

Edgar Filing: PROCTER & GAMBLE CO - Form 425

PROCTER & GAMBLE CO
Form 425
November 13, 2001

Filed by The J. M. Smucker Company
Commission File No. 001-05111
333-68416

Pursuant to Rule 425 under the Securities Act of 1933
Subject Company: The Procter & Gamble Company
Commission File No. 001-00434

This document is being filed pursuant to Rule 425 under the Securities Act of 1933 and is deemed filed pursuant to Rule 14a-12 under the Securities Exchange Act of 1934.

THE J. M. SMUCKER COMPANY

[GRAPHIC OF JIF, SMUCKER'S & CRISCO]

[SMUCKER'S LOGO]

[JIF LOGO]

THE J. M. SMUCKER COMPANY

FORWARD LOOKING INFORMATION

THIS PRESENTATION CONTAINS CERTAIN FORWARD-LOOKING STATEMENTS THAT ARE SUBJECT TO RISKS AND UNCERTAINTIES THAT COULD CAUSE ACTUAL RESULTS TO DIFFER MATERIALLY. THESE INCLUDE STATEMENTS REGARDING ESTIMATES OF FUTURE EARNINGS AND CASH FLOWS AND EXPECTATIONS AS TO THE CLOSING OF THE TRANSACTION. OTHER UNCERTAINTIES INCLUDE, BUT ARE NOT LIMITED TO, GENERAL ECONOMIC CONDITIONS WITHIN THE U.S., STRENGTH OF COMMODITY MARKETS FROM WHICH RAW MATERIALS ARE PROCURED AND THE RELATED IMPACT ON COSTS, ABILITY TO OBTAIN REGULATORY AND SHAREHOLDERS' APPROVAL, INCLUDING WITHOUT LIMITATION A PRIVATE LETTER RULING FROM THE INTERNAL REVENUE SERVICE, INTEGRATION OF THE ACQUIRED BUSINESSES IN A TIMELY AND COST EFFECTIVE MANNER, AND OTHER FACTORS AFFECTING SHARE PRICES AND CAPITAL MARKETS GENERALLY. OTHER RISKS AND UNCERTAINTIES THAT MAY MATERIALLY AFFECT THE COMPANY ARE DETAILED FROM TIME TO TIME IN REPORTS FILED BY THE COMPANY WITH THE SECURITIES AND EXCHANGE COMMISSION, INCLUDING FORMS 10-Q AND 10-K.

[CRISCO LOGO]

[SMUCKER'S LOGO]

2

[SMUCKER'S LOGO]

[JIF LOGO]

DISCLOSURE

THE COMPANY WILL FILE A PROXY STATEMENT/PROSPECTUS AND OTHER RELEVANT DOCUMENTS CONCERNING THE PROPOSED MERGER OF THE JIF AND CRISCO BUSINESSES WITH AND INTO THE COMPANY WITH THE SEC. INVESTORS ARE URGED TO READ THE PROXY STATEMENT/PROSPECTUS WHEN IT BECOMES AVAILABLE AND ANY OTHER RELEVANT DOCUMENTS FILED WITH THE SEC BECAUSE THEY WILL CONTAIN IMPORTANT INFORMATION ON THE PROPOSED MERGER. INVESTORS WILL BE ABLE TO OBTAIN THE DOCUMENTS FREE OF CHARGE AT THE SEC'S WEB

