by the shareholders.

Under Ohio law, a corporation may pay the expenses of any indemnified individual as they are incurred, in advance of the final disposition of the matter, if the individual provides an undertaking to repay the amount if it is ultimately determined that the individual is not entitled to be indemnified. Ohio law generally requires all expenses, including attorney s fees, incurred by a director in defending any action, suit, or proceeding to be paid by the corporation as they are incurred if the director agrees (i) to repay such amounts in the event that it is proved by clear and convincing evidence that the director s action or omission was undertaken with deliberate intent to cause injury to the corporation or with reckless disregard for the best interests of the corporation and (ii) to reasonably cooperate with the corporation concerning the action, suit, or proceeding.

The registrant s regulations require the registrant to indemnify, to the full extent permitted by Ohio law, any person made, or threatened to be made, a party to any threatened, pending or completed action, suit, or proceeding (whether civil, criminal, administrative, or investigative) because that person is or was a director, officer, or employee of the registrant or was serving, at the request of the registrant, as a director, trustee, officer, or employee of another entity. The registrant also has in effect insurance policies for general officers and directors liability insurance covering all of its directors and officers.

Following the merger, the indemnification arrangements discussed above will remain unchanged. In addition, the registrant may enter into indemnification agreements with each of its directors and officers that indemnify its directors and officers to the maximum extent permitted by law.

For the undertaking with respect to indemnification, see Item 22 herein.

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Item 21. Exhibits and Financial Statement Schedules

(a) Exhibits

Exhibit Number	Description
*2.1	Transaction Agreement, dated as of June 4, 2008 by and among The Procter & Gamble Company, The Folgers Coffee Company, The J. M. Smucker Company and Moon Merger Sub, Inc. (incorporated by reference to Exhibit 2.1 to The J. M. Smucker Company s Current Report on Form 8-K filed on June 5, 2008).
*2.2	Separation Agreement, dated as of June 4, 2008 by and among The Procter & Gamble Company, The Folgers Coffee Company and The J. M. Smucker Company (incorporated by reference to Exhibit 2.2 to The J. M. Smucker Company s Current Report on Form 8-K filed on June 5, 2008).
*4.1	Amended and Restated Rights Agreement, dated as of August 28, 2000, by and between The J. M. Smucker Company and Computershare Investor Services, LLC, successor to Harris Trust and Savings Bank (incorporated by reference to Amendment No. 1 to Registration Statement on Form 8-A filed by The J. M. Smucker Company on August 28, 2000), as amended by Amendment No. 1 thereto, dated as of October 9, 2001 (incorporated by reference to Amendment No. 2 to Registration Statement on Form 8-A filed by The J. M. Smucker Company on October 22, 2001), and by Amendment No. 2 thereto, dated as of June 4, 2008 (incorporated by reference to Amendment No. 3 to Registration Statement on Form 8-A filed by The J. M. Smucker Company on June 5, 2008).
5.1	Opinion of Calfee, Halter & Griswold LLP as to the shares to be issued by The J. M. Smucker Company.
8.1	Opinion of Weil, Gotshal & Manges LLP as to certain tax matters.
8.2	Opinion of Cadwalader, Wickersham & Taft LLP as to certain tax matters.
+ 10.1	Form of Transition Services Agreement between The Procter & Gamble Company and The J. M. Smucker Company.
+10.2	Form of Tax Matters Agreement between The Procter & Gamble Company, The Folgers Coffee Company, and The J. M. Smucker Company.
+ 10.3	Form of Intellectual Property Matters Agreement between The Procter & Gamble Company and The Folgers Coffee Company.
23.1	Consent of Deloitte & Touche LLP (relating to The Folgers Coffee Company).
23.2	Consent of Deloitte & Touche LLP (relating to The Procter & Gamble Company).
23.3	Consent of Ernst & Young LLP (relating to The J. M. Smucker Company).
23.4	Consent of Calfee, Halter & Griswold LLP (included in Exhibit 5.1).
23.5	Consent of Weil, Gotshal & Manges LLP (included in Exhibit 8.1).
23.6	Consent of Cadwalader, Wickersham & Taft LLP (included in Exhibit 8.2).
+24.1	Power of Attorney (included on the signature page to this Registration Statement).
*99.1	Voting Agreement dated as of June 4, 2008 by and among certain shareholders of The J. M. Smucker Company as set forth on the signature pages thereto and The Procter & Gamble Company (incorporated by reference to Exhibit 99.1 to The J. M. Smucker Company s Current Report on Form 8-K filed on June 5, 2008).
+99.2	Form of Letter of Transmittal.
+99.3	Form of Notice of Guaranteed Delivery.
+99.4	Form of Letter to Brokers, Dealers, Commercial Banks, Trust Companies and Other Nominees.
+99.5	Form of Letter to Clients for use by Brokers, Dealers, Commercial Banks, Trust Companies and Other Nominees.
+99.6	Form of Notice of Withdrawal.
99.7	Form of Letter of Introduction to Record Holders of The Procter & Gamble Company.