Edgar Filing: PROCTER & GAMBLE CO - Form 425

SITE (WWW.SEC.GOV). IN ADDITION, DOCUMENTS FILED WITH THE SEC BY THE COMPANY WITH RESPECT TO THE PROPOSED TRANSACTION MAY BE OBTAINED FREE OF CHARGE BY CONTACTING THE J. M. SMUCKER COMPANY, STRAWBERRY LANE, ORRVILLE, OHIO, 44667, ATTENTION: INVESTOR RELATIONS OR BY TELEPHONE AT (330) 682-3000. THE COMPANY AND ITS DIRECTORS AND EXECUTIVE OFFICERS MAY BE DEEMED TO BE PARTICIPANTS IN THE SOLICITATION OF PROXIES FROM THE COMPANY'S SHAREHOLDERS. A LIST OF THE RESUMES OF THOSE DIRECTORS AND EXECUTIVE OFFICERS AND DESCRIPTIONS OF THEIR INTEREST IN THE COMPANY IS CONTAINED IN THE COMPANY'S PROXY STATEMENT DATED JULY 10, 2001, WHICH IS FILED WITH THE SEC. THE COMPANY'S SHAREHOLDERS MAY OBTAIN ADDITIONAL INFORMATION ABOUT THE INTERESTS OF DIRECTORS AND EXECUTIVE OFFICERS IN THE PROPOSED MERGER BY READING THE PROXY STATEMENT PROSPECTUS WHEN IT BECOMES AVAILABLE. INVESTORS SHOULD READ THE PROXY STATEMENT/PROSPECTUS CAREFULLY WHEN IT BECOMES AVAILABLE BEFORE MAKING ANY VOTING OR INVESTMENT DECISION.

[CRISCO LOGO]

[SMUCKER'S LOGO]

3

[SMUCKER'S LOGO]

[JIF LOGO]

AGENDA

- The "New" J. M. Smucker Company
- Transaction Overview
- Category & Product Overview
- Enhanced Shareholder Value
- Summary
- The J. M. Smucker Company Overview

[CRISCO LOGO]

[SMUCKER'S LOGO]

4

[SMUCKER'S LOGO]

[JIF LOGO]

THE "NEW" J. M. SMUCKER COMPANY

[GRAPHIC OF JIF, SMUCKER'S & CRISCO PRODUCTS]

[CRISCO LOGO]

[SMUCKER'S LOGO]

[SMUCKER'S LOGO]

[JIF LOGO]

THREE LEADING AMERICAN ICON BRANDS

ENHANCED SHAREHOLDER VALUE

Edgar Filing: PROCTER & GAMBLE CO - Form 425

[UP ARROW]

THE "NEW"
J. M. SMUCKER
COMPANY

[UP ARROW]

[UP ARROW]

[UP ARROW]

[JIF LOGO]

[SMUCKER'S LOGO]

[CRISCO LOGO]

[CRISCO LOGO]

[SMUCKER'S LOGO]

6

[SMUCKER'S LOGO]

[JIF LOGO]

THE "NEW" J. M. SMUCKER COMPANY

[JIF LOGO]

[SMUCKER'S LOGO]

[CRISCO LOGO]

- Three #1 American Icon Food Brands
- Strong Cash Flow and Balance Sheet
- Platform for Future Growth

[CRISCO LOGO]

[SMUCKER'S LOGO]

7

[SMUCKER'S LOGO]

[JIF LOGO]

SMUCKER'S, JIF AND CRISCO

-- A POWERFUL COMBINATION --

- Three #1 American icon brands
- Strengthened platform for future growth
- Natural, strategic fit
 - Same distribution channels, similar customers and consumers, quality reputation, and sold in center of aisle within the retail store
- Highly accretive to earnings - expect to increase net income to \$95 - \$105 million in first full year and potential to grow EPS by 30% - 40%

Edgar Filing: PROCTER & GAMBLE CO - Form 425

- Provides substantial cash flow creating greater opportunities to acquire additional leading brands
- Complements Smucker's extensive broker network to provide more critical mass to better serve customers
- Expertise in managing and leveraging leading brands

[CRISCO LOGO]

[SMUCKER'S LOGO]

8

[SMUCKER'S LOGO]

[JIF LOGO]

THE "NEW" J. M. SMUCKER COMPANY

[JIF LOGO]

- Market leader in peanut butter category for 20 years
- 34% share in \$860 million peanut butter category
- Superior distribution
 - 99% of ACV
- Strong brand equity

[SMUCKER'S LOGO]

- Leader in fruit spreads, ice cream toppings, and health and natural foods beverages in U.S.
- 40% share in \$745 million fruit spread category
- Participates in multiple distribution channels
- Strong brand equity

[CRISCO LOGO]

- Market leader in cooking oil and shortening in U.S.
- 24% share in \$1.5 billion category
- Superior distribution
 - 99% of ACV
- Strong brand equity

[CRISCO LOGO]

[SMUCKER'S LOGO]

9

[SMUCKER'S LOGO]

[JIF LOGO]

TRANSACTION OVERVIEW

Edgar Filing: PROCTER & GAMBLE CO - Form 425

[CRISCO LOGO]

[SMUCKER'S LOGO]

[SMUCKER'S LOGO]

[JIF LOGO]

TERMS OF THE DEAL

- Transaction uses a "Revised Morris Trust" Structure
 - Benefits
 - The "new" Smucker emerges as a financially strong company with a solid balance sheet to support future growth
 - Allows Smucker to approximately double sales and nearly triple earnings from current levels by FY 2003 without leveraging balance sheet
 - Tax-free to both P&G and its shareholders
 - Details
 - Jif and Crisco and associated assets and certain liabilities spun off from P&G and immediately merged with Smucker
 - P&G shareholders receive one share of "New" Smucker stock for every 50 shares of P&G
 - Smucker shareholders exchange each of their existing shares for an expected .96 share of "New" Smucker
 - Transaction subject to regulatory and Smucker shareholder approvals and a private letter ruling from the IRS confirming the tax-free treatment
 - Expected Close - 2nd Calendar Quarter 2002

[CRISCO LOGO]

[SMUCKER'S LOGO]

11

[SMUCKER'S LOGO]

[JIF LOGO]

CATEGORY & PRODUCT OVERVIEW

[CRISCO LOGO]

[SMUCKER'S LOGO]

[SMUCKER'S LOGO]

[JIF LOGO]

THE "NEW" SMUCKER
BRAND LEADERSHIP

[BAR CHART]

Edgar Filing: PROCTER & GAMBLE CO - Form 425

% DOLLAR SHARE OF CATEGORY

FRUIT SPREADS	\$745 million	40.0%
NEXT BRAND		15.0%
PEANUT BUTTER	\$860 million	34.0%
NEXT BRAND		21.0%
COOKING OILS	\$1.3 billion	25.0%
NEXT BRAND		18.0%
SHORTENING	\$200 million	73.0%
NEXT BRAND		9.0%

[CRISCO LOGO]

OCTOBER 2001
[SMUCKER'S LOGO]

13

[SMUCKER'S LOGO]

[JIF LOGO]

SMUCKER CATEGORY LEADERSHIP

[BAR CHART]

% DOLLAR SHARE OF CATEGORY

FRUIT SPREADS	\$745 million	40.0%
NEXT COMPETITOR		20.0%
ICE CREAM TOPPINGS	\$105 million	61.9%
NEXT COMPETITOR		23.6%
NATURAL BEVERAGES	\$100 million	52.9%
NEXT COMPETITOR		15.8%

[CRISCO LOGO]

OCTOBER 2001
[SMUCKER'S LOGO]

14

[SMUCKER'S LOGO]

[JIF LOGO]

Edgar Filing: PROCTER & GAMBLE CO - Form 425

NET SALES BY PRODUCT CATEGORY

BEFORE

[PIE CHART]

Fruit Spreads	47%
Other	7%
Hand-Held	5%
Formulated	15%
Beverage	10%
Peanut Butter	7%
Toppings/Syrups	9%

AFTER

[PIE CHART]

Fruit Spreads	24%
Shortening/Oil	25%
Other	4%
Hand-Held	2%
Formulated	10%
Beverage	5%
Peanut Butter	26%
Toppings/Syrups	4%

[CRISCO LOGO]

[SMUCKER'S LOGO]

15

[SMUCKER'S LOGO]

[JIF LOGO]

ENHANCED SHAREHOLDER VALUE

[CRISCO LOGO]

[SMUCKER'S LOGO]