* Incorporated by reference

\+ Previously filed

Contains a list briefly identifying the contents of all omitted schedules. The registrant undertakes to furnish supplementally a copy of any omitted schedules to the Securities and Exchange Commission upon request.

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(b) Financial Statement Schedules.

The required financial statement schedule information is included in the registrant s Form 10-K for the fiscal year ended April 30, 2008 and is incorporated by reference herein.

(c) Reports, Opinions and Appraisals.

None.

Item 22. Undertakings.

The undersigned registrant hereby undertakes:

(1) to file, during any period in which offers or sales are being made, a post-effective amendment to this registration statement:

(i) to include any prospectus required by Section 10(a)(3) of the Securities Act of 1933;

(ii) to reflect in the prospectus any facts or events arising after the effective date of the registration statement (or the most recent post-effective amendment thereof) which, individually or in the aggregate, represent a fundamental change in the information set forth in the registration statement. Notwithstanding the foregoing, any increase or decrease in volume of securities offered (if the total dollar value of securities offered would not exceed that which was registered) and any deviation from the low or high end of the estimated maximum offering range may be reflected in the form of prospectus filed with the Commission pursuant to Rule 424(b) if, in the aggregate, the changes in volume and price represent no more than 20 percent change in the maximum aggregate offering price set forth in the Calculation of Registration Fee table in the effective registration statement; and

(iii) to include any material information with respect to the plan of distribution not previously disclosed in the registration statement or any material change to such information in the registration statement.

(2) that, for the purpose of determining any liability under the Securities Act of 1933, each such post-effective amendment shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

(3) to remove from registration by means of a post-effective amendment any of the securities being registered which remain unsold at the termination of the offering.

(4) that, for purposes of determining any liability under the Securities Act, each filing of the registrant s annual report pursuant to Section 13(a) or 15(d) of the Exchange Act (and, where applicable, each filing of any employee benefit plan s annual report pursuant to Section 15(d) of the Exchange Act) that is incorporated by reference in the registration statement shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

(5) that prior to any public reoffering of the securities registered hereunder through use of a prospectus which is a part of this registration statement, by any person or party who is deemed to be an underwriter within the meaning of Rule 145(c), the registrant undertakes that such reoffering prospectus will contain the information called for by the applicable registration form with respect to reofferings by persons who may be deemed underwriters, in addition to the information called for by the other items of the applicable form.

(6) that every prospectus: (i) that is filed pursuant to paragraph (5) immediately preceding, or (ii) that purports to meet the requirements of Section 10(a)(3) of the Act and is used in connection with an offering of securities subject to Rule 415, will be filed as part of an amendment to the registration statement and will not be used until such amendment is effective, and that, for purposes of determining any liability under the Securities Act of 1933, each such post effective amendment shall be deemed to be a new registration statement relating to the

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securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

(7) to respond to requests for information that is incorporated by reference into this prospectus pursuant to Item 4, 10(b), 11 or 13 of this Form, within one business day of receipt of such request, and to send the incorporated documents by first class mail or other equally prompt means. This includes information contained in documents filed subsequent to the effective date of the registration statement through the date of responding to the request.

(8) to supply by means of a post-effective amendment all information concerning a transaction, and the company being acquired involved therein, that was not the subject of and included in the registration statement when it became effective.

Insofar as indemnification for liabilities arising under the Securities Act of 1933 may be permitted to directors, officers and controlling persons of the registrant pursuant to the foregoing provisions, or otherwise, the registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Securities Act of 1933 and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the registrant of expenses incurred or paid by a director, officer or controlling person of the registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Securities Act of 1933 and will be governed by the final adjudication of such issue.

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SIGNATURES

Pursuant to the requirements of the Securities Act, the registrant has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Orrville, State of Ohio, on this 8th day of October, 2008.

The J. M. Smucker Company

By: /s/ Richard K. Smucker

Name: Richard K. Smucker
Title: Executive Chairman and Co-Chief Executive Officer

Pursuant to the requirements of the Securities Act of 1933, this registration statement has been signed by the following persons in the capacities and on the dates indicated.

Signature	Title	Date
*	Chairman of the Board, Co-Chief Executive Officer and Director	October 8, 2008
Timothy P. Smucker	(Principal Executive Officer)	
/s/ Richard K. Smucker	Executive Chairman, Co-Chief Executive Officer and Director	October 8, 2008
Richard K. Smucker	(Principal Executive Officer)	
*	Vice President, Chief Financial Officer and Treasurer	October 8, 2008
Mark R. Belgya	(Principal Financial Officer)	
*	Vice President and Controller	October 8, 2008
John W. Denman	(Principal Accounting Officer)	
*	Director	October 8, 2008
Vincent C. Byrd		
*	Director	October 8, 2008
R. Douglas Cowan		
*	Director	October 8, 2008
Kathryn W. Dindo		
*	Director	October 8, 2008

Paul J. Dolan

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*	Director	October 8, 2008
Elizabeth Valk Long		
*	Director	October 8, 2008
Nancy Lopez Knight		
*	Director	October 8, 2008
Gary A. Oatey		
*	Director	October 8, 2008
William H. Steinbrink		

*By: /s/ Richard K. Smucker
Richard K. Smucker
As: Attorney-in-Fact

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EXHIBIT INDEX

Exhibit Number	Description
*2.1	Transaction Agreement, dated as of June 4, 2008 by and among The Procter & Gamble Company, The Folgers Coffee Company, The J. M. Smucker Company and Moon Merger Sub, Inc. (incorporated by reference to Exhibit 2.1 to The J. M. Smucker Company s Current Report on Form 8-K filed on June 5, 2008).
*2.2	Separation Agreement, dated as of June 4, 2008 by and among The Procter & Gamble Company, The Folgers Coffee Company and The J. M. Smucker Company (incorporated by reference to Exhibit 2.2 to The J. M. Smucker Company s Current Report on Form 8-K filed on June 5, 2008).
*4.1	Amended and Restated Rights Agreement, dated as of August 28, 2000, by and between The J. M. Smucker Company and Computershare Investor Services, LLC, successor to Harris Trust and Savings Bank (incorporated by reference to Amendment No. 1 to Registration Statement on Form 8-A filed by The J. M. Smucker Company on August 28, 2000), as amended by Amendment No. 1 thereto, dated as of October 9, 2001 (incorporated by reference to Amendment No. 2 to Registration Statement on Form 8-A filed by The J. M. Smucker Company on October 22, 2001), and by Amendment No. 2 thereto, dated as of June 4, 2008 (incorporated by reference to Amendment No. 3 to Registration Statement on Form 8-A filed by The J. M. Smucker Company on June 5, 2008).
5.1	Opinion of Calfee, Halter & Griswold LLP as to the shares to be issued by The J. M. Smucker Company.
8.1	Opinion of Weil, Gotshal & Manges LLP as to certain tax matters.
8.2	Opinion of Cadwalader, Wickersham & Taft LLP as to certain tax matters.
+ 10.1	Form of Transition Services Agreement between The Procter & Gamble Company and The J. M. Smucker Company.
+10.2	Form of Tax Matters Agreement between The Procter & Gamble Company, The Folgers Coffee Company, and The J. M. Smucker Company.
+ 10.3	Form of Intellectual Property Matters Agreement between The Procter & Gamble Company and The Folgers Coffee Company.
23.1	Consent of Deloitte & Touche LLP (relating to The Folgers Coffee Company).
23.2	Consent of Deloitte & Touche LLP (relating to The Procter & Gamble Company).
23.3	Consent of Ernst & Young LLP (relating to The J. M. Smucker Company).
23.4	Consent of Calfee, Halter & Griswold LLP (included in Exhibit 5.1).
23.5	Consent of Weil, Gotshal & Manges LLP (included in Exhibit 8.1).
23.6	Consent of Cadwalader, Wickersham & Taft LLP (included in Exhibit 8.2).
+24.1	Power of Attorney (included on the signature page to this Registration Statement).
*99.1	Voting Agreement dated as of June 4, 2008 by and among certain shareholders of The J. M. Smucker Company as set forth on the signature pages thereto and The Procter & Gamble Company (incorporated by reference to Exhibit 99.1 to The J. M. Smucker Company s Current Report on Form 8-K filed on June 5, 2008).
+99.2	Form of Letter of Transmittal.
+99.3	Form of Notice of Guaranteed Delivery.
+99.4	Form of Letter to Brokers, Dealers, Commercial Banks, Trust Companies and Other Nominees.
+99.5	Form of Letter to Clients for use by Brokers, Dealers, Commercial Banks, Trust Companies and Other Nominees.
+99.6	Form of Notice of Withdrawal.
99.7	Form of Letter of Introduction to Record Holders of The Procter & Gamble Company.

* Incorporated by reference

+ Previously filed
Contains a list briefly identifying the contents of all omitted schedules. The registrant undertakes to furnish supplementally a copy of any omitted schedules to the Securities and Exchange Commission upon request.