[SMUCKER'S LOGO]

[JIF LOGO]

PROJECTED FINANCIAL PERFORMANCE

FYE 4/30

Projected
FYE 4/30

Edgar Filing: PROCTER & GAMBLE CO - Form 425

(\$ in Millions) -----	2001(1) -----	2003(2) -----
Revenues	\$ 651	\$1,355
EBITDA	\$ 83	\$ 228
Margin	13%	17%
Net Income	\$ 33	\$95 - \$105(3)
E.P.S.	\$ 1.30	\$1.90 - \$2.10(3)

(1) Excludes nonrecurring and changes in accounting method

(2) Represents first full year of integration

(3) Reflects the Company's expectation to incur approximately \$6 million in one-time transition costs and \$10-\$15 million in investment spending

[CRISCO LOGO]

[SMUCKER'S LOGO]

17

[SMUCKER'S LOGO]

[JIF LOGO]

SHAREHOLDER VALUE

- Smucker stock prior to deal announcement traded at a forward P/E of about 19x FY2002 earnings
- Projected Smucker FY2003 earnings following completion of the deal will increase to \$95 - \$105 million after-tax
- Assuming approximately 49.4 million shares outstanding, EPS would be in the range of \$1.90 - \$2.10
- Transaction will result in increased liquidity of the shares and a move from a small-cap to a mid-cap stock, resulting in the potential for a higher multiple
- Smucker intends to continue its strong dividend practice, with pay-out ratios in the range of 40% - 50% of book earnings

[CRISCO LOGO]

[SMUCKER'S LOGO]

18

[SMUCKER'S LOGO]

[JIF LOGO]

MAXIMIZING VALUE

- Create Revenue Growth
 - Increased and focused marketing expenditures on Jif and Crisco

Edgar Filing: PROCTER & GAMBLE CO - Form 425

- New product introductions
- Acquisitions of other leading brands
- Seamless Integration
 - Employee transition, information systems & back office/administration
 - Utilization of existing broker network
- Capture Synergies
 - Leverage marketing, sales, and administrative infrastructure to support Jif and Crisco
 - Complements broker network giving more critical mass to better serve customers
 - Leverage purchasing synergies
 - Brand management

[CRISCO LOGO]

[SMUCKER'S LOGO]

19

[SMUCKER'S LOGO]

[JIF LOGO]

THE J. M. SMUCKER COMPANY OVERVIEW

[CRISCO LOGO]

[SMUCKER'S LOGO]

[SMUCKER'S LOGO]

[JIF LOGO]

SMUCKER BASIC BELIEFS

BASIC BELIEFS ARE AN EXPRESSION OF THE COMPANY'S VALUES AND PRINCIPLES THAT GUIDE STRATEGIC BEHAVIOR AND DIRECTION. THE BASIC BELIEFS ARE DEEPLY ROOTED IN THE PHILOSOPHY AND HERITAGE OF THE COMPANY'S FOUNDER, JEROME MONROE SMUCKER.

QUALITY

Quality applies to our products, our manufacturing methods, our marketing efforts, our people, and our relationships with each other.

PEOPLE

We will be fair with our employees and maintain an environment that encourages personal responsibility within the Company and the community.

ETHICS

The same, strong ethical values on which our Company was founded provide the

Edgar Filing: PROCTER & GAMBLE CO - Form 425

standards by which we conduct our business as well as ourselves.

GROWTH

Along with day-to-day operations, we are also concerned with the potential of our Company and its employees.

INDEPENDENCE

We have a strong commitment to stewardship of the Smucker name and heritage.

[CRISCO LOGO]

[SMUCKER'S LOGO]

21

[SMUCKER'S LOGO]

[JIF LOGO]

THE SMUCKER ADVANTAGE

- Consistency of top management team/leadership
- Financial strength and capabilities
- Excellence in marketing and distribution
- Proven ability to grow market share
- History of maximizing potential of leading brands
- Key strategic partnering relationships
- New product expertise
- Commitment to employees and basic beliefs

[CRISCO LOGO]

[SMUCKER'S LOGO]

22

[SMUCKER'S LOGO]

[JIF LOGO]

SUMMARY

[CRISCO LOGO]

[SMUCKER'S LOGO]

[SMUCKER'S LOGO]

[JIF LOGO]

THE "NEW" J. M. SMUCKER COMPANY

[JIF LOGO]

[SMUCKER'S LOGO]

[CRISCO LOGO]

Edgar Filing: PROCTER & GAMBLE CO - Form 425

- Three #1 American Icon Food Brands
- Strong Cash Flow and Balance Sheet
- Platform for Future Growth

[CRISCO LOGO]

[SMUCKER'S LOGO]

24

[SMUCKER'S LOGO]

[JIF LOGO]

[CRISCO LOGO]

[SMUCKER'S LOGO]

[JIF LOGO]

THE J. M. SMUCKER COMPANY OTHER INFORMATION

[CRISCO LOGO]

[SMUCKER'S LOGO]

[SMUCKER'S LOGO]

[JIF LOGO]

SMUCKER COMPANY HISTORY

The J. M. Smucker Company was founded in 1897, when the Company's namesake and founder, Jerome M. Smucker opened a small, custom apple cider mill in Orrville, Ohio. He began selling his first product apple butter from the back of a horse-drawn wagon.

[PHOTO]

Today, The J. M. Smucker Company is the market leader in fruit spreads, ice cream toppings, health and natural foods beverages and natural peanut butter in North America. Smucker is also known internationally through other brand names: "Double Fruit," "Shirriff," and "Good Morning" in Canada, and "IXL" in Australia.

[PHOTO]

For over 100 years, The J. M. Smucker Company has been headquartered in Orrville, Ohio and has been family run for four generations. The Company has over 2,000 employees worldwide and distributes products in more than 70 countries.

[CRISCO LOGO]

[SMUCKER'S LOGO]

27

[SMUCKER'S LOGO]

[JIF LOGO]

STRATEGIC BUSINESS AREAS:
MARKETS SERVED

BUSINESS AREA

- CONSUMER Grocery, Military, Mass Retail, Warehouse Club
- INDUSTRIAL Formulated ingredients for use in products of other food manufacturers
- FOODSERVICE Restaurants, Transportation, Healthcare, and Education
- BEVERAGE Health & Natural Foods and Grocery
- SPECIALTY Specialty, Gourmet shops, and Grocery
- INTERNATIONAL Canada, Australia, Mexico and Export (primarily China and the Pacific Rim, Latin America, Eastern Europe, and the Middle East)

[CRISCO LOGO]

[SMUCKER'S LOGO]

28

[SMUCKER'S LOGO]

[JIF LOGO]

CATEGORIES AND MAJOR BRANDS

FRUIT SPREADS

- SMUCKER'S
 - TRADITIONAL
 - LOW SUGAR
 - SIMPLY 100% FRUIT
 - SUGAR FREE
 - SNACKERS
- MARY ELLEN
- LOST ACRES
- DICKINSON'S
- DOUBLE FRUIT (CANADA)
- GOOD MORNING (CANADA)
- SHIRRIFF (CANADA) *

Edgar Filing: PROCTER & GAMBLE CO - Form 425

- IXL (AUSTRALIA)
- ALLOWRIE (AUSTRALIA)

DESSERT TOPPINGS

- SMUCKER'S
 - SPOONABLES
 - SUNDAE SYRUPS
 - SPECIAL RECIPE
 - MAGIC SHELL
 - DOVE*
 - 3 MUSKETEERS*
 - SUGAR FREE
 - PLATESCAPERS
- DICKINSON'S

PEANUT BUTTER

- SMUCKER'S
 - NATURAL
 - GOOBER
- LAURA SCUDDER'S
- ADAMS

BEVERAGES

- R. W. KNUDSEN
 - SPRITZER
 - SIMPLY NUTRITIOUS
 - RECHARGE
- SANTA CRUZ ORGANIC
- AFTER THE FALL
- NATURAL BREW
- ROCKET JUICE
- SMUCKER'S POWDERED LEMONADE

Edgar Filing: PROCTER & GAMBLE CO - Form 425

SPECIALTIES

- UNCRUSTABLES
- FRUIT SYRUPS
- MUSTARDS & CONDIMENTS
- MARINADES, SAUCES, DRESSINGS
- FRUIT BARS (IXL)

CONFECTIONS**

- SMUCKER'S
- JELLY BEANS

*LICENSED TRADEMARKS

** MARKETED UNDER LICENSE BY BRACH

[CRISCO LOGO]

[SMUCKER'S LOGO]

29

[SMUCKER'S LOGO]

[JIF LOGO]

MANAGEMENT WITH SUCCESSFUL TRACK RECORD IN BRANDED FOOD

TIMOTHY SMUCKER	Chairman & Co-CEO
	- 4th generation of family management - 30+ years of leadership in the food industry
RICHARD SMUCKER	President & Co-CEO
	- 4th generation of family management - 30+ years of leadership in the food industry
STEVE ELLCESSOR	Vice President, Finance & Administration & General Counsel
VINCENT BYRD	Vice President & General Manager, Consumer Market
	- 25 years with The J. M. Smucker Company - Treasurer; Managing Director, Henry Jones Foods (Australia); and Vice President, International Markets
STEVE OAKLAND	Vice President & General Manager, Crisco
	- 18 years with The J. M. Smucker Company - General Manager, J. M. Smucker (Canada); Vice President & General Manager, Foodservice Market

Edgar Filing: PROCTER & GAMBLE CO - Form 425

[CRISCO LOGO]

[SMUCKER'S LOGO]

30

[SMUCKER'S LOGO]

[JIF LOGO]

ACQUISITIONS SINCE 1996

1997	Kraft (U.S. Retail)	Fruit Spreads
1998	Silvan Foods (Allowrie Brand)	Fruit Spreads - Australia
1998	Garratt & Gunn Ltd. (Mrs. Wiggle's Brand)	Juice Beverages
1998	Beta	Fruit Bars - Australia
1998	Carriere	Sweet Spreads - Canada
1998	menUSAvers	Frozen PB&J Sandwich - Foodservice
1999	Adams	Natural Peanut Butter
1999	Danone S.A.	Fruit Ingredients - Brazil
2000	Taylor's Foods Pty. Ltd.	Marinades, Sauces, and Salad Dressings - Australia
2000	Glen Ewin	Fruit Spreads - Australia

[CRISCO LOGO]

[SMUCKER'S LOGO]

31

[SMUCKER'S LOGO]

[JIF LOGO]

NET SALES

[BAR CHART]

ANNUALIZED GROWTH RATE

10 YEAR = 4.2%

5 YEAR = 4.4%

\$ IN MILLIONS

Edgar Filing: PROCTER & GAMBLE CO - Form 425

1991	\$430.8
1992	\$459.3
1993	\$465.5
1994	\$479.1
1995	\$512.3
1996	\$525.5
1997	\$534.7
1998	\$574.9
1999	\$612.7
2000	\$641.9
2001	\$651.2

[CRISCO LOGO]

[SMUCKER'S LOGO]

32

[SMUCKER'S LOGO]

[JIF LOGO]

EARNINGS & CASH FLOW PER SHARE

[BAR AND LINE CHART]

	1991	1992	1993	1994	1995	1996	1997	1998	1999
	----	----	----	----	----	----	----	----	----
	\$ PER SHARE								
EPS	1.07	1.16	1.27	1.10	1.12	1.01	1.06	1.25	1.35
CASH FLOW	1.47	1.59	1.71	1.61	1.67	1.61	1.81	2.03	2.15

Excludes nonrecurring and cumulative effect adjustment

[CRISCO LOGO]

[SMUCKER'S LOGO]

33

THE J. M. SMUCKER COMPANY

[GRAPHIC OF JIF, SMUCKER'S & CRISCO